

**BIRLA INSTITUTE OF TECHNOLOGY, MESRA, RANCHI
(MID SEMESTER EXAMINATION SP/2024)**

CLASS: IMSc
BRANCH: CQEDS

SEMESTER : VI
SESSION : SP/2024

SUBJECT: ED331 MONEY AND FINANCIAL INSTITUTIONS

TIME: 02 Hours

FULL MARKS: 25

INSTRUCTIONS:

1. The question paper contains 5 questions each of 5 marks and total 25 marks.
 2. Attempt all questions.
 3. The missing data, if any, may be assumed suitably.
 4. Tables/Data handbook/Graph paper etc., if applicable, will be supplied to the candidates
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		CO	BL
Q.1(a)	What do you understand by financial stability?	[2]	5 3
Q.1(b)	What are the reserves of commercial banks that are held by the central bank?	[3]	5 3
Q.2	What are adverse selection and moral hazard problems? Explain how the two are different?	[5]	1 4
Q.3(a)	Define what a financial market is.	[2]	5 2
Q.3(b)	Who are the participants in the financial markets?	[3]	5 3
Q.4	What is monetary policy? What are the objectives of monetary policy?	[5]	5 5
Q.5(a)	What is monetary base?	[2]	5 3
Q.5(b)	Explain how open market operations changes the central bank's balance sheet?	[3]	2 5

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