

Uganda Martyrs University

Faculty of Business Administration and
Management

Department of Account & Finance
Final Examination

Course: Bachelor of Business Administration
and Management
Year 3:2

Course Unit: Money, Banking and Public
Finance

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Date: Friday 8th December 2023

Instructions to Candidates:

- Time allowed: 3 **hours**.
- Attempt any other four questions
- Each question carries 25 marks.
- The number in brackets after each question, or part of a question, shows the marks allotted and candidates should apportion the time spent on each part accordingly.
- Read further instruction on the answer booklet

Question one

Given the current situation in Uganda with post COVID-19 (Corona Virus) which has forced Government to merged the some agencies, and it has been realized that many Ugandans are in a financial crisis and it's alleged that this is because there is limited money in circulation. As an expert in Banking, discuss and suggest the practical ways the Central Bank [Bank of Uganda] can deploy to avert these crises [Use clear illustrations or examples] (25 marks)

Question two

[a] One of the most striking trends involving modern Financial Institutions (FIs) has been the creation of credit and thus the main objective of central bank. Examine the current key factors that influences the process of credit creation your Uganda (20 marks)

[b] As student who has completed his/her studies in money and Banking, explain the assumptions underlying the process of credit creation that must be taken into account first (5 marks)

Question three

[a] Using example, examine the main objectives of fiscal policy in Uganda (10 marks)

[b] As an expert in Money and Banking, examine the key motives according to Lord John Maynard Keynes, why money is held in liquid form and discuss the likely factors that determine the demand for money or level of liquidity preference in a market economy in Uganda (15 marks)

Question four

[a] Using illustrations, discuss the distinction between Money markets and Capital markets.

Money Market: (13 marks)

[b] According to different scholars, Money supply refers to the total amount of money both in circulation and the bank deposits. Or It refers to the quantity of money which is in circulation in a given country at a given time and the bank deposits. Recently there has been rumors about the "supply of money, that is,

exogenous money supply and Endogenous money supply” in Uganda and a group of your village mates have approached you to explain to them the key determinants of money supply. Using your expertise knowledge, discuss to your village mates exogenous money supply and Endogenous money supply and key Determinants of money supply **(12 marks)**

Question five

[a] Using illustration, discuss contribution of Hicks-Hansen (IS/LM) in understanding the General Equilibrium of product and money Markets **(6 marks)**

[b] Discuss the principles of maximum social advantages, provide its applicability in public finance **(7 marks)**

[c] Discuss the different forms of development banks and using relevance examples, discuss the roles of development in Uganda **(12 marks)**

Question six

[a] Development expenditure (capital expenditure) is spending by government on capital goods / investment / establishment of projects for purposes of expanding existing capacities and creating new ones to generate more goods and services. As an expert in Public finance, discuss the key Canons of public expenditure without which it could failed and explain the likely reasons for the increase in public (government) expenditure in Uganda **(15 marks)**

[b] Recently a friend of yours from high school approached you, he said, he normally hears government talking about monetary policy, fiscal policy and commercial policy. As an expert in Public Finance, explain to him what is commercial policy and Objectives of Commercial Policy **(10 marks)**

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