

STELLA MARIS COLLEGE (AUTONOMOUS) CHENNAI – 86
(For candidates admitted from the academic year 2019 – 2020 and thereafter)
SUBJECT CODE: 19EC/MC/MO44
B. A. DEGREE EXAMINATION, APRIL 2022
BRANCH IV - ECONOMICS
FOURTH SEMESTER

COURSE : MAJOR CORE
PAPER : MONETARY ECONOMICS
TIME : 3 HOURS

MAX. MARKS : 100

SECTION – A

ANSWER ANY TEN QUESTIONS. EACH ANSWER NOT TO EXCEED 50 WORDS.

(10 X 2= 20)

1. Define money.
2. What is money illusion?
3. What are the two principles of note issue?
4. Differentiate between money and near money assets.
5. Define liquidity.
6. List out any three features of a good monetary standard.
7. Distinguish between “money on wings” and “money sitting”
8. What is bimetallism?
9. State the golden rule of the gold standard.
10. How do the modern quantity theorists define human wealth?
11. What is the critical rate of interest?
12. Define liquidity trap.

SECTION – B

ANSWER ANY FIVE QUESTIONS. EACH ANSWER NOT TO EXCEED 400 WORDS.

(5 X 8 = 40)

13. Bad money drives good money out of circulation. Elucidate.
14. Critically examine Keynes liquidity preference theory.
15. Give a brief overview of the transactions approach to the Quantity Theory of Money.
16. Write a short note on measurement of monetary aggregates according to the working groups of the RBI.
17. Briefly explain Tobin’s portfolio balance approach to the demand for money.
18. Examine the merits and demerits of the paper standard.
19. Discuss the various methods of note issue.
20. How do commercial banks create credit? Explain with the help of an example.

SECTION – C

ANSWER ANY TWO QUESTIONS. EACH ANSWER NOT TO EXCEED 1000 WORDS.

(2 X 20 = 40)

21. Explain the automatic functioning and rules of the gold standard. What were the reasons for the collapse of the gold standard?
22. Explain the H-theory of money supply. What are the factors that bring about changes in the money supply?
23. Discuss the various functions of money and bring out its role in economic growth.
24. Critically evaluate Friedman’s restatement of the quantity theory of money.
