

SHRIMATHI DEVKUNVAR NANALAL BHATT VAISHNAV COLLEGE FOR WOMEN  
(AUTONOMOUS)

(Affiliated to the University of Madras and Re-accredited with 'A+' Grade by NAAC)

Chromepet, Chennai - 600 044.

B.Com. BIM - END SEMESTER EXAMINATIONS - APRIL 2025

SEMESTER - VI

**24UBBET6B02 - Economics of Money and Banking**

Total Duration : 1 Hrs.30 Mins.

Total Marks : 40

### **Section B**

Answer any **TEN** questions ( $10 \times 2 = 20$  Marks)

1. State Hyman Minsky's contribution to understanding the monetary system as discussed in the readings.
2. Explain how foreign exchange swaps function in the context of international banking.
3. Show how forward contracts contribute to the concept of advance clearing.
4. What is shadow banking and how does it differ from traditional banking?
5. Identify market makers contribution to price stability in financial markets.
6. Explain how central banks cooperate during a financial crisis.
7. What do you mean by 'advance clearing' in the context of banking?
8. What is the significance of the lender of last resort function of a central bank?
9. Show how flexible exchange rates impact international trade.
10. What is the significance of the bid-ask spread in market making?
11. Describe what indirect finance contribute to economic development.
12. Explain the significance of understanding the distinction between inside money and outside money in the context of the monetary system.

### **Section C**

Answer any **FOUR** questions ( $4 \times 5 = 20$  Marks)

13. Explain the role of the Central Bank in regulating the economy.
14. Predict the risks faced by market makers in the banking system and how they mitigate these risks.
15. Examine the role of the International Monetary Fund in managing the global liquidity.

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16. Classify the mechanisms through which advance clearing operates and its impact on the banking system.
17. Examine the key characteristics of shadow banking and how does it differ from traditional banking.
18. Relate the factors that influence global liquidity in the international monetary system.

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