

**Indian Institute of Technology Kharagpur**

Date \_\_\_\_\_ FN/AN Time: 2 hours Full Marks: 30 No of Students: 135  
Mid Autumn Semester 2016-17 Deptt: HSS Sub No: HS30097  
5-Year Integrated M.Sc in Economics Sub Name: Financial Institutions and Markets

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**Answer all the Questions and Each Question Carries Equal Marks.**

1. ✓ Financial Developments lead to Economic Growth through savings and investments. Do you agree with this statement? If yes, then provide the arguments through different theories.
  2. ✓ What do you mean by efficiency of the markets? Explain the Efficient Market Hypothesis with suitable example.
  3. ✓ What are the major objectives of RBI? Explain the operating procedure of monetary policy after the introduction of Liquidity Adjustment Facility in India.
  4. ✓ What are the major objectives and functions of SEBI and IRDA?
  5. ✓ Why bank is special among all financial institutions? Explain the different approaches to bank lending.
  6. ✓ What are the different types of risks commercial banks face? Briefly explain how commercial banks manage the interest rate risk?
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