

Duration: 2 ½ hours

Marks : 75

Note: 1) All questions are compulsory.

2) Figures to the right indicate full marks

(1) (A) Choose the correct alternative. (Any Eight)

(8)

1. Whenever the Central Bank offers securities in the open market, the credit creation capability of the banking industry is expected to \_\_\_\_\_
  - a) Fall
  - b) Rise
  - c) No effect
  - d) May rise or may fall
2. The term "Money Supply" relates to \_\_\_\_\_
  - a) Overall money held by the Ministry of Finance over a specified period of time
  - b) The total volume of money held by the public at a particular point in time
  - c) The total amount of money that the government possesses.
  - d) The total amount of money held by RBI at a particular point of time.
3. Which of the following isn't really a central bank's responsibility? \_\_\_\_\_
  - a) Banking facilities for the public
  - b) Providing credit to commercial banks
  - c) Providing financial assistance to the government
  - d) Banking facilities for government
4. Name the policy that accords with expenditure and taxation policies decisions of the government? \_\_\_\_\_
  - a) Monetary Policy
  - b) Fiscal Policy
  - c) Labor Market Policies
  - d) Trade Policy
5. Deficit financing leads to \_\_\_\_\_ supply
  - a) hyper money supply
  - b) low money supply
  - c) negative money supply
  - d) more money supply

6. Which market operates through the Stock exchanges ? \_\_\_\_\_
- Primary Market
  - Government Bills market
  - Secondary Market
  - Interbank money market
7. Public debt is mobilized during \_\_\_\_\_
- Inflation
  - Deflation
  - Recession
  - Expansion
8. The World Trade Organization replaced GATT in \_\_\_\_\_
- 1996
  - 1995
  - 1997
  - 1998
9. \_\_\_\_\_ refers to a targeted exchange rate against another currency or a group of currencies.
- Inflation Targeting
  - Exchange rate Targeting
  - Taxation Targeting
  - Export Rate Targeting
10. In CAMEL rating model L stand for \_\_\_\_\_.
- Liability
  - Low NPAs
  - Liquidity
  - Least Earning

(1)(B) State whether the following statements are true or false (Any Seven) (7)

- Credit rationing is quantitative credit control measure of Central bank.
- Bank Rate is the selective credit control measure used by the Central Bank of the country.
- Progressive system of taxation helps to reduce inflation.
- Central Bank also performs commercial banking business.
- On -site inspection of banks is done annually by the department.
- Japan, Korea and Sweden are example of unified regulator.



- 7) The intangible currency of the IMF is Special drawing rights.  
8) Price stability and economic growth are conflicting in nature.  
9) During inflation RBI adopts cheap money policy to control the supply of credit.  
10) UTI was the first mutual fund established in India.

- Q2 A) Explain the traditional functions of RBI. (8)  
B) Elaborate the organizational setup of RBI. (7)

OR

- C) Explain the factors affecting the autonomy of Central Bank in India. (8)  
D) Highlight on the factors contributing to changing face of Central Banks (7)

- Q3 (A) Examine the instruments and limitations of fiscal policy. (8)  
(B) Provide a comprehensive overview of the various departments operating within the Reserve Bank of India (RBI). (7)

OR

- (C) Describe in detail the quantitative instruments utilized in India's monetary policy framework. (8)  
(D) Explain the objectives of Monetary Policy and delve into the responsibilities of the Monetary Policy Committee. (7)

- Q4 (A) Summarize the changing trends in banking sector in the post liberalized era. (8)  
(B) Discuss the recommendations of Narasimhan committee 1991 (7)

OR

- (C) Explain the components of Indian financial system in detail. (8)  
(D) Assess the advantages of OSMOS to Central Bank and other banks. (7)

- Q5 (A) Explain in detail the functions of European Central Bank. (8)  
(B) Explain the structure of federal reserve system. (7)

OR

- Q5 (C) Write short notes on : (Any three) (15)

1. E payment
  2. Functions of financial system
  3. IMF
  4. International Development Association
  5. ADB
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