

**Eastern University, Sri Lanka**  
**Faculty of Commerce and Management**  
**Third Year First Semester Examination in BBA 2017/2018 (July 2019)**  
**ECN 3013 Monetary Economics**

**All Questions**

**Time: Three hours**

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a) Briefly explain the inflationary gap and strategies to wipeout the inflationary gap? (05 Marks)

b) List out the types of money supply in Sri Lanka. (04 Marks)

c) Explain the economic impacts of unemployment. (05 Marks)

d) Examine the methods of controlling inflation in an economy. (06 Marks)

**(Total 20 Marks)**

a) Briefly explain the main causes of inflation in Sri Lanka in 2017? (08Marks)

b) What is meant by disequilibrium of Balance of Payment? Explain the main causes for the Balance of Payment Disequilibrium. (08 Marks)

c) List out the drawbacks of batter system of an economy. (04 Marks)

**(Total 20 Marks)**

a) Differentiate between overdraft and loans. (04 Marks)

b) Explain the various types of loans providing by Commercial (05 Marks)

Banks?

- c) Briefly explain the spot and forwarded exchange rates. (06)
- d) What are the major objectives of the Central Bank? Briefly explain, (05)  
how these objectives are achieved by the Central Banks.
- (Total**
4. a) Explain the different types of monetary policy. (06)
- b) Briefly explain the objectives of monetary policy. (06)
- c) What is meant by marginal requirement of credit control? Briefly (08)  
explain how it is helpful to control the credit?
- (Total 2**
5. a) Briefly explain the basic facts of financial system. (06)
- b) Explain the principal agent problem and list out the control of the (07)  
agent.
- c) Explain the role of Commercial Banks in development of a (07)  
country.

**(Total 20**