



LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

M.A. DEGREE EXAMINATION – ECONOMICS

THIRD SEMESTER – NOVEMBER 2015

EC 3808 - MONETARY ECONOMICS

Date : 03/11/2015

Dept. No.

Max. : 100 Marks

Time : 09:00-12:00

PART – A

Answer any Five questions in 75 words each

(5x 4 = 20)

1. Write a brief note on money market and capital market.
2. List out development financial institutions and reasons for their foundation.
3. Write a brief note on inside and outside money.
4. State any two similarities between the theories of money on wings and money sitting.
5. The value of a bond yielding 12% annual interest is Rs. 100. What will be the value of the bond if a) interest rate rises to 12% and b) the interest rate falls to 8%
6. What is meant by Real Balance effect?
7. Write a brief note on Paper money.

PART – B

Answer any four questions in 300 words each

(4 x 10 = 40)

8. Explain liquidity theory of money which was propounded in UK.
9. Examine the Fisher's equation of exchange.
10. Explain the determinants of money supply and high power money.
11. State and explain the characteristics of money as stated by Newlyn.
12. Briefly explain Baumol's theory of transaction demand for money. Does it really show that the transaction demand for money is interest elastic?
13. a. State and explain the components of financial system.
b. Explain the impact of LAF instruments on the economy.
14. Explain Tobin's approach to speculative demand for money and show graphically the process of optimization of risk and return.

PART-C

Answer any Two questions in about 900 words each

(2x 20= 40)

15. Discuss the objectives and goals of Monetary policy.
16. Critically examine the Chicago version of the quantity theory of money.
17. Explain the Cambridge equation of quantity theory of money. Why did the Cambridge economists consider their approach to be superior to Fisher's?
18. Critically examine Keynesian theory of demand for money.
