

STELLA MARIS COLLEGE (AUTONOMOUS) CHENNAI – 600 086
(For candidates admitted from the academic year 2019-2020 & thereafter)

SUBJECT CODE: 19EC/AC/MF45

B.A. DEGREE EXAMINATION – APRIL 2022
BRANCH IV – ECONOMICS
FOURTH SEMESTER

COURSE : ALLIED CORE

PAPER : MONETARY AND FINANCIAL ECONOMICS

TIME : 3 HOURS

MAX. MARKS: 100

SECTION – A

(10 x 2= 20)

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

1. Distinguish between real and nominal interest rate.
2. What is Liquidity Trap?
3. State the factors that determine loanable fund theory
4. Bring out the difference between CP's and CD's.
5. Define money market. Bring out its characteristics.
6. Bring out the difference between repo rate and reserve repo rate.
7. What is a Yield curve? Explain with suitable diagram
8. Distinguish between Systematic and Un-Systematic risk with suitable examples.
9. A company's share is currently selling for Rs.60 per share. It is expected that a dividend of Rs.3 per share and a price of Rs.68 will be obtained at the end of one year. What is the rate of return on the share?
10. What is inflation targeting?
11. State the indicators of monetary policy
12. What are weak, semi-strong and strong forms?

SECTION - B

(5 X 8 = 40)

ANSWER ANY 5 QUESTIONS. EACH ANSWER NOT TO EXCEED 400 WORDS.

13. Discuss the classical theory of interest rate.
14. Distinguish between money market and capital market
15. Discuss the different types of interest rates that exist in the financial market.
16. What are the recent developments that have taken place in the Indian money market?
17. Discuss the functions of a Central Bank.
18. Examine the objectives of the monetary policy
19. Explain the linkages between share prices, earnings and dividends.
20. Explain the Markowitz Model.

SECTION – C

(2 X 20 = 40)

ANSWER ANY TWO QUESTIONS OUT OF FOUR QUESTIONS. EACH ANSWER NOT TO EXCEED 1000 WORDS.

21. Examine the instruments of the money market.
22. Explain Keynes theory of demand for money. Bring out the relationship between demand for money and rate of interest.
23. Critically evaluate the theories of term structure of interest rates.
24. Explain the process of the monetary transmission mechanism.
