

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

SUPPLEMENTARY EXAMINATION PAPER: JULY, 2017

**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) What is meant by agricultural price policy? [2 marks]
- (b) Using examples from Swaziland explain how agricultural policy can improve the contribution of agriculture to national development? [8 marks]
- (c) In the context of the Swaziland economy discuss the main objectives of agricultural price policy [15 marks]

Question 2

- a) "Africa's development is anchored in agriculture". Discuss the implications of the statement. Clearly indicate the important role which agriculture could play in the structural transformation of African economies. [25 marks]
- b) What are the major constraints to Agricultural development in Swaziland? [10 marks]
- c) How can African economies overcome the constraints facing agriculture? [15 marks]

Section B Monetary Economics

Question 1

- a) The Central Bank of Swaziland in consultation with the Monetary Policy Consultative Committee periodically issues press statements. Enumerate the usual contents of these statements. Indicate whether or not these are crucial for the Central Bank, households and or businesses in the country. Support your points. (15 marks)
- b) There is a positive one- way positive relationship between financial sector development and growth. Do you agree? Support your decision using economic theory and practical examples from the Swazi economy. (15 marks)
- c) Write short explanatory notes on each of the following:
- a) Asymmetric information
 - b) Discount and prime rates in Swaziland
 - c) Statutory reserves and liquidity requirements in Swaziland
 - d) Narrow and broad money supply in Swaziland

(5 marks each)

Question 4

- a) Outline the structure of the financial sector in Swaziland? (10 marks)
- b) Discuss the main challenges facing the financial sector in Swaziland. Use current statistics as much as possible. (15 marks)
- c) It is vital for monetary and fiscal policy to be in sync. Explain. (5 marks)
- d) Discuss the main instruments of monetary policy in Swaziland. (10 marks)
- e) Delineate the origins of the financial crisis that started in 2008 in the USA. How has it affected the financial sector in Swaziland? (10 marks)