

PG (CBCS) EVEN SEMESTER EXAMINATION, 2023

ECONOMICS

2nd Semester

Course No. : ECOCC - 204

(Money, Banking and Finance)

Full Marks : 70

Pass Marks : 28

Time : 3 hours

The figures in the margin indicate full marks for the questions

(Answer any five, selecting one from each unit)

UNIT - I

1. (a) What factors influence the supply of money in an economy. Explain the money multiplier approach to the process of money supply determination. 2+6=8
- (b) Show the process of derivation of the credit multiplier and explain why it is always greater than unity? 6
3. (a) What are the arguments against incorporating money directly into the utility function. Explain how the demand for money can be derived using the indirect utility function approach. 3+7=10
- (b) Distinguish between broad money and narrow money. If the cash-reserve ratio is 8% and currency-deposit ratio is 50%, calculate the value of the money multiplier. 2+2=4

(Turn Over)

(2)

UNIT - II

3. Distinguish between futures, options and shapes. Show how derivatives can reduce risk but cannot eliminate them. $3+3+3+5=14$
4. What is a micro-finance institution? How do they differ from traditional banking institutions? Describe the role of micro-finance institutions in fulfilling the credit needs of the un-banked population in India. $4+6+4=14$

UNIT - III

5. Distinguish between operating targets and intermediate targets of monetary policy. What criteria would you use for choosing between operating and intermediate targets? Explain using the IS–LM framework. $4+10=14$
6. (a) What do you mean by the transmission mechanism of monetary policy? Briefly discuss two important transmission mechanisms.
- (b) What are Basel norms? $5+3+3+3=14$

UNIT - IV

7. What do you mean by the sub-prime crisis? What were the implications of the rule-prime crisis for financial regulation in the developed and developing countries? Discuss. $8+6=14$
8. Why is financial regulation of crucial importance for the

(3)

overall growth and development of the financial system? In this context, explain the role of the SEBI in ensuring investor protection and providing financial regulation in India. $5+9=14$

UNIT - V

9. (a) What are 'currency options'? How do they serve to hedge against risk? $5+5=10$
- (b) Distinguish between Euro-Dollar and Euro-Currency market. 4
10. Distinguish between fixed and floating exchange rate systems. Discuss their relative advantages and disadvantages. $5+5+4=14$
