



# UNIVERSITY OF THE PUNJAB

Third Semester – 2019

Examination: B.S. 4 Years Program

Roll No. in Fig. ....

Roll No. in Words. ....

**PAPER: Money Banking & Finance**

**MAX. TIME: 15 Min.**

**Course Code: COMM-204/COM-21359 Part-I (Compulsory)**

**MAX. MARKS: 10**

.....  
Signature of Supdt.:

**Attempt this Paper on this Question Sheet only.**

**Please encircle the correct option. Division of marks is given in front of each question.**

**This Paper will be collected back after expiry of time limit mentioned above.**

**Q.1. Encircle the right answer, cutting and overwriting is not allowed. (1x10=10)**

- i. The primary functions of a commercial bank are
  - a. Receiving utility bills
  - b. Accepting deposits and advances loans
  - c. Issuance of ATM and Credit cards
  - d. Receiving Hajj applications
- ii. Generally, the regulatory body for banking system in a country is
  - a. Central bank
  - b. Commercial bank
  - c. Investment bank
  - d. Agricultural bank
- iii. IMF stand for
  - a. International Monetary Finance
  - b. International Monetary Fund
  - c. International Material Fund
  - d. Immediate Monetary Feedback
- iv. The money in document form with value stated on them but having no value in them
  - a. Metallic Money
  - b. Commodity Money
  - c. Paper Money
  - d. All of above
- v. The method of not issue in which a fixed limit is not backed by any reserve and beyond that limit notes issuance is backed by 100% gold/reserves
  - a. Fixed Fiduciary System
  - b. Proportional Reserve System
  - c. Maximum Reserve System
  - d. None of these
- vi. "Lender of last resort" in banking sector is referred to
  - a. Central Bank
  - b. Islamic Development Bank
  - c. Asian Development Bank
  - d. IMF
- vii. Deposit which can be withdrawn by the depositor at any time by cheques
  - a. Current deposit
  - b. Fixed deposit
  - c. Term deposit
  - d. None of the above
- viii. Fiat money is
  - a. Backed by gold
  - b. Includes currency and gold stored in bank
  - c. A type of money that has no intrinsic value
  - d. None of these
- ix. Inflation is a situation in which
  - a. Decrease in purchasing power
  - b. Decrease in price level
  - c. A given quantity of money purchases a large quantity of goods
  - d. None of the above
- x. Supply of country's products to the foreign countries
  - a. Exports
  - b. Imports
  - c. Retail trade
  - d. Home trade



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**PAPER: Money Banking & Finance**

**Course Code: COMM-204/COM-21359 Part – II**

**MAX. TIME: 2 Hrs. 45 Min.**

**MAX. MARKS: 50**

**ATTEMPT THIS (SUBJECTIVE) ON THE SEPARATE ANSWER SHEET PROVIDED**

*Q. 2. Provide short answers to the following questions. (10 × 2 = 20)*

- i. Briefly explain principles of note issue
- ii. What is intrinsic value
- iii. Differentiate three points between money and currency
- iv. List down the causes of inflation
- v. What is meant by index numbers
- vi. Elaborate recession
- vii. List down sources of debt financing
- viii. Differentiate between pledge and mortgage
- ix. Define commodity money
- x. List down quantitative tools of monetary policy by central bank

Questions with brief answers (3x10=30 marks)

*Q. 3. Provide brief answers to the following questions.*

- i. How the value of money is determined under demand and supply mechanism? Explain.
- ii. Differentiate between interest based and interest free banking systems
- iii. Briefly explain types of deposits being offered by commercial banks.