

PSG COLLEGE OF ARTS & SCIENCE  
(AUTONOMOUS)  
MA DEGREE EXAMINATION MAY 2023  
(Second Semester)  
Branch – ECONOMICS

**MONETARY ECONOMIC THEORY / MONETARY ECONOMICS**

Time: Three Hours

Maximum: 50 Marks

**SECTION-A (5 Marks)**

Answer ALL questions

ALL questions carry EQUAL marks (5 x 1 = 5)

- 1 The amount of money in India is controlled by\_\_\_\_\_.  
(i) Government of India (ii) Reserve Bank of India  
(iii) Planning Commission (iv) Finance Commission
- 2 What is the value of money multiplier when initial deposits are Rs. 500 crore and LRR is \_\_\_\_\_.  
(i) 10 (ii) 20 (iii) 0.2 (iv) 0.1
- 3 The quantity theory of money was restated by\_\_\_\_\_.  
(i) Alfred Marshall (ii) J.M.Keynes  
(iii) Milton Friedman (iv) Irving Fisher
- 4 Stagflation is also called as \_\_\_\_\_.  
(i) Recession with Stagnation (ii) Inflation and increasing output  
(iii) Inflation galloping like stage (iv) Inflation with Stagnation
- 5 The Reserve Bank of India was established in the year \_\_\_\_\_.  
(i) 1935 (ii) 1982  
(iii) 1985 (iv) 1990

**SECTION - B (15 Marks)**

Answer ALL Questions

ALL Questions Carry EQUAL Marks (5 x 3 = 15)

- 6 (a) State the meaning of Ordinary Money.  
OR  
(b) Explain the High Powered Money.
- 7 (a) Produce the Radcliff Model.  
OR  
(b) Show the Patinkin's Monetary Model.
- 8 (a) Sketch the Boumol's Inventory Approach.  
OR  
(b) Define the term Risk Premium Theory.
- 9 (a) Discuss the Causes of Stagflation.  
OR  
(b) Illustrate the Deflation.
- 10 (a) Show the instruments of Monetary Policy.  
OR  
(b) Prepare the Objectives of Demonetization.

Cont...

**SECTION -C (30 Marks)**

Answer ALL questions

ALL questions carry EQUAL Marks

(5 x 6 = 30)

- 11 (a) Elucidate the Money Multiplier and Derivation of Money Multiplier.  
OR  
(b) Invent the various Components and Determinants of Money Supply.
- 12 (a) Evaluate the Milton Friedman's Quantity Theory of Money.  
OR  
(b) Assess the differences between Monetarism and Keynesianism.
- 13 (a) Justify the Tobin's Portfolio Balance Approach.  
OR  
(b) Interpret the Segmented Market Theory.
- 14 (a) Analyse the Demand Pull Inflation and Cost Push Inflation.  
OR  
(b) Formulate the Relationship between Inflation and Unemployment.
- 15 (a) Create the objectives of Monetary Policy.  
OR  
(b) Survey the Functions of Reserve Bank of India.

Z-Z-Z

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