

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)
BA DEGREE EXAMINATION DECEMBER 2019
(Fifth Semester)

Branch - ECONOMICS

MONETARY ECONOMICS

Time : Three Hours

Maximum : 75 Marks

SECTION-A (20 Marks)

Answer **ALL** questions

ALL questions carry **EQUAL** marks (1 0 x 2 = 20)

- 1 Define "Money".
- 2 What is meant by "Near Money"?
- 3 Write Robertson's equation to value of Money.
- 4 How value of money is measured?
- 5 Explain the term "Inflation".
- 6 What is meant by Deflation?
- 7 How do Banks create credit?
- 8 What is money market?
- 9 Bring out two main functions of Central Bank.
- 10 State two objectives of open market operations.

SECTION - B (25 Marks!)

Answer **ALL** Questions

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

- 11 a What are the functions of money?
OR
b Give reasons for breakdown of Gold standard.
- 12 a What are the criticisms of Fisher's quantity theory of money?
OR
b Explain the superiority of income and expenditure theory.
- 13 a State the different types of Inflation.
OR
b Write a note on Inflationary Gap.
- 14 a Describe the classification of financial markets.
OR
b Mentions financial institutions dealing in the money market.
- 15 a Explain the functions of commercial Banks.
OR
b Why do we need for the Reserve Bank?

SECTION - C (30 Marks)

Answer any **THREE** Questions

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

- 16 Discuss on nature and functions of money.
- 17 Critically examine the Cambridge cash balance approach to the quantity theory of money.
- 18 "Inflation is an excess demand of any thing over the supply of everything discuss the statement.
- 19 Examine the progressive trends made by commercial Banks since independence.
- 20 Enumerate the weapons at the disposal of a Central Bank for the control of credit.