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

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(November)

ECONOMICS

(Discipline Specific Elective)

(For Honours)

Paper : DSE-5

(**Money and Financial Market**)

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 : $1 \times 8 = 8$

(a) $M_3 = \text{_____} + \text{_____}$.

(Fill in the blanks)

(b) Treasury Bills are short-term Government Securities generally of _____ months duration.

(Fill in the blank)

(c) When was SEBI established as a statutory body?

(2)

- (d) How many companies are included in BSE sensex?
- (e) Which of the following is not a part of demand for loanable funds?
- (i) Investment
 - (ii) Dissaving
 - (iii) Bank money
 - (iv) Hoarding

(Choose the correct answer)

- (f) Demand for money for speculative motive is a negative function of rate of interest.

(Write True or False)

- (g) Bank rate is the
- (i) market rate of interest
 - (ii) discount rate of Central Bank
 - (iii) discount rate of commercial bank
 - (iv) None of the above

(Choose the correct answer)

- (h) Which of the following is not a method of selective credit control?

- (i) Rationing of credit
- (ii) Marginal requirements
- (iii) Cash reserve ratio
- (iv) Regulation of consumer credit

(Choose the correct answer)

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(Continued)

(3)

2. Write short notes on any *four* of the following
(within 150 words each) : 4×4=16

- (a) High-powered money
- (b) Primary and secondary market for securities
- (c) Commercial bill market
- (d) Uses of expectation hypothesis
- (e) Functions of Central Bank

3. (a) Discuss about the various determinants of money supply. Write about the RBI approach to money supply. 6+6=12

Or

- (b) What is money multiplier? What are the objectives of money multiplier? Write the formula of money multiplier. 2+8+2=12

4. (a) Describe the structure of financial markets. Discuss the role of financial derivatives in the financial market.

6+5=11

Or

- (b) What are the different types of non-banking financial institutions found in India? State the role and importance of non-banking financial institutions in Indian economy. 5+6=11

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(Turn Over)

5. (a) Examine the role and functions of stock exchange in India. Mention the drawbacks of Indian stock exchanges. 6+5=11

Or

- (b) What is stock market index? What are the methods of calculating stock market index? What are bull and bear markets? 2+6+3=11

6. (a) What is meant by the term structure of interest rate? State and explain the liquidity premium and segmented market theory of the term structure of interest rate. 3+4+4=11

Or

- (b) Explain the liquidity preference theory of rate of interest. 11

7. (a) Explain the process of multiple credit creation by commercial banks. What are its limitations? 8+3=11

Or

- (b) What are the instruments of monetary policy? Mention the highlights of the current monetary policy of India. 7+4=11
