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B.A. (CBCS) DEGREE EXAMINATION,
NOVEMBER 2021.

Fifth Semester

Economics — Main

MONEY AND BANKING — I

(For those who joined in July 2017 onwards)

Time : Three hours

Maximum : 75 marks

PART A — ($10 \times 1 = 10$ marks)

Answer ALL questions.

Choose the correct answer.

1. Money as a medium of exchange is a
 - (a) Primary function
 - (b) Secondary function
 - (c) Contingent function
 - (d) Other function

2. Token coins mean
- (a) Intrinsic value = face value
 - (b) Intrinsic value > face value
 - (c) Intrinsic value < face value
 - (d) None of these
3. _____ was the first country to adopt gold standard.
- (a) Germany
 - (b) USA
 - (c) India
 - (d) England
4. Which method of note issue has been adopted by India?
- (a) Maximum fiduciary limit system
 - (b) Bonus system
 - (c) Minimum reserve system
 - (d) Fixed fiduciary limit system
5. If investment exceeds savings
- (a) Income increases
 - (b) Income decreases
 - (c) No change in income
 - (d) Income increases or decreases

6. According to Marshall value of money is equal to

- (a) $\frac{Ky}{m}$ (b) $\frac{K}{Ym}$
(c) $\frac{Y}{Km}$ (d) None

7. Inflation means

- (a) rise in the price level
(b) fall in the price level
(c) rise in the value of money
(d) rise in the purchasing power of money

8. The direct opposite position of inflation is

- (a) Poverty (b) Stagflation
(c) Deflation (d) All

9. Who regulates the Indian Money market?

- (a) Reserve bank
(b) SEBI
(c) State bank of India
(d) None of the above

10. Which of the following is a developed money market?
- (a) London Money Market
 - (b) Indian Money Market
 - (c) Sri Lanka Money market
 - (d) All the above

PART B — ($5 \times 5 = 25$ marks)

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

Answer should not exceed 250 words.

11. (a) Explain the various stages of evolution of money.

Or

- (b) What are the qualities of a good money?

12. (a) Explain about Gresham's law.

Or

- (b) Explain the principles of note issue.

13. (a) How cash balance approach is superior over cash transaction approach of quantity theory?

Or

- (b) State and explain Robert's equation.

14. (a) What are the kinds of inflation?

Or

- (b) Specify the causes for deflation.

15. (a) What are the components of Indian Money Market?

Or

- (b) Mention the importance of money market.

PART C — ($5 \times 8 = 40$ marks)

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

Answer should not exceed 600 words.

16. (a) Describe the functions of money.

Or

- (b) Explain the different kinds of money.

17. (a) Discuss the advantages and disadvantages of paper currency standard.

Or

- (b) Describe the automatic working of gold standard.

18. (a) Critically evaluate Irving Fisher's quantity theory of money.

Or

- (b) Examine the factors affecting velocity of circulation of money.

19. (a) Describe the effects of inflation.

Or

- (b) Explain the measures to control inflation.

20. (a) Explain the defects of Indian Capital Market.

Or

- (b) Describe the characteristics of Indian Money Market.
