

KAMARAJ COLLEGE (Autonomous)

Accredited with A+ Grade by NAAC

(Affiliated to Manonmaniam Sundaranar University, Tirunelveli)

(3 Pages)

Reg. No:

Question Code : 26E01017

Course Code : 25PMEC21

PG Degree - End Semester Examinations, April 2026

Second Semester

M.A. ECONOMICS

Monetary Economics

(For those who joined in June 2025 onwards)

Time : 3Hours

Maximum : 75 Marks

PART - A (10 × 1 = 10 Marks)

Answer ALL Questions

Choose the correct answer :

- CO:1
K:1
1. According to Fisher, the relationship between quantity of money and value of money is
- (a) Direct (b) Inverse
(c) Proportional (d) No relation
- CO:2
K:2
2. In Tobin's model, money is considered as
- (a) Riskless but no return (b) High risk, high return asset
(c) Risky asset (d) High return asset
- CO:1
K:1
3. Who controls the money supply in India?
- (a) Government (b) Commercial banks
(c) Reserve Bank of India (d) SEBI
- CO:2
K:2
4. In classical theory, supply of capital comes from
- (a) Investment (b) Savings
(c) Consumption (d) Taxation
- CO:1
K:1
5. The maturity period in money market is
- (a) More than 1 year (b) Less than 1 year
(c) 5 years (d) 10 years
- CO:1
K:1
6. Which institution regulates the capital market in India?
- (a) RBI (b) LIC
(c) SBI (d) Securities and Exchange Board of India

- CO:1 7. The primary function of a commercial bank is
K:1 (a) Accepting deposits (b) Investment
(c) Insurance (d) Trading
- CO:1 8. RBI was nationalized in
K:1 (a) 1935 (b) 1947
(c) 1949 (d) 1956
- CO:2 9. Monetary policy is primarily concerned with
K:2 (a) Government (b) Tax collection
expenditure
(c) Public debt (d) Control of money supply and
management interest rates
- CO:2 10. The main objective of supply-side policies is
K:2 (a) Control inflation only (b) Improve productive capacity
of the economy
(c) Increase taxes (d) Reduce exports

PART - B (5 X 5 = 25 Marks)

Answer ALL Questions choosing either (a) or (b).

Answer should not exceed 250 words.

- CO:3 11. (a) Analyze the Cambridge Cash-Balance Approach.
K:3 **(OR)**
(b) Construct the Milton Friedman's reformulated quantity theory.
- CO:4 12. (a) Examine the types of money supply.
K:4 **(OR)**
(b) Design the Hicks Hansen's Theory of interest rates.
- CO:3 13. (a) Identify the significance of Capital Market.
K:3 **(OR)**
(b) Build the Gurley and Shaw on money in a theory of finance.
- CO:4 14. (a) List out the limitations of Commercial Banks.
K:4 **(OR)**
(b) Examine the different roles of Reserve Bank of India.
- CO:4 15. (a) Classify the instruments of Monetary Policy.
K:4 **(OR)**
(b) Explain the objectives of Monetary Policy.

PART - C (5 X 8 = 40 Marks)

Answer ALL Questions choosing either (a) or (b).

Answer should not exceed 600 words.

CO:6 16. (a) Discuss the Fisher's Quantity Theory of Money.

K:6 **(OR)**

(b) Elaborate the James Tobin's portfolio analysis of money demand.

CO:5 17. (a) Explain the determinants of Money Supply.

K:5 **(OR)**

(b) Estimate the Keynes Liquidity Preference Theory of Interest.

CO:4 18. (a) Analyse the functions of Money Market.

K:4 **(OR)**

(b) Examine the role of Financial Intermediaries.

CO:3 19. (a) List out the Functions of Commercial Banks.

K:3 **(OR)**

(b) Construct the Raguram Rajan's committee report on Money Supply - 2007.

CO:5 20. (a) Analyze the Supply Side Policies.

K:5 **(OR)**

(b) Estimate the differences between Keynesian Economics and Monetarist Economics.