

**PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)**

**BA DEGREE EXAMINATION MAY 2022
(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 x 1 = 10)

1. "Money is what money does." Who said it ?
 (i) Walker (ii) Irving Fisher (iii) Thomas Gresham (iv) Keynes
2. Fiat Money _____
 (i) this is not declared by the government as legal tender
 (ii) with intrinsic value
 (iii) that can be also consumed
 (iv) without or very little intrinsic value
3. 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) Purchasing power of money
4. Pigou's version of Cambridge equation is _____
 (i) $P = M / KT$ (ii) $P = KR / M$ (iii) $MV = PT$ (iv) $M = KP$
5. When price increases due to increase in factor price is _____
 (i) demand pull inflation (ii) cost push inflation
 (iii) stagflation (iv) deflation
6. In India inflation is measured by _____
 (i) Consumer Price Index (ii) Whole Sale Price Index
 (iii) Agriculture Price Index (iv) Industrial Price Index
7. Non-Banking Financial Companies (NBFC) are registered under _____
 (i) Companies Act 1970 (ii) Companies Act 1956
 (iii) Companies Act 1960 (iv) Companies Act 1974
8. Shares and Securities which is held in electronic format constitute the _____
 (i) Fixed Account (ii) DMAT Account
 (iii) Saving Account (iv) Current Account
9. Central Bank controls their credit by _____
 (i) CRR and repo rate (ii) reverse repo rate
 (iii) CRR and SLR (iv) SLR and repo rate
10. Who is the current Governor of RBI _____
 (i) Dr. Shashanka Bhide (ii) Mr. Shashikanta Das
 (iii) Mr. Ashima Goyal (iv) Urjit Patel

SECTION - B (25 Marks)

Answer **ALL** Questions

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

11. a. Explain the static and dynamic role of money.
 OR
 b. Summarise the circular flow of money.
12. a. Describe the Pigou's contribution to quantity theory of money
 OR
 b. State the superiority of income and expenditure theory.

13. a. Bring out the causes of inflation.

OR

b. How to control deflation?

14. a. Describe the various functions of a Commercial Bank.

OR

b. Explain the features of Capital Market.

15. a. Bring out the objectives of Monetary Policy.

OR

b. Show the instruments of Credit Control.

SECTION -C (40 Marks)

Answer ALL questions

ALL questions carry EQUAL Marks

(5 x 8= 40)

16. a. Discuss the functions of money.

OR

b. Analyze the principles of note issue.

17. a. Elucidate the Fisher's Quantity theory of money.

OR

b. Point out the determinants of Money Supply.

18. a. Discover the Phillips curve and Evaluate it with diagram.

OR

b. How does stagflation occur? Examine.

19. a. Summarise the functions of Non-Banking Financial Intermediaries.

OR

b. Highlight the concepts of Sensex, Nifty and NSE.

20. a. Enumerate the functions of Central Bank.

OR

b. Analyse the impact of Demonetization of 2016 on economic development.

END