



LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

M.A. DEGREE EXAMINATION – ECONOMICS

THIRD SEMESTER – APRIL 2017

EC 3808 - MONETARY ECONOMICS

Date: 06-05-2017
Time: 01:00-04:00

Dept. No.

Max. : 100 Marks

PART – A

Answer any Five questions in 75 words each

(5x 4 = 20)

1. What is meant by legal tender money?
2. Write a brief note on Price dichotomy.
3. What is meant by money illusion?
4. State the objectives of credit control.
5. Write a brief note on NBFCs.
6. Differentiate between MSF and LAF.
7. Write a brief note on payment banks.

PART – B

Answer any four questions in 300 words each

(4 x 10 = 40)

8. State and explain the theoretical definition of money.
9. Explain the various views regarding neutrality of money.
10. “Patinkin’s achieved the integration of the real and money markets through the real balance effect”
Explain.
11. How does the growth of non-bank financial intermediaries affect the monetary policy?
12. What is meant by time lag? How does it affect the effectiveness of monetary policy?
13. Explain the various functions of money.
14. When the transaction demand for money is interest inelastic and speculative demand for money is interest elastic, how can the total money demand curve be interest elastic? Explain.

PART-C

Answer any Two questions in about 900 words each

(2x 20= 40)

15. How is Tobin’s approach to speculative demand for money different from Keynes approach?
Illustrate and explain Tobin’s method of deriving demand function for speculative demand for money.
16. It is argued that classical quantity theory of money is a mere truism. Do you agree with this argument? Give reasons.
17. Describe the instruments of monetary policy. How do they work and what are their limitations?
18. Discuss the transmission mechanism of monetary policy.
