



**JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND TECHNOLOGY**

**UNIVERSITY EXAMINATIONS 2016**

**(SEPTEMBER-DECEMBER 2016)**

**YEAR THREE FIRST SEMESTER EXAMINATIONS FOR BACHELOR OF BUSINESS  
ADMINISTRATION WITH INFORMATION TECHNOLOGY**

**(MAIN CAMPUS)**

**ABA 313: MANAGERIAL ECONOMICS**

**Date:**

**Time: 2Hours**

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**INSTRUCTIONS**

- 1. Answer Question ONE and any other TWO Questions**
- 2. Question ONE carries 30 marks, the rest 20 marks each**

## QUESTION ONE

- i. Explain how presence of Non - Bank Financial Intermediaries has facilitated economic growth and transformation of a country like Kenya 10 Marks
- ii. Explain the challenges of World Bank and International Monetary Fund in maintaining economic stability and growth to the member 10 Marks
- iii. Explain the key difference between the Keynesian and Friedman theories of the demand for money 10 Marks

## QUESTION TWO

- i. Monetary Policy refers to the changes of money supply in an economy, Describe the main issues to be addressed in formulating monetary policy 10 Marks
- ii. Explain the mechanisms used and reasons why the Central Bank to supervise commercial banks 10 Marks

## QUESTION THREE

- i. Discuss some of the consequential economic impacts of high and rising rate of Interest rate an economy 10 Marks
- ii. The Central Bank of Kenya was established soon after the country attained Independence. Explain the reasons why the Central Bank is referred as a Banker to the Commercial Banks 10 Marks

## QUESTION FOUR

- i. Assume there is only one bank in the economy and the Central Bank requires that banks maintain a reserve requirement of 15% and total deposit amounts to 50,000. Describe the process of credit creation among various Banks. 10 Marks
- ii. Explain the major reforms which have taken place in the financial sector for the last decade giving out relevant examples 10 Marks

## QUESTION FIVE

- i. Explain the benefits of having an independent Central Bank 10 Marks
- ii. Explain the role of Commercial banks in economic growth and development in an economy 10 Marks

