

(6 Pages)

**Reg. No. :** .....

**Code No. : 5075**

**Sub. Code : PESM 33**

M.A. (CBCS) DEGREE EXAMINATION,  
NOVEMBER 2021

Third Semester

ECONOMICS - CORE

FINANCIAL ECONOMICS

(For those who joined in July 2017 onwards)

Time : Three hours

Maximum : 75 marks

PART A — ( $10 \times 1 = 10$  marks)

Answer ALL questions.

Choose the correct answers :

1. Primary and secondary securities are referred as
  - (a) Financial assets
  - (b) Financial market
  - (c) Financial intermediaries
  - (d) Financial system

2. The use of bills of exchange, treasury bills, bonds and debentures are known as
- (a) credit money                      (b) paper money
  - (c) near money                      (d) none
3. The need of cash for the current transactions of personal and business exchanges is termed as
- (a) Transaction motive
  - (b) Speculative motive
  - (c) Precautionary motive
  - (d) All of the above
4. \_\_\_\_\_ is also known as the supply and demand theory of saving.
- (a) The classical theory of interest
  - (b) The modern theory of interest
  - (c) The loanable fund theory of interest
  - (d) Keynesian theory of interest
5. Organised non-banking financial intermediaries are
- (a) Public sector banks
  - (b) Development banks
  - (c) Private sector banks
  - (d) Co-operative banks

6. A non-banking financial company is a company registered under the companies Act.
- (a) 1958 (b) 1956  
(c) 1949 (d) 1998
7. Regulates the working of institution such as mutual funds, money markets and merchants bankers.
- (a) SEBI (b) IRDA  
(c) Financial markets (d) None
8. In a place where shares of corporates are bought and sold
- (a) Equity markets (b) Debt markets  
(c) Services markets (d) Financial markets
9. The Asian development bank was established supplement the work of the in Asia
- (a) Central bank (b) World bank  
(c) IMF (d) None
10. IBRD stands for
- (a) International Bank for Rural Development  
(b) International Bank for Reconstruction and Development  
(c) Indian Bank for Reconstruction and Development  
(d) Indian Bank for Rural Development

PART B — ( $5 \times 5 = 25$  marks)

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

Each answer should not exceed 250 words.

11. (a) State and define money.

Or

- (b) What is risk? Explain.

12. (a) How short period interest rate is fixed?

Or

- (b) Explain lending rate.

13. (a) Write a note on organised non-banking financial institutions.

Or

- (b) Unorganized non-banking financial institutions should be regularized why?

14. (a) Define capital market.

Or

- (b) Write a note on government securities market.

15. (a) What is floating exchange rate?

Or

(b) Write the lending activities of Asian development bank.

PART C — ( $5 \times 8 = 40$  marks)

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

Each answer should not exceed 600 words.

16. (a) Write the difference between financial intermediation and financial intermediaries.

Or

(b) How equilibrium is achieved in financial markets?

17. (a) Critically analyse loanable fund theory.

Or

(b) Write an essay on administered interest rate.

18. (a) Explain different types of non-banking financial institutions.

Or

(b) Analyse the impact of NBFIs Indian economic development.

19. (a) Explain the role of money markets in Indian economy.

Or

- (b) Write note on :
- (i) Call money market
  - (ii) Treasury bill market
  - (iii) Commercial bill market.

20. (a) How Asian development bank helps India to get economic development?

Or

- (b) Write an essay on growth of regional financial institutions.
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