

## BBE 2nd Semester Exam., 2016

ECONOMICS OF MONEY, BANKING  
AND FINANCE

Time : 3 hours

Full Marks : 60

## Instructions :

- (i) All questions carry equal marks.
- (ii) There are **SEVEN** questions in this paper.
- (iii) Attempt **FIVE** questions in all.
- (iv) Question Nos. 1 and 2 are compulsory.

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## 1. Write True or False of any six of the following :

- (a) Under monometallism, the standard coin is made of three metals.
- (b) Money includes currency in circulation only.
- (c) Money gives liquidity to capital.
- (d) Legal tender money is accepted as a means of payments both by the government as well as the people.
- (e) The money supply in a country means the total stock of money in circulation.

( Turn Over )

- (f) Trade cycle cannot be controlled by monetary policy.
- (g) Deflation is that state of economy where the value of money is rising.
- (h) Commercial banks create credit.
- (i) Money market refers to a market of short-term funds.
- (j) The central bank enjoys monopoly of note issue.

## 2. Answer in short of any three of the following :

- (a) Define money.
- (b) How trade cycle be controlled?
- (c) What do you mean by deflation?
- (d) What do you understand by commercial bank?
- (e) Explain capital market.

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## 3. Present saving-investment theory of money.

## 4. Discuss demand for money in an economy.

5. Explain the important functions of the central bank.

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6. What is money market? Discuss the features of money market.

7. Write short notes on the following :

(a) Promotional function of RBI towards agriculture

(b) Velocity of circulation of money

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