

BACHELOR OF ARTS EXAMINATION , 2017

(1<sup>ST</sup> Year , 2<sup>nd</sup> Semester, 2017)

ECONOMICS

Money, Banking and Inflation

(Extra Departmental Course)

Time 2 hours

Full Marks 30

Answer any three:

1. (a) What do you mean by market for foreign exchange ?  
(b) How the exchange rate for foreign currency ( in terms of rupee) is determined?  
© Show the impact of an increase in average domestic price on the equilibrium exchange rate.  
2+6+2
2. Define the following: ( any five)  
  - (i) Security
  - (ii) Repo rate
  - (iii) Equity
  - (iv) Promissory note
  - (v) Mortgage Bond
  - (vi) Debenture Bond5x2
3. What is a Treasury Bill ? How is the issue price of Treasury Bill determined ? Explain 10
4. What do you mean by a bond? Consider a 2 year bond with a face value of Rs 10,000/ and a coupon rate 10% paid semi-annually. At what price will the bond price be sold at the time of issue of the bond? 10
5. Explain with suitable examples the “ Demand Pull Inflation and Cost Push inflation” 10