

VI/ECO (xi)

2014

(6th Semester)

ECONOMICS

ELEVENTH PAPER

(Financial Institutions and Markets)

Full Marks : 75

Time : 3 hours

(PART : B—DESCRIPTIVE)

(Marks : 50)

The figures in the margin indicate full marks for the questions

Answer all questions

UNIT—1

1. Examine various quantitative and qualitative methods of credit control. 10

Or

Discuss the functions of a central bank in the economy.

UNIT—2

2. Distinguish between money market and capital market. Briefly explain the functions of commercial banks. 3+7=10

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(Turn Over)

(2)

Or

Explain the mechanism of credit creation by commercial banks. 10

UNIT—3

3. What do you mean by Non-banking Financial Institutions (NBFIs)? Examine their roles in the Indian economic development. 3+7=10

Or

Evaluate the recent measures taken by Reserve Bank of India to regulate the working and functioning of NBFIs in India. 10

UNIT—

4. Examine the major financial sector reform measures initiated in India since 1991. 10

Or

Describe the structure of financial markets in India.

UNIT—5

5. Define foreign exchange market. Show how foreign exchange rate is determined under flexible exchange rate system. 3+7=10

Or

Examine the role and significance of euro-dollar market in the global financial system. 10

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ECONOMICS

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(Financial Institutions and Markets)

(PART : A—OBJECTIVE)

(Marks : 25)

The figures in the margin indicate full marks for the questions

Answer all questions

SECTION—A

(Marks : 10)

Tick (✓) the correct answer in the brackets provided : 1×10=10

1. Objective(s) of monetary policy is/are

- (a) price stability ()
- (b) economic growth ()
- (c) increase import ()
- (d) Both (a) and (b) ()

2. Development banks provide

- (a) short-term credit only ()
- (b) both short-term and medium-term credits ()
- (c) both medium-term and long-term credits ()
- (d) long-term credit only ()

3. Dollar deposits located outside the United States are called

- (a) euro currencies ()
- (b) euro dollars ()
- (c) euro banks ()
- (d) offshore currency trading ()

4. The system of fixed exchange rate has come to be known as

- (a) pegged exchange rate ()
- (b) per values ()
- (c) managed-floating rate ()
- (d) Both (a) and (b) ()

5. Which one of the following is the quantitative credit control measures?

- (a) Fixation of margin requirement ()
- (b) Moral suasion ()
- (c) Bank rate policy ()
- (d) All of the above ()

6. Which of the following is a commercial bank?

- (a) State Bank of India ()
- (b) Unit Trust of India (UTI) ()
- (c) IDBI ()
- (d) NABARD ()

7. Treasury bill market is one of the components of

- (a) money market ()
- (b) capital market ()
- (c) development bank ()
- (d) stock market ()

8. Venture capital firm

- (a) pools resources to help entrepreneur start new firm ()
- (b) allows equity shares of the new firm to be sold in the market place ()
- (c) establishes joint venture companies ()
- (d) Both (a) and (b) ()

9. Which one of the following institutions provide medium-term finance to industries?

- (a) UTI ()
- (b) LIC ()
- (c) GIC ()
- (d) Commercial Banks ()

10. Which one of the following controls the working of share market in India?

- (a) MRTP Act ()
- (b) FERA ()
- (c) BIFR ()
- (d) SEBI ()

(5)

SECTION—B

(Marks : 15)

Write short notes on the following :

3×5=15

1. Objectives of monetary policy

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2. Components of money supply

Write short notes on the following:

- (i) M1
- (ii) M2
- (iii) M3
- (iv) M4

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3. Types of NBFIs

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(8)

4. Functions of SEBI

3 Types of SEBI

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5. Distinction between spot exchange rates and forward exchange rates

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