

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. Which institution is responsible for the regulation of money supply in India?
  - a) Ministry of Finance
  - b) Reserve Bank of India (RBI)
  - c) Securities and Exchange Board of India (SEBI)
  - d) Government of India
2. A decrease in the cash reserve ratio (CRR) would likely result in:
  - a) A decrease in the money supply
  - b) An increase in the money supply
  - c) A decrease in inflation
  - d) A decrease in interest rates
3. Which of the following is NOT a form of public debt?
  - a) Treasury Bills
  - b) Bonds
  - c) Stock market shares
  - d) Government securities
4. Which of the following describes the role of the secondary market?
  - a) It involves the initial sale of securities to the public.
  - b) It allows for the buying and selling of existing securities.
  - c) It deals with government bonds exclusively.
  - d) It involves government bills only.
5. Which of the following is a characteristic of a 'fixed exchange rate' system?
  - a) The currency value is determined by market forces.
  - b) The central bank adjusts the currency value based on economic performance.
  - c) The currency's value is pegged to another currency or a basket of currencies.
  - d) The currency fluctuates based on inflation rates.
6. Which of the following is a tool used by central banks to control money supply?
  - a) Open market operations
  - b) Capital controls
  - c) Interest rate targeting
  - d) Exchange rate control

7. Which of the following is an example of a fiscal policy tool?
  - a) Adjusting the bank's reserve requirements
  - b) Changing the money supply
  - c) Taxation and government spending
  - d) Setting interest rates
8. Which of the following is a consequence of deficit financing?
  - a) Increase in government debt
  - b) Decrease in inflation
  - c) Reduction in the money supply
  - d) Improvement in fiscal balance
9. What is the primary responsibility of the Federal Reserve in the United States?
  - a) To set foreign trade policies
  - b) To regulate and supervise national elections
  - c) To control the money supply and regulate the banking system
  - d) To collect taxes for the federal government.
10. RBI was nationalized in the year \_\_\_\_\_.
  - a) 1935
  - b) 1995
  - c) 1997
  - d) 1949

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

- 1) Central Bank also performs commercial banking business.
- 2) Open Market Operations (OMO) involve the buying and selling of government securities by the RBI to regulate liquidity.
- 3) The primary goal of monetary policy is to control the money supply and maintain economic stability.
- 4) Price stability and economic growth are conflicting in nature.
- 5) During inflation RBI adopts cheap money policy to control the supply of credit.
- 6) The Reserve Bank of India (RBI) was established in 1947.
- 7) Repo Rate applies to lending, while Reverse Repo Rate applies to borrowing by the RBI.
- 8) There are 3 deputy governors in the RBI.
- 9) Credit rationing is a quantitative credit control measure of Central Bank.
- 10) A country's central bank cannot change the monetary policy once it has been set.

- Q2 A) Explain the causes for the changing face central banks in India. (8)
- B) Explain Inflation Targeting and Exchange rate targeting and discuss its importance (7)
- OR
- C). Discuss the traditional role and function of RBI (8)
- D). Explain the regulatory role of RBI (7)



- Q3 (A). Explain the role and functions of various departments of RBI. (8)  
(B) Describe the structure and composition of the Central board of RBI. (7)  
OR  
(C) Explain the qualitative instruments utilized in India's monetary policy framework. (8)  
(D) Explain the objectives and instruments of fiscal policy used by the government. (7)
- Q4 (A) Explain important provisions discussed under Banking Regulations Act 1949. (8)  
(B) Explain the functions of department of supervisory. (7)  
OR  
(C) Explain the structure of Indian Money Market. (8)  
(D) Elaborate the functions and characteristics in Indian Financial system. (7)
- Q5 (A) Explain the Structure and functions of Bank for International Settlement. (8)  
(B) Explain the structure of Bank of England. (7)  
OR
- Q5 (C) Write short notes on (Any three) (15)  
i. Limitations of fiscal policy  
ii. Monetary policy committee.  
iii. Commercial Bank  
iv. IMF  
v. Risk in New IT ERA.

\*\*\*\*\*