



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

**M.A. DEGREE EXAMINATION – ECONOMICS**  
**THIRD SEMESTER – NOVEMBER 2017**  
**16PEC3MC01 – MONETARY ECONOMICS**

Date: 01/11/2017  
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 any two similarities between the theories of “ money on wings” and “ money sitting”.
2. The value of a bond yielding 12% annual interest is Rs. 1000. What will be the value of the bond if ,a) interest rate rises to 15% and b) the interest rate falls to 8% ?
3. What is meant by Money illusion?
4. Differentiate between Bank rate and MSF rate.
5. Write a brief note on Classical Dichotomy.
6. Point out the relationship between interest rate, bond holding and cash holding
7. Define High Powered Money.

**PART-B**

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

**(4x 10 = 40)**

8. Explain the characteristics of money according to Newlyn.
9. Explain the theoretical definition of money.
10. Elucidate the different liquidity motives influencing the demand for money.
11. Bring out the non-neutrality of money according to Lloyd Metzler
12. Write a brief note on the determinants of money supply.
13. Explain liquidity theory of money which was propounded in USA.
14. Briefly explain in detail the of integration of monetary and value theory.

**PART-C**

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

**(2x 20 = 40)**

15. Critically examine the Chicago version of the quantity theory of money.
16. Explain the Cambridge equation of quantity theory of money. Why did the Cambridge economists consider their approach to be superior to Fisher’s?

17. Define monetary policy and state its various objectives. What should be the main objectives of monetary policy in India today?
18. Examine the recommendations of Narasimhan Committee report.

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