

**2 0 2 5**

( CBCS )

( 6th Semester )

**ECONOMICS**

**ELEVENTH PAPER**

**( Financial Institutions and Markets )**

*Full Marks : 75*

*Time : 3 hours*

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

**( SECTION : A—OBJECTIVE )**

( Marks : 10 )

Tick (✓) the correct answer in the brackets provided :

1×10=10

1. The Reserve Bank of India was nationalized on

(a) 1st January, 1948 ( )

(b) 1st January, 1949 ( )

(c) 1st January, 1950 ( )

(d) 1st January, 1955 ( )

2. Open market operation means

- (a) buying and selling of government securities ( )
- (b) buying and selling of government cheques ( )
- (c) buying and selling of government deposits ( )
- (d) buying and selling of government bonds ( )

3. The secondary functions of money include

- (a) medium of exchange and standard of deferred payment ( )
- (b) medium of exchange and store of value ( )
- (c) store of value and standard of deferred payment ( )
- (d) All of the above ( )

4. Which of the following is an asset of a commercial bank?

- (a) Capital ( )
- (b) Reserve fund ( )
- (c) Loans and advances ( )
- (d) Bills payable ( )

5. The three-tier structure of cooperative bank is

- (a) circular shape ( )
- (b) rectangular shape ( )
- (c) square shape ( )
- (d) pyramidical shape ( )

6. The primary goal of venture capital is to

- (a) invest in established companies ( )
- (b) fund government projects ( )
- (c) invest in startups with high potential for growth ( )
- (d) provide financial support to non-profit organizations ( )

7. Which of the following is not an instrument of the capital market?

- (a) Treasury Bill ( )
- (b) Share ( )
- (c) Debenture ( )
- (d) Bond ( )

8. Since the gilt-edged market involves the buying and selling of government securities, it is considered to be

- (a) low quality with relatively low yield ( )
- (b) low quality with relatively high yield ( )
- (c) high quality with relatively low yield ( )
- (d) high quality with relatively high yield ( )

9. Foreign exchange rate is the rate at which

- (a) import and export of goods and services are bought and sold ( )
- (b) goods from different countries are bought and sold ( )
- (c) one currency is exchanged for another ( )
- (d) foreign currencies are demanded ( )

10. Fixed exchange rate is also known as

- (a) pegged exchange rate ( )
- (b) sleeping exchange rate ( )
- (c) standing exchange rate ( )
- (d) current exchange rate ( )

**( SECTION : B—SHORT ANSWERS )**

**( Marks : 15 )**

Write on the following :

3×5=15

**UNIT—I**

1. Bank rate

**OR**

2. Cash reserve ratio

**UNIT—II**

3. Functions of commercial banks

**OR**

4. Kinds of money

**UNIT—III**

5. The role of cooperative institutions

**OR**

6. Mutual funds

**UNIT—IV**

7. Stock market

**OR**

8. Regulated and unregulated credit markets

**UNIT—V**

9. Hedging

**OR**

10. Spot and forward exchange rates

**( SECTION : C—DESCRIPTIVE )**

**( Marks : 50 )**

Answer the following :

10×5=50

**UNIT—I**

1. Discuss the main functions of the Reserve Bank of India.

10

**OR**

2. Explain the objectives and limitations of monetary policy in India.

7+3=10

**UNIT—II**

3. What is money? Explain the components of money supply in India.

2+8=10

**OR**

4. Discuss the process of credit creation by commercial banks.

10

**UNIT—III**

5. What are development banks? Explain the structure of development banks in India.

3+7=10

**OR**

6. Define non-banking financial institutions (NBFI). Elaborate the recent measures taken by the RBI to regulate the working of NBFI.

3+7=10

**UNIT—IV**

7. Define financial market. Elaborate the main features of Indian money market.

3+7=10

**OR**

8. What is SEBI? Explain the role of SEBI on the workings of capital market in India.

3+7=10

UNIT—V

9. What is foreign exchange rate? Explain the determination of exchange rate under flexible exchange rate regime. 3+7=10

**OR**

10. What is Euro-dollar? Explain the role and significance of Euro-dollar market. 3+7=10

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