

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

MA DEGREE EXAMINATION MAY 2024
(Second Semester)

Branch - ECONOMICS

MONETARY ECONOMIC THEORY

Time: Three Hours

Maximum: 75 Marks

SECTION-A (10 Marks)

Answer ALL the questions

ALL questions carry EQUAL marks

(10 × 1 = 10)

Module No.	Question No.	Question	K Level	CO
1	1	The term "Money Supply" relates to: a. Overall money held by the general public over a specified period of time b. The total volume of money held by the public at a particular point in time c. The total amount of money that the government possesses. d. Both (a) and (b)	K1	CO1
	2	Value of money means a. Gold purchased by money b. General Purchasing power of money c. Importance of money d. Demand for money	K2	CO1
2	3	Fisher equation of exchange states that a. P varies directly with income b. P varies directly with M c. P and M are constants d. None of the above	K1	CO2
	4	The cash balance equation $M = KPY$ was given by a. Keynes b. Pigou c. Robertson d. Marshall	K2	CO2
3	5	Milton Friedman stated his belief that 'there is only one social responsibility for a company to use its resources to _____'. a. Give as much to charitable causes as possible b. Ensure employment c. Provide good facilities for workers d. Increase profits so long as it stays within the rules of the game	K1	CO3
	6	Which one of the following is NOT a content theory? a. Maslow's need hierarchy b. Vroom's expectancy theory c. Herzberg's two-factor theory d. McClelland's acquired needs theory	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. None of the above	K1	CO4
	8	The combination of stagnation and inflation is known as _____. a. Stagflation b. Cost-push inflation c. Demand-pull inflation d. None of the above	K2	CO4
5	9	Who is the Central monetary policy Authority in India? a. RBI b. Finance Ministry c. Parliament d. Prime Minister	K1	CO5
	10	Who is empowered to control the expansion of bank credit? a. Finance Minister b. Home Minister c. Reserve Bank of India d. None of the above	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.	Bring out the components of money.	K4	CO1
	(OR)			
	11.b.	State the money stock measures in India.		
2	12.a.	Describe the Don Patinkin's Contribution to Monetary Theory.	K5	CO2
	(OR)			
	12.b.	Analyse the Keynesian Economics vs Monetarist Economics.		
3	13.a.	Show the assumptions of the Baumol model.	K6	CO3
	(OR)			
	13.b.	Narrate the Expectations Theory.		
4	14.a.	Explain the differences between Demand Pull and Cost Push Inflation.	K4	CO4
	(OR)			
	14.b.	Produce the causes of stagflation.		
5	15.a.	Outline the objectives of monetary policy.	K5	CO5
	(OR)			
	15.b.	Explain the functions of RBI.		

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	Trace the determinants of money supply.	K4	CO1
2	17	Outline the Milton Friedman's Quantity theory of Money.	K5	CO2
3	18	Analyse the Market Segmentation Theory.	K6	CO3
4	19	Identify the relation between Inflation and unemployment.	K4	CO4
5	20	Elucidate the objectives and impacts of Demonetisation.	K5	CO5

Z-Z-Z END