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UNIVERSITY OF PETROLEUM AND ENERGY STUDIES

End Term Examination, Dec 2019

Program: BA (Hon) Energy Economics

Semester : V

Course: Monetary Economics

Max. Marks : 100

Course Code: ECON 3003

Duration : 3 Hrs.

No. of page/s: 4

Section-A

All the questions are compulsory in this section.

[10*2 = 20]

No.	Questions	COs
1.	What are the liabilities of a bank: (a) advances. (b) time deposits. (c) accumulated reserves. (d) cash with the RBI.	CO1
2.	Which of the following is not an objective of credit control: (a) economic growth. (b) maintaining exchange reserves. (c) price stabilization. (d) economic welfare.	CO1, CO2
3.	Bank rate policy is not very effective, because: (a) it operates indirectly. (b) its scope is limited. (c) it requires a well-developed market. (d) all of the above factors work.	CO1
4.	“An inferior currency if not limited in amount, will drive out the superior currency”. The statement pertains to: (a) the law of inferior currency. (b) the law of superior currency. (c) Marshall’s law. (d) Gresham’s law.	CO1, CO2

5.	<p>Money supply is determined by:</p> <p>(a) monetary base.</p> <p>(b) community choice.</p> <p>(c) cash reserve ratio.</p> <p>(d) all of the above.</p>	CO1
6.	<p>Which is the correct feature of the Indian money market:</p> <p>(a) it is unorganised.</p> <p>(b) it is well established.</p> <p>(c) it is developed.</p> <p>(d) it is dichotomized into unorganised and organised sectors .</p>	CO1
7.	<p>Liquidity trap are:</p> <p>(a) perfectly elastic demand for money.</p> <p>(b) perfectly inelastic demand for money.</p> <p>(c) elastic demand for money.</p> <p>(d) inelastic demand for money.</p>	CO1
8.	<p>Capital market provides:</p> <p>(a) short-term loans.</p> <p>(b) Long-term funds.</p> <p>(c) finance.</p> <p>(d) all of the above.</p>	CO1
9.	<p>When a good monetary standard possesses simplicity and stability, it promotes:</p> <p>(a) built-in flexibility.</p> <p>(b) legal sanction.</p> <p>(c) public confidence.</p> <p>(d) convertibility.</p>	CO1, CO2
10.	<p>Under the customary cash reserve ratio of 1/20, if bank receives Rs. 5000, then the amount multiple expansion of credit would be:</p> <p>(a) Rs. 4000.</p> <p>(b) Rs. 40,000.</p> <p>(c) Rs. 20,000.</p> <p>(d) Rs. 25,000.</p>	CO1

Section-B
Attempt all the questions.

[4*5 = 20]

No.	Questions	COs
11.	“Money held by the central bank is not a part of money supply”. Examine the statement.	CO1, CO2, CO3
12.	“Medium of exchange function of money is more important than the store of value function”. Elucidate the statement.	CO1, CO2, CO3
13.	“A central bank is more than a bank of issue”. Comment.	CO1, CO2, CO3
14.	Discuss the role of banks in a developing economy.	CO1, CO2, CO3, CO4

Section-C
Attempt all the questions.

[3*10 = 30]

No.	Questions	COs
15.	Write a short notes on: (a) Central bank as a promoter of economic development, and (b) Functions of the RBI.	CO1, CO2, CO3
16.	Describe the changing role of central bank in a developing economy.	CO1, CO2, CO3
17.	Examine the traditional and modern views of the money supply.	CO1, CO2, CO3, CO4

Section-D

[2*15 = 30]

Attempt any two questions.

No.	Questions	COs
18.	Discuss critically Friedman’s theory of demand for money.	CO1, CO2
19.	“Commercial banks cannot disregard their liquidity for higher profits”. Discuss this statement with the help of a balance sheet of a commercial bank.	CO1, CO2, CO3, CO4

20.	“Money which is a source of so many blessings to mankind become also, unless we can control it, a source of peril and confusion”. Elucidate the statement.	CO1, CO2, CO3, CO4
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