

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

BA DEGREE EXAMINATION DECEMBER 2025
(Fourth Semester)

Branch - ECONOMICS

MONETARY ECONOMICS

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	_____ is the primary functions of money in an economy (a) Store of value (b) Medium of Exchange (c) Unit of Account (d) Only (a) and (c)	K1	CO1
	2	_____ type of money includes coins and paper currency (a) M1 Money (b) M2 Money (c) M3 Money (d) M4 Money	K2	CO1
2	3	The quantity theory of money is expressed by the identity equation _____ (a) MV/PY (b) MV=Y (c) M = PVY (d) MV = PY	K1	CO2
	4	The liquidity Preference theory states that the demand for money is inversely related to _____ (a) The level of Income (b) The rate of Interest (c) The overall price level (d) The quantity of money in circulation	K2	CO2
3	5	A period of simultaneous high inflation and high unemployment is known as _____ (a) Inflation (b) Stagflation (c) Economic boom (d) Economic Recesssion	K1	CO3
	6	_____ one of the following principles is the exact reverse of Inflation (a) Recesssion (b) Stagflation (c) Deflation (d) Only (a) is correct	K2	CO3
4	7	_____ is the primary activity of a commercial bank (a) Maintaining deposit accounts including current A/C (b) Issue and pay cheque (c) Collect Cheques for the bank's customers (d) All of these	K1	CO4
	8	The capital market in India is controlled by _____ (a) RBI (b) NABARD (c) SEBI (d) IRDA	K2	CO4
5	9	_____ is the rate at which the central bank discounts the bills of commercial bank (a) SLR (b) Bank rate (c) CRR (d) Repo	K1	CO5
	10	_____ refers to the portion of total deposits with a commercial bank has to keep with central bank (a) SLR (b) Bank rate (c) CRR (d) Both (a) and (b)	K2	CO5

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SECTION – B (35 Marks)

Answer ALL questions

ALL questions carry EQUAL Marks

 $(5 \times 7 = 35)$

Module No.	Question No.	Question	K Level	CO
1	11.a.	Construct the circular flow of money. (OR)	K3	CO1
	11.b.	Plan out the principles of note issue in economic system.		
2	12.a.	Analyse out the Pigou cash Balance approach. (OR)	K3	CO2
	12.b.	Examine the liquidity Preference Approach.		
3	13.a.	Identify the causes of Inflation. (OR)	K3	CO3
	13.b.	Solve the measures to control inflation and deflation.		
4	14.a.	Explain the functions of commercial Bank. (OR)	K2	CO4
	14.b.	Illustrate features of capital Market.		
5	15.a.	Examine the objectives of Monetary Policy. (OR)	K4	CO5
	15.b.	Analysze the Instruments of credit Control with suitable example.		

SECTION -C (30 Marks)

Answer ANY THREE questions

ALL questions carry EQUAL Marks

 $(3 \times 10 = 30)$

Module No.	Question No.	Question	K Level	CO
1	16	Identify the functions of money.	K3	CO1
2	17	Categorize the measures of Money Supply in India.	K4	CO2
3	18	Model the Philips curve with suitable diagram.	K3	CO3
4	19	Explain the function and operations of credit creation.	K2	CO4
5	20	Analyze the functions of RBI.	K4	CO5