4. What are financial derivatives? How do they help to reduce risk? Explain the advantages and disadvantages of futures contract. 4+4+6=14

UNIT-III

5. Distinguish between interest rate targetting and money supply targetting? What factors influence the choice between the two operating targets. 6+8=14

6. What do you mean by transmission mechanism of monetary policy? Discuss the import and channels of monetary policy transmission mechansim. 5+9=14

UNIT-IV

7. Why is financial regulation important for stability of the financial system? Discuss the structure of the financial regulation system in India. 5+9=14

8. What is sub-prime crisis? Explain its role in precipitating the Global Financial crisis of 2008. How did it influence the regulatory structure in developed countries? 6+5+3=14

UNIT-V

9. Explain the term 'hot money'. Describe how it can give rise to instability in the Balance of Payment. Give an overview of the importance of 'hot money' in India's Balance of Payments in recent times. 4+6+4=14

10. (a) Discuss the advantages and disadvantages of a floating exchange rate system. 8

    (b) Describe the role of the World Bank in providing development finance to third world countries. 6

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PG (CBCS) EVEN SEMESTER EXAMINATION, 2024

ECONOMICS

2nd Semester

Course No. : ECOCC - 204 (O)

(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 five questions taking one from each unit)

UNIT-I

1. (a) Derive credit multiplier & explain why it is always greater than unity. 5+2=7

   (b) Discuss Patinkin's views on the neutrality of money in the long run and in the short run. 7

2. (a) Is money supply a stock concept or flow concept? Discuss the factors influencing the supply of money in an economy. 2+6=8

   (b) Discuss the demand for money as expressed by the indirect utility function approach. 6

UNIT-II

3. Discuss the structure of the financial system in India? What are the function/services rendered by financial institutions for efficient allocation of funds? 8+6=14