

Eastern University, Sri Lanka
Faculty of Commerce and Management
Third Year First Semester Examination in BBA 2016/2017 (November 2018)
ECN 3023 Monetary Economics

Answer All Questions

Time: Three hours

- a) "Money Promotes Division of Labour and Productivity" Explain. (06 Marks)
- b) List out the different kinds of money supply in Sri Lanka. (06 Marks)
- c) Explain the contributions of the money to Modern Economy. (08 Marks)
- (Total 20 Marks)**
- a) Illustrate Demand-pull inflation and explain Inflationary Gap. (05 Marks)
- b) "There is no trade off between unemployment and inflation in long run Philips Curve." Explain. (10 Marks)
- c) Briefly explain the kinds of unemployment in an economy. (05 Marks)
- (Total 20 Marks)**
- a) What is meant by Balance of Payment? (05 Marks)
- b) Briefly explain the determinants of exchange rate. (05 Marks)
- c) Illustrate the Balance of Payment (BOP) disequilibrium adjustment under Flexible Exchange Rate. (10 Marks)
- (Total 20 Marks)**
- a) Explain role of Commercial Banks in economic development of a country. (07 Marks)
- b) Differentiate between Central Bank and Commercial Bank. (07 Marks)
- c) Explain the selective methods of Credit Control of a Central Bank. (06 Marks)
- (Total 20 Marks)**
- a) Briefly explain the functions of financial institutions. (07 Marks)
- b) Illustrate the Lemmon Problem using an example. (07 Marks)
- c) How adverse selection influences in financial structure? (06 Marks)
- (Total 20 Marks)**