

NATIONAL UNIVERSITY OF SCIENCE AND TECHNOLOGY

FACULTY OF INDUSTRIAL TECHNOLOGY

DEPARTMENT OF INDUSTRIAL AND MANUFACTURING ENGINEERING

Business Studies I – TIE - 3117 (Banking)

1st SEMESTER EXAMINATIONS APRIL 2009

Instruction to Candidates

Time Allowed; 3 hours

1. Question 1 is compulsory
2. Attempt any FOUR(4) Questions

Question 1

Define briefly the following:

- | | | |
|-----|----------------------|-----|
| (a) | Money market | [5] |
| (b) | Capital market | [5] |
| (c) | Secondary market | [5] |
| (d) | Investment appraisal | [5] |
| (e) | Loan Amortisation | [5] |

Question 2

- | | | |
|-----|--|------|
| (a) | Write brief notes on the evolution of money up to paper money. | [12] |
| (b) | State and describe the essential characteristics of money | [8] |
| (c) | What are the advantages of using money? | [5] |

Question 3

- | | | |
|-----|--|------|
| (a) | Explain clearly how banks create money and state the major factors that do limit the ability of such a system to create money. | [10] |
| (b) | What are the primary functions of a Central bank? | [15] |

Question 4

- | | | |
|-----|--|------|
| (a) | Differentiate between | |
| | i) money and capital markets | [10] |
| | ii) primary and secondary markets | [6] |
| (b) | In point form, describe the following money market instruments:- | |
| | - Treasury Bills | [3] |
| | - Bankers Acceptances | [3] |
| | - Negotiable Certificates of Deposit | [3] |

Question 5

Write brief notes on the following

- | | | |
|-----|--------------------|-----|
| (a) | Interest Rate Risk | [5] |
| (b) | Credit Risk | [5] |
| (c) | Liquidity Risk | [5] |
| (d) | Operating Risk | [5] |
| (e) | Country Risk | [5] |

End of Exam