

**PSG COLLEGE OF ARTS & SCIENCE**  
(AUTONOMOUS)  
**MA DEGREE EXAMINATION MAY 2025**  
(Second Semester)

Branch - ECONOMICS

**MONETARY ECONOMIC THEROY**

Time: Three Hours

Maximum: 75 Marks

**SECTION-A (10 Marks)**

Answer ALL questions

ALL questions carry EQUAL marks

(10 × 1 = 10)

Module No.	Question No.	Question	K Level	CO
1	1	_____ issues metallic coin in India. (a) RBI (b) Government of India (c) Banks and Financial Institutions (d) Only (a) and (c) is correct	K1	CO1
	2	_____ of the following is most liquid measures of money supply in India. (a) M1 (b) M2 (c) M3 (d) M4	K2	CO1
2	3	_____ demand deposits. (a) It includes both fixed deposits and current account deposits. (b) It includes both savings A/c deposits and fixed deposits (c) It Includes both current A/C deposits and savings (d) Only (a) and (b)	K1	CO2
	4	_____ agency regulates the money supply in India (a) The government of India (b) Commercial bank (c) Reserve Bank of India (d) State and Rural Bank	K2	CO2
3	5	In the Quantity theory of money represents _____. (a) The Velocity of a money (b) The value of the Money (c) The Velocity of the Production (d) The value of the goods	K1	CO3
	6	Both sides of the quantity theory of money identify represents _____. (a) Real GDP (b) Inflation (c) Nominal GDP (d) The Money Supply	K2	CO3
4	7	A government resorts to _____ to reduce Inflation. (a) Cuts in government Spending (b) Increase in government Expenditure (c) Reduction in Repo rate (d) Increase bank rate	K1	CO4
	8	If too much of money is chasing too few goods, the resulting inflation is known as _____. (a) Stagflation (b) Cost – push Inflation (c) Demand – Pull Inflation (d) Only (a) is correct	K2	CO4
5	9	The Primary purpose of the RBI Monetary policy is to maintain _____. (a) Wealth (b) Exchange rate (c) Growth (d) Stability	K1	CO5
	10	The amount of money in India is controlled by _____. (a) Planning Commission (b) Commercial banks (c) Government of India (d) Reserve bank of India	K2	CO5

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**SECTION - B (35 Marks)**Answer **ALL** questions**ALL** questions carry **EQUAL** Marks

(5 × 7 = 35)

Module No.	Question No.	Question	K Level	CO
1	11.a.	Explain the importance Components of Money Supply.	K2	CO1
	(OR)			
	11.b.	Outline the stock money supply measures in India.		
2	12.a.	Show the Performance of Keynes theory of money and Price.	K3	CO2
	(OR)			
	12.b.	Demonstrate the Monetarism Vs Keynesianism Quantity theory of money and price.		
3	13.a.	Outline the Characteristics and its importance expectations theory of Interest.	K3	CO3
	(OR)			
	13.b.	Summarize the Risk Premium Theory.		
4	14.a.	Outline the features of Ben Hansen's theory of Inflation.	K4	CO4
	(OR)			
	14.b.	Explain the kinds of Unemployment.		
5	15.a.	Explain the objectives of Monetary Policy.	K3	CO5
	(OR)			
	15.b.	Demonstrate the demonetization objectives with suitable example.		

**SECTION -C (30 Marks)**Answer **ANY THREE** questions**ALL** questions carry **EQUAL** Marks

(3 × 10 = 30)

Module No.	Question No.	Question	K Level	CO
1	16	Evaluate the velocity of circulation of Money.	K4	CO1
2	17	Discuss the Milton Friedman's Quantity theory of Money suitable Example.	K5	CO2
3	18	Discuss the Tobin's Portfolio Balance Approach with suitable example.	K5	CO3
4	19	Compile the Demand Pull Inflation and Cost Push Inflation with suitable diagram.	K4	CO4
5	20	Compose credit control measures by RBI.	K6	CO5