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(November)

ECONOMICS

(Major)

Course : 504

(Monetary Theories and Financial Markets)

Full Marks : 80

Pass Marks : 32

Time : 3 hours

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

1. Answer/Write True or False/Choose the correct answer : 1×8
- (a) In reality, money supply is
- (i) exogenous
 - (ii) endogenous
 - (iii) Both (i) and (ii)
 - (iv) None of the above
- (b) Pre-full employment inflation is called
- (i) partial inflation
 - (ii) full inflation
 - (iii) stagflation
 - (iv) sporadic inflation

- (c) Increase in cash reserve ratio leads to
- (i) increase in bank credit
 - (ii) decrease in bank credit
 - (iii) constant bank credit
 - (iv) None of the above
- (d) Which of the following is not a function of capital market?
- (i) To supply long-term funds for industries
 - (ii) To deal with share and stocks
 - (iii) To deal with the long-term bonds and securities
 - (iv) To deal with short-term funds
- (e) "The trade cycle is a purely monetary phenomenon." The statement is propounded by
- (i) J. M. Keynes
 - (ii) Haberler
 - (iii) R. G. Hawtrey
 - (iv) Schumpeter
- (f) "Philip's curve examines the relationship between the rate of change of unemployment and the rate of change in money wage."
- (i) True
 - (ii) False

- (g) What is bank rate?
(h) What is the full form of BSE?
2. Write short notes on any *four* within 150 words each : 4×4=16
- (a) Equilibrium rate of interest
(b) High powered money
(c) Inflationary gap
(d) Objectives of portfolio management
(e) Quantitative measures of credit control
(f) Meaning and functions of money market

Answer the following within 500 words each :

3. (a) What is demand for money? Critically examine Keynes' views on demand for money. 2+10=12

Or

- (b) (i) Discuss the determinants of money supply. 6
(ii) What is liquidity trap? What are its implications? 4+2=6
4. (a) What is inflation? Briefly explain the causes of inflation. How can inflation be controlled? 1+5+5=11

Or

- (b) Critically examine the sectoral demand shift theory of inflation. 11

5. (a) Explain different phases of business cycles. What is short kitchen cycle? 10+1=11

Or

- (b) State and examine the innovation theory of business cycle given by Schumpeter. 11

6. (a) Explain the mechanism of multiple expansion of credit by the commercial banks. 11

Or

- (b) What is central bank? Explain various functions of a central bank. 1+10=11

7. (a) Discuss the functions and importance of capital market. 6+5=11

Or

- (b) Examine Indian financial market reforms in the light of Narasimham Committee Report. 11
