

Model Question Paper
Monetary Policy - Part III
12th Standard
Economics

Reg.No. :

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I. Answer all the questions.
II. Use blue pen only.

Time : 01:30:00 Hrs

Total Marks : 100
5 x 1 = 5

Part-A

- 1) To control inflation, the Central Bank will the bank rate.
- 2) The terms refers to a phase or policy when interest rates are high.
- 3) Modern economy cannot work without_____
- 4) In mechanics fundamental discovery is_____
- 5) Money is one of the most fundamental _____of mankind.

Part-B

- 6) What is fiat money?
- 7) What are bank notes?
- 8) What are the determinants of success of open market operations?
- 9) What do you mean by liquidity trap?
- 10) What is mean by value of money?

5 x 3 = 15

Part-C

- 11) Mention the various definitions of inflation.
- 12) Explain 'Deflation'.
- 13) Explain the various types of inflation
- 14) Explain how inflation affects production.
- 15) What are the effects of inflation on distribution?

5 x 10 = 50

Part-D

- 16) Discuss the causes, effects and remedies for inflation.
- 17) Discuss the process of monetary transmission mechanism with the aid of a diagram.

2 x 20 = 40

