

**Avinashilingam Institute for Home Science and Higher Education for  
Women, Coimbatore-641043  
Bachelor's Degree Examination – November 2017**

**III Semester**

**Class : II UG  
Major : Economics**

**Time : 3 Hrs  
Max.Marks : 100**

**15BECC08 Monetary Economics**

**Part – A**

**10x1=10**

**Choose the correct answer**

1. Money in the normal sense, means;  
a. Currency  
b. Currency and demand deposits  
c. Currency and all bank deposits  
d. All liquid assets
2. Which principal of note-issue requires 100% metallic reserve for notes in circulation.  
a. Banking principal  
b. Currency principal  
c. Elasticity principal  
d. Monetary principal
3. Which of the following is an essential function of money as -----  
a. Store of value  
b. Measurement of value  
c. Transfer of value  
d. Basis of credit
4. Paul Einzig classified the functions of money as -----  
a. Primary & secondary  
b. Essential & subsidiary  
c. Static and dynamic  
d. Primary and contingent
5. The classical economists believed that demand for money is -----  
a. Stable in the short term  
b. Stable in the long term  
c. Determined by the size of cash balance  
d. Dependent on subjective factors
6. Demand for money in the modern sense is dependent on -----  
a. Volume of exchange  
b. Liquidity preference  
c. Velocity of circulation  
d. Volume of money supply
7. Inflation as state in which the value of money is -----  
a. Increasing  
b. Falling  
c. Constant  
d. Unpredictable
8. Deflation is beneficial to -----  
a. Producers  
b. Traders  
c. Fixed income groups  
d. Debtors
9. Which of the following methods of credit control is more direct and powerful?  
a. Bank rate policy  
b. Open market operation  
c. Variable cash reserve ratio  
d. Fixation of margin requirements
10. Monetary policy is -----  
a. Opposed to fiscal policy  
b. Complimentary to fiscal policy  
c. More effective during depression  
d. direct measure to control demand

**Part – B**

**5x6=30**

**Answer the following**

**Answer should not exceed 400 words or two pages**

11. a. Briefly explain the evolution of money.  
(or)  
11. b. What are the different kinds of metallic money?
12. a. State the contingent functions of money.  
(or)  
12. b. Write a note on static functions of money.
13. a. Write a note on money supply.  
(or)  
13. b. Explain the classical view of money.
14. a. What is meant by value of money?  
(or)  
14. b. What is deflation?
15. a. Explain the importance of monetary policy.  
(or)  
15. b. State the objectives of monetary policy.

**Part – C**

**5x12=60**

**Answer the following**

**Answer should not exceed 800 words or 4 pages**

16. a. Define money. Explain the different kinds of paper money.  
(or)  
16. b. Discuss the important qualities of good money.
17. a. Describe the primary and secondary functions of money.  
(or)  
17. b. Explain the role of money in economic development.
18. a. Give an account of Keynesian view of demand for money.  
(or)  
18. b. Explain the Friedman's theory of demand for money.
19. a. Assess the "Quantity Theory of Money".  
(or)  
19. b. Analyse the effects of inflation.
20. a. Elucidate the Monetary policy in India.  
(or)  
20. b. Examine the instruments of monetary policy.