

2025

**ECONOMICS — HONOURS**

**Paper : DSE-A-2.1**

**(Money and Financial Market)**

**Full Marks : 65**

*The figures in the margin indicate full marks.*

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

**Group - A**

1. Answer *any ten* questions :

- |  |     |
|--|-----|
| (a) What do you mean by qualitative credit control?                                  | 2   |
| (b) Explain how does the bank rate influences the total money supply in the economy. | 2   |
| (c) What do you mean by commercial paper?  | 2   |
| (d) What is leveraging?  | 2   |
| (e) Distinguish between gross and net interest rate.                                 | 2   |
| (f) State any two functions of the financial intermediaries in an economy.           | 2   |
| (g) Mention any two measures adopted by RBI in order to control inflation.           | 2   |
| (h) Define the term structure of interest rate.                                      | 2   |
| (i) Define market risk.  | 2   |
| (j) Can the interest rate be zero? Explain.  | 1+1 |
| (k) Distinguish between call and put option.   | 2   |
| (l) What is Mutual Fund?   | 2   |
| (m) What is a yield curve?   | 2   |
| (n) Explain the difference between ordinary share and preference share.              | 2   |
| (o) What is liquidity adjustment facility?   | 2   |

**Group - B**

Answer *any three* questions. 5×3

2. Write a short note on the sources of interest rate differentials.
3. Distinguish between money market and capital market.

Please Turn Over

(2115)



4. Write a short note on Hicks-Hansen's theory of Interest Rate determination.
5. How does a commercial bank create money?
6. Explain in brief the factors that determine the supply of money.

**Group - C**

Answer *any three* questions.

7. Discuss the major recommendation of the first and second Narasimham Committee. How far these recommendations guided the banking sector reforms in India? 7+3
8. What do you mean by sterilization by Central Bank? Explain the concept using suitable diagram. 2+8
9. (a) Distinguish between primary and secondary market in the financial system.  
(b) Give a brief account of the major money market instruments in India. 2+8
10. What is financial derivative? State its features. Explain how Call and Put options are traded in the financial market with suitable examples. 1+3+6
11. Explain the difference between adverse selection and moral hazard. In what kind of financial instrument moral hazard can be easily observed? Why? 6+4