



EASTERN UNIVERSITY, SRILANKA

FACULTY OF COMMERCE AND MANAGEMENT

THIRD YEAR FIRST SEMESTER EXAMINATION IN BBA (2009/2010)

ECN 3013 MONETARY ECONOMICS

Answer all questions

3 Hours

1.
 - a) What do you mean by Monetary Economics? (5 Marks)
 - b) Point out the nature of Monetary Economic issues. (5 Marks)
 - c) Briefly explain the important functions of money. (5 Marks)
 - d) What is high powered money? (5Marks)

2.
 - a) Who does determine the money supply? How to measure it? (5 Marks)
 - b) Briefly describe the factors which influence the individual demand for money. (5 Marks)
 - c) How is the aggregate demand for money determined? (5 Marks)
 - d) Show the explanation of linkages between money supply, the interest rate, and the exchange rate. (5 Marks)

3.
 - a) Briefly Explain the classical view of quantity theory of money. (5 Marks)
 - b) Differentiate the keynesian transaction demand for money and Tobin's transaction demand for money. (8 Marks)
 - c) According to Friedman quantity theory how is demand for money detemind? (7 Marks)



4.

- a) What is the price of money? How is it determined? (5 Marks)
- b) Briefly explain the monetary policy? (7 Marks)
- c) what do you mean by deflatory spirals and inflatory spirals in an economy? (8 Marks)

5.

- a) What is inflation? (5 Marks)
- b) Briefly pointout how the demand-pull and the cost-push inflation are generated? (8 Marks)
- c) Briefly explain the effects of inflation. (7 Marks)