LOYOLA COLLEGE (AUTONOMOUS) CHENNAI – 600 034

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

THIRD SEMESTER – **JULY 2025**

PEC3MC01 – MONETARY ECONOMICS

Date: 11-07-2025 Dept. No. [ ] Max. : 100 Marks

Time: 10:00 AM - 01:00 PM

	SECTION A – K1 (CO1)
	Answer ALL the questions **(5 x 1 = 5)**
1	**Fill in the blanks**
a)	Transaction demand for money is _____________inelastic.
b)	State the components of Reserve money____________
c)	The rate of interest which includes inflation is known as ____________
d)	The traditional channel of transmission mechanism is _____________
e)	If negative shocks shift the IS curve to the leftward,aggregate demand____________and interest rate_______________
	SECTION A – K2 (CO1)
	Answer ALL the questions **(5 x 1 = 5)**
2	**Answer the following**
a)	Write a note on Money on wings.
b)	State the formulae to calculate M3.
c)	What is super neutrality?
d)	Show the schematic sequence of transmission mechanism cash flow channel.
e)	Distinguish between Repo rate and Reverse Repo rate.
	SECTION B – K3 (CO2)
	Answer any THREE of the following in 100 words each. **(3 x 10 = 30)**
3	Analyze the Knut Wicksell's theory of pure credit economy?
4	Examine the determinants of money supply.
5	Examine Llyod Metzler neutrality of money
6	Recall the transmission mechanism channel that are widely used in India.
7	Write a brief note on administered interest rates and economic performance.
	SECTION C – K4 (CO3)
	Answer any TWO of the following in 200 words each. **(2 x 12.5 = 25)**
8	Examine the expected utility hypothesis.
9	Give the behavioristic explanation of money supply function.
10	Elucidate the interest determination of loanable funds theory and liquidity preference theory of money.
11	Examine the lags of monetary policy.
	SECTION D – K5 (CO4)
	Answer any ONE of the following in 500 words **(1 x 15 = 15)**
12	"Direct relationship between money and price are hypothetical"- Argue.
13	Review Walras law of bond market through IS- LM model.
	SECTION E – K6 (CO5)
	Answer any ONE of the following in 1000 words **(1 x 20 = 20)**
14	Elucidate the Welfare cost of Inflation.
15	"Monetary aggregates versus interest rates as operating targets" Discuss

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