



**JARAMOGI OGINGA UNIVERSITY OF SCIENCE AND TECHNOLOGY**  
**SCHOOL OF BUSINESS AND ECONOMICS**  
**UNIVERSITY EXAMINATION FOR DEGREE OF BACHELOR OF BUSINESS**  
**ADMINISTRATION WITH IT**  
**4<sup>TH</sup> YEAR 2<sup>ND</sup> SEMESTER 2016/2017 ACADEMIC YEAR**  
**NAMBALE LEARNING CENTRE**

---

**COURSE CODE: ABA 416**

**COURSE TITLE: MONETARY THEORY AND POLICY**

**EXAM VENUE: NAMBALE STREAM**

**DATE: EXAM SESSION:**

**TIME: 2.00 HOURS**

---

**Instructions:**

- 1. Answer question 1 (compulsory) 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**

- (a) Define monetary policy. (2 Marks)
- (b) Explain the meaning and functions of money. (12 Marks)
- (c) Explain the term demand for money. (2 Marks)
- (d) Identify and explain the various reasons for holding money. (6 Marks)
- (e) Identify and discuss the various components of the money supply. (8 Marks)

### **QUESTION TWO**

- (a) Discuss the objectives/roles of monetary policy in economic development. (10 Marks)
- (b) Discuss various kinds of gold standard. (10 Marks)

### **QUESTION THREE**

- (a) Define Central Bank. (2Marks)
- (b) Discuss five functions of Central Bank. (10 Marks)
- (c) Explain the limitations of quantity theory of money. (8 Marks)

### **QUESTION FOUR**

- (a) Define inflation. (2 Marks)
- (b) Discuss the monetary measures used to control inflation. (8 Marks)
- (c) Briefly explain the courses inflation. (10 Marks)

### **QUESTION FIVE**

- (a) Explain the monetary policy instruments used by Central Bank of a country to control inflation. (20 Marks)