

End Term Examination 2016

Course No. PGECO3I009T

Time Allotted: 3 hours

Section A- Each part of this question carries one and half mark.

M.A Economics Semester-III  
Course Title: Money, Banking and Finance

Max Marks: 100

1.5\*10=15

Q1) Encircle the correct answer.

i) Open market operation is a part of

(a) Income policy

(b) Fiscal policy

(c) Credit policy

(d) Labour policy

ii) Which measures comes under quantitative credit controls adopted by the central bank of the country?

(a) Bank rate

(b) Open market operations

(c) Cash reserve ratio

(d) All of these

iii) Earlier the State Bank of India was known as \_\_\_\_\_

(a) United Commercial Bank

(b) United bank of India

(c) Imperial bank of India

(d) Bank of India

iv) Coins and Currency notes in India are

(a) Fiat money

(b) Fiduciary money

(c) Full bodied money

(d) All of the above

v) ICICI ceased to be a developmental financial institution w.e.f

(a) 2001

(b) 2002

(c) 2003

(d) 2004

vi) Which of the following is not termed as "Near money"?

(a) Bills of exchange

(b) Rs 100 note

(c) Treasury Bills

(d) Debentures

vii) Commercial banks are regarded as creators of money because

(a) They buy securities from the central bank

(b) Their loans create deposits

(c) They are bound to honour their obligations

(d) None of the above

- viii) Increase in Cash reserve ratio leads to
- (a) A contraction in the commercial banks' ability to create credit
  - (b) An expansion in the commercial banks' ability to create credit
  - (c) Both of the above
  - (d) None of the above

ix) The money supply is the stock of money held by

- (a) Public
- (b) Public and Banking system
- (c) Banking system and the Government
- (d) Public, Banking system and the Government

x) Treasury bill market deals in the bills issued by

- (a) Firms
- (b) Banks
- (c) Government
- (d) All of these

### Section B: Short Answer type Questions

*Note: Each question in this Section carries eight marks.*

*5\*8=40*

Q2) What are the alternative measures of money supply in India?

Or

Why is speculative demand for money inversely related to the rate of interest?

Q3) Explain the main functions of a commercial bank.

Or

Write a short note on deposit mobilization of commercial banks in India.

Q4) Explain the main objectives of the recent monetary policy of RBI in India.

Or

Discuss the main functions of RBI.

Q5) Define (i)Repo Rate, (ii)Reverse Repo Rate,(iii)Bank Rate,(iv) CRR and (v)SLR

Or

What are the various functions of SEBI?

Q6) What is the role of IDBI in industrial financing in India.

Or

Discuss the classification of wide variety of financial institutions existing in India?

**Section C: Long Answer type Questions**

*Note: Attempt any three question from this section*

*3\*15=45*

- Q7) What according to Keynes are the motives for holding money? What are the factors that determine the money held under these motives?
- Q8) Discuss the rationale for the nationalization of commercial banks in India. What were the main objectives laid down for the public sector banks after nationalisation?
- Q9) Discuss the various methods adopted by a central bank to control credit.
- Q10) Discuss the various features and defects of the money market in India.
- Q11) Elucidate the evolution of institutional financing in India.