



TECHNICAL UNIVERSITY OF MOMBASA

SCHOOL OF BUSINESS
DEPARTMENT OF ACCOUNTING & FINANCE
UNIVERSITY EXAMINATION FOR:
BCOM

BFI 4302: MONETARY THEORY AND PRACTICE

END OF SEMESTER EXAMINATION
SERIES: AUGUST 2019
TIME: 2 HOURS
DATE: 16 Aug 2019

Instructions to Candidates

You should have the following for this examination

-Answer Booklet, examination pass and student ID

This paper consists of **FIVE** questions. Attempt question ONE (Compulsory) and any other TWO questions.

Do not write on the question paper.

QUESTION One

- a) How did Trade by Barter encourage the introduction of money? **(10Marks)**
- b) What are your suggestions for control of inflation in Kenya today? **(10Marks)**
- c) Examine fully the objectives of monetary policy in Kenya. **(10Marks)**

QUESTION Two

- a) Explain the Liquidity Preference theory **(10Marks)**
- b) Define velocity. **(3Marks)**
- c) Discuss the role of velocity in the quantity theory of money. **(7Marks)**

QUESTION Three

Write briefly on the following

- a) Balanced budget (5Marks)
- b) Budget deficit (5Marks)
- c) Budget surplus (5Marks)
- d) Budget presentation (5Marks)

QUESTION Four

- a) Analyse the factors that affect money supply in the Kenyan Economy. (10Marks)
- b) Examine the quantity theory of money. Does it offer an adequate explanation of inflation? (10Marks)

QUESTION Five

- a) If you control the supply of money you control the economy.” Comment. (10Marks)
- b) Explain the monetary steps that should be taken to induce conditions of full employment (10Marks)



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