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2112M075

BACHELOR OF VOCATION
Management Financial Services
Subject: Economics for Bankers
Subject Code: MBF-601
Semester: Third
December 2021
Theory (External): 70 Marks
Time: 03 Hours

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

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

- A What is the meaning of risk? Define different types of risk briefly.
- B What is break-even analysis?
- C State the limitations of monetary policy.
- D What are economies of scale?
- E Distinguish between M3 and M4 concepts of money as formulated by RBI
- F Give two points of superiority of indifference curve analysis over utility analysis.
- G Briefly explain role of banks in Indian economy.
- H What is the objective of insurance? Briefly explain the principles of insurance.
- I What is credit multiplier?
- J Define money. What are functions of money?

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

- 1 'Money is anything that is commonly used and generally accepted as a medium of exchange or as a standard of value.' (Raymond P. Kent). Discuss this statement with examples.

- 2 a) What are the characteristic features of monopolistic competition?
b) Show how an individual firm will attain equilibrium under monopolistic competition for a given product, its price and output being allowed to vary, selling costs having been ignored
- 3 a) Assume that at the price of a product is Rs.100, the demand for the product is 1000 units. If the price of the product increases to Rs.120, the demand decreases to 700 units. Calculate the price elasticity using the arc elasticity method.
b) What are the factors the influence the price elasticity of demand?
- 4 Highlight the recent monetary policy development in India during the post liberalisation period. What are the challenges to monetary policy in India?
- 5 Critically appraise financial sector reforms.
- 6 A small firm incurs fixed expenses amounting to Rs. 12,000. Its variable cost of product X is Rs. 5 per unit. Its selling price is Rs. 8. Determine its break-even quantity (BEQ) and safety margin for the sales of 5000 units
- 7 How do commercial banks create credit? What are the limits of credit creation powers of commercial banks?
- 8 Explain the different types of market structures.