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

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(Nov/Dec)

ECONOMICS

(Discipline Specific Course)

(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 : 1×8=8

(a) $M_4 = M_3 + \underline{\hspace{2cm}}$.

(Fill in the blank)

(b) The government securities market is
also called market.

(Fill in the blank)

(2)

- (c) What is call money market?
(d) What is bull and bear in capital market?
(e) The principal regulator of capital market in India is _____.

(Fill in the blank)

- (f) The three objectives of portfolio management are _____, solvency and profitability.

(Fill in the blank)

- (g) What do you mean by open market operation?
(h) What is repo rate?

2. Write short notes on any *four* of the following

(within 150 words each) : $4 \times 4 = 16$

- (a) Commercial bill market
(b) Primary and secondary market for securities
(c) Drawbacks of Indian stock exchanges
(d) Sources of interest rate differentials
(e) Balance sheet of a commercial bank

(3)

3. (a) Discuss about the significance of various money supply measures. What is velocity of money? $10+2=12$

Or

- (b) Explain high powered money and money multiplier. How does high powered money influence the size of money supply in the economy? $8+4=12$

4. (a) Discuss the financial sector reforms in India since 1991. Do you think these reforms have helped in improving growth performance of Indian economy? Give reasons in support of your answer.

$8+3=11$

Or

- (b) What is capital market? State and explain the functions and importance of capital market. $2+5+4=11$

5. (a) How do the stock markets operate in an economy? State and explain the methodologies of calculating stock market index. $5+6=11$

Or

- (b) Write about BSE sensx and NSE nifty. Which of the above mentioned index is more relevant for India? Give reasons.

$4+4+3=11$

6. (a) Define term structure of interest rate. State and explain the liquidity premium and segmented market theory of term structure of interest rate. $3+4+4=11$

Or

- (b) State and explain the liquidity preference theory of interest. 11

7. (a) What are the main functions of central bank? Critically evaluate bank rate as a policy of credit control. $6+5=11$

Or

- (b) Explain the process of credit creation by commercial bank. What are its limitations? $8+3=11$
