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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 Reserve Bank of India was nationalized on

- (a) 1st April, 1935 ()
- (b) 1st January, 1949 ()
- (c) 1st June, 1964 ()
- (d) None of the above ()

2. In 1982, the Government of India established EXIM Bank as an apex bank for financing the

- (a) industrial development ()
- (b) agricultural development ()
- (c) foreign trade ()
- (d) All of the above ()

3. Treasury Bills are debt instruments issued by the Government of India for a

- (a) short term ()
- (b) long term ()
- (c) very long term ()
- (d) medium term ()

- 4.** The most liquid asset of a commercial bank is
- (a) cash ()
 - (b) money at call ()
 - (c) investment ()
 - (d) interest ()
- 5.** An apex institution in the field of industrial development banking is
- (a) IDBI ()
 - (b) IFCI ()
 - (c) ICICI ()
 - (d) NABARD ()
- 6.** The Life Insurance Corporation of India (LIC) was established in
- (a) 1954 ()
 - (b) 1955 ()
 - (c) 1956 ()
 - (d) 1977 ()
- 7.** Capital markets refer to the institutional arrangements for facilitating the borrowing and lending of
- (a) short-term funds ()
 - (b) middle-term funds ()
 - (c) long-term funds ()
 - (d) medium-term funds ()
- 8.** The Gilt-edged market as the market in government securities includes securities of
- (a) the Government of India and the State Government ()
 - (b) the Government of India and the Central Government ()
 - (c) all financial institutions under the Government of India ()
 - (d) All of the above ()
- 9.** Hedging involves an agreement to buy or sell the required foreign exchange at today's agreed rate on some future date, usually
- (a) 2 months ()
 - (b) 3 months ()
 - (c) 6 months ()
 - (d) 4 months ()

10. The spot rate of foreign exchange is the rate or price expressed in terms of

- (a) home currency ()
- (b) foreign currency ()
- (c) gold standard ()
- (d) paper currency ()

(SECTION : B—SHORT NOTE)

(Marks : 15)

Write short notes on the following :

3×5=15

UNIT—I

1. Monetary policy of RBI

OR

2. Characteristics of Central Bank

UNIT—II

3. Components of money supply in India

OR

4. Limitations of credit creation

UNIT—III

5. Development banks

OR

6. NABARD

UNIT—IV

7. Mutual funds

OR

8. SEBI

UNIT—V

9. Fixed exchange rate

OR

10. Foreign exchange market

(SECTION : C—DESCRIPTIVE)

(Marks : 50)

Answer the following questions : 10×5=50

UNIT—I

1. Define a central bank. What are the functions of a central bank? 3+7=10

OR

2. Discuss the instruments of credit control used by a central bank. 10

UNIT—II

3. What is money? Describe the various functions of money. 3+7=10

OR

4. Define a commercial bank. Describe the functions of a commercial bank. 3+7=10

UNIT—III

5. Describe the structure of cooperative banks. 10

OR

6. What is meant by non-bank financial intermediaries? Discuss the role of non-bank financial intermediaries. 4+6=10

UNIT—IV

7. Describe the structure of financial markets of India. 10

OR

8. What do you mean by a stock exchange? What are its characteristics? 4+6=10

UNIT—V

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

OR

10. What is foreign exchange rate? Explain how flexible exchange rate is determined. 3+7=10
