

NATIONAL UNIVERSITY OF SCIENCE AND TECHNOLOGY

FACULTY OF INDUSTRIAL TECHNOLOGY

DEPARTMENT OF INDUSTRIAL ENGINEERING

BUSINESS STUDIES II – TIE 3218

2nd SEMESTER EXAMINATIONS APRIL/MAY 2000

Time Allowed: 3 Hours

Instructions: Answer FIVE (5) questions

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|-------|----|--|------|
| Qu. 1 | a) | In prehistoric times, how was trade facilitated? | [10] |
| | b) | What were the drawbacks of barter trade? | [10] |
| Qu. 2 | a) | What functions should an item fulfil to justify its use as money? | [10] |
| | b) | What are the necessary attributes of money? | [10] |
| Qu. 3 | a) | All financial institutions provide a link between borrowers and lenders. Briefly explain with examples? | [10] |
| | b) | Why is it preferable to borrow from a financial intermediary rather than from an acquaintance? | [10] |
| Qu. 4 | a) | Why is the Reserve Bank called "the bankers' bank"? | [5] |
| | b) | How does the Central Bank carry out the government's monetary policy? | [15] |
| Qu. 5 | a) | Define inflation. What are the three possible explanations of inflation? | [15] |
| | b) | What is deflation, state its consequences. | [5] |
| Qu. 6 | | State the various forms of financial assistance, which the financial sector provides to the business sector. | [20] |

- Qu. 7 The financial market in Zimbabwe can be divided into two segments;
a) The Money market
b) The Capital market
Briefly explain each of these. [20]
- Qu. 8 a) Banks want to achieve two major objectives from their assets;
i) profitability
ii) liquidity
Explain these. [5]
- b) What are the different principles guiding Bank Lending? [15]

END OF EXAM