Date : 30/10/2014   Dept. No.   Max. : 100 Marks
Time : 09:00-12:00

PART-A

Answer any Five questions in about 75 words each: **(5x4=20marks)**

1. What is meant by customary money?
2. List out the characteristics of money as stated by Newlyn.
3. Write a brief note on equation of exchange.
4. What is High powered Money?
5. What is meant by Price Dichotomy?
6. Write a brief note on Inflationary gap.
7. Distinguish between inside money and outside money

PART B

Answer any FOUR questions in about 300 words each: **(4x10=40 marks)**

8. Explain the empirical definition of Money?
9. What is money multiplier? How is 'm' affected if reserve ratio is increased
10. Give the similarities and dissimilarities between the quantity theory of money and Cambridge cash balance theory.
11. Examine Patinkin's contribution to the analysis of the relationship between money supply, interest rate and price level.
12. Explain the effects of lags in the monetary policy.
13. Describe the transmission mechanism in the Keynesian System. What is its weakness?
14. How is Tobin's approach to speculative demand for money different from Keynes's approach? Illustrate and explain Tobin's method of deriving demand function for speculative money.

PART-C

Answer any TWO questions in about 900 words each: **(2x20=40 marks)**

15. "The cash balance equation is not the quantity theory in a new algebraic dress, it represents a fundamentally new approach to the problem of money and prices"- Discuss
16. Discuss briefly Milton Friedman's version of the quantity theory of money. In what way is it superior to the classical quantity theory of money?
17. Discuss the various methods and devices which are normally employed by a central bank to control credit in the country.
18. Is the transaction demand for money interest –inelastic or interest –elastic? Compare in this regard Keynes and Baumol's demand function for transaction demand for money?