LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

M.A. DEGREE EXAMINATION – **ECONOMICS**

THIRD SEMESTER – **NOVEMBER 2022**

PEC 3501 – MONETARY ECONOMICS

Date: 21-11-2022 Dept. No. Max. : 100 Marks

Time: 09:00 AM - 12:00 NOON

PART-A

Answer any FIVE questions in about 75 words each. (5 x 4 = 20 Marks)

1. Distinguish between inside money and outside money.
2. Point out the macro determinants of money.
3. Differentiate between Natural rate of interest and Market rate of interest.
4. State the difference between SDF and Reverse Repo rate.
5. Write a brief note on the Ponzi scheme.
6. Recall the term quantitative tightening.
7. What are neo banks?

PART-B

Answer any FOUR questions in about 300 words each. (4 x 10 = 40 Marks)

8. Explain the theoretical definition of money.
9. Discuss the elements of the Liquidity approach to money?
10. Why did the Cambridge economists consider their approach to be superior to Fisher's quantity theory of money?
11. Bring out the non-neutrality of money according to Lloyd Metzler.
12. 'The Non-Banking financial institutions restrict the scope of monetary policy' - Discuss.
13. Elucidate the points of difference between the Monetarists and the Keynesians.
14. Examine the recommendations of the Narasimhan Committee report.

PART-C

Answer any TWO Questions in about 1200 words each. (2 x 20 = 40 Marks)

15. Distinguish between Keynes and Tobin's speculative demand for money. Is Tobin's theory a replacement or an extension of the Keynesian theory of speculative demand for money? Explain.
16. Critically analyze the different interpretations of the monetary policy transmission mechanism.
17. Explain the various instruments of monetary policy. Discuss the effectiveness of LAF as instruments of monetary policy in combating inflation.
18. Explain the determinants of money supply and high-powered money.

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