

**PSG COLLEGE OF ARTS & SCIENCE  
(AUTONOMOUS)**

**BA DEGREE EXAMINATION DECEMBER 2018  
(Fifth Semester)**

Branch – **ECONOMICS**

**MONETARY ECONOMICS**

Time : Three Hours

Maximum : 75 Marks

**SECTION-A (20 Marks)**

Answer **ALL** questions

**ALL** questions carry **EQUAL** marks (10 x 2 = 20)

- 1 What is Gold Standard?
- 2 What is  $M_3$  in monetary aggregates?
- 3 State Fisher's equation of exchange.
- 4 What do you mean by Demand for money?
- 5 What is Cost push inflation?
- 6 State the meaning of Stagflation.
- 7 What is Capital Market?
- 8 What is Non-Banking financial institutions?
- 9 State any two quantitative methods of credit control.
- 10 Define Monetary Policy.

**SECTION - B (25 Marks)**

Answer **ALL** Questions

**ALL** Questions Carry **EQUAL** Marks (5 x 5 = 25)

- 11 a Examine the functions of money.  
OR
- b What are the principles of Note issue?
- 12 a Briefly examine Cambridge views on Demand for money.  
OR
- b Examine the motives of Demand for money.
- 13 a Briefly explain inflationary gap.  
OR
- b Write a short note on Phillips curve.
- 14 a What is Money Market? What are constituents of Money Market?  
OR
- b Write a short note on: i) Primary Market ii) Secondary Market
- 15 a Examine the functions of Central bank.  
OR
- b Examine the role of monetary policy in a developing economy.

**SECTION - C (30 Marks)**

Answer any **THREE** Questions

**ALL** Questions Carry **EQUAL** Marks (3 x 10 = 30)

- 16 Explain the causes for the downfall of gold standard.
- 17 Discuss Cash Transactions approach.
- 18 Analyse the causes of inflation. How to control it?
- 19 Explain the credit creation process.
- 20 Discuss the instruments of Credit Control.