



# **MACHAKOS UNIVERSITY**

**University Examinations for 2020/2021 Academic Year**

**SCHOOL OF BUSINESS AND ECONOMICS**

**DEPARTMENT OF ECONOMICS**

**SECOND YEAR SPECIAL/SUPPLEMENTARY EXAMINATION FOR**

**BACHELOR OF ECONOMICS AND STATISTICS**

**BACHELOR OF ECONOMICS AND FINANCE**

**BACHELOR OF ECONOMICS**

**EAE 204: DEVELOPMENT ECONOMICS**

**DATE: 26/3/2021**

**TIME: 2.00-4.00 PM**

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## **INSTRUCTIONS:**

**Answer Question ONE and any other TWO questions**

### **QUESTION ONE (30 MARKS)**

- a) Differentiate between economic growth and economic development. (5 marks)
- b) Highlight relevant examples the main challenges you expect Kenyan to face in implementation of the big four plan for economic development. (5 marks)
- c) Outline and discuss stages of economic development as discussed in Walt Rostow's Model. (5 marks)
- d) Briefly explain the characteristics of less developed countries. (5 marks)
- e) Explain the following terms and how are related to international trade policy
  - i. Terms of trade (3 marks)
  - ii. Import tariff (2 marks)
- f) Explain the concept of vicious circle as used in economic development (5 marks)

### **QUESTION TWO (20 MARKS)**

- a) Explain the importance of agriculture in economic development in Kenya (5 marks)
- b) Discuss the reasons why developing countries do not realize the full benefits in foreign trade. (5 marks)
- c) Explain the linkages between agricultural sector and industrial sector giving examples in Kenya ? (5 marks)
- d) Describe the neo classical theory of economic development (5 marks)

**QUESTION THREE (20 MARKS)**

- a) Discuss the role taken by culture and politics in economic development in Kenya (6 marks)
- b) Discuss the obstacles to economic growth and development in Kenya (6 marks)
- c) Define the following terms:
  - i. Effective demand (2 marks)
  - ii. Drive to maturity (2 marks)
  - iii. Terms of trade (2 marks)
  - iv. Cyclical unemployment (2 marks)

**QUESTION FOUR (20 MARKS)**

- a) Explain the Harrod- model and show how this theory can help acceleration in economic development. (6 marks)
- b) Explain reasons for rapid population growth in African countries (5 marks)
- c) Explain the Main changes a country is likely to experience when countries are undergoing the economic transformation (5 marks)
- d) Explain the role of the monetary and fiscal policies in influencing the economic development (4 marks)

**QUESTION FIVE (20 MARKS)**

- a) Explain objectives of economic development in Kenya (5 marks)
- b) Explain the importance of international trade in economic developments in Kenya (7marks)
- c) Discuss the debate that population is bad and good for economic development (8 marks)