



MURANGA UNIVERSITY COLLEGE

(A constituent College of Jomo Kenyatta University of Agriculture & Technology)

MAIN CAMPUS

SPECIAL UNIVERSITY EXAMINATIONS

2014/2015 ACADEMIC YEAR

FIRST YEAR SECOND SEMESTER EXAMINATIONS

FOR THE DEGREE

OF

BACHELOR OF COMMERCE

COURSE CODE: HRD 2103

COURSE TITLE: GENERAL ECONOMICS

DATE: TIME: 2 Hours

INSTRUCTIONS TO CANDIDATES

Question ONE (1) is compulsory
Answer THREE (3) questions

MRUC observes ZERO tolerance to examination irregularities

This Paper Consists of 2 Printed Pages. Please Turn Over. ►

QUESTION ONE

- a) Explain the monetary theory of interest by Keynesian and discuss the motives of holding money. (7 marks)
- b) Define wage differential and explain the factors responsible for differentiating wages within the same occupation (6 marks)
- c) Discuss the five stages of economic integration (7 marks)
- d) Stable economy is vital for any country, explain the main goals of economics (10 marks)

QUESTION TWO

- a) Discuss the various taxes applied by different governments (10 marks)
- b) Briefly explain the functions of a government budget (10 marks)

QUESTION THREE

- a) As county governments continue to agitate for more resource allocations, discuss the disadvantages of increased direct taxations by these governments as a way of raising funds. (10 marks)
- b) Define Balance of Payment and highlight its components (10 marks)

QUESTION FOUR

- a) Trade unions plays a critical role in ensuring employees receive a reasonable compensation of their labor. Discuss the arguments for higher wages by these unions (10 marks)
- b) Kenya have a higher population growth compared to developed nations, Explain why benefits of the increased population to the Kenyan economy. (10 marks)

QUESTION FIVE

- a) Distinguish between fiscal policy and monetary policy giving examples (10 marks)
- b) Define economic integration and explain the benefits of integration (10 marks)