

EASTERN UNIVERSITY, SRI LANKA
FACULTY OF COMMERCE AND MANAGEMENT
THIRD YEAR FIRST SEMESTER EXAMINATION IN BUSINESS
ADMINISTRATION 2001/2002
ECN 3024 – MONETARY ECONOMICS

Answer all questions

Time : 03 Hours

01. Briefly explain the following:

- a. Electronic purse
- b. High Powered Money
- c. Liquidity Trap
- d. Cambridge constant
- e. Wage Price Spiral
- f. Bancassurance
- g. Foreign Currency Banking Units
- h. Repurchase Agreements
- i. Colombo Stock Exchange
- j. World Bank

(10x4=40)

02.

- a. How do fluctuations in the value of money affect the functions of money?
(08 Marks)
- b. List out the causes of fluctuations in the value of money in Srilanka.
(07 Marks)

03.

- a. Specify the measures of Money supply in Sri Lanka in the descending order of their liquidity. (07 marks)
- b. Justify the need for a new measurement of money supply. (08 marks)

04.

- a. What is meant by financial intermediation? (05 marks)
- b. What is the economic basis for financial intermediation? (10 marks)

05. a. Identify the sub markets in the Sri Lankan money market. (05 marks)
- b. Which one of these sub market fulfills the short term financial needs of the Government? (10 marks)