

MMS/D07
MANAGEMENT OF FINANCIAL INSTITUTIONS
Paper-FM-306

Time: Three Hours]

[Maximum Marks: 70

Note: Attempt *five* questions in all. All questions carry equal Marks. Q. No.1 is compulsory.

1. Write short answers of the following questions:
 - (a) Define Market risk.
 - (b) How is the return of banks estimated?
 - (c) What is the relation between Risk and Inflation?
 - (d) List the causes of cost overrun.
 - (e) What is Asset Management Company?
 - (f) Write a short note on SDR.
 - (g) Name money market instruments.
2. Define the term 'Structure interest rates'. Discuss the Expectation theory, Liquidity premium theory and Classical theory of interest rates.
3. Analyse the trends and features of the various interest rates since 1991, in India. What should be the appropriate interest rate policy in India?
4. What are the major advantages of investment through mutual funds? Define the different types of schemes floated by mutual funds briefly.
5. Explain the various objectives of monetary policy of RBI. Highlight the recent monetary policy developments in India during the post-liberalization period.
6. Define the term 'Capital Adequacy'. How is it calculated? What are the problems faced by banks in India in implementation of Basel Accord-II regarding capital adequacy?
7. What are Development Banks? Has the importance of these banks declined in recent years? If yes, why? How can the development banks be brought to the right track once again?
8. Write short notes on the following:
 - (a) Thrift institutions.
 - (b) Performa statements of banks.
 - (c) Yield curve.
 - (d) Financial planning by banks.

