



# PRESIDENCY UNIVERSITY

BENGALURU

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## End - Term Examinations -MAY 2025

Date: 30-05-2025

Time: 01.00 pm – 04:00 pm

<b>School:</b> SOC	<b>Program:</b> BSc Economics	
<b>Course Code:</b> BSE2044	<b>Course Name:</b> Money and Banking	
<b>Semester:</b> IV	<b>Max Marks:</b> 100	<b>Weightage:</b> 50%

CO - Levels	CO1	CO2	CO3	CO4	CO5
<b>Marks</b>	<b>18</b>	<b>33</b>	<b>33</b>	<b>33</b>	<b>33</b>

### Instructions:

- (i) Read all questions carefully and answer accordingly.
- (ii) Do not write anything on the question paper other than roll number.

### Part A

Answer ALL the Questions. Each question carries 2 marks.

10Q x 2M=20M

1.	Define money.	2 Marks	L1	CO1
2.	What are monetary standards?	2 Marks	L1	CO1
3.	List the functions of a commercial bank.	2 Marks	L1	CO2
4.	State any two objectives of the Central Bank.	2 Marks	L1	CO2
5.	Name the modern theories of commercial banking.	2 Marks	L1	CO3
6.	Identify any two features of non-bank financial institutions (NBFIs).	2 Marks	L1	CO3
7.	Discuss the meaning of a 'passbook'.	2 Marks	L2	CO4
8.	Identify two negotiable instruments used in banking.	2 Marks	L1	CO4
9.	What is mixed banking?	2 Marks	L1	CO5
10.	Outline the role of the Federal Reserve System in the USA.	2 Marks	L1	CO5

**Part B****Answer ALL the Questions. Each question carries 7 Marks.****Total Marks 35M**

<b>11.</b>	<b>a.</b>	A professor explains to students that money has evolved from barter to digital forms. The class discusses how monetary standards have changed with time and what influences the demand and supply of money in a modern economy. Describe the evolution of money and explain factors influencing the demand and supply of money.	<b>07 Marks</b>	<b>L2</b>	<b>CO 1</b>
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**Or**

<b>12.</b>	<b>a.</b>	An economic think tank is reviewing the relevance of classical money theories in today's digital economy. A special emphasis is given to the 'H' theory and its practical significance in monetary policy. Explain the 'H' theory of money supply and its application in managing liquidity.	<b>07 Marks</b>	<b>L2</b>	<b>CO 1</b>
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<b>13.</b>	<b>a.</b>	A graduate trainee at a commercial bank is preparing a presentation on how banks create credit. He wants to demonstrate the multiplier effect using real-life data and explain the importance of public deposits in this process. Explain the process of credit creation and how it impacts the money supply.	<b>07 Marks</b>	<b>L2</b>	<b>CO 2</b>
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**Or**

<b>14.</b>	<b>a.</b>	A panel at a financial summit discussed how Central Banks in developing nations are tasked with promoting development while ensuring monetary stability. Examples from India, Brazil, and Indonesia were shared. Discuss the dual role of the central bank, regulatory and promotional, in developing economies.	<b>07 Marks</b>	<b>L2</b>	<b>CO 2</b>
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<b>15.</b>	<b>a.</b>	At a postgraduate seminar, scholars compared traditional and modern theories of banking. The discussion focused on the contributions of James Tobin and E.S. Shaw in redefining commercial banking. Explain how James Tobin and E.S. Shaw's theories differ from traditional theories of banking.	<b>07 Marks</b>	<b>L2</b>	<b>CO 3</b>
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**Or**

<b>16.</b>	<b>a.</b>	A policy research group is examining how non-banking financial institutions (NBFIs) are reshaping financial intermediation. They refer to the Gurley-Shaw thesis to frame their arguments. Describe the Gurley-Shaw thesis and its implications for the role of NBFIs.	<b>07 Marks</b>	<b>L2</b>	<b>CO 3</b>
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<b>17.</b>	<b>a.</b>	A customer walks into a bank to open an account and is presented with options like savings, current, and fixed deposits. The customer is also informed about how cheques and drafts work. Describe different types of bank deposit accounts and the instruments used in operating them.	<b>07 Marks</b>	<b>L2</b>	<b>CO 4</b>
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Or					
18.	a.	During a bank audit, the auditors stressed the importance of understanding the legal obligations between banks and their customers. A few recent disputes highlighted issues around customer confidentiality. Explain the banker-customer relationship and the obligations of both parties involved.	07 Marks	L2	CO 4

19.	a.	A workshop on international banking systems featured a session comparing unit, group, and mixed banking models across countries. The speaker used real-world examples to highlight their respective strengths. Compare unit banking, group banking, and mixed banking, and explain their advantages and disadvantages.	07 Marks	L2	CO 5
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Or					
20.	a.	A documentary on the evolution of central banking in the US and UK was screened at a university. Students noted differences in the structure and regulatory powers of the Bank of England and the Federal Reserve. Compare the central banking structures of the UK and the USA, focusing on the Bank of England and the Federal Reserve.	07 Marks	L2	CO 5

### Part C

Answer any Three Questions. Each question carries 15 marks

3Q x 15M=45M

21.	a.	The Reserve Bank of India increased liquidity by reducing the cash reserve ratio. Meera, an economics student, learned that money supply isn't just about printing currency—it also depends on how much banks lend. If banks hold back or people prefer cash, money supply grows slowly despite policy changes. Explain how the money multiplier affects the total money supply in an economy.	15 Marks	L2	CO 2
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22.	a.	During a television interview, the RBI Governor explained that the central bank had kept interest rates steady to balance inflation control with economic growth. Priya, a management student, realized that monetary policy isn't just about rates, but it also aims to ensure price stability, full employment, and financial stability. List any two key objectives of monetary policy and explain how they contribute to economic stability.	15 Marks	L2	CO 3
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23.	a.	A dispute arose when a customer's private financial data was shared by a bank employee with a third-party loan agent. The customer sued the bank, citing breach of confidentiality and lack of disclosure. Explain the legal obligations in the banker-customer relationship, especially secrecy and disclosure norms.	15 Marks	L2	CO 4
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<b>24.</b>	<b>a.</b>	In a comparative economics class, students analysed unit, group, chain, and mixed banking systems across India, UK, and the USA. They found that mixed banking systems provide a balance between commercial and investment banking. Compare different banking systems and their advantages, citing examples from global practices.	<b>15 Marks</b>	<b>L2</b>	<b>CO 5</b>
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