LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

**B.A.** DEGREE EXAMINATION – **ECONOMICS**

FIFTH SEMESTER – NOVEMBER 2012

# EC 5506/5502 - MONEY AND BANKING

Date : 06/11/2012 Dept. No. Max. : 100 Marks

Time : 9:00 - 12:00

**PART – A**

**(5 X 4 = 20)**

**Answer any FIVE of the following each answer not exceeding more than 75 words:**

1. Define money. State its dynamic functions.
2. Distinguish legal tender money and optional money.
3. What is the relationship between the value of money and the price level?
4. Explain velocity of circulation of money. What are the factors that determine it?
5. Mention any four important functions of Commercial Banks.
6. Discuss briefly the concept of Investment Policy.
7. Bring out the differences between money market and capital market.

**PART – B**

**(4 X 10 = 40)**

**Answer any FOUR of the following each answer not exceeding more than 300 words:**

1. Discuss the evolution and the various functions of money.
2. Does money play an important role in a modern economy? Discuss.
3. Briefly explain Fisher’s Quantity Theory of money.
4. What do you mean by primary and secondary markets?
5. Write short notes on the various types of money.
6. Discuss the various instruments of credit control.
7. Explain the Cambridge Cash Balance approach.

**PART - C**

**(2 X 20 = 40)**

**Answer any TWO of the following each answer not exceeding more than 900 words:**

1. Define Index Numbers. Elucidate the various problems while constructing price Index Numbers.
2. How does the Reserve bank of India help in the functioning of the economy?
3. What are the various characteristics of Indian money market? Discuss the defects and suggest remedies.
4. Discuss keynesain integration of monetary and value theories.

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