**PUNJAB UNIVERSITY**

**M.A. (Economics)**

**MONETARY THEORY POLICY**

**PAPER-V (New Course)**

**2006**

***Time Allowed: 3 Hours                                                         Maximum Marks: 100***

*Attempt any four questions. All questions carry equal marks.*

1. (a) Explain evolution of money payment system.

(b) Explain the functions of money.

2. Explain Keynesian and Monetarists views about equilibrium level of employment, output and price.

3. (a) Explain Deposit Creation process with the help of examples and mathematical approach.

(b) Discuss main hurdles in Deposit Creation.

4. (a) Explain term structure of interest rates.

(b) Illustrate expectation theory of interest re9rding term Structure of interest rate.

5. (a) What are main causes of inflation in Pakistan?

(b) What policies are adopted to control inflation in Pakistan?

6. Explain the role of Monetary Policy under-fixed and flexible exchange rate system when capital is perfectly mobile.

7. Write note on any two of the following:

(a) Distinction between interest rate and Returns

(b) Current Issues in Monetary and Financial Sector Reforms

(c) Theory of Asset Demand.

**2009**

1. (a) What is money? Differentiate between M1 and M2 definition of monev

(b) Explain the dynamic role played by money in modern economy.

2. (a) Clearly bring out the difference between demand pull and cost push inflation.

(b) Explain the policies adopted by the monetary authority to control inflation in Pakistan

3. (a) What are the basic components of money supply?

(b) Explain the determinants of money multiplier.

4. (a) Discuss Keynesian demand of money.

(b) How the views of modern economists better than Keynesian?

5. (a) Discuss the role of central bank as the custodian of money market.

(b) Do you think the role of State Bank of Pakistan has been appreciable in this regard?

6. (a) Differentiate between money market and capital market.

(b) Discuss the impact of imperfections of these markets on Pakistan economy.

7. Write a short note on the following:

(a) Major functions of commercial banks

(b) Baumol Robin Model of cash management.