



MACHAKOS UNIVERSITY

University Examinations for 2019/2020 Academic Year

SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT OF ECONOMICS

SECOND YEAR FIRST SEMESTER EXAMINATION FOR

BACHELOR OF ECONOMICS AND FINANCE

BACHELOR OF ECONOMICS

BACHELOR OF EDUCATION ARTS

EAE 204: ECONOMICS OF DEVELOPMENT

DATE: 2/12/2019

TIME: 2.00-4.00 PM

INSTRUCTIONS:

- 1. Answer question one and any other two questions**
- 2. Question one is compulsory and carries (30 marks)**
- 3. All other questions carry (20 marks each)**

QUESTION ONE (30 MARKS)

- How has Arthur Lewis explained the emergency of industrial society from an agrarian economy? Can this model be used to explain industrial development in Kenya? (10 marks)
- Describe the necessary prerequisites to accelerate the process of economic development in a developing country (10 marks)
- Briefly explain the basic need strategy of economic development (5 marks)
- What are the pre- requisites for economic transformation to take place in an economy? (5 marks)

QUESTION TWO (20 MARKS)

- Corruption is a major hindrance to economic growth and development in less developed countries. Discuss (10 marks)
- Explain the role of agricultural sector in the economic development of Kenya. (10 marks)

QUESTION THREE (20 MARKS)

- a) Explain the nature and role of entrepreneurship and technology as a means of achieving rapid economic growth development in your country (10 marks)
- b) Discuss the limitations of Marxist theory of development (10 marks)

QUESTION FOUR (20 MARKS)

- a) Foreign exchange constraint has been widely considered as one of the main causes of underdevelopment in Kenya. Discuss (10 marks)
- b) Briefly discuss the five main assumption of Keynesian theory of economic development (10 marks)

QUESTION FIVE (20 MARKS)

- a) Clearly distinguish between economic development and economic growth (6 marks)
- b) Briefly discuss six reasons which GDP per capita has not been perceived as a perfect indicator of economic development (6 marks)
- c) Outline briefly explain any four tools of Keynesian theory of economic development (8 marks)