Reg. No ....   Name **17P3651**

M. A. DEGREE END SEMESTER EXAMINATION- OCTOBER-NOVEMBER 2017
SEMESTER 3 : ECONOMICS
COURSE : **16P3ECOT15EL ; MONETARY ECONOMICS**
(For Regular - 2016 admission)

Time : Three Hours   Max. Marks: 75

Section A
Answer any 8 (2 marks each)

1.   Neutrality of money
2.   Sources of liquidity
3.   Cash reserve ratio
4.   Explain the concept of credit creation
5.   Discuss demand for and supply of high powered money
6.   Discuss the Cambridge version of demand for money
7.   Demand function for money in inventory model
8.   Discuss the factors influencing the demand for money holding in Cambridge model
9.   Lags in monetary policy and types
10. Monetary transmission mechanism in classical theory
11. Term structure of interest rates, how are they represented?
12. Various targets of monetary policy

8 x 2 (16)

Section B
Answer any 7 (5 marks each)

13. Discuss the various types of money and explain their merits and demerits
14. Discuss the role of high powered money in determining money supply
15. Explain money supply determination in an open economy
16. Explain the features of liquidity trap
17. What are major propositions of Friedman's quantity theory of money?
18. Analyse the inventory theory approach to the transactions demand for money. What is its relationship with the rate of interest?
19. Explain the expectations theory and how well it explains the three empirical observations of the yield curve.

20. Describe the liquidity premium approach to term structure of interest rate and how well they explain the three empirical observations of the yield curve

21. Explain the segmented market theory and how well it explains the three empirical observations of the yield curve

22. How money supply is managed in Indian Economy

7 x 5 (35)

Section C
Answer any 2 (12 marks each)

23. Evaluate the mechanistic and behavioristic approach to money supply

24. Explain the quantity theory of money and also discuss how Friedman made restatement to the theory.

25. Explain the goals, targets and indicators of monetary policy

26. What are various instruments of monetary policy in India? Discuss major trends in monetary policy reforms in India during the post liberalization period

2 x 12 (24)