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(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. The Reserve Bank of India was nationalised on

(a) 1st April, 1935 ()

(b) 1st January, 1949 ()

(c) 1st June, 1964 ()

2. SEBI is a/an

(a) statutory body ()

(b) advisory body ()

(c) constitutional body ()

- 3.** The organized sector of capital market includes
- (a) call money market ()
 - (b) treasury bills ()
 - (c) stock market ()
- 4.** Insider trading is related to
- (a) share market ()
 - (b) horse racing ()
 - (c) taxation ()
- 5.** The development banks are specialised in
- (a) accepting deposits from the public ()
 - (b) advancing loans to investment companies ()
 - (c) providing medium and long-term finance ()
- 6.** Markets in which transactions are done through computers and telephone without any specific location are classified as
- (a) future counter market ()
 - (b) over the counter market ()
 - (c) capital counter market ()
- 7.** Venture capital fund provides
- (a) long-term credit to industries ()
 - (b) long-term credit to farmers ()
 - (c) risk capital to little known/unregistered, young and small businesses ()
- 8.** The Gilt-edged market as the market in government securities include securities of
- (a) the Government of India and of the State Government ()
 - (b) the Government of India as a Central Government ()
 - (c) all financial institutions under the Government of India ()

9. India's Foreign Exchange Rate System is
- (a) free float ()
 - (b) fixed float ()
 - (c) managed float ()
10. 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 ()

SECTION—B

(Marks : 15)

Write short notes on the following :

3×5=15

1. Instruments of credit control
2. Capital market
3. Mutual funds
4. Functions of SEBI
5. Fixed exchange rate

(PART : B—DESCRIPTIVE)

(Marks : 50)

The figures in the margin indicate full marks for the questions

UNIT—I

1. What are financial institutions? Describe the functions of financial institution. 3+7=10

OR

Discuss the role and functions of the Reserve Bank of India. 10

UNIT—II

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

OR

What is a commercial bank? Describe the credit creation mechanism of commercial banks. 3+7=10

UNIT—III

3. Describe the structure of co-operative banks. 10

OR

What is non-bank financial intermediaries? Examine the role of non-bank financial intermediaries in India. 4+6=10

UNIT—IV

4. What are the main components of Indian Money Market? 10

OR

Describe the major financial sector reform measures initiated in India. 10

UNIT—V

5. What do you mean by foreign exchange rate? Explain with diagram how flexible exchange rate is determined by market forces. 3+7=10

OR

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