

2025

(NEP-2020)

(2nd Semester)

ECONOMICS (MAJOR)**(Financial Institutions and Markets)**

Full Marks : 75

Time : 3 hours

*The figures in the margin indicate full marks for the questions***(SECTION : A—OBJECTIVE)**

(Marks : 10)

Tick (✓) the correct answer in the brackets provided :

1×10=10

1. The Reserve Bank of India was established on

- (a) 1st January, 1935 ()
 (b) 1st April, 1935 ()
 (c) 1st January, 1949 ()
 (d) 1st April, 1949 ()

2. Monetary policy is primarily concerned with the

- (a) control of external value of the currency ()
 (b) management of foreign exchange reserves ()
 (c) management of money supply ()
 (d) control of external debt ()

3. A legal tender money having no intrinsic value is called

- (a) digital currency () (b) fiat money ()
 (c) token money () (d) cheque ()

4. The most important function of money is
- (a) transfer of value ()
 - (b) store of value ()
 - (c) standard of deferred payment ()
 - (d) medium of exchange ()
5. Which of the following types of deposits would earn the highest interest?
- (a) Savings account deposits ()
 - (b) Fixed or termed deposits ()
 - (c) Current account deposits ()
 - (d) Recurring deposits ()
6. Financial institutions owned and operated by their members are called
- (a) development banks ()
 - (b) cooperative banks ()
 - (c) National Bank for Agriculture and Rural Development (NABARD) ()
 - (d) Regional Rural Banks (RRB) ()
7. Which of the following institutions was set up to promote foreign trade in India?
- (a) IDBI ()
 - (b) RBI ()
 - (c) SIDBI ()
 - (d) EXIM ()
8. The money market deals in
- (a) long-term fund ()
 - (b) medium-term fund ()
 - (c) short-term fund ()
 - (d) medium- and long-term fund ()
9. Stock exchange is also known as the _____ market for securities.
- (a) money ()
 - (b) capital ()
 - (c) primary ()
 - (d) secondary ()
10. The market where new securities are issued for the first time is called
- (a) indigenous market ()
 - (b) primary market ()
 - (c) secondary market ()
 - (d) equity market ()

(SECTION : B—SHORT ANSWERS)

(Marks : 15)

Write notes on *five* of the following, taking at least *one* from each Unit : 3×5=15

UNIT—I

1. Objectives of Central Banks
2. Open Market Operation

UNIT—II

3. Digital currency
4. Credit and debit cards

UNIT—III

5. IDBI
6. NABARD

UNIT—IV

7. Financial markets
8. Treasury bills

(SECTION : C—DESCRIPTIVE)

(Marks : 50)

Answer *five* questions, taking at least *one* from each Unit : 10×5=50

UNIT—I

1. Explain the instruments of credit control used by the Reserve Bank of India to manage the monetary system.
2. What is monetary policy? Describe the objectives of monetary policy for economic development in India. 2+8=10

UNIT—II

3. Define money. Describe the various functions of money. 2+8=10
4. What is a commercial bank? Explain the functions of commercial banks. 2+8=10

UNIT—III

5. Describe the objectives and role of co-operative banks in India. 6+4=10
6. What is SIDBI? Explain its role in the economic development of the country. 2+8=10

UNIT—IV

7. What is capital market? Discuss the various instruments of capital market. 2+8=10
8. What is SEBI? Describe the functions of SEBI. 2+8=10
