SET-1

INDIRA UNIVERSITY, PUNE

SCHOOL OF COMMERCE AND ECONOMICS- MCOM

Backlog Examination (2025 Pattern) April/ May – 2026 - Semester – I

Subject Name: Central Banking and Monetary Policy **Max. Marks: 50**
Subject Code: 25MOC107T **Time: 2 ½ Hours**

Instructions

- All questions are compulsory.

CO #	Cognitive Ability	Course Outcome
CO1	**Remember**	Recall the origin, evolution, and changing role of central banking, with a focus on the Reserve Bank of India's establishment and its historical context.
CO2	**Understand**	Explain the functions of the Reserve Bank of India as a currency authority, banker to the government, banker's bank, custodian of foreign reserves, and its promotional functions in the economy.
CO3	**Apply**	Apply the regulatory framework of the Reserve Bank of India to assess its supervision over commercial banks, including licensing, prudential norms, and the operation of foreign banks.
CO4	**Analyse**	Analyze the objectives and conflicts in monetary policy, such as price stability, employment generation, and exchange rate stability, within the broader macroeconomic environment.
CO5	**Evaluate**	Evaluate the effectiveness of the Monetary Policy Committee and the instruments of monetary policy, such as the Bank Rate, Cash Reserve Ratio, Statutory Liquidity Ratio, and Repo Rates, in achieving balanced economic growth.

Q.1.	**Answer in short any 5 out of 7** **(10 Marks)** a) State two key objective of a central bank. b) When was the Reserve Bank of India established? c) State two promotional function of the RBI. d) What is meant by prudential norms? e) What is meant by the conflict between growth and inflation? f) State the main objectives of India's monetary policy. g) Define Repo Rate.	CO1
Q.2.	**Attempt any 1 out of 2** **(10 Marks)** a) Explain how the RBI supports other banks in the country. b) Explain the main functions of a central bank in simple words.	CO2
Q. 3.	**Attempt any 1 out of 2** **(10 Marks)** a) Identify the role of the RBI as the currency authority. How does it manage currency issuance and distribution in India?	CO3

	b) Apply how the RBI functions as a banker's bank. What does it mean to be the lender of last resort?	
Q. 4.	**Attempt any 1 out of 2** **(10 Marks)** a) Explain how the RBI uses monetary policy instruments to control inflation and promote growth. **b)** Analyze how the MPC's policy decisions influence interest rates and inflation in the economy.	CO4
Q. 5.	**Attempt any 1 out of 2** **(10 Marks)** a) Do you think the RBI is doing a good job in keeping prices under control in India? Why or why not? b) Assess whether the current monetary policy is suitable for India's present economic challenges like unemployment and rising prices.	CO5

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