

Unique Paper Code : 62277502
Name of the Paper : Money and Banking_NC
Name of the Course : B.A Prog. DSE
Semester : V
Duration : 3 hours
Maximum Marks : 75 marks

Instructions for Candidates

1. Attempt any four questions.
 2. All questions carry equal marks.
 3. Answers may be written either in English or Hindi; but the same medium should be used throughout the paper.
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1. a) What are the major recommendations of the Third Working Group on Money Supply (Chairman Dr Y.V.Reddy).
b) Discuss the use of Weighted Money Aggregates in the Indian Context.
 2. a) Indicate and Explain with the help of a diagram the impact of Asymmetric Information and Adverse Selection in the Interest charged to good and bad credit risk takers.
b) Discuss the strategies that Banks adopt for countering Asymmetric Information.
 3. a) Explain the Hypothesis which best explains the various shapes of Yield Curves.
b) i. Suppose the interest rate on a one-year CD is 6%; a two-year CD is 5% and on a three-year CD is 7%. Describe the shape of the Yield Curve.
ii Use the Expectation Hypothesis to determine the markets forecast of the one-year rate next year.
 4. a) Discuss the main Monetary Policy Instruments available to the Reserve Bank of India.
b) Discuss the multiple Indicator Approach in India from 1998-2016.
 5. a) Explain the implication of Basel-III on Indian Banks.
b) Critically examine the role of interest rate as an intermediate target of monetary policy.
 6. Write short notes on any two topics following
a) Moral hazard problems in equity market

b) Problem of lemons

c) Open Market Operation of Central Bank