



(KNOWLEDGE FOR DEVELOPMENT)

KIBABII UNIVERSITY

UNIVERSITY EXAMINATIONS

2017/2018 ACADEMIC YEAR

SECOND YEAR SECOND SEMESTER

MAIN EXAMINATION

FOR THE DEGREE OF EDUCATION (SCHOOL BASED)

COURSE CODE: ECO 304

COURSE TITLE: MONEY AND BANKING

DATE: 06/12/2018

TIME: 11.30 AM – 1.30 PM

INSTRUCTIONS TO CANDIDATES

ANSWER QUESTION ONE IN SECTION A AND ANY OTHER TWO (2) QUESTIONS IN SECTION B

TIME: 2 HOURS

SECTION A (COMPULSORY)

QUESTION ONE

- (a) State four functions of money in the economy. 8 Mks
- (b) differentiate between monetary policy and fiscal policy 6 Mks
- (c) State four objectives of monetary policy. 4 Mks
- (d) What is the meaning of the following terms?
 - (i) Sight deposits (3mks)
 - (ii) Time deposits (3mks)
- (e) discuss three roles of government in controlling the supply and demand of money in the economy (6mks)

SECTION B (CHOOSE ANY TWO QUESTIONS)

QUESTION TWO

- (a) Discuss five roles of International monetary fund in the economy (10mks)
- (b) Define and briefly discuss four determinants of money supply. (10mks)

QUESTION THREE

- (a) discuss five Causes of inflation in the economy (10mks)
- (b) Discuss FIVE instruments of monetary policy in the regulation of money supply. (10mks)

QUESTION FOUR

- (a) Assess FIVE roles of commercial banks in the economy (10mks)
- (b) Discuss the five Evils of money in the economy (10mks)

QUESTION FIVE

- (a) discuss the role of monetary policy in the developing countries 10mks)
- (b) Discuss FIVE factors that determine the supply and demand of foreign currency.(10mks)