2 0 2 4

(CBCS)

(5th Semester)

ECONOMICS

Paper : EC5.DSE–2.2

(Money and Financial Markets)

(PART : A—OBJECTIVE)

(*Marks* : 25)

KEY ANSWERS FOR OBJECTIVES

A. Put a Tick (✓) mark against the correct answer in the brackets provided :   1×15=15

   1. *(a)*

   2. *(c)*

   3. *(a)*

   4. *(b)*

   5. *(a)*

(2)

6. *(a)*

7. *(b)*

8. *(b)*

9. *(d)*

10. *(c)*

11. *(c)*

12. *(a)*

13. *(d)*

14. *(c)*

15. *(d)*

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The figures in the margin indicate full marks for the questions

A. Put a Tick (✓) mark against the correct answer in the brackets provided : 1×15=15

  1. In the quantity theory of money, *V* represents

    (a) the velocity of a currency   (   )

    (b) the value of a currency   (   )

    (c) the velocity of distribution   (   )

    (d) the value of a good   (   )

2. The value of money in Fisher's equation is determined by

   (a) demand for money   (   )

   (b) supply of money   (   )

   (c) demand and supply of money   (   )

   (d) None of the above   (   )

3. According to Cambridge equation, the value of money depends upon

   (a) demand for money   (   )

   (b) supply of money   (   )

   (c) demand for goods and services   (   )

   (d) All of the above   (   )

4. Which of the following was the first commercial bank established by Indians in 1991?

   (a) Reserve Bank of India   (   )

   (b) Ouch Commercial Bank   (   )

   (c) Imperial Bank of India   (   )

   (d) State Bank of India   (   )

(3)

5. What is the primary objective of a commercial bank?

 (a) Accepting deposits and advancing loans ( )

 (b) Issuing currency notes and coins ( )

 (c) Regulating the money supply ( )

 (d) None of the above ( )

6. Fourteen commercial banks were nationalized on

 (a) 19th July, 1969 ( )

 (b) 15th April, 1980 ( )

 (c) 15th July, 1969 ( )

 (d) 19th July, 1968 ( )

7. When the central bank raises the CRR, it will

 (a) increase the supply of money ( )

 (b) decrease the supply of money ( )

 (c) no impact on money supply in the economy ( )

 (d) All of the above ( )

8. Who was the RBI Governor during demonetization in 2016?

 (a) Dr. Raghuram Rajan ( )

 (b) Dr. Urjit Patel ( )

 (c) Dr. D. Subbharao ( )

 (d) Shri Shaktikanta Das ( )

(4)

9. The central bank uses both quantitative and qualitative measures to achieve the various objectives of

   (a) Fiscal policy (   )

   (b) economic policy (   )

   (c) budgetary policy (   )

   (d) monetary policy (   )

10. Which one of the following is not the objective of portfolio management?

   (a) Profitability (   )

   (b) Solvency (   )

   (c) Economic growth (   )

   (d) Liquidity (   )

11. Who signed 100 Rupee note in India?

   (a) Prime Minister (   )

   (b) Finance Minister (   )

   (c) RBI Governor (   )

   (d) None of them (   )

12. KYC means

   (a) Know Your Customer (   )

   (b) Know Your Character (   )

   (c) Both the above (   )

   (d) None of the above (   )

13. The term 'structure of interest rates' is

    (a) the structure of how interest rates move over time ( )

    (b) the relationship among interest rates of different bonds with the same maturity ( )

    (c) the relationship among the term to maturity on different bonds ( )

    (d) the relationship among interest rates on bonds with different maturities ( )

14. Which of the following theories of the term 'structure' are able to explain the fact that interest rates on bonds on different maturities tend to move together over time?

    (a) The expectations theory and the segmented markets theory ( )

    (b) The segmented markets theory and the liquidity premium theory ( )

    (c) The expectations theory and the liquidity premium theory ( )

    (d) None of the above ( )

15. Factors that influence interest rates on bonds include

    (a) term to maturity ( )

    (b) risk ( )

    (c) liquidity ( )

    (d) All of the above ( )

(6)

B. Write short notes on any *five* of the following :   2×5=10

    1. Role of money in a mixed economy

2. Classical quantity theory of money

3. Limitations of credit creation

4. Targets of monetary policy

5. Commercial loan theory

6. Indian banking system

7. What are the importances of Balance Sheet of management?

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