PG Even Semester Exam, May 2025

Economics

2nd Semester

COURSE NO. ECO-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 five questions, taking one from each Unit

UNIT-I

1. Discuss the micro-foundations of the demand for money using both direct and indirect utility function approaches. 7+7=14

2. a. What do you mean by monetary base? Show how it can be used to derive the money multiplier. 5

   b. Describe the process of money supply creation by commercial banks. What factors determine the limits to which commercial banks can influence money supply? 7+2=9

Turn over

UNIT-II

3. Discuss the structure of the financial system. Why is development of the financial system important for economic growth? 8+6=14

4. What are derivatives? How do they function as instruments for hedging against risk? Discuss. 6+8=14

UNIT-III

5. Discuss the monetary policy framework. How can the instruments of monetary policy be used to achieve the broad objectives of economic policy? 7+7=14

6. Distinguish between money supply targeting and interest rate targeting. What factors influence the choice between these two alternative tools of monetary management? 6+8=14

UNIT-IV

7. Discuss the changes in the regulatory structure of the financial system in Indian in the post-reform period. In this content, discuss the role of the SEBI in regulating the financial system in India. 7+7=14

8. Write notes on: 7+7=14

   a. IRDA

   b. PFRDA

UNIT-V

9. Distinguish between current account and capital account commutability. Discuss the arguments for an against the adoption of full capital account commutability. 4+10=14

10. What do you mean by Euro-currency market? Discuss the features & functions of Euro currency market. 2+4+4=

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