

LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

B.A. DEGREE EXAMINATION – ECONOMICS

FIFTH SEMESTER – APRIL 2010

EC 5506/EC 5502 - MONEY AND BANKING

Date & Time: 29/04/2010 / 1:00 - 4:00 Dept. No.

Max. : 100 Marks

PART-A

Answer any FIVE questions in about 75 words each.

(5 x 4 = 20 marks)

1. Define money. What is its social significance?
2. What are the factors affecting the demand for money according to Friedman?
3. Explain the determinants of the high powered money.
4. What are index numbers?
5. How do banks advance loans to its customers?
6. Explain primary market and secondary market.
7. Name the financial institutions that come under the money market.

PART-B

Answer any FOUR questions in about 300 words each.

(4 x 10 = 40 marks)

8. Discuss the role of money in modern capitalist economy.
9. How are index numbers constructed and what are their uses?
10. Explain the various components of money supply.
11. Discuss the Cambridge cash balance approach to the quantity theory of money. How far is it superior to cash transaction approach?
12. Discuss the essentials of sound banking system.
13. Explain the main features of investment policy which a commercial bank should follow.
14. Distinguish between money market and capital market. How are they inter-related?

PART-C

Answer any TWO questions in about 900 words each.

(2 x 20 = 40 marks)

15. Discuss the nature and functions of money.
16. Show how the theory of value has been integrated with the theory of money by Keynes.
17. Explain the role of Central Bank as the controller of credit.
18. Briefly explain the working of a financial market. What do you understand by the efficiency of the financial market? Explain.

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