



LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

M.A. DEGREE EXAMINATION – ECONOMICS

THIRD SEMESTER – NOVEMBER 2016

EC 3808 - MONETARY ECONOMICS

Date: 01-11-2016
Time: 09:00-12:00

Dept. No.

Max. : 100 Marks

PART-A

Answer any five questions in about 75 words each.

(5 X 4 = 20 marks)

1. Write a brief note on Payment Banks.
2. Differentiate between LAF and MSF
3. Point out the relationship between interest rate, bond holding and cash holding
4. Differentiate between inside money and outside money.
5. List out development financial institutions and reasons for their foundation.
6. State and explain the characteristics of money as stated by Newlyn
7. The value of a bond yielding 14% annual interest is Rs. 1000. What will be the value of the bond if a) interest rate rises to 15% and b) the interest rate falls to 10%

PART-B

Answer any four questions in about 300 words each.

(4x 10 = 40marks)

8. State and explain the functions of money.
9. Discuss the role of NBFIs in impeding the effectiveness of monetary policy
10. a) State the components of financial system
b) Classify money on the basis of Legality
11. Explain the determinants of money supply and high power money.
12. Compare and contrast Cash Transaction approach and Cash Balance approach.
13. Briefly explain Baumol's theory of transaction demand for money.
14. Explain the conditions for neutrality of money

PART-C

Answer any two questions in about 1200 words each.

(2x 20 = 40marks)

15. Critically examine the Chicago version of the quantity theory of money.
16. Define monetary policy and state its various objectives. What should be the main objectives of monetary policy in India today?
17. Explain Tobin's approach to speculative demand for money and show graphically the process of optimization of risk and return.
18. Critically examine Keynesian theory of demand for money
