

2018  
ECONOMICS  
ECO: 3.3  
MONETARY ECONOMICS  
Full Marks: 80  
Time: 3 hours

*The figures in the margin indicate full marks for the questions*

**1. Answer the following questions:** **2 x 4 = 8**

- (a) What is high powered money?
- (b) Define non-banking financial institutions with examples.
- (c) Distinguish between money market and capital market.
- (d) Define rational expectation.

**2. Answer the following questions:** **5 x 4 = 20**

- (a) How do financial system helps in the economic growth of a country?
- (b) Distinguish between inside money and outside money.
- (c) Explain in brief the determinants of money supply.
- (d) Distinguish between organised and unorganised financial system with examples.

**3. Answer any two of the following questions:** **10 x 2 = 20**

- (a) What are characteristics of money? Explain the dynamic functions of money.
- (b) Bring out the Friedman's contribution to the theory of demand for money.
- (c) Explain the nature and constituents of money multiplier.
- (d) What is Philips curve? Write a detailed note bringing out the differences between short-run and long-run Philips curve.

**4. Answer the following questions:** **16 x 2 = 32**

- (a) Explain the Keynes' approach to the theory of demand for money?  
What are its limitations? **12 + 4 = 16**

*Or*

What do you mean by money supply? Explain the components of money supply? In what way can the money supply be controlled?

$$2 + 10 + 4 = 16$$

- (b) Discuss the portfolio balance approach of Baumol. Account for its defects.

$$10 + 6 = 16$$

*Or*

Explain the constituents and functions of financial system.

$$8 + 8 = 16$$

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