

Cutting, Overwriting, Erasing, Fluid painting and use of Lead Pencil will earn no marks.
 Write answer of the Question No.1 and 2 on this sheet and handover it to the supervisory
 staff of examination within first 35 minutes.

Time Allowed: 35 Minutes (OBJECTIVE PART) معروضی طرز Max. Marks: 32

Sign of
 Supdent.

1- a) Encircle the correct answer:

1x4

i) Inflation and unemployment together increase in the situation of

- | | |
|--------------------------|-----------------------------------|
| a) Running Inflation | b) Stagflation |
| c) Demand-Pull Inflation | d) In all of the above situations |

ii) All the banks in Pakistan were nationalized in

- | | |
|---------|---------|
| a) 1959 | b) 1971 |
| c) 1974 | d) 2001 |

iii) At Optimum stock of money, the opportunity cost is

- | | |
|-------------|------------|
| a) Minimum | b) Maximum |
| c) Floating | d) Fixed |

iv) Fiscal deficit, at present, in Pakistan is

- | | |
|---------|---------|
| a) 7.5% | b) 8.2% |
| c) 9.5% | d) 4.5% |

b) Encircle True or False:

1x8

- | | |
|--------------------------------------------------------------------------------------------------------------|--------------|
| i) In Monetarists view "Money does not matter". | TRUE / FALSE |
| ii) Friedman's re-statement of QTM is very much close to Cambridge version. | TRUE / FALSE |
| iii) To Prof. PATINKIN money will remain neutral in the economy if six conditions are met. | TRUE / FALSE |
| iv) Open Market Operations does influence Money Multiplier. | TRUE / FALSE |
| v) Savings and investments are encouraged in flourishing Money and Capital Market. | TRUE / FALSE |
| vi) Term structure of Interest Rate finds no relationship between short-term and long-term rate of interest. | TRUE / FALSE |
| vii) Interest-Free banking regarding ICP, NIT and HBFC was introduced in 1979. | TRUE / FALSE |
| viii) In Pakistan currency notes are issued under Fixed Fiduciary System. | TRUE / FALSE |

c) Fill in the blanks meaningfully:

1x4

- | |
|--------------------------------------------------------------------|
| i) The coins issued by the Mint in Pakistan represent _____ money. |
| ii) Supply of money includes,_____. |
| iii) Fisher's QTM is concerned basically with _____ of money. |
| iv) Tax rate remains _____ under Proportional Tax System. |

2- Give short answers of the following questions: 2x8

i) Define Money?

ii) What is Open Market Operation?

iii) Define Money Multiplier.

iv) What is Mono-Metalism?

v) What is meant by “Inflation Targeting”?

vi) Define “Flexible Exchange Rate”.

vii) What is Progressive Tax System?

viii) What is meant by “HEDGING”?



(M.A./ M.Sc. Part-II)
(Economics)

Monetary Theory and Policy

Roll No: _____

Time Allowed : 2:25 hrs
Max. Marks : 68

Attempt any **FOUR** Questions. All Questions carry equal marks.

subjective PART

حصہ انشائی

3- What is METALISM? Differentiate between Mono-Metalism and Bi-Metalism with examples. 17

۳۔ دھاتی نظام زرکی وضاحت کیجئے۔ ایک دھاتی اور دو دھاتی نظام ہائے زر میں فرق و تفاوت کو مثالوں سے واضح کیجئے۔

4- a) Describe the Concept of MONEY MULTIPLIER. 10
b) Explain how does it affect MONEY SUPPLY? 7

۴۔ (ا) 'ضارب زر' کے تصور کی وضاحت کیجئے۔
(ب) زر کی رسد پر یہ کس طرح اثر انداز ہوتا ہے! تجزیہ کیجئے۔

5- Highlight the Concept and Tools of MONETARY POLICY? What are its Limitations? 17

۵۔ زر کی پالیسی سے کیا مراد ہے؟ اس کے آلات کا اور ان کی حدود کی نشاندہی کیجئے۔

6- Discuss how has the ever-increasing Money Supply affected the Economic Activities and Price-Structure in Pakistan? 17

۶۔ پاکستان میں مسلسل بڑھتی ہوئی زر کی رسد نے معاشی سرگرمیوں اور نظام قیمت کو کس حد تک متاثر کیا ہے؟ دلائل سے واضح کیجئے۔

7- a) Describe Keynesian Liquidity Preference theory of interest. 9
b) How James Tobin's Portfolio-Balance Theory is in fact an extension of Keynesian theory? 8

۷۔ (ا) شرح سود سے متعلق کنیز کے نظریہ سیال پذیری بیان کیجئے۔
(ب) واضح کیجئے کہ جیمز ٹوبن کا پورٹ فولیو-بیلنس کا نظریہ دراصل اس کے قائد لارڈ کنیز کے نظریہ کی توسیع ہے؟

8- Write notes on Two of the following: 17

- (ا) رسدی دباؤ افراط زر
(ب) توازن ادائیگی پر محفوظ سرمایہ میں تبدیلی کے اثرات
(ج) سود کی اقسام
- a) Cost-Push Inflation
b) Impact of Changes in RESERVES on Balance of Payments
c) Kinds of Interest.