

13 MAY 2015

VI/ECO (xi)

2015

(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

UNIT—I

- 1. Explain the quantitative/general methods of credit control of a central bank. 10

Or

Discuss the objectives and limitations of a monetary policy.

Admitted in by the  
University

Semester

/ Commerce /  
Exam., 2015

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Signature of  
Examiner(s)

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UNIT—II

2. State the components of money supply. Distinguish between regulated and unregulated credit markets in India. 4+6=10

Or

What is a bank? Explain the functions of commercial banks. 2+8=10

UNIT—III

3. Define development banks. Describe the structure of development banks in India. 2+8=10

Or

Distinguish between Non-Banking Financial Institutions/Intermediaries (NBFIs) and Non-Banking Finance Companies (NBFCs) in India. 10

UNIT—IV

4. Discuss the functions of SEBI as one of the components of financial sector reforms and a regulatory measures in Indian capital markets. 10

Or

Explain the various constituents of Indian money market.

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UNIT—V

5. What do you mean by foreign exchange rate? Distinguish between fixed and flexible exchange rates. 3+7=10

Or

Write notes on the following : 5+5=10

- (a) Hedging in foreign exchange market
- (b) Spot exchange rates

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(6th Semester)

**ECONOMICS****ELEVENTH PAPER****( 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. Bank rate is defined as the

- (a) rate of interest charged by commercial banks from borrowers ( )
- (b) rate of interest allowed by commercial banks on their deposits ( )
- (c) rate of interest allowed by commercial banks on their deposits ( )
- (d) rate which RBI purchases or rediscounts bills of exchange of commercial banks ( )

2. The RBI was established on

- (a) April 1st, 1925 ( )  
 (b) April 1st, 1935 ( )  
 (c) April 1st, 1945 ( )  
 (d) April 1st, 1955 ( )

3. The liabilities of a commercial bank shows the sources of its funds/deposits and assets show its

- (a) uses/advances by it ( )  
 (b) expenditure by it ( )  
 (c) consumption by it ( )  
 (d) borrowed by it ( )

4. Which one of the following is near money?

- (a) Treasury Bills ( )  
 (b) Bills of Exchange ( )  
 (c) Bonds and Debentures ( )  
 (d) All of the above ( )

5. The structure of cooperative banking system in India is federal and pyramid type of

- (a) four-tier ( )
- (b) three-tier ( )
- (c) two-tier ( )
- (d) five-tier ( )

6. Venture Capital Fund provides

- (a) long-term credit to industries ( )
- (b) short-term credit and medium-term credit to the farmers ( )
- (c) risk capital to little known, unregistered, young and small business ( )
- (d) medium-term credit to chemical industries ( )

7. Treasury bill market is one of the components of

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

8. Capital market commonly referred to the stock markets which comprises

- (a) only primary market ( )
- (b) both primary and secondary markets ( )
- (c) only secondary market ( )
- (d) unorganized money market ( )

9. Eurodollar means

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

10. The spot exchange rate is determined by

- (a) the immediate market demand and supply for foreign exchange ( )
- (b) the market demand and supply for foreign exchange to be delivered at some future time ( )
- (c) Both (a) and (b) ( )
- (d) None of the above ( )

Write note

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SECTION—B

( Marks : 15 )

Write notes on the following :

3×5=15

1. Objectives of central bank

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2. Functions of money

Write notes on the following :

- 1. Objectives of central bank
- 2. Functions of central bank

3. Euro-dollar means

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

10. The spot exchange rate is determined by

- (a) the market demand and supply of foreign exchange
- (b) the market demand and supply of foreign exchange as determined by the exchange rate
- (c) Both (a) and (b)
- (d) None of the above

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3. The Life Insurance Corporation of India (LIC)

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4. The structure of financial markets

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5. Eurodollar market

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