



*"Investing in Africa's Future"*

COLLEGE OF BUSINESS, PEACE, LEADERSHIP AND GOVERNANCE

**NMEC 102: ECONOMIC PRINCIPLES 11 EXAM 1**

**END OF FIRST SEMESTER EXAMINATIONS**

**MAY/JUNE 2020**

**LECTURER: G. MANDEWO**

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### ***INSTRUCTIONS***

Answer **One question**. Total possible mark is **100**.

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Start **each** question on a new page in your answer booklet.

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The marks allocated to **each** question are shown at the end of the question.

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**Show all your workings.**

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Credit will be awarded for logical, systematic and neat presentations.

1. Consider the following production concepts: Double counting error, value addition, output method, expenditure method, Gross Domestic Product (GDP) and Gross National Product (GNP)
  - (a) Using specific examples of your own choice demonstrate application of these concepts in measuring production of goods and services in a country
  - (b) Using concrete examples of your own choice discuss why the Gross Domestic product is not an accurate measure of social wellbeing of a country[**100 marks**]
2. It is possible to foster more production of goods and services using monetary and fiscal policies. In the context of the ISLM model demonstrate the effects of these policies to output and interest rate. Suggest the transmission mechanisms that will lead to such changes. Discuss instruments of monetary policies. [**100 marks**]
3. Inflation and unemployment are major economic problems. You are required to choose your country of origin and practically discuss the effects of inflation and unemployment to the economy giving examples from your own country. Suggest possible solutions to these problems highlighting how each proposition reduces inflation or unemployment. [**100 marks**]

[END OF EXAMINATION]