

2024

ECONOMICS — HONOURS

Paper : DSE-A-2.1 and DSE-A-2.2

The figures in the margin indicate full marks.

*Candidates are required to give their answers in their own words
as far as practicable.*

Paper : DSE-A-2.1

(Money and Financial Market)

Full Marks : 65

Group - A

1. Answer **any ten** questions :

2×10

- (a) What is Money market?
- (b) Indicate any two features of Forward Contract.
- (c) What is the relation between rate of interest and bond price?
- (d) What do you mean by NPA?
- (e) Define Money multiplier.
- (f) What is open market operations?
- (g) State any two objectives of monetary policy of the Central Bank.
- (h) What is Mutual Fund?
- (i) State any two weaknesses of Indian financial system.
- (j) Distinguish between Call option and Put option.
- (k) What do you mean by Financial Derivative?
- (l) Define T-Bill.
- (m) What is a NBFC? How does it differ from a bank?
- (n) Mention two causes of banking sector reform in India.
- (o) Explain the difference between Ordinary share and Preference share.

Group - B

Answer **any three** questions.

5×3

2. Why commercial banks are regarded as special financial institutions?
3. Give a brief idea of the structure of balance sheet of R.B.I.

Please Turn Over

4. Distinguish between Qualitative and Quantitative measures of Credit Control.
5. Explain the concept of Adverse selection in financial market with suitable example.
6. Discuss in brief the major sources of interest rate differential.

Group - C

Answer *any three* questions.

7. Examine the role of monetary policy in case of a small open economy with perfect capital mobility. 10
8. (a) Define complete deposit multiplier.
(b) Indicate the determinants of money supply in an economy.
(c) Suppose that the required reserve ratio is 0.10 and there are no excess reserves. Let the total demand for currency is equal to 0.3 times deposit.
 - (i) If the total reserve is ₹ 50 billion, what is the level of money supply?
 - (ii) By how much will the money supply change if R.B.I. buys Government bonds worth ₹ 1 billion from the open market? 2+3+(3+2)
9. What is 'Structure of interest rate'? Critically explain the expectation theory on the term 'Structure of interest rate'. 2+8
10. (a) Give a brief idea on financial sector reforms in India.
(b) How do the commercial banks act as leveraging mechanism? 6+4
11. What are the major monetary policy instruments used by R.B.I.? Explain the difference between monetary targeting and inflation targeting. 4+6

**Paper : DSE-A-2.2
(Issues in Indian Economy)**

Full Marks : 50

Group - A

1. Answer *any five* questions : 2×5
- (a) Which category of saving has been considered the largest single component of domestic savings over the last two decades?
 - (b) Write the full form of LAF. What is it used for?
 - (c) What do you mean by OGL Category of imports as defined during the post independence period?
 - (d) What do you mean by dualism in the Indian manufacturing sector?
 - (e) What is the main limitation of Wholesale Price Index (WPI)?
 - (f) Give two important reasons for the surge in food prices in India during the period of 2008-2010.
 - (g) Name any two pension schemes implemented by Government of India in recent times.
 - (h) Give a brief note on Consumer Price Index as a measure of inflation.

Group - B

Answer *any two* questions.

2. How can you evaluate the slow growth in agriculture since 1991 as a response to collapsing of aggregate capital formation with the initiation of reforms in 1990s? 5
3. What do you mean by efficiency gain in the banking system? How have Indian banks been able to gain efficiency in the post economic reform period? 2+3
4. What was the main reason that prevented Sliding in the price cost margin in Indian industries in the face of trade liberalisation in the 1990s? 5
5. Discuss the impact of trade on manufacturing employment in the late 1990s as compared to 1975-1980 in India. 5

Please Turn Over

Group - C

Answer *any three* questions.

6. Evaluate the good performance of the Indian economy during the period 2001-02 to 2007-08 with the help of three main targets of macroeconomic policy namely GDP growth, inflation and external balance. 10
7. (a) Describe the trends in measures of Trade restrictiveness in 1980s. How did the restrictiveness change since 1991 trade reforms?
(b) Describe briefly the policy regime with respect to Foreign Direct Investment (FDI) change from the post independence period specifically from 1969 to that of post reform period in 1991. (2+3)+5
8. (a) What according to you are the critical features of the growth process in the post reform period in India in respect to the tertiary sector and manufacturing sector?
(b) There has been substantial growth in service sector in India than in manufacturing sector in the post reform period. Is this growth in service sector commensurate with relative productivity growth or both? 5+5
9. (a) Describe in brief the industrial distribution of employment from pre-reform period of (1983-1984) to post reform period of 2004-2005.
(b) In this context explain the reasons for increase in the tertiary employment during the post reform period. 6+4
10. What are the causes of emergence and persistence of dualism (i.e, prevalence of both formal and informal sector) in manufacturing sector in India? 10
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