

210146

**BACHELOR OF VOCATION**  
**Management Financial Services**  
**Subject: Economics for Bankers**  
**Subject Code: BFS601**  
**Semester: Third**  
**January 2021**  
**Theory (External): 70 Marks**  
**Time: 03 Hours**

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**Instructions to the Students**

1. This Question paper consists of two Sections. All sections are compulsory.
2. Section A comprises 10 questions of objective type in nature. All questions are compulsory. Each question carries 2 marks.
3. Section B comprises 8 essay type questions out of which students need to do any 5. Each question carries 10 marks.
4. Read the questions carefully and write the answers in the answer sheets provided.
5. Do not write anything on the question paper.
6. Wherever necessary, the diagram drawn should be neat and properly labelled

Roll Number									

**SECTION -A (SHORT/OBJECTIVE TYPE QUESTIONS)**  
**(10x2=20 Marks)**

- A. What is the most widely used tool of monetary policy?
- a) Issuing of notes
  - b) Open market operations
  - c) Discount rate
  - d) None of these
- B. Normally a demand curve will have the shape:
- a) Horizontal
  - b) Vertical
  - c) Downward sloping
  - d) Upward sloping
- C. If elasticity of demand is very low it shows that the commodity is:
- a) A necessity
  - b) A luxury
  - c) Has little importance in total budget
  - d) (a) and (c) above
- D. \_\_\_ was not nationalized in 1969:
- a) Punjab National Bank
  - b) Oriental Bank of commerce
  - c) Bank of Baroda
  - d) Union Bank of India
- E. What was the maximum limit of Statutory Liquidity Ratio had Narasimham Committee recommended?
- a) 25%
  - b) 20%
  - c) 18%
  - d) 15%

F. Fiscal policy in India is formulated by

- a) Reserve Bank of India
- b) Planning Commission
- c) Finance Ministry
- d) Securities and Exchange Board of India

G. The condition of a continually rising price level is defined as

- a) stagflation
- b) stagnation
- c) disinflation
- d) inflation

H. Economic development refers to

- a) Economic growth.
- b) Economic growth plus changes in output distribution and economic structure.
- c) Improvement in the well-being of the urban population.
- d) Sustainable increases in Gross National Product.

I. The slope indifference curve is equal to:

- a) One
- b) Marginal utility
- c) Marginal rate of substitution
- d) None of these

J. Which of the following are limitations of break-even analysis?

- a) Static concept
- b) Capital employed is taken into account.
- c) Limitation of non-linear behavior of costs
- d) Limitation of presence of perfect competition

**SECTION -B (ESSAY TYPE QUESTIONS)**  
**(5x10=50 Marks)**

1. Throw some light on the recommendations given by different committees for banking and financial sector reforms.
2. Compare and contrast long-run equilibrium under monopolistic competition with that under perfect competition.
3. What do you mean by value of money? Elaborate its types with example.
4. What are the basic requirements for economic development also describe the economic and non-economic factors that determine economic development?
5. What are the various methods for measuring banking efficiency?
6. Describe the types of risk. Also explain in detail the evolution of insurance.
7. Define Credit Multiplier. What role does it play in determining the credit creation power of the banking system? Use a numerical illustration to explain.
8. Sketch the historical development of money from gold coins to the present system of paper currency and metallic coins.

**\*\*\*END OF PAPER\*\*\***