



Short Answer type of question (5marks)

1. What is the primary function of money in an economy?
2. Define fiat money.
3. What is the difference between M1 and M2 money supply?
4. Explain the concept of fractional reserve banking.
5. Define the term "money multiplier."
6. What is the central bank and what are its main functions?
7. Explain the difference between expansionary and contractionary monetary policy.
8. Define the term "open market operations."
9. What is the discount rate, and how does it affect the economy?
10. Define the term "reserve requirement."
11. Explain the concept of the Taylor rule in monetary policy.
12. Define inflation targeting.
13. What is the Phillips curve and what does it represent?
14. Explain the quantity theory of money.
15. Define the term "liquidity trap."
16. What is the difference between nominal and real interest rates?
17. Explain the concept of seigniorage.
18. Define the term "monetary base."
19. What is the Fisher effect?
20. Explain the concept of money neutrality.
21. Define the term "velocity of money."
22. What is the role of the lender of last resort?
23. Explain the concept of moral hazard in banking.
24. Define the term "money demand."
25. What is the difference between discretionary and rules-based monetary policy?
26. Explain the concept of the zero lower bound.
27. Define the term "money illusion."
28. What is the difference between a fixed and floating exchange rate system?
29. Explain the concept of sterilization in monetary policy.
30. Define the term "hyperinflation."
31. What is the difference between monetary policy and fiscal policy?
32. Explain the concept of quantitative easing.
33. Define the term "central bank independence."
34. What is the difference between a currency board and a central bank?
35. Explain the concept of currency depreciation.
36. Define the term "inflation targeting."
37. What is the difference between base money and broad money?
38. Explain the concept of the real balance effect.
39. Define the term "money market."
40. What is the role of the International Monetary Fund (IMF) in monetary economics?



Long Answer type questions (20 MARKS)

1. Explain the Quantity Theory of Money and its implications for monetary policy.
2. How does inflation targeting work as a monetary policy framework?
3. Explain the supply and demand theory of money and its implications for monetary policy.
4. Discuss the Quantity Theory of Money and its relevance to understanding inflationary pressures.
5. Describe the Income Theory of Money and its relationship to changes in aggregate demand.
6. Analyze the causes of inflation and how they impact different segments of society.
7. Evaluate the effects of inflation on savers, borrowers, and fixed-income earners.
8. Discuss the consequences of hyperinflation on the economy and society.
9. Explain the relationship between inflation and the money market, including interest rates and liquidity preferences.
10. Describe the role of central banks in combating inflation through monetary policy tools.
11. Discuss the impact of deflation on consumer behavior, investment, and economic growth.
12. Evaluate the effectiveness of reflationary policies in addressing economic downturns.
13. Explain the factors influencing the determination of the exchange rate in a floating exchange rate system.
14. Discuss the concept of purchasing power parity (PPP) theory and its implications for exchange rate determination.
15. Analyze the advantages and disadvantages of fixed exchange rate systems like the gold standard.
16. Describe the operation of the gold standard and its role in international trade and finance.
17. Evaluate the reasons for the breakdown of the gold standard during the Great Depression.
18. Discuss the impact of the breakdown of the gold standard on global economic stability.
19. Explain the role of the International Monetary Fund (IMF) in managing exchange rate stability and financial crises.
20. Describe the objectives and functions of the IMF in the global monetary system.
21. Evaluate the role of the IMF in providing financial assistance to member countries facing balance of payment crises.
22. Discuss the concept of the balance of payments and its significance in international trade and finance.



Yogoda Satsanga Mahavidyalaya

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23. Explain the difference between free trade and protectionism and their effects on global economic welfare.
24. Analyze the arguments for and against free trade policies in promoting economic development.
25. Discuss the role of tariffs, quotas, and subsidies in trade protectionism.
26. Evaluate the impact of protectionist measures on domestic industries and consumers.
27. Describe the challenges faced by developing countries in participating in the global trading system.
28. Explain the structure and governance of the International Monetary Fund (IMF).
29. Discuss the role of the IMF in providing financial assistance to countries facing balance of payment deficits.
30. Analyze the conditions attached to IMF loans and their impact on recipient countries' economic policies.
31. Evaluate the effectiveness of IMF programs in promoting economic stability and growth in developing countries.
32. Discuss the criticisms of the IMF's approach to economic stabilization and structural adjustment.
33. Explain the concept of the balance of payments and its components.
34. Discuss the causes and consequences of a current account deficit in the balance of payments.
35. Analyze the role of exchange rate policies in influencing the balance of payments.
36. Evaluate the impact of capital flows on the balance of payments and exchange rates.
37. Describe the challenges faced by countries in maintaining external balance in the face of global economic volatility.
38. Explain the benefits and challenges of free trade agreements in promoting economic integration and growth.
39. Discuss the impact of regional trade blocs on global trade dynamics and economic development.
40. Analyze the role of protectionist measures in addressing trade imbalances and safeguarding domestic industries.
41. Evaluate the impact of protectionism on international relations and geopolitical stability.
42. Discuss the potential consequences of a global shift towards protectionism on the world economy.