

INDIRA UNIVERSITY, PUNE

SCHOOL OF COMMERCE AND ECONOMICS- M.COM.

Term End Examination (2025 Pattern) December – 2025 - Semester – I

Subject Name: Central Banking and Monetary Policy
Subject Code: 25MOC107T

Max. Marks: 50
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.	<p>Answer in short any 5 out of 7 (10 Marks)</p> <p>a) State one main role of a Central Bank in an economy. b) State one key objective of a central bank. c) Describe how the RBI regulates and supervises commercial banks. d) What are currency chests? e) Name any two objectives of monetary policy. f) What does balanced growth mean? g) What is the Bank Rate?</p>	CO1
Q.2.	<p>Attempt any 1 out of 2 (10 Marks)</p> <p>a) Explain the origin and evolution of central banking. How did central banks come into existence? b) Define a central bank and discuss its main functions in a modern economy.</p>	CO2,

Q. 3.	Attempt any 1 out of 2 (10 Marks) a) Identify the role of the RBI as a custodian and manager of foreign exchange reserves. b) Apply your understanding to explain how the RBI controls credit in the economy.	CO3
Q. 4.	Attempt any 1 out of 2 (10 Marks) a) Examine how changes in the Cash Reserve Ratio (CRR) affect money supply and inflation. b) Analyze the importance of the MPC in ensuring transparency and accountability in India's monetary policy framework.	CO4
Q. 5.	Attempt any 1 out of 2 (10 Marks) a) In your opinion, how does the RBI's monetary policy affect normal people and small businesses? b) Evaluate, can monetary policy alone solve India's problems of inflation and unemployment, or does it need help from fiscal policy too? Explain.	CO5
