

UGANDA MARTYRS UNIVERSITY, LUBAGA CAMPUS

**FACULTY OF BUSINESS ADMINISTRATION AND
MANAGEMENT**

DEPARTMENT OF MANAGEMENT SCIENCE

**MBP 3201: MONEY AND BANKING FINAL ASSESSMENT
2017/18**

BAM 3 EVENING LUBAGA

DATE: 6th August 2018

Time allowed: 3 hours

Instructions to Candidates:

Read the following before answering the examination questions.

- 1) Do not write anything on this question paper.
- 2) Attempt 4 Questions in total
- 3) QUESTION No. 1 is Compulsory and carries 40 marks. All other questions carry 20 marks.

QUESTION ONE (COMPULSORY 40 MARKS)

- a) Explain the functions of money? (4marks)
- b) State and explain the characteristics of good money? (10marks)
- c) How does the Central Bank control Inflation? (8marks)
- d) Explain the relevance of Development Banks in Uganda? (10marks)
- e) Mention the requirements of a sound banking system? (8marks)

QUESTION TWO (20 MARKS)

- a) Discuss the mandate of the Central Bank in Uganda? (12marks)
- b) Explain the challenges encountered by the Central bank in executing its mandate? (8marks)

QUESTION THREE (20 MARKS)

- a) Why do most Commercial banks perceive lending to the Agricultural Sector a risky venture? (12marks)
- b) What should Commercial banks do to make lending to the Agricultural sector more secure? (8marks)

QUESTION FOUR (20 MARKS)

- a) Explain the common methods and systems innovated by Microfinance banks to minimize the risk of lending to the poor? (12marks)
- b) Explain the factors that have enable the fast growth of Microfinance banking in Uganda? (8marks)

QUESTION FIVE (20 MARKS)

- a) Distinguish between a surplus and deficit budget? (6marks)
- b) State and explain the Canons of public expenditure? (14marks)

QUESTION SIX (20 MARKS)

- a) In recent years, Uganda's public debt has been growing at a very a high rate. What negative consequence does this hold for the country? (10marks)
- b) What is the proposed way forward for sustainable Public Finance management in Uganda? (10marks)