

Total No. of printed pages = 3

63/2 (SEM-3) ECO 3.3

2021

(held in 2022)

ECONOMICS

(Theory Paper)

Paper Code : ECO - 3.3

(Monetary Economics)

Full Marks – 80

Time – Three hours

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

1. Answer the following questions (within 50 words each) : 2×4=8

(a) What is repo rate and reverse repo rate ?

(b) Explain Ratchet inflation ?

(c) State the factors on which demand for money depends according to Fisher.

(d) What do you mean by money supply multiplier ?

[Turn over

2. Answer the following questions (within 150 words each) : $5 \times 4 = 20$

- (a) Write a note on Keynes theory of demand for money.
- (b) Explain in brief the functions of financial system.
- (c) Distinguish between inside and outside money with examples.
- (d) Write a note on inflationary gap.

3. Briefly answer any *two* of the following questions : $10 \times 2 = 20$

- (a) What is money market? Explain different instruments of money market.
- (b) Critically explain the Portfolio Balance Approach of Demand for Money.
- (c) What do you mean by money supply? Distinguish between total stock of money and total supply of money.
- (d) State the Lucas supply curve. Analyze the effect of anticipated and unanticipated money supply under the rational expectation equilibrium approach.

4. Answer any *two* of the following questions : $16 \times 2 = 32$

- (a) What is financial system? Discuss the components of financial system and bring out the interactions between them with the help of an example. $2 + 14 = 16$

Or

Explain the Baumol's theory of demand for money. Also state the Baumol's square root formula. $12 + 4 = 16$

- (b) Discuss high powered money as the most important determinant of money supply. What are the characteristics of money? $10 + 6 = 16$

Or

What is Phillips curve? How does the Phillips curve explain the trade-off between unemployment and inflation? Critically explain the Friedman's long-run Phillip's curve. $2 + 8 + 6 = 16$