5 SEM TDC ECO M 4

2022

(December)

ECONOMICS

(Major)

Course: 504

(Monetary Theory and Financial Market)

Full Marks: 80
Pass Marks: 24

Time: 3 hours

The figures in the margin indicate full marks for the questions

- 1. Choose the correct option from the following: 1×8=8
 - (a) The word 'hoarding' is associated with what?
 - (i) Idle cash balance

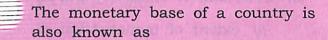
- (ii) Low rate of interest
- (iii) To satisfy the desire for liquidity
- (iv) All of the above
- (b) Given below are various assets of the bank:
 - 1. Cash
 - 2. Call money
 - 3. Bills
 - 4. Investments

Select the correct option from below (ascending order of profitability and decending order of liquidity).

- (i) 1, 2, 3, 4
- (ii) 1, 4, 2, 3
- (iii) 4, 3, 2, 1
- (iv) None of the above
- (c) Which of the following is true for credit card facility?
 - (i) The credit card is a document of cardholder's credit worthiness

- (ii) Credit cards are issued to people having high income
- (iii) Credit cards are normally issued to people to buy non-consumer item
- (iv) None of the above
- (d) Determinant of money supply is
 - (i) extent of monetization
 - (ii) community choice
 - (iii) cash reserve ratio
 - (iv) All of the above
- (e) "The trade cycle is a purely monetary phenomenon." The statement is propounded by
 - (i) J. M. Keynes
 - (ii) Haberler
 - (iii) R. G. Hawtrey
 - (iv) None of them

- According to supply-side economists. stagflation arises on account of
 - (i) increase in money wage
 - (ii) high marginal tax rates
 - (iii) changes in inflation expectation
 - (iv) All of the above



- (i) speed money
- (ii) high-powered money
- (iii) bank reserves
- (iv) None of the above
- (h) Gilt-edged market refers to
 - (i) market in government security
 - (ii) market in non-government security
 - (iii) They suffer from the risk of default
 - (iv) All of the above

- 2. Write short notes on any four of the following (within 150 words each): 4×4=16
 - (a) Money multiplier theory
 - (b) Stock market index
 - (c) Measures of credit control
 - (d) Equilibrium rate of interest
 - (e) Role of fiscal policy to control business cycle
- 3. (a) What is demand for money? Critically evaluate the monetarist approach to the demand for money. 3+9=12

Or Or

- (b) Define money supply. Discuss the different measures of money supply in India. 3+9=12
- 4. (a) Define inflation. Describe the various types of inflation and its effect on the economy. 3+4+4=11

Or

- (b) Critically explain Philips curve with the help of a diagram. 8+3=11
- 5. (a) Describe the structure of the Indian commercial banking system. Explain the role played by the cooperative banks in the development of rural economy in India. 6+5=11

Or

- (b) Describe the functions and roles of the non-banking financial intermediaries (NBFI) in a developing country like India. Do you think that the control of NBFI is essential for effective and reliable banking system? Explain. 5+3+3=11
- 6. (a) Explain the mechanism of multiple expansion of credit by commercial banks.

Or

(b) Discuss the quantitative and qualitative credit control measures.

Which of the measures is more effective for a developing country?

Explain.

4+4+3=11

7. (a) Discuss the functions and importance of capital market. 6+5=11

Or

(b) Examine Indian financial market reforms in the light of the Narasimham Committee Report. 11

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