**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 THE AWARD OF DEGREE/CERTIFICATE IF FOUND AT ANY STAGE.**
2. **SUBMITTING ASSIGNMENT(S) BORROWED OR STOLEN FROM OTHER(S) AS ONE’S OWN WILL BE PENALIZED AS DEFINED IN THE “AIOU PLAGIARISM POLICY”**

**Course: Monetary Economics (9322) Semester: Spring, 2025**

## **Level: BS Economics**

## **Please read the following instructions for writing your assignments. (AD, BS, BEd, MA/MSc, MEd) (ODL Mode).**

**1.** All questions are compulsory and carry equal marks but within a question the marks are distributed according to their requirements.

2. Read the question carefully and then answer it according to the requirements of the questions.

3. Avoid irrelevant discussion/information and reproducing from books, study guides, or allied material.

4. Handwritten scanned assignments are not acceptable.

5. Upload your typed (in Word or PDF format) assignments on or before the due date.

6. Your own analysis and synthesis will be appreciated.

7. Late assignments can’t be uploaded at LMS.

8. The students who attempt their assignments in Urdu/Arabic may upload a scanned copy of their handwritten assignments (in PDF format) on University LMS. The size of the file should not exceed 5MP.

## **Total Marks: 100 Pass Marks: 50**

**ASSIGNMENT No. 1**

**(Units 1-5)**

Q1. Why is money needed in the economy? Write the functions of money in detail. (20)

Q2. Discuss in detail how changes in the money supply affect the price level according to the Cambridge Approach to the Quantity Theory. (20)

Q3. Which tools are used by the Central banks to implement monetary policies? Describe the role of central banks in the economic growth of a country. (20)

Q4. What are the advantages and disadvantages of monetary policy? Explain the impact of monetary policy on interest rates with the help of a graph. (20)

Q5. Differentiate between the Keynesian and Monetarist schools of thought regarding the determination of equilibrium output, and the role of employment in achieving economic stability. (20)

## **Total Marks: 100 Pass Marks: 50**

**ASSIGNMENT No. 2**

**(Units 6-9)**

Q1. What is the Term Structure of Interest Rates? Explain in detail how the Risk Structure of Interest Rates is explained by the three factors. (20)

Q2. Discuss in detail how Hicks's (IS-LM) Theory of Interest Rate is a useful tool for investigating the effects of monetary and fiscal policies on the economy, in the short run. (20)

Q3. Differentiate between the Liquidity preference theory and the Expectations theory in detail. (20)

Q4. Describe the relationship between unemployment and inflation using the short-run Phillips curve and the long-run Phillips curve. (20)

Q5. What are the main Functions of the International Monetary Fund (IMF)? How IMF works to improve the economies of its member countries. (20)