MURANG'A UNIVERSITY OF TECHNOLOGY

SCHOOL OF AGRICULTUREAND ENVIRONMENTAL SCIENCES

DEPARTMENT OFAGRICULTURAL SCIENCE

UNIVERSITY ORDINARY EXAMINATION

2023/2024 ACADEMIC YEAR

FOURTH YEAR **SECOND** SEMESTER EXAMINATION FOR BACHELOR OF SCIENCE IN AGRICULTURE

GAE 418 / GAE 403: MACRO ECONOMICS

DURATION: 2 HOURS

INSTRUCTIONS TO CANDIDATES:

1. Answer question one and any other two questions.

2. Mobile phones are not allowed in the examination room.

3. You are not allowed to write on this examination question paper.

SECTION A: ANSWER ALL QUESTIONS IN THIS SECTION

QUESTION ONE (30 MARKS)

a. Using suitable illustration, explain the investment function (5 marks)
b. Using suitable illustrations, explain a circular economy will generate wealth. (5 marks
c. Describe the main goal of macroeconomics policy. (8 marks)
d. Explain the use of models in macroeconomics studies. (7 marks)
e. Distinguish between macroeconomics and micro economics. (5 marks)

SECTION B – ANSWER ANY TWO QUESTIONS IN THIS SECTION

QUESTION TWO (20 MARKS)

a. Explain the concept of consumption as used in macroeconomics. (6 marks)
b. List the main components of a consumption failure. (6 marks)
c. Given $S=25-0.6Y_d$, derive the consumption function (8 marks)

QUESTION THREE (20 MARKS)

a. Explain the term unemployment as used in macroeconomic setup. (6 marks)
b. Using a suitable illustration explain the relationship behaviour unemployment and inflation in an economy. (6 marks)
c. Discuss four challenges of apply the Philips curve in guiding economic policy making.

(8 marks)

QUESTION FOUR (20 MARKS)

a. Discuss the major determinant of instrument in accordance to accelerator theory. (4 marks)
b. Evaluate the Koyck investment model. (8 marks)
c. Examine the similarities and dissimilarities between accelerator theory and flexible accelerator theory. (8 marks)