

**UNIVERSITY OF SWAZILAND  
FACULTY OF SOCIAL SCIENCE  
DEPARTMENT OF ECONOMICS**

**MAIN EXAMINATION PAPER: DECEMBER, 2016**

**TITLE OF PAPER: STRUCTURE OF THE SWAZ ECONOMY I  
COURSE CODE: ECON 427  
TIME ALLOWED: TWO (2) HOURS**

**INSTRUCTIONS:**

1. Answer **ONE** question from each section.
2. Show all relevant workings to your answer
3. All Questions carry a total of 50 marks each.

**SPECIAL REQUIREMENTS: SCIENTIFIC CALCULATOR**

**DO NOT OPEN THIS QUESTION PAPER UNTIL INSTRUCTED TO DO SO BY  
THE INVIGILATOR.**

## SECTION A: AGRICULTURE IN SWAZILAND

### Question 1

- (a) Despite the increased interest in agriculture and rural development, and despite generally higher levels of investment in the sector in recent times, the rural sector continues to be neglected by comparison with the urban areas where a much smaller proportion of the population live". To what extent is this statement applicable to Swaziland? Use statistics to support your position. [25 marks]
- (b) Distinguish between chronic and transitory food insecurity. [5 marks]
- (c) What kind of challenges inhibit the effectiveness of rural development programs in Swaziland? [20 marks]

### Question 2

- a) Based on the different stages of agricultural development, explain the agricultural transformation in Swaziland. [25 marks]
- b) Discuss the main tenants of the Lewis model of development. [7marks]
- c) What were the major criticisms of the Lewis model [8 marks]
- d) According to Marc Nerlove what are the factors that can facilitate expedient transformation of the agricultural sector? [10 marks]

## Section B Monetary Economics

### Question 3

- a) Discuss the role of financial intermediaries in an economy, using examples from Swaziland. (10 marks)
- b) It is crucial that the financial sector is regulated. Explain. (5 marks)
- c) Discuss the regulatory role of the Central Bank of Swaziland in the financial sector. (15 marks)
- d) List the counters listed on the Swaziland stock exchange. Outline the challenges facing the SSX. (10 marks)
- e) Discuss the nature and size of the informal financial sector in Swaziland. In your answer, highlight the threats posed by this sector for the formal financial sector. (10 marks)

### Question 4

- a) Discuss the role of FSRA in the financial sector in Swaziland. Highlight the main challenges faced by FSRA. (15 marks)
- b) Discuss the main challenges facing the financial sector in Swaziland. Use current statistics as much as possible. (15 marks)
- c) Discuss in detail the main instruments of monetary policy in Swaziland. Use current statistics as much as you can. (10 marks)
- d) . How did the financial crises of 2007 affect the Swaziland economy? (10 marks)