KOD/NAMA KURSUS : EG3103: EKONOMI KEWANGAN

TARIKH : 30 MAC 1997 (AHAD)

MASA : 2.30 - 5.00 PTG. (2 1/2 JAM)

TEMPAT : TEATER EKSPERIMEN

ARAHAN :
1. Kertas soalan ini mengandungi LIMA (5) soalan di dalam DUA PULUH (20) halaman bercetak.
2. Anda dikehendaki menjawab SEMUA soalan.
3. Semua jawapan hendaklah ditulis di lembaran jawapan yang disediakan.

NO. MATRIK : 

(dengan perkataan) (dengan angka)

NO. KAD PENGENALAN :

NAMA PENSYARAH :

KUMPULAN :

JANGAN BUKA SOALAN INI SEHINGGA DIBERI ARAHAN

SULIT
QUESTION 1

a. "Quantity theory of money is essentially a theory of demand for money". Discuss the statement in the light of Friedman's ideas on demand for money.

(12 marks)
b. "Money supply is a complex phenomenon". Discuss the statement in the light of different approaches: traditional, Chicago school, Gurely-shaw and Radcliffe committee in defining the concept and components of money supply.

(8 marks)
QUESTION 2

[20 MARKS]

a. Explain briefly the money multiplier approach to money stock determination in an economy.

(10 marks)
b. For an economy, if currency volume is RM12345 million, time deposit is RM56789 million, demand deposit is RM23456 million and banks follow cash reserves at 8 per cent; what could be the money multiplier coefficient?

(4 marks)
c. Work-out the trend of money multipliers for the narrow as well broad money for the country X and give your comment.

<table>
<thead>
<tr>
<th>Year</th>
<th>Narrow Money RM Million</th>
<th>Broad Money RM Million</th>
<th>High Powered Money RM Million</th>
</tr>
</thead>
<tbody>
<tr>
<td>1991</td>
<td>12345</td>
<td>33256</td>
<td>5678</td>
</tr>
<tr>
<td>1992</td>
<td>13456</td>
<td>34367</td>
<td>6789</td>
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<tr>
<td>1993</td>
<td>14567</td>
<td>35476</td>
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<td>1994</td>
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<tr>
<td>1995</td>
<td>17899</td>
<td>38555</td>
<td>9999</td>
</tr>
</tbody>
</table>

(6 marks)
QUESTION 3  

a. Using a trade cycle model, explain the concepts of inflation, reflation, disinflation and deflation.

(5 marks)
b. Explain briefly the monetarist view and model on inflation. (5 marks)
c. What is the secret of Malaysia's success in achieving high-growth with low-inflation?

(10 marks)
QUESTION 4

a. Discuss the 'modus operandi' of bank rate policy. What are its limitation?

(8 marks)
b. Discuss the open markets operations as technique of credit management with reference to Malaysian experience. 

(7 marks)
c. If the central bank of a country finds growth rate of GNP to be 7 per cent, elasticity of money demand is 1.8, and acceptable inflation rate is 4 per cent, what should be its monetary targetting?

(5 marks)
QUESTION 5 (20 MARKS)

a. State the objectives of monetary policy. In view of its scope and operational aspects trace its limitations of monetary policy in a developing economy? (10 marks)
b. Discuss the indicators and paradigms of independence of central banks in developing countries.

(10 marks)