

BINDURA UNIVERSITY OF SCIENCE EDUCATION
FACULTY OF COMMERCE
DEPARTMENT OF ECONOMICS
BACHELOR OF SCIENCE HONOURS DEGREE IN ECONOMICS
MONETARY ECONOMICS EC220/EC411 (1)
DURATION: 3 HOURS

9/6 OCT 2023

INSTRUCTIONS TO CANDIDATES

1. Answer any four (4) questions.
2. The paper carries six (6) questions.
3. All questions carry equal marks of 25 each.
4. No cellphones allowed in the exam room.

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1. Examine any **five (5)** characteristics of money in relation to the Zimbabwean currency (Bond notes). **(25 Marks)**
 2. Using the Zimbabwean currency (Bond notes) as the reference currency, examine the application of traditional functions of money in Zimbabwe. **(25 Marks)**
 3. Demonstrate how **Open Market Operations (OMO)** can be used by the Central Bank to establish favorable ranges of the following economic variables **(7 Marks)**
 - a. Inflation **(6 Marks)**
 - b. Unemployment **(6 Marks)**
 - c. Interest rates **(6 Marks)**
 - d. Economic growth in a country. **(6 Marks)**
 4. Monetary policy actions and decisions are transmitted into changes in output and other economic activities (Taylor, 1995). Demonstrate how this can be achieved in Zimbabwe using any **five (5)** transmission channels of monetary policy. **(25 Marks)**
 - 5(a). Examine the applicability of Silber's constraint theory of innovation in Zimbabwe **(16 Marks)**

(b) Explain any **three (3)** functions of the World Bank **(9 Marks)**

6. Examine any **three (3)** demand for money models applicable in Zimbabwe **(25 Marks)**

END OF PAPER