



**LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034**

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

**THIRD SEMESTER – NOVEMBER 2017**

**EC 3808 - MONETARY ECONOMICS**

Date: 04-11-2017  
Time: 09:00-12:00

Dept. No.

Max. : 100 Marks

**PART-A**

**Answer any FIVE questions in about 75 words each.**

**(5x 4 = 20)**

1. State the classification of Money .
2. Write a brief note on financial sector.
3. Differentiate between inside money and outside money.
4. Define High Powered Money.
5. Differentiate between LAF and MSF.
6. Write a brief note on Liquidity trap.
7. How does RBI control liquidity in the economy?

**PART-B**

**Answer any FOUR questions in about 300 words each.**

**(4x 10 = 40)**

1. State and explain the components of financial system.
2. Explain the empirical definition of money.
3. Discuss the role of NBFI's in affecting the effectiveness of monetary policy.
4. Examine the Fisher's equation of exchange.
5. Explain the conditions for neutrality of money.
6. Briefly explain the classical transmission mechanism of monetary policy.
7. State and explain the similarities and dissimilarities between Cash transactions and Cash balances approach.

**PART-C**

**Answer any TWO questions in about 1200 words each.**

**(2x 20 = 40)**

8. Critically examine Keynesian theory of demand for money
9. Explain Tobin's approach to speculative demand for money and show graphically the process of optimization of risk and return.
10. Discuss in detail the of integration of monetary and value theory.
11. Describe the objectives and goals of Monetary policy.

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