

# **UGANDA MARTYRS UNIVERSITY**

**FACULTY OF BUSINESS ADMINISTRATION AND  
MANAGEMENT**

**DEPARTMENT OF ACCOUNTING & FINANCE**

**BAM III (DAY & EVENING)  
SEMESTER TWO 2022/2023**

**COURSE UNIT: MONEY, BANKING & PUBLIC FINANCE**

**DATE: THURSDAY 18<sup>th</sup> May 2023**

**Time allowed: 2PM-5PM**

## **Instructions to Candidates:**

Read the following before answering the examination questions.

1. Attempt any other four questions
2. Each question carries 25 marks.
3. 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.
4. Read further instruction on the answer booklet
5. ***DO NOT WRITE ANYTHING ON THIS PAPER***

**Question one:**

- [a] Using knowledge of money and banking, discuss the assumptions of quantity theory of money (10 marks)
- [b] Given that the amount of money in circulation is 400 million Uganda shillings and the velocity of circulation is 10 times and the level of transactions is 80,000; calculate the general price level in the economy. (5 marks)
- [c] Discuss limitations of the quantity theory of money in developing countries (10 marks)

**Question two**

- [a] Using illustrations or examples, discuss the functions of the central bank in Uganda (10 marks)
- [b] Explain the factors which limit credit creation by commercial banks in Uganda (15 marks)

**Question three**

- [a] Using example, discuss the key objectives of public finance in a developing economy (10 marks)
- [b] Discuss the instruments of public revenue in Uganda (15 marks)

**Question four**

- [a] With the use of example, discuss the key roles of the **Financial Markets** in developing Countries (15 marks)
- [b] Examine the main objectives of fiscal policy in Uganda (10 marks)

**Question five**

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 the the key objectives of monetary policy 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 six**

- [a] Using examples, discuss the key functions of development banks in Uganda (6 marks)
- [b] Distinguishing between Money and Wealth (6 marks)
- [c] Discuss the likely causes of high public debt in Uganda (13 marks)

**End**