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**Sub. Code : KESM 14/
PESM 14**

M.A. (CBCS) DEGREE EXAMINATION,
NOVEMBER 2020.

First Semester

Economics — Main

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 the questions.

Choose the correct answer :

1. Fixed deposits are
 - (a) Saving deposits
 - (b) Time deposits
 - (c) Demand deposits
 - (d) None of the above

2. Which of the following is/are close substitutes to money?
 - (a) Bonds
 - (b) Saving bank deposits
 - (c) Shares
 - (d) All the above
3. According to cash-balance approach, the value of money depends upon
 - (a) Supply of money
 - (b) Speculative motive
 - (c) Demand for money
 - (d) Time deposits
4. The Liquidity trap arise due to
 - (a) High interest rate
 - (b) Low rate of interest
 - (c) Both (a) and (b)
 - (d) Neither (a) nor (b)
5. Short period supply curve of money is
 - (a) Vertical
 - (b) Horizontal
 - (c) Rectangular hyperbola
 - (d) None of the above
6. How inflation affects the value of money?
 - (a) The value of money decreases
 - (b) The value of money increase
 - (c) The value of money increases first and then decreases
 - (d) The value of money decreases first and then increases

7. SEBI means
- (a) Stock Exchange Board of India
 - (b) Stock Exchange and Bonds Instrument
 - (c) Securities Exchange and Bill of Instrument
 - (d) Securities Exchange Board of India
8. Stock market raising funds through
- (a) Equities (b) Debt
 - (c) Government (d) RBI
9. Monetary policy affects
- (a) Inflation only
 - (b) Output only
 - (c) Both inflation and output
 - (d) Neither inflation nor output
10. The 'monetary policy stance' refers to
- (a) Future action of the RBI
 - (b) No action of the RBI
 - (c) Current action of the RBI
 - (d) Action taken by MPC

PART B — ($5 \times 5 = 25$ marks)

Answer ALL questions, choosing either (a) or (b).

Each answer should not exceed 250 words.

11. (a) Briefly explain the different concepts of money.

Or

- (b) What are the dynamic functions of money?

12. (a) Briefly explain the Baumoul's approach of demand for money.

Or

- (b) How far is Topin's theory superior to Keynesian theory?

13. (a) Write a note on components of money supply.

Or

- (b) Distinguish between demand pull and cost push inflation with diagram.

14. (a) Sketch the functions of financial market.

Or

- (b) Bring out the composition of financial markets.

15. (a) Bring out the salient features of monetary policy.

Or

- (b) What are the limitations of monetary policy?

PART C — ($5 \times 8 = 40$ marks)

Answer ALL questions, choosing either (a) or (b).

Each answer should not exceed 600 words.

16. (a) Critically examine the Radcliffe Committee liquidity approach.

Or

- (b) Analyse 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) Explain 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.

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

Or

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

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

Or

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