

2019

(CBCS)

(6th Semester)

**ECONOMICS**

ELEVENTH PAPER

**( Financial Institutions and Markets )**

*Full Marks : 75*

*Time : 3 hours*

**( PART : A—OBJECTIVE )**

*( Marks : 25 )*

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

SECTION—A

*( Marks : 10 )*

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

1×10=10

1. Bank rate implies

- (a) the rate at which trade bill are rediscounted by the Central Bank ( )
- (b) a discount rate charged by the Commercial Bank ( )
- (c) purchase of government securities in the open market ( )

2. The Reserve Bank of India was established on

- (a) 1st April, 1935 ( )
- (b) 1st January, 1935 ( )
- (c) 1st April, 1945 ( )

3. The term 'bank liquidity' means  
(a) its capacity to create credit ( )  
(b) its capacity to provide a high rate of interest ( )  
(c) its capacity to convert its assets into cash ( )
4. Which of the following is a liability for a bank?  
(a) Deposits ( )  
(b) Investments ( )  
(c) Loan ( )
5. Development banks provide  
(a) short-term credit only ( )  
(b) both short-term and medium-term credits ( )  
(c) both medium-term and long-term credits ( )
6. Who is the present Chairman of the SEBI?  
(a) Ajay Tyagi ( )  
(b) U. K. Sinha ( )  
(c) G. V. Ramakrishna ( )
7. The structure of cooperative system in India is federal and pyramid type of  
(a) four-tier ( )  
(b) three-tier ( )  
(c) two-tier ( )
8. Which was the first mutual fund established in India?  
(a) SBI Mutual Fund ( )  
(b) Unit Trust of India ( )  
(c) LIC Mutual Fund ( )
9. Exchange rate under flexible exchange rate regime is determined by  
(a) market forces ( )  
(b) monetary authority ( )  
(c) Both of the above ( )
10. Market at which transaction will be consummated at some specified time in future is called  
(a) spot market ( )  
(b) forward market ( )  
(c) capital market ( )

SECTION—B

( Marks : 15 )

Write short notes on the following :

3×5=15

1. (a) Monetary Policy

**OR**

(b) Measure used by the Reserve Bank of India to control inflation

2. (a) Functions of Commercial Banks

**OR**

(b) Kinds of money

3. (a) Structure of cooperative institutions

**OR**

(b) Venture capital

4. (a) Money and capital markets

**OR**

(b) Gilt-edged market

5. (a) Spot and forward exchange rates

**OR**

(b) 'Hedging' in foreign exchange rate

**( PART : B—DESCRIPTIVE )**

( Marks : 50 )

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

UNIT—I

1. (a) What is Central Bank? Examine the role and functions of Central Bank for the Economic Development in India. 2+8=10

**OR**

(b) Explain the various quantitative and qualitative methods of credit control of Central Bank. 10

UNIT—II

2. (a) Describe the various components of money supply in India. 10

**OR**

(b) What are the liabilities and assets of a bank? 10

UNIT—III

3. (a) Discuss the importance of Development Banks in India. 10

**OR**

- (b) What are the recent measures taken by the RBI to regulate the working of the NBFIs in India? 10

UNIT—IV

4. (a) Define financial markets. Describe the structure of Indian financial markets. 3+7=10

**OR**

- (b) What are the functions of Securities and Exchange Board of India (SEBI)? Evaluate the impacts of SEBI on the working of capital markets in India. 6+4=10

UNIT—V

5. (a) What is Eurodollar market? Examine the role and significance of Eurodollar market in the global financial system. 3+7=10

**OR**

- (b) What is foreign exchange? Discuss how the exchange rate is determined under flexible exchange rate regime. 3+7=10

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