

(6 pages)

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M.A. (CBCS) DEGREE EXAMINATION,
NOVEMBER 2017.

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. Money as a basic of price mechanism is most effective in
 - (a) Planned economy
 - (b) Capitalistic economy
 - (c) Socialistic economy
 - (d) Mixed economy

2. Which of the following is known as 'actual money'?
 - (a) Unit of Currency
 - (b) Unit of account
 - (c) Commodity money
 - (d) Representative money
3. When bond prices rise, the speculative demand for money?
 - (a) Rises
 - (b) Falls
 - (c) Remain stable
 - (d) Uncertain
4. $MV = PT$ was given by
 - (a) Robertson
 - (b) Walker
 - (c) Fisher
 - (d) Paul Einzig
5. Legal Tender Money is issued by
 - (a) RBI
 - (b) Government
 - (c) Money market
 - (d) Financial Institution
6. Rate at which commercial banks borrow money from RBI is known as
 - (a) CRR
 - (b) Re-Repo rate
 - (c) Repo Rate
 - (d) SLR

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7. SEBI means
- Stock Exchange Board of India
 - Stock Exchange and Bonds Instrument
 - Securities Exchange and Bill of Instrument
 - Securities Exchange Board of India
8. Capital Market is
- Medium term and short term loans
 - Medium term and long term loans
 - Long term and secular term loans
 - Long term and short term loans
9. The neutrality of money' objective of monetary policy is
- Ignores the quantity theory of money
 - Based the quantity theory of money
 - Supports a dynamic theory
 - None of the above
10. Monetary Policy Committee was introduced in
- | | |
|----------|----------|
| (a) 1945 | (b) 1947 |
| (c) 1995 | (d) None |

PART B — (5 × 5 = 25 marks)

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

Each answer should not exceed 250 words.

11. (a) Outline the defects of money.

Or

- (b) Mention the various sources of Liquidity.

12. (a) Analyse Baumol's approach to transaction demand for money.

Or

- (b) Narrate the merits of Keynes' version of the Quantity Theory of Money.

13. (a) Bring out the components of money supply.

Or

- (b) Illustrate demand pull inflation.

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

Or

- (b) Bring out the functions of SEBI.



15. (a) Distinguish between expansionary and restrictive monetary policy.

Or

- (b) Point out the limitations of monetary policy in India.

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 liquidity approach on Quantity theory of Money.

Or

- (b) Describe functions of money.

17. (a) Discuss the classical theory of Demand for Money.

Or

- (b) Critically evaluate the Milton Friedman's Quantity Theory of Money.

18. (a) Explain the different types of Inflation.

Or

- (b) Give a critical appraisal of the functioning of RBI.

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19. (a) Outline the salient features of Indian Money Market and explain its main defects.

Or

- (b) Write a detailed note on financial system in India.

20. (a) What are the objectives of monetary policy? How far the objectives were achieved by the monetary authorities in developed and developing world?

Or

- (b) Examine the effectiveness of various instruments of monetary policy.

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