



JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND TECHNOLOGY
SCHOOL OF BUSINESS & ECONOMICS
UNIVERSITY EXAMINATION FOR THE DEGREE OF BACHELOR OF BUSINESS
ADMINISTRATION WITH IT
4TH YEAR 2ND SEMESTER 2019/2020 ACADEMIC YEAR

COURSE CODE: AEC 416

COURSE TITLE: Monetary Theory and Policy

EXAM VENUE:

STREAM: (BBA FINANCE)

DATE:

EXAM SESSION:

TIME: 2 HOURS

Instructions:

- 1. Answer questions ONE and ANY other 2 questions**
- 2. Candidates are advised not to write on the question paper.**
- 3. Candidates must hand in their answer booklets to the invigilator while in the examination room**

QUESTION ONE

- i. Explain the channels of monetary transmission mechanism of the central bank 10 Marks
- ii. Explain with numerical example the empirical definition of money 10 Marks
- iii. Explain the extent by which inflation impairs the function of money 10 Marks

QUESTION TWO

- i. One of the goals of monetary policy is to achieve a higher economic growth and inflationary stability. Discuss the policy measures if implemented will achieve this objective 10 Marks
- ii. Explain the role of commercial bank in economic growth and development in Kenya 10 Marks

QUESTION THREE

- i. Explain how presence of money in modern economy has facilitated economic growth and transformation of a country like Kenya 10 Marks
- ii. Explain the factors to consider when implementing the monetary policy 10 Marks

QUESTION FOUR

- i. Discuss some of the consequential economic impact low rate of interest 10 Marks
- ii. What are likely effects of an expansionary monetary policy in an economy 10 Marks

QUESTION FIVE

- i. Explain the reasons why there has been the demand for securities in Kenya for the TEN years 10 Marks
- ii. Explain the policy measures to control the level of inflation in Kenya 10 Marks