

Enrollment No: \_\_\_\_\_ Exam Seat No: \_\_\_\_\_

# C.U.SHAH UNIVERSITY

## Summer Examination-2017

Subject Name : Money Economics and Financial System-II

Subject Code : 4CO04MEF1

Branch: B.Com (English)

Semester : 4

Date : 12/04/2017

Time : 10:30 To 01:30

Marks : 70

Instructions:

- (1) Use of Programmable calculator & any other electronic instrument is prohibited.
- (2) Instructions written on main answer book are strictly to be obeyed.
- (3) Draw neat diagrams and figures (if necessary) at right places.
- (4) Assume suitable data if needed.

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<b>Q-1</b>	<b>Attempt the following questions:</b>	<b>(14)</b>
	a) What is money market ?	1
	b) In 1923, in which country inflation took place ?	1
	c) How much is the time period of long term inflation ?	1
	d) What is unproductive expenses ?	1
	e) When was the Reserve Bank established in India ?	1
	f) What is the name of Central Bank of America ?	1
	g) How is the effect of devaluation of the currency on the international prestige of the country ?	1
	h) In which method, 40% of gold is kept as reserved ?	1
	i) From when the minimum reserve system was implemented in India ?	1
	j) What is Repo rate ?	1
	k) The authority to stabilize or make changes in the Repo rate or Reverse Repo rate lies with .....	1
	l) Theory of balance of payment means.....theory	1
	m) The form of purchasing power parity is .....	1
	n) Economists describe inflation as which disease of the economy of a country ?	1

**Attempt any four questions from Q-2 to Q-8**

<b>Q-2</b>	Explain the functions of Reserve Bank of India.	<b>14</b>
<b>Q-3</b>	<b>Attempt all questions</b>	<b>(14)</b>
	a) What is Primary Market ? Explain the characteristics of Primary Market.	<b>7</b>
	b) Write a short note on capital market.	<b>7</b>
<b>Q-4</b>	<b>Attempt all questions</b>	<b>(14)</b>
	a) What is Inflation? Explain the reasons of Inflation.	<b>10</b>
	b) Explain the process of Vicious Circle of Inflation.	<b>4</b>
<b>Q-5</b>	<b>Attempt all questions</b>	<b>(14)</b>



	a) Discuss the qualitative credit control tools of Central Bank.	7
	b) Write a short note on objectives of Reserve Bank.	7
<b>Q-6</b>	<b>Attempt all questions</b>	<b>(14)</b>
	a) State the Bank Rate System and describe its limitations.	8
	b) Give the difference :- Open Inflation and Controlled Inflation	6
<b>Q-7</b>	<b>Attempt all questions</b>	<b>(14)</b>
	a) Explain the statement : As liquidity preference increases, the rate of interest increases.	8
	b) Explain the concept of Bond Rate, Bill Rate & Deposit Rate.	6
<b>Q-8</b>	<b>Attempt all questions</b>	<b>(14)</b>
	a) What is Foreign Exchange Rate? How it is determined by Mint Parity Theory ?	7
	b) Explain the Demand and Supply Theory of exchange rate.	7

