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5 SEM TDC DSE ECO (CBCS) 5 (H)

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(Held in January/February, 2022)

ECONOMICS

(Discipline Specific Elective)

(For Honours)

Paper : DSE-5

(**Money and Financial Markets**)

Full Marks : 80

Pass Marks : 32

Time : 3 hours

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

1. Answer the following as directed : 1×8=8

(a) $M_1 = \underline{\quad} + \underline{\quad} + \underline{\quad}$.

(Fill in the blanks)

(b) The government securities market is also called the silver- / gilt- / diamond-edged market.

(Choose the correct option)

(2)

(c) Call Money Market deals with short-term / long-term lending.

(Choose the correct option)

(d) UTI is a commercial bank / NBFBI / cooperative bank.

(Choose the correct option)

(e) Which is a broader index—BSE Sensex or NSE Nifty?

(f) State one important function of the commercial banks.

(g) When was the Reserve Bank of India (RBI) established?

(h) In times of economic depression, the Central Bank of a country must follow a dear / cheap / neutral monetary policy.

(Choose the correct option)

2. Write short notes on the following **within 150 words** each (any four) :

4×4=16

(a) Functions of money

(b) Government securities market

(c) Primary and secondary market for securities.

(d) Portfolio management in commercial banks

(e) Current monetary policy of India

(3)

Answer the following questions **within 500 words** each :

3. (a) Discuss the measures of money supply. What is the RBI approach to money supply? $6+6=12$

Or

- (b) Explain high powered money and money multiplier. How does high powered money influence the size of money supply in the economy? $9+3=12$

4. (a) Discuss the financial sector reforms in India since 1991. How effective has been the reforms in expediting economic growth of the Indian economy? $8+3=11$

Or

- (b) Discuss the role of financial derivatives in the financial market. What are non-banking financial institutions? Explain with suitable examples from the Indian economy. $5+6=11$

5. (a) Explain how the stock markets operate in an economy. What are the methodologies of calculating stock market index? $5+6=11$

Or

- (b) What are (i) BSE Sensex and (ii) NSE Nifty? Which of the above mentioned index is more relevant for India and why?
4+4+3=11

6. (a) Explain how interest rates are determined in the economy. Discuss the sources of interest rate differentials.
6+5=11

Or

- (b) What are theories of term structure of interest rate? Discuss the liquidity preference and hedging-pressure or habitat theories of the term structure.
3+8=11

7. (a) What are commercial banks? Explain the process of credit creation by commercial banks. What are its limitations?
1+8+2=11

Or

- (b) Discuss the objectives and instruments of monetary policy.
3+8=11

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