

Reg. No .....

Name .....

22P352

**M. A DEGREE END SEMESTER EXAMINATION : OCTOBER 2022**

**SEMESTER 3 : ECONOMICS**

**COURSE : 21P3ECOEL3 : MONETARY ECONOMICS**

*(For Regular - 2021 Admission)*

Duration : Three Hours

Max. Weights: 30

**PART A**

**Answer any 8 questions**

**Weight: 1**

1. Open Market Operation. (R, CO 2)
  2. Relationship between bond prices and rate of interest. (An, CO 4)
  3. Pigou effect (R, CO 3)
  4. Near Money. (U)
  5. Equation of exchange. (R, CO 3)
  6. Neutrality of money. (R, CO 1)
  7. Unit of account. (R, CO 1)
  8. What is Yield curve? (A)
  9. Rules Vs Discretion. (R, CO 4)
  10. M1 and M2 (U)
- (1 x 8 = 8)**

**PART B**

**Answer any 6 questions**

**Weights: 2**

11. Explain Gurley and Shaw thesis about the liquidity of money. (U, CO 1)
  12. Comment on Global Financial Crisis? (A, CO 4)
  13. Discuss the role of high-powered money in determining the money supply. (E, CO 2)
  14. Discuss the statement that the supply of money is exogenously determined. (E, CO 2)
  15. What is meant by liquidity? Explain the Radcliffe-Sayers view about the liquidity of money. (An, CO 1)
  16. List out main tools of monetary policy. (U, CO 4)
  17. Explain the portfolio theory of asset holding. (U, CO 3)
  18. Define liquidity trap. Discuss its implications from the point of view of monetary policy aiming at full employment. (An, CO 3)
- (2 x 6 = 12)**

**PART C**

**Answer any 2 questions**

**Weights: 5**

19. Discuss major trends in monetary policy reforms in India during the post liberalization period (An, CO 4)
20. What empirical facts must a theory of the term structure of interest rate explain? Discuss the three main theories of the term structure and how well each explains these facts. (E, CO 4)

21. Discuss the process of sterilization used in an open economy for neutralizing the effect of BoP in influencing the money supply. (E, CO 2)
22. Explain the Inventory theory of demand for money by William J Baumol. (U, CO 3)  
**(5 x 2 = 10)**

OBE: Questions to Course Outcome Mapping

CO	Course Outcome Description	CL	Questions	Total Wt.
CO 1	Understand the concept of money and analyses the theories that relate to the existence of money.	U	6, 7, 11, 15	6
CO 2	Capacitates the students to have a thorough understanding of various theoretical approaches to the determinants and measures of money supply and its role in causing business cycles.	U	1, 13, 14, 21	10
CO 3	Analyze the different schools of thought regarding the demand for money.	An	3, 5, 17, 18, 22	11
CO 4	Understand interest rate differentials and various theories related to and analyze the monetary policy, its transmission mechanism and monetary policy reforms in India.	U	2, 9, 12, 16, 19, 20	16

Cognitive Level (CL): Cr - CREATE; E - EVALUATE; An - ANALYZE; A - APPLY; U - UNDERSTAND; R - REMEMBER;