

Name:Reg. No.....

MA DEGREE EXAMINATION - OCTOBER 2015

SEMESTER: 3, SUBJECT: ECONOMICS

COURSE: P3ECOT15 - MONETARY THEORY AND POLICY

Time: Three Hours.

Max. Marks: 75

PART A

(Answer any *eight* of the following in three to four sentences. Each question carries 2 marks)

1. Explain near money.
2. Briefly explain financial markets.
3. What do you mean by Liquidity trap?
4. Briefly explain Mechanistic model of money supply.
5. Explain Hawtray's theory of business cycle.
6. Discuss the Cambridge version of demand for money.
7. What is Real balance effect?
8. Discuss the Monetary transmission mechanism of classical.
9. Diagrammatically explain total demand for money.
10. What are the different phases of business cycle?
11. Briefly explain segmented market theory of interest rate.
12. Does increase in money supply leads to proportional increase in price? Discuss.

(2x 8 = 16)

PART B (Short Essays)

(Answer any *seven* of the following, not exceeding two pages each.

Each question carries seven marks)

13. Briefly discuss the static and dynamic function of money.
14. NBFIs and Monetary Policy.
15. Methods of credit control.
16. What are the motives behind holding money according to Keynes?
17. Explain Baumol's theory of demand for money.
18. Explain Wicksell's contribution to monetary equilibrium.
19. What are the monetary reforms suggested by Narasimham Committee?
20. Briefly explain the Basel norms on commercial banks.
21. Explain Money supply determination in an open economy
22. Describe the liquidity premium approach to term structure of interest rate.

(5 x 7 = 35)

PART C

(Write long essay on any *two* of the following. Each question carries twelve marks)

23. Explain Markowitz approach to portfolio analysis.
24. What are the various methods of monetary control?
25. Critically examine Milton Friedman's refinement of quantity theory of money.
26. What are the causes for the origin of Global financial crisis? What are its components?
How did it affect Indian Economy?

(12 x 2 = 24)