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EASTERN UNIVERSITY, SRILANKA.
FACULTY OF COMMERCE AND MANAGEMENT
THIRD YEAR FIRST SEMESTER EXAMINATION IN BBA REPEAT/RE-REPEAT
(2012/13) (APRIL 2015)
ECN 3013 Monetary Economics

Answer all Questions

Time 03 Hours

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|---|------|---|-------------------------|
| 1 | i. | What are the main functions of money? | (05 Marks) |
| | ii. | Discuss the different kinds of money available in the modern economy. | (07 Marks) |
| | iii. | Briefly explain the importance of money in an economy. | (08 Marks) |
| | | | (Total 20 Marks) |
| 2 | i. | Briefly explain the types of money supply classified by the Central Bank of Sri Lanka. | (04 Marks) |
| | ii. | Illustrate the relationship of money supply and high-powered money through the diagram. | (08 Marks) |
| | iii. | Explain the concept of money multiplier. | (08 Marks) |
| | | | (Total 20 Marks) |
| 3 | i. | “Keynesian Transaction demand for money is interest inelastic” explain. | (08 Marks) |
| | ii. | What is meant by disequilibrium of Balance of Payment? | (06 Marks) |
| | iii. | What is the J - curve of devaluation? | (06 Marks) |
| | | | (Total 20 Marks) |

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- 4 i. What is meant by unemployment? (06 Marks)
- ii. What are the different types of unemployment? (06 Marks)
- iii. Discuss the reasons behind the negative slope of Phillip curve. (08 Marks)

(Total 20 Marks)

- 5 i. Explain the main functions of commercial Banks. (05 Marks)
- (ii) Explain the importance of price stability in an economy? (05 Marks)
- (iii) What is meant by inflation? (05 Marks)
- (iv) What are the monetary measures of controlling inflation? (05 Marks)

(Total 20 Marks)