## BACHELOR OF VOCATION

**Management Financial Services** 

Subject: Economics for Bankers

**Subject Code: BFS601** 

Semester: Third

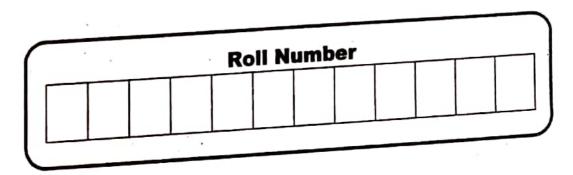
January 2021

Theory (External): 70 Marks

Time: 03 Hours

## Instructions to the Students

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



## 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.
  - 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.
- 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?
- 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.
- Sketch the historical development of money from gold coins to the present system of paper currency and metallic coins.

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

Page 4 of 4