



Avinashilingam Institute for Home Science and Higher Education for Women

(Deemed to be University under Category 'A' by MHRD, Estd. u/s 3 of UGC Act 1956)

Re-accredited with 'A+' Grade by NAAC. Recognised by UGC Under Section 12B

Coimbatore - 641 043, Tamil Nadu, India

Master's Degree Examination – June / July 2021

II Semester

Class : I PG

Major : Economics

Time : 3 Hours

Max. Marks: 100

20MECC11 Monetary Economics

Part – A

10 x 1 = 10

Choose the Correct Answer

- In IS-LM model, IS stands for
 - investment and saving
 - investment and surplus
 - interest rate and saving
 - income and saving
- Chicago Approach to the concept of money is associated with the views of
 - Gurly-Shaw
 - Prof. Milton Friedman
 - Keynes
 - Cambridge approach
- Baumol and Tobin explained the
 - the saving and investment
 - rate of interest and saving
 - costs and benefits of holding money
 - liquidity preference
- Patinkin theory is associated with
 - the influence of demand and supply of money
 - the stock of money and investment
 - the influence of consumption and of income
 - The changes in the real stock of money on consumption expenditure
- NBFI stands for
 - non-banking financial institution
 - national bank of Indonesia
 - non-banking front institution
 - national bank of foreign institutions
- A type of banking service provided to unemployed or low-income individuals is
 - small finance
 - micro finance
 - micro bank loan
 - loan with low rate of interest
- Monetary policy is the
 - micro economic policy
 - policy of state government
 - macroeconomic policy
 - both micro and macro policy
- Repo rate is the rate at which RBI lends funds to
 - nationalized banks
 - RRBs
 - LDBs
 - commercial bank
- The financial instruments, such as commodities, currencies, and securities, are traded for immediate delivery is
 - spot market
 - forward market
 - future market
 - current market
- Portfolio management refers to managing an
 - share market
 - individual's investments in the form of bonds, shares, cash, mutual funds etc.
 - average investment of bonds, shares etc.,
 - autonomous fund of government agency

Part - B
Answer ALL questions

5 x 6 = 30

Each answer should not exceed 400 words or two pages

- 11.a. What is the role of money in the macro economy? K2
(or)
- 11.b. Discuss the objectives of monetary policy. K2
- 12.a. Describe the Tobin model of transaction demand for money. K2
(or)
- 12.b. What is the relationship between demand for money and rate of interest? K3
- 13.a. What are the characteristics of Indian money market? K2
(or)
- 13.b. Discuss the role of NBFIs in economic development. K2
- 14.a. Discuss the instruments of monetary policy. K2
(or)
- 14.b. What are the objectives of Indian fiscal policy? K1
- 15.a. Discuss the structure of Indian financial market. K2
(or)
- 15.b. What are the components of portfolio management? K3

Part C
Answer ALL questions

5 x 12 = 60

Each answer should not exceed 800 words or four pages

- 16.a. Explain IS-LM model. K4
(or)
- 16.b. Discuss Keynesian theory of demand for money. K2
- 17.a. Critically examine the Baumol theory of demand for money. K4
(or)
- 17.b. Explain the demand for money and interest rate relationship. K2
- 18.a. Discuss the functions of Indian money market. K2
(or)
- 18.b. Explain the functions of central bank of India. K2
- 19.a. Discuss various instruments of monetary management in India. K2
(or)
- 19.b. Explain the role of fiscal policy in Indian economy. K2
- 20.a. Discuss the recent financial sector reforms in India. K2
(or)
- 20.b. Discuss the global financial crisis and its impact on Indian economy. K2
