

JAIIB Examination



A Day

**INDIAN ECONOMY AND INDIAN
FINANCIAL SYSTEM**
Module B
Chapter 17 – Monetary Policy



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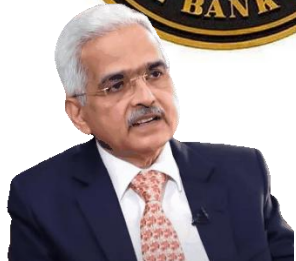


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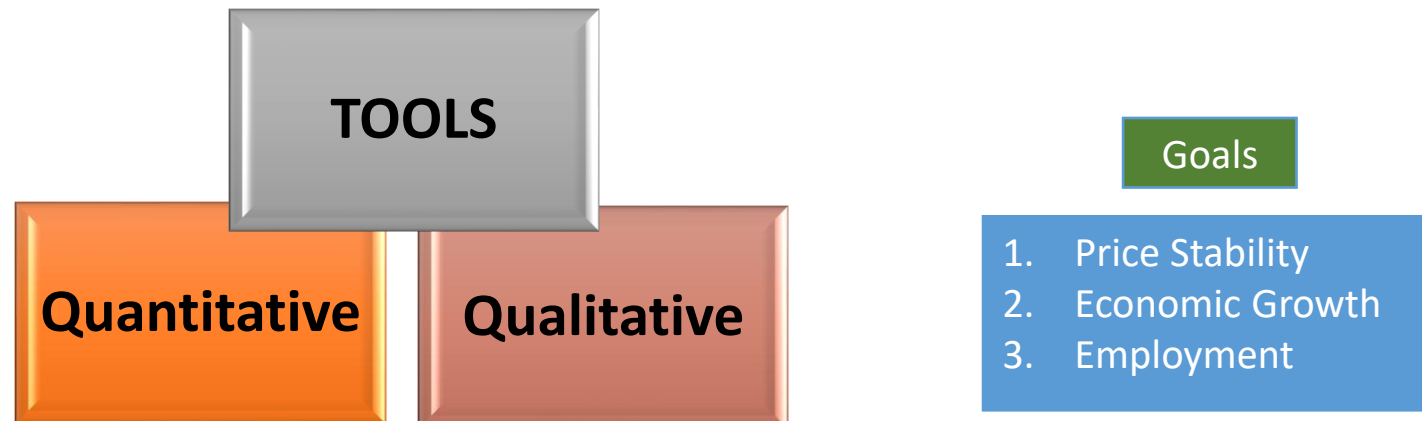
MONETARY POLICY



Monetary policy is the process by which the central bank of the country controls the money supply to achieve economic stability.



Monetary Policy





MONETARY POLICY

It uses expansionary ad contractionary policies to control inflation.



Dove

- Rates reduced
- Money supply – increased
- Spending encouraged
- RBI motive - growth



Hawk

- Rates increased
- Money supply – decrease
- Spending reduced
- RBI motive – inflation control

Concept check

Q.

What does a Hawkish monetary policy typically aim to do?

- A. Increase money supply and boost economy
- B. Reduce inflation by raising interest rates
- C. Lower repo rate to support business growth
- D. Promote borrowing by reducing lending rates

Answer: Option B



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