

M.A. (FINAL) EXAMINATION 2016 HELD IN 2017

ECONOMICS (PAPER III)

MONETARY ECONOMICS

Time: 3 hours

Max Marks: 100

Instructions:

- (i) Attempt any FIVE questions
- (ii) All questions carry equal marks

Q1 State and explain the functions of commercial banks and their role in economic development of Pakistan.

Q2 Compare the Keynesian's and Friedman's theories of demand for money. Which one is more effective in today's scenario?

Q3 What are the tools of monetary policy? How Central Bank uses these tools to achieve its objectives?

Q4 What is the difference between direct and indirect financing? Discuss the structure of financial market.

Q5 Explain the Keynesian and monetarist views of inflation. Do they both agree that a rapid inflation must be driven by high money supply growth?

Q6 Define evolution of money. Highlight the importance of paper money.

Q7 Write short notes on any TWO of the following

- a) Liquidity trap
- b) General equilibrium
- c) Capital account of balance of payment

M.A. (FINAL) EXAMINATION 2017 HELD IN 2018

ECONOMICS (PAPER III)

MONETARY ECONOMICS

Time: 3 hours

Max Marks: 100

Instructions:

- (i) Attempt any FIVE questions
- (ii) All questions carry equal marks

- Q1 (a) Explain the functions of money.
- (b) What are some advantages and disadvantages of the alternative forms of money commodity, money commodity standard and fiat money? Is fiat money necessary preferable to the other forms of money? Why or why not?
- Q2 (a) What are the types of Financial Institutions?
- (b) What are the primary and secondary markets for financial instruments and what distinguishes the money market from capital market?
- Q3 In the classical model fiscal policy actions cannot influence aggregate demand but in the Keynesian's theory they can why is this so? Explain
- Q4 (a) How does the traditional Keynesian theory of interest rate determination differ from the classical model?
- (b) What is the Keynesian transmission mechanism for monetary policy? Explain in detail.
- Q5 What is the purchasing power parity theory? Is it useful as a guide to movements in exchange rate?
- Q6 What is the Phillips curve? How does the monetarists' interpretation of Phillips curve differ from the traditional Keynesian interpretation? Why do monetarists conclude that the long run Phillips curve is vertical? Explain
- Q7 (a) State and explain the functions of central bank.
- (b) How does the central bank use the different tools of monetary policy to control inflation in the economy?
- Q8 Write short notes on any TWO of the following
- (i) Intermediate targets of monetary policy

(ii) International Monetary Fund

(iii) Quantity theory of money

(iv) The future of money

M.A. (FINAL) EXAMINATION 2018 HELD IN 2019

ECONOMICS (PAPER III)

MONETARY ECONOMICS

Time: 3 hours

Max Marks: 100

Instructions:

- (i) Attempt any FIVE questions
- (ii) All questions carry equal marks

- Q1 (a) What items constitutes the M1 money supply? Distinguish between M1 and M2. Which measure of the monetary aggregates M1 or M2 is composed of the most liquid assets? Which is the largest measure?
- (b) What are the different forms of money? What process of money creation has led to the current forms of money?
- Q2 What is the difference between the money market and capital market? What types of financial instruments are traded in these markets?
- Q3 (a) Why are commercial banks required to have Reserves? Explain why reserves are assets for commercial banks and liabilities to the central bank?
- (b) How do commercial banks create money?
- Q4 (a) What is the basic objective of monetary policy? Describe the cause effect chains through which monetary policy is made more effective.
- (b) Why have open market operations (OMOs) involved as the primary means of controlling commercial banks reserves? Discuss the specific limitations of monetary policy.
- Q5 (a) Why does Friedman think that money demand is unaffected by changes in interest rates? Why does Keynes think that money demand is affected by the changes in interest rates?
- (b) Why does Friedman's view of demand money suggests that velocity is predictable whereas Keynes's view suggests opposite?
- Q6 Why are discretionary policies to eliminate unemployment more likely to lead to inflation than non-discretionary policies? Give your answer with reference to monetary policy.
- Q7 What are the key advantages of exchange rate targeting as a monetary policy strategy? When is exchange - rate targeting likely to be a sensible strategy for industrialized countries? Why?