

(6 pages)

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M.A. (CBCS) DEGREE EXAMINATION,
NOVEMBER 2019.

Third Semester

Economics

FINANCIAL ECONOMICS

(For those who joined in July 2016 and afterwards)

Time : Three hours

Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer ALL questions.

Choose the correct answer :

1. "Money is What Money does" said by

- (a) Walker
- (b) Crowther
- (c) Fisher
- (d) Pigou

2. The examples of Financial Intermediaries are

- (a) banks
- (b) Insurance Companies
- (c) Provident Funds
- (d) All the above

3. The Lovable Funds theory of the rate of interest was first formulated by _____

- (a) Robertson
- (b) Gunnar Myrdal
- (c) Knut Wicksell
- (d) Bertil Ohlin

4. According to Keynes, the level of economic activity in a Country is affected by changes in the _____ rate of interest.

- (a) Short-term
- (b) Medium-term
- (c) Long-term
- (d) All of the above

5. _____ Committee has strongly advocated the need for Prescribing Prudential norms for NBFCs.

- (a) Narasimhan
- (b) Bhore
- (c) Malhotra
- (d) Kissan

Page 2

Code No. : 5276



6. _____ is among India's oldest indigenous Financial Institutions.

- (a) Nidhis
- (b) Chit Funds
- (c) Loan Companies
- (d) Hire-purchase Finance Companies

7. The inter-bank Call Market is Part of the domestic money market from where banks borrow and lend on a _____ basis.

- (a) yearly (b) monthly
- (c) weekly (d) daily

8. Name one source for raising short-term funds by Corporate borrowers?

- (a) Certificate of Deposit
- (b) Commercial Bills
- (c) Treasures Bills
- (d) Commercial Paper

9. The Asian Development Bank was established in _____

- (a) Manila (b) Mumbai
- (c) Madras (d) Mangalore

Page 3 Code No. : 5276

10. The Bretten Woods Conference was held in the year _____

- (a) 1934 (b) 1944
- (c) 1954 (d) 1964

PART B — (5 × 5 = 25 marks)

Answer ALL questions, choosing either (a) or (b).

Each answer should not exceed 250 words.

11. (a) State the advantages of Financial Intermediaries.

Or

(b) Mention the importance of Financial System.

12. (a) What are the functions of rate of interest?

Or

(b) Write down the structure of interest rates.

13. (a) Expand the objectives of Life Insurance Corporation of India.

Or

(b) Write a short note on General Insurance Companies.

Page 4 Code No. : 5276

[P.T.O.]



14. (a) What is money market? What are its objectives?

Or

- (b) What is Swaps? Mention its merits and Demerits.

15. (a) Define International Finance Corporation.

Or

- (b) Mention the case for flexible exchange rates.

PART C — (5 × 8 = 40 marks)

Answer ALL questions, choosing either (a) or (b).

Each answer should not exceed 600 words.

16. (a) Describe the functions of Money.

Or

- (b) Explain the indicators of Financial Development.

17. (a) Discuss the classical theory of interest.

Or

- (b) Critically examine the Modern theory of interest.

Page 5

Code No. : 5276

18. (a) Compare Bank with NBFCs'

Or

- (b) Enumerate the types of organised NBFIS.

19. (a) Examine the instruments of Money Market in India.

Or

- (b) Describe various forms of derivatives.

20. (a) Trace out the origin, functions and sources of funds for Asian Development Bank.

Or

- (b) Elucidate the power of SEBI.

Page 6

Code No. : 5276

