KARACHI UNIVERSITY BUSINESS SCHOOL

UNIVERSITY OF KARACHI

FINAL EXAMINATION, DECEMBER 2010: AFFILIATED COLLEGES

MONEY AND BANKING: BA (H) – 451
B3 – III

Date: December 21, 2010

Instructions: Attempt any Three (3) Questions

Max: Marks: 30
Max Time: 2.5 Hrs

Q2. (a). Define money and capital market. Marks (11)

(b). Briefly discuss financial instrument of capital and money market any (four) or each. Marks (06)

Q3. Differentiate the following: (02 Marks each)
1. Rules v/s discretion.
2. Primary v/s secondary market.
3. Fixed v/s floating exchange rate.
4. Promissory note v/s letters credit.
5. Commercial bank v/s central bank.

Q4. How can be circulation of money measured, discuss the components of M1, M2, M3.

Q5. (a). What is credit control? Discuss the methods of it. Marks(08)
(b). Who controls the credit in Pakistan? Marks(02)
Q1.a. Define the term "Money" as an asset. What kind of money is a fiat money?
   b. What are the qualities of good money?

Q2.a. What is Basle? Give your understanding of Basle I and Basle II accord.
   b. Briefly outline important attributes of prudential regulations on risk management for
      Banks 'DFIs' in Pakistan.

Q3.a. Define monetary policy.
   b. How State Bank of Pakistan plays a key role as the coordinator of monetary policy of the
      country?

Q4. What are negotiable instruments? Briefly explain each one.

Q5. What do you mean by interest free banking? How it is different from conventional banking
    system?

Q6. Differentiate between the following:
    2. Mudaraba and Musharaka
    3. Reserve money and Narrow money
    4. Fixed exchange rate system and Floating rate system
Instructions: Attempt any five questions. All questions carry equal marks:

Q.1-a What kind of money is fiat money? Can paper-money be more valuable than the market or intrinsic value of paper itself? (06)

Q.1-b Define Monetary Base (in fiat money) as the narrowest measure of "Money"? (06)

Q.2-a How does money facilitate the transfer of funds from saver to investor? Explain using financial intermediation and disintermediation concept? (06)

Q.2-b What do you understand by financial instruments? Give detail of the following:
   i) Equity Instrument
   ii) Debt instrument
   iii) Asset based securities
   iv) Hedging instruments (06)

Q.3-a Explain why the credit supply schedule slopes upward and why credit demand curve slopes downwards? And how interest rates are determined? (06)

Q.3-b Compare and contrast alternative theories of the term structure of interest rates? (06)

Q.4-a What are the three main economic transactions that people in different nations make with each other? (06)

Q.4-b How the equilibrium exchange rates are determined? How can a central bank influence the equilibrium exchange rate? (06)

Q.5-a Define the term cheques, its requisites, parties to cheques and payments of cheques? (06)

Q.5-b Give reasons for which the banker generally return the cheques unpaid? (06)

Q.6 Write short notes on five of the following:
   1. Promissory notes
   2. Letter of Credit
   3. Endorsement
   4. Foras of lending
   5. Interest free Banking
   6. Statutory and liquidity requirement in Pakistan

Date: June 10, 2009
Time Allowed: 3 Hours
Max: Marks: 60
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FINAL EXAMINATION, JUNE 2008: AFFILIATED COLLEGES
MONEY AND BANKING: BA (H) 43

Dated: 07th June, 2008
Time: 3 Hours
Max. Marks: 60

Instruction: Attempt any five of the following questions. All questions carry equal marks.

Question # 1
a) Define money as an asset? What are some basic functions and properties of money?
b) What backs fiat money?

Question # 2
a) Explain International Monetary System?
b) How the exchange rates are determined? Distinguish between Fixed and Floating Exchange rate systems.

Question # 3
a) Define the term Financial Institutions? Distinguish between depositary and non-depositary institution?
b) Define following financial instruments:
   - Treasury Bill
   - Purchase Agreement
   - Corporate Stocks
   - Corporate Bonds

Question # 4
a) Define the Role of State Bank of Pakistan (Central Bank) in economy of country?
b) What are some major functions of Central Bank and its Prudential Regulations?

Question # 5
Define Negotiable Instruments? Explain thoroughly Promissory Note, bill of exchange and Cheque?

Question # 6
a) Define Interest Free Islamic Banking? How Interest Free Banking is different from Conventional Banking explain with the help of salient features of Interest Free Banking?
b) Define following Islamic banking instruments:
   - Musharaka
   - Ijarah
   - Mudarabah