

NATIONAL UNIVERSITY OF SCIENCE AND TECHNOLOGY

FACULTY OF INDUSTRIAL TECHNOLOGY

INDUSTRIAL AND MANUFACTURING ENGINEERING DEPARTMENT

**Bachelor of Engineering Honours Degree in Industrial and Manufacturing
Engineering**

PART III FIRST SEMESTER EXAMINATIONS - DECEMBER 2011

BUSINESS STUDIES I

COURSE CODE - TIE 3117

Examination duration 3 hours

INSTRUCTIONS TO CANDIDATE

- 1. Answer any Four Questions**

QUESTION 1

- a) Explain the main principles of The Quantity Theory of money. [10]
- b) What are the underlying assumptions and limitations of this theory? [15]

QUESTION 2

Discuss the aims, techniques and effectiveness of monetary policy [25]

QUESTION 3

- a) How do commercial banks create money? [15]
- b) What factors limit the ability of Commercial banks to create money? [10]

QUESTION 4

- a) Justify that demand deposits are a medium of exchange and store of value. [10]
- b) Money is “what it does” Discuss. [15]

QUESTION 5

Describe the roles played by Micro Finance Institutions (MFI) in the development of the Zimbabwean economy.

[25]

QUESTION 6

- a) Distinguish between capital and money markets. [10]
- b) State and fully describe the role and the main functions of the Reserve Bank of Zimbabwe. [15]

END OF EXAM