

(6 pages)

Reg. No. :

Code No. : 5266

Sub. Code : KESM 14/
PESM 14

M.A (CBCS) DEGREE EXAMINATION,
NOVEMBER 2019.

First Semester

Economics

MONETARY ECONOMICS

(For those who joined in July 2016 and afterwards)

Time : Three hours

Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer ALL questions.

Choose the correct answer :

1. Which of the following is a traditional view of money.
- (a) Measure of value (b) Store of value
- (c) Both 'a' and 'b' (d) Medium of exchange

2. According to Tobin, the demand for money should depend on
- (a) Standard money (b) Real wealth
- (c) Subsidiary money (d) Nominal wealth
3. The classical economists believed that if the quantity of money doubled,
- (a) output would double
- (b) prices would fall
- (c) prices would double
- (d) prices would remain constant
4. The demand for money as a cushion against unexpected contingencies is called the
- (a) transactions motive (b) precautionary motive
- (c) insurance motive (d) speculative motive
5. Which one out of the following is also known as Reserve Money or High-Powered money or base money?
- (a) M_0 (b) M_1
- (c) M_3 (d) M_2
6. Which one out of the following is least liquid among the measures of money supply?
- (a) M_1 (b) M_2
- (c) M_3 (d) M_4

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7. Money market where debt and stocks are traded and maturity period is more than a year is classified as
- (a) Porter term markets (b) Capital markets
(c) Counter markets (d) Long-term markets
8. SEBI is
- (a) Securities Exchange Board of India
(b) Stock Exchange Board of India
(c) Securities Exchange of Bond instruments
(d) Sales and Equities Branch of India
9. Which among the following is not a part of Liquidity Adjustment Facility (LAF)?
- (a) Repo Rate
(b) Reverse Repo Rate
(c) Marginal Standing Facility (MSF)
(d) Open Market Operations (OMO)
10. Chairperson of the Monetary Policy Committee (MPC) of the Reserve Bank of India is
- (a) Ravindra H. Dholakia
(b) Urjit R. Patel
(c) N.K. Singh
(d) Shaktikanta Das

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PART B — (5 × 5 = 25 marks)

Answer ALL questions, choosing either (a) or (b).
Each answer should not exceed 250 words.

11. (a) Briefly explain the liquidity theory of money.
Or
(b) State the functions of money.
12. (a) Narrate the classical approach of demand for money.
Or
(b) Write a note on Patinkin's Real Balance Effect.
13. (a) Trace out the components of money supply.
Or
(b) Illustrate the demand pull and cost push inflation.
14. (a) List out the functions of financial market.
Or
(b) Bring out the composition of financial markets.
15. (a) What is monetary policy? State its objectives.
Or
(b) Point out the limitations of monetary policy.

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PART C — (5 × 8 = 40 marks)

Answer ALL questions, choosing either (a) or (b)
Each answer should not exceed 600 words.

16. (a) Evaluate the different concepts of money.

Or

- (b) Make a clear note on the Gurley-shaw view about the liquidity theory of money.

17. (a) What are the motives for holding cash balances according to Keynes?

Or

- (b) Describe the Milton Friedman's demand for money. How far is it superior to Keynesian theory?

18. (a) Discuss the High - Powered money and Money multiplier.

Or

- (b) What is meant by money supply? State its determinants.

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19. (a) Analyse the role and importance of capital market.

Or

- (b) Give a detailed note on the composition of financial market.

20. (a) Examine role of monetary policy in developing countries.

Or

- (b) Analyse the qualitative and quantitative instruments of monetary policy.
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