



# **MACHAKOS UNIVERSITY**

**University Examinations for 2019/2020 Academic Year**

**SCHOOL OF BUSINESS AND ECONOMICS**

**DEPARTMENT OF ECONOMICS**

**FOURTH YEAR SPECIAL/SUPPLEMENTARY EXAMINATION FOR**

**BACHELOR OF ECONOMICS AND STATISTICS**

**BACHELOR OF ECONOMICS**

**EAE 405: DEVELOPMENT PLANNING**

**DATE: 20/1/2021**

**TIME: 2.00-4.00 PM**

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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) Input-output is a one of the planning technique that has been used in many countries for planning purposes. It involves the interlinkages among sectors, whereby output on one sector is serves as other sectors' as input including itself. This planning technique has been faced with some shortcomings. Explain the in details. (8 marks)
- b) In order to design and implement effectively the project, it is necessary to consider many aspects which together determine how profitable the project will be after it is fully implemented. These aspects are closely interrelated and all of them must be considered and reconsidered at every stage of project planning and implementation. Discuss well these aspects. (7 marks)
- c) What do you understand the term planning in terms context of economic development? Why should government plan? (5 marks)

- d) A project cycle is a sequence that is followed or a way in which projects are normally planned and executed that is indicating where to begin the project and ending part and time. Discuss these cycle stages. (5 marks)
- e) Define the following terms (5 marks)
- i. Input-output Model
  - ii. Project cycle
  - iii. Project appraisal

### QUESTION TWO (20 MARKS)

- a) Differentiate between anti cyclical and development planning as you understand them in economic planning. (5 marks)
- b) Planning by inducement is often referred to as “*indicative planning*” or ‘*market incentives*’ is one of the planning procedures. Discuss its merits. (8 marks)
- c) Write short notes on **Policy Approach** in planning by inducement as one of the planning procedures (7 marks)

### QUESTION THREE (20 MARKS)

- a) There are a number of reasons why the implementation of development program and plans such as Big four plan may fail. Discuss these reasons. (4 marks)
- b) Planning procedure by directions as imperative planning. This type of planning is practiced in socialist countries like China, the former USSR, Cuba and North Korea. This type of planning has many advantages and disadvantages. Briefly discuss the disadvantages. (6 marks)
- c) Using table below of coefficient of input-output, determine the macroeconomic solution for final output (10 marks)

	Sector <i>I</i>	Sector <i>II</i>
Sector <i>I</i>	0.133	0.308
Sector <i>II</i>	0.2	0.192
Imports	0.2	0.115
Primary Inputs	0.467	0.385
Total	1.00	1.00

#### **QUESTION FOUR (20 MARKS)**

- a) A project to be successful, it must accommodate the institutional structure of the country and region. In order to achieve this, important questions must be asked. Discuss these questions. (8 marks)
- b) Write short notes of the following planning procedures (8 marks)
- i. Centralized Planning and Decentralized Planning
  - ii. Physical and Financial Planning
- c) Discuss the challenges Kenya is facing in implementation of the *2017 big four plan*. (4 marks)

#### **QUESTION FIVE (20 MARKS)**

- a) Fixed plan is one of the development plans, whereby the contents of the plan are fixed in relation to a fixed time period. These contents consisting of targets, priorities, strategies and resources, etc. which cannot be changed during the particular time period for which the plan has been prepared except for severe unforeseen events. This development plan has a number of advantages and disadvantages. Explain the advantages (6 marks)
- b) Briefly differentiate between planning by directions and planning by inducement as an economic planning procedure. (4 marks)
- c) Discuss the experience of centralized planning in **USSR**. (10 marks)