

**ALLAMA IQBAL OPEN UNIVERSITY, ISLAMABAD**  
*(Department of Economics)*

**WARNING**

1. **PLAGIARISM OR HIRING OF GHOST WRITER(S) FOR SOLVING THE ASSIGNMENT(S) WILL DEBAR THE STUDENT FROM AWARD OF DEGREE/CERTIFICATE, IF FOUND AT ANY STAGE.**
2. **SUBMITTING ASSIGNMENTS BORROWED OR STOLEN FROM OTHER(S) AS ONE'S OWN WILL BE PENALIZED AS DEFINED IN "AIOU PLAGIARISM POLICY".**

Course: Monetary Economics (2708)  
Level: M. Phil Economics

Semester: Autumn, 2013  
Total Marks: 100  
Pass Marks: 50

**ASSIGNMENT No. 1**

(Units: 1–4)

- Q. 1 What is money? Discuss in detail the concept of classical economists about money. (20)
- Q. 2 Discuss the Mckinnon-shaw hypothesis of financial repression in less developed countries. (20)
- Q. 3 Explain in details the capital asset pricing model of markets. (20)
- Q. 4 Differentiate between Keynesian and Boumal-Tobin views of demand for money. (20)
- Q. 5 Discuss in detail the transmission mechanism of monetary policy. (20)

**ASSIGNMENT No. 2**

**Total Marks: 100**

(Units: 5–9)

**Pass Marks: 50**

- Q. 1 Explain in detail the concept of Phillips curve in case of rational expectations. (20)
- Q. 2 Critically evaluate the Pakistan's experience in conducting effective monetary policy. (20)
- Q. 3 Explain diagrammatically the effectiveness of monetary policy under different exchange rate regimes. (20)
- Q. 4 Discuss in detail the relationship between balance of payments and foreign exchange markets. (20)
- Q. 5 Write short notes on the following: (10+10)
  - (a) Role of central bank
  - (b) Causes of inflation in Pakistan