

STELLA MARIS COLLEGE (AUTONOMOUS), CHENNAI – 86
(For Candidates admitted during the academic year 2015-16 and thereafter)

SUBJECT CODE: 15EC/MC/MO34

B.A. DEGREE EXAMINATION NOVEMBER 2019

BRANCH IV – ECONOMICS

THIRD SEMESTER

COURSE : MAJOR – CORE

PAPER : MONETARY ECONOMICS - I

TIME : 3 HOURS

MAX.MARKS: 100

SECTION A

I. Answer any TEN questions in 50 words each.

(10x2=20)

1. Define Money.
2. State the principal difficulties faced by a barter economy.
3. Differentiate between inside money and outside money.
4. Write a brief note on Gresham's law
5. Mention the banking principle under note issue.
6. State the rules of the Gold standard game.
7. Write a brief note on Money illusion.
8. Why money is demanded?
9. What is meant by Liquidity Preference?
10. List out factors affecting velocity of circulation of money.
11. Mention the determinants of Speculative demand for money.
12. State the relationship between bond price and interest rate.

SECTION B

II. Answer any FIVE questions in 400 words each.

(5x8=40)

13. State and explain the various kinds of money.
14. Explain the demerits of paper standard.
15. State and explain the determinants of High powered money.
16. Examine the concept of value of money and its relationship with price.
17. Explain cash balance theory of quantity of money.
18. State and explain the reasons for the collapse of Gold Standard.
19. What is an index number? How is it constructed?
20. Discuss the Portfolio optimization approach.

SECTION C

III. Answer any TWO Questions in 1000 words each.

(2x20=40)

21. Describe various functions of money.
22. Discuss the different methods of note issue. How far is it correct to say that paper money should be based on adequate metallic reserves?
23. "The cash balance equation is not the quantity theory in a new algebraic dress it represents a fundamentally a new approach to the problem of money and prices"- Discuss.
24. Explain the contribution of Milton Friedman to the quantity theory of money.
