

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

BA DEGREE EXAMINATION DECEMBER 2022
(Fourth Semester)

Branch – ECONOMICS

MONTARY ECONOMICS

Time: Three Hours

Maximum: 75 Marks

SECTION-A (10 Marks)

Answer ALL questions

ALL questions carry EQUAL marks

(10 x 1 = 10)

1. Which is not the function of money?
(i) Make demand and supply equal (ii) Store of value
(iii) Medium of exchange (iv) Measure of value
2. Who stated, "Money is what money does"?
(a) Milton Friedman (ii) Walker
(c) Irving Fisher (iv) Thomas Gresham
3. The value of money in Fisher's equation is determined by
(i) Demand for money (ii) Supply of money
(iii) Demand and supply of money (iv) None of the above
4. According to Cambridge equation, the value of money depends upon
(i) Demand for money (ii) Supply of money
(iii) Demand for goods and services (iv) All of the above
5. Money supply increases when inflation rises in the economy _____.
(i) No change (ii) Decrease
(iii) Increase (iv) None of the these
6. Once inflation is an outcome of a rise in the value of production factors, the outcome is _____.
(i) Cost-push inflation (ii) Stagflation
(iii) Demand-pull inflation (iv) Devaluation
7. What is a commercial bank's principal business
(i) Keeping track of all deposits and current accounts
(ii) Issuance and payment of checks
(iii) Collect checks from customers of the bank
(iv) Each and every one of them
8. Stock exchange is known as _____ market for securities.
(i) Primary market (ii) Secondary market
(iii) Capital market (iv) None of the above
9. RBI kept repo rates _____ in second bi-monthly monetary policy review.
(i) Higher (ii) Lower
(iii) Unchanged (iv) None of the above
10. Who is the current governor of RBI 2022?
(i) Bimal Jalan (ii) Urjit Patel
(iii) Raghuram Rajan (iv) Shaktikanta Das

Cont...

SECTION - B (25 Marks)

Answer ALL questions

ALL questions carry EQUAL Marks (5 x 5 = 25)

11. (a) State the types of money.
(OR)
(b) Bring out principles of note issue.
12. (a) Show the determinants of money supply.
(OR)
(b) Narrate the similarities between cash transaction approach and cash balance approach.
13. (a) Describe the causes of inflation.
(OR)
(b) Outline the effects of inflation.
14. (a) Explain the features of capital market.
(OR)
(b) Sketch out the two main types of securities.
15. (a) How many instruments are used for credit control?
(OR)
(b) Organize the objectives of monetary policy.

SECTION -C (40 Marks)

Answer ALL questions

ALL questions carry EQUAL Marks (5 x 8 = 40)

16. (a) Explain the functions of money.
(OR)
(b) What are the various types of monetary standards?
17. (a) Analyse the quantity theory of money.
(OR)
(b) How does Liquidity Preference Theory Work?
18. (a) Examine the Philips curve.
(OR)
(b) Summarize the concept of inflationary gap.
19. (a) Evaluate the functions of commercial banks.
(OR)
(b) Elucidate the Bonds, Sensex, Nifty and NSE.
20. (a) Discuss the functions of RBI.
(OR)
(b) Analyse the current monetary policy of India.