

B.A. (Honours) Examination, 2022
Semester -V (CBCS)
Economics
Course: DSE-I
(Money and Financial Markets)

Time: 3 Hours

Full Marks: 60

Questions are of value as indicated in the margin

Answer any four (04) of the following questions

- [1] State the major functions of money. Write a short note on the evolution of the payment system. What are the compositions of M_1 , M_2 , M_3 and M_4 as standard measures of money supply? [5+5+5]
- [2] What are the types of security traded in the stock market? Discuss the process of deposit creation in the commercial banking system. State the various types of assets? [4+8+3]
- [3] How do you relate the concepts of asymmetric information and moral hazard with the financial market? – Briefly explain. State the various types of financial derivatives with their basic features. What is SLR? [6+8+1]
- [4] Draw a circular flow diagram to show the flows of funds through the financial system. State the structure of financial markets. What are the types of financial intermediaries? [5+4+6]
- [5] What are the determinants of the asset demand? How do you measure risk based on the expected returns? How does bond market operate through demand-supply mechanism? [2+7+6]
- [6] Briefly discuss the economic and social effects of financial liberalization in developing countries. Write a short note on the monetary policy operations of the Reserve Bank of India. [8+7]
- [7] Build up a dynamic model that can measure the uncertainty in financial market. Draw a structure of the financial institutions in India. [12+3]
- [8] Write a short note on the international financial institutions along with their common objectives. How do you measure trade openness? Distinguish between FDI and FII. [9+2+4]
