



JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND TECHNOLOGY
UNIVERSITY EXAMINATION FOR BACHELOR OF BUSINESS ADMINISTRATION
(BBA-With IT)

ABA 416: MONETARY THEORY AND POLICY

DURATION: 2 HOURS

MAIN CAMPUS

INSTRUCTIONS

1. Answer Question ONE and any other TWO Questions in this paper.
2. DO NOT write on the QUESTION paper, all writings should be done on the Examination Answer Booklet
3. Observe University Examination Rules and Regulations

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. Explain the relevancy the importance of the Central Bank Governor letter addressed to the Cabinet Secretary at every twelve Month 10 Marks
- i. Explain the MAIN challenges of the implementation of monetary policy in developing countries. 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 reasons that may account for a high level of liquidity preference within a country 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 low demand for securities in Kenya for the FIVE years 10 Marks
- ii. Explain the policy measures to control the level of inflation in Kenya 10 Marks