



LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

M.A. DEGREE EXAMINATION – ECONOMICS

THIRD SEMESTER – NOVEMBER 2018

16/17PEC3MC01 – MONETARY ECONOMICS

Date: 23-10-2018

Dept. No.

Max. : 100 Marks

Time: 09:00-12:00

PART-A

Answer any FIVE questions in about 75 words each.

(5x 4 = 20 Marks)

1. Differentiate between near money and money proper.
2. What is meant by Price dichotomy?
3. Differentiate between natural interest rate and real interest rate.
4. Write a brief note on monetary policy committee in India.
5. List out the qualitative instruments of credit control.
6. What is meant by standing deposit facility?
7. Write a brief note on negative interest rate.

PART-B

Answer any FOUR questions in about 300 words each.

(4x 10 = 40 Marks)

8. How does money multiplier contribute to the supply of money?
9. Explain how Friedman has rehabilitated the quantity theory of money.
10. Examine the working of non-bank financial companies in India.
11. Briefly explain Don Patinkin real balance effect.
12. In what aspects cash balance approach is superior to cash transaction approach?
13. Explain the impact of LAF instruments on the economy.
14. In what respects is the loanable funds theory of interest an improvement on the classical theory?

PART-C

Answer any TWO questions in about 1200 words each.

(2x 20 = 40 Marks)

15. Analyze the inventory theory approach to the transactions demand for money. What is its relationship with the rate of interest?
16. Critically analyze the different interpretations of transmission mechanism of monetary policy.
17. What is the difference between Keynes and Tobin's demand function for speculative demand for money? Is Tobin's theory a replacement or an extension of the Keynesian theory of speculative demand for money?
18. Explain the determinants of money supply and high powered money.

\$\$\$\$\$\$\$