



# **MACHAKOS UNIVERSITY**

**University Examinations for 2018/2019 Academic Year**

**SCHOOL OF BUSINESS AND ECONOMICS**

**DEPARTMENT OF ECONOMICS**

**FOURTH YEAR SUPPLEMENTARY EXAMINATION FOR**

**BACHELOR OF ECONOMICS & FINANCE**

**EAE 405: DEVELOPMENT PLANNING**

**DATE: 7/8/2019**

**TIME:**

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**INSTRUCTIONS:**

- i) Answer question one (Compulsory) and any other two questions**
- ii) Do not write on the question paper**
- iii) Show your working clearly**

**QUESTION ONE (COMPULSORY) (30 MARKS)**

- a) Discuss the components of indicative planning procedures (5 marks)
- b) Describe the incremental capital-output ratio (ICOR) as a planning technique (5 marks)
- c) Discuss the three pillars of Vision 2030 (5 marks)
- d) Describe the input-output planning model of development planning (10 marks)
- e) Discuss the positive impact of socioeconomic integration in Kenya. (5 marks)

**QUESTION TWO (20 MARKS)**

- a) Discuss the drawback of socio-economic integration in Kenya (10 marks)
- b) Explain the basic assumption of input-output model (5 marks)
- c) Discuss the limitation of the incremental capital-output ratio (ICOR) (5 marks)

**QUESTION THREE (20 MARKS)**

- a) Describe the shortcoming of input-output analysis (8 marks)
- b) Describe aspects of project analysis and selection (8 marks)
- c) Discuss merits and demerits of fixed plans in development planning (4 marks)

**QUESTION FOUR (20 MARKS)**

- a) Describe the steps in project cycle in Kenya (8 marks)
- b) Discuss the causes of failure in planning for economic development (8 marks)
- c) Describe giving examples why government should plan well to develop and grow her economy (4 marks)

**QUESTION FIVE (20 MARKS)**

- a) Discuss the limitations of cost-benefits analysis (4 marks)
- b) Define the following terms (6 marks)
  - i) Project
  - ii) plan
  - iii) investment
- c) Discuss the merits and demerits in planning by inducements. (5 marks)
- d) Discuss the merits and demerits of centralized planning. (5 marks)