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(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 reserves held by the Commercial Banks over and above the statutory minimum with the RBI are called

- (a) cash reserves ()
- (b) deposit reserves ()
- (c) excess reserves ()
- (d) monetary reserves ()

2. Credit creation is done by

- (a) Commercial Banks ()
- (b) Central Banks ()
- (c) Insurance Companies ()
- (d) Government Companies ()

3. Demonetisation of Indian currencies of 500 and 1000 denominations was done on

(a) 8th October, 2016 ()

(b) 8th November, 2016 ()

(c) 18th November, 2016 ()

(d) 18th December, 2016 ()

4. Which of the following is commonly known as broad money?

(a) M1 ()

(b) M2 ()

(c) M3 ()

(d) M4 ()

5. The Urban Credit Cooperative Banks are also commonly known as

(a) Urban Cooperative Banks ()

(b) Cooperative Banks ()

(c) National Banks ()

(d) None of the above ()

6. The Industrial Credit and Investment Corporation of India (ICICI) was established as a private sector development bank in

(a) 1954 ()

(b) 1955 ()

(c) 1956 ()

(d) 1957 ()

7. Indian Financial System comprises of

- (a) Scheduled Commercial Banks ()
- (b) Non-banking Financial Institutions ()
- (c) Urban Cooperative Banks ()
- (d) All of the above ()

8. Commercial bill market is one of the components of

- (a) capital market ()
- (b) stock market ()
- (c) money market ()
- (d) secondary market ()

9. Eurodollar means

- (a) all US dollars deposited with the Federal Reserve Bank ()
- (b) European currencies ()
- (c) all currencies deposited in the Bank of International Settlements ()
- (d) all US dollars deposited in banks outside the US ()

10. When foreign exchange is bought and sold for immediate delivery, it is called

- (a) spot exchange ()
- (b) fixed exchange ()
- (c) hedging ()
- (d) forward exchange ()

(SECTION : B—SHORT ANSWER)

(Marks : 15)

Write short notes on the following :

3×5=15

UNIT—I

1. Bank rate

OR

2. Statutory Liquidity Ratio (SLR)

UNIT—II

3. Function of money

OR

4. Liabilities and assets of a bank

UNIT—III

5. Mutual fund

OR

6. Cooperative banks

UNIT—IV

7. Stock exchange

OR

8. Regulated and unregulated credit markets

UNIT—V

9. Spot exchange rate

OR

10. Eurodollar market

(SECTION : C—DESCRIPTIVE)

(Marks : 50)

Answer the following :

10×5=50

UNIT—I

1. What is Reserve Bank of India? Explain the main function of Reserve Bank of India (RBI). 3+7=10

OR

2. Discuss the objectives and limitations of monetary policy. 5+5=10

UNIT—II

3. Define money supply. What are the various components of money supply? 3+7=10

OR

4. What is meant by credit creation? Explain the process of credit creation by the commercial banks. 3+7=10

UNIT—III

5. What do you mean by development banks? Discuss the structure of development banks in India. 3+7=10

OR

6. Define non-banking financial intermediaries. Write the functions of IDBI and ICICI. 3+7=10

UNIT—IV

7. What is money market? Explain the main features of Indian money market. 3+7=10

OR

8. Explain the role of SEBI on the workings of capital market in India. 10

UNIT—V

9. Explain the determination of exchange rates under fixed exchange rate regime. 10

OR

10. Write notes on the following : 5×2=10
(a) Meaning of foreign exchange
(b) Meaning of hedging
