

(6 pages)

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Code No. : 5270

Sub. Code : ZESM 33

M.A. (CBCS) DEGREE EXAMINATION,  
NOVEMBER 2022.

Third Semester

Economics – Core

MONETARY ECONOMICS

(For those who joined in July 2021 onwards)

Time : Three hours

Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer ALL questions.

Choose the correct answer :

1. The value of money in Fisher's equation is determined by \_\_\_\_\_.  
(a) Demand for money  
(b) Supply of money  
(c) Demand and supply of money  
(d) None of the above

2. According to the Quantity Theory of Money, the value of money depends upon \_\_\_\_\_.  
(a) Quantity theory of money in circulation  
(b) Purchasing power of money  
(c) Demand for money  
(d) Price level
3. High-powered money is also known as \_\_\_\_\_.  
(a) Base money                      (b) Reserve money  
(c) Narrow money                  (d) All of the above
4. Who stated, "Bad money drives good money out of circulation, when both of them are full legal tender"?  
(a) Irving Fisher                      (b) Milton Friedman  
(c) J.M. Keynes                      (d) Thomas Gresham
5. Which of the following is a qualitative or selective method of credit control by the central bank?  
(a) Bank rate or Discount Rate Policy  
(b) Open market operations  
(c) Cash Reserve Ratio  
(d) None of the above

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6. In what way the Central Bank serves as a Banker's Bank?
- By maintaining gold reserve
  - By controlling currency
  - By acting as a lender of the last resort
  - By reducing the interest rates
7. What method is used by the Bank to read code on cheque?
- MICR
  - OCR
  - OMR
  - None of the above
8. Which is the largest private sector bank in India?
- ICICI
  - Axis Bank
  - HDFC
  - Dhanalakshmi Bank Ltd.
9. Narasimhan committee was related to which of following reforms?
- High Education reforms
  - Tax structure reforms
  - Banking structure reforms
  - Planning implementation reform

10. As of September 2021, how many public sector banks are included in the Indian Banking system?
- 14
  - 10
  - 16
  - 12

PART B — (5 × 5 = 25 marks)

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

Each answer should not exceed 250 words.

11. (a) Point out the concepts of Monetary Economics.

Or

- (b) Write a note on Cash Balance Approach.

12. (a) What do you mean High Powered Money?

Or

- (b) State the measures of money supply.

13. (a) Define Central Bank and its role.

Or

- (b) Give an account on the functions of RBI.





14. (a) Write a short note on Monetary Policy.

Or

- (b) List out the objectives of monetary policy.

15. (a) Describe the Innovative Banking.

Or

- (b) Give an account of capital market reforms.

PART C — (5 × 8 = 40 marks)

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

Each answer should not exceed 600 words.

16. (a) Explain the inventory theory of money.

Or

- (b) Elaborate the Fisher's Quantity theory.

17. (a) Analyse the Money Multiplier Process.

Or

- (b) Enumerate the determinants of money multiplier.

18. (a) Discuss the role of central bank.

Or

- (b) Write in detail about the RBI and Bill Market Scheme.

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19. (a) State the instruments of monetary policy.

Or

- (b) Discuss the Time Lags.

20. (a) Determine the recent banking reforms.

Or

- (b) Analyse the recent trends in banking systems.

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