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(Pages: 3)

Name:

Reg. No:

FOURTH SEMESTER M.A. DEGREE EXAMINATION, APRIL 2023

(CBCSS - PG)

(Regular/Supplementary/Improvement)

CC19P ECO4 C12 - INTERNATIONAL FINANCE

(Economics)

(2019 Admission onwards)

Time: 3 Hours

Maximum: 30 Weightage

Part A

Answer *all* questions. Each question carries 1/5 weightage.

1. Which among the following is a basic principle of BoP?
(a) Double Entry book keeping (b) Tripple Entry book keeping
(c) Both A & B (d) None of these
2. If $R_f - P_f = 0$, then BoP is
(a) Surplus (b) Deficit (c) Balance (d) All of these
3. An Automatic increase in domestic currency price of foreign currency is
(a) Devaluation (b) Revaluation (c) Depreciation (d) Appreciation
4. The price paid per unit of foreign currency in terms of home currency is
(a) Foreign exchange rate (b) hedging
(c) balance of payment (d) None of these
5. In which of the following Exchange Rate, the comparative advantage is clear?
(a) Fixed Exchange Rate (b) Flexible Exchange Rate
(c) Hybrid Exchange Rate (d) None of these
6. Purchasing Power Parity theory was developed by whom?
(a) Alfred Marshall (b) Gustav Cassel (c) Eli Heckscher (d) Bertil Ohlin
7. The value of k in the demand for money equation is
(a) V (b) 1/V (c) Both A & B (d) None of these
8. Which among the following is a function of foreign exchange market?
(a) Transfer (b) hedging (c) Credit (d) All of these
9. Which among the following is used to equalize the exchange rate between two monetary centre
(a) Speculation (b) hedging (c) Arbitrage (d) None of these
10. External Balance implies the equilibrium of
(a) Money Market (b) Capital Market (c) BoP (d) None of these

11. Expenditure Switching Policy is used to attain
 (a) IB (b) EB (c) Both A & B (d) None of these
12. Foreign capital in non priority sector in India was approved by
 (a) RBI (b) FIPB (c) Both A & B (d) None of these
13. MNC deals with
 (a) Intra firm trade (b) Inter firm trade (c) Both A & B (d) None of these
14. Platform used for dollarization is
 (a) Forex Market (b) Currency Board (c) Offshore Market (d) None of these
15. Which among the following represents SDR
 (a) Paper gold (b) Paper Currency (c) Plastic Currency (d) All of these

(15 × 1/5 = 3 Weightage)

Part B (Very Short Answer Questions)

Answer any *five* questions. Each question carries 1 weightage.

16. What is Exchange depreciation?
17. Fixed Exchange Rate is disciplinary, explain.
18. What is Risk Premium?
19. Who are the participants of foreign exchange market?
20. Explain a stable foreign exchange market.
21. What is Future Contract?
22. What is Speculation?
23. What is Liquidity?

(5 × 1 = 5 Weightage)

Part C (Short Answer Questions)

Answer any *seven* questions. Each question carries 2 weightage.

24. Differentiate BoP and BoT.
25. What are the conditions for capital account convertibility?
26. Write a note on NEER.
27. Write a note on the difference between clean float and dirty float system.
28. Write a note on Relative Purchasing Power Parity.
29. Write a note on Expenditure Changing Policy.

(2)

30. Explain the ways through which the Internal Balance can be attained.
31. Write a note on the equilibrium of BP on Mundell-Fleming.
32. Explain the motives for FPI.
33. Write a short note on present international monetary system.

(7 × 2 = 14 Weightage)

Part D (Essay questions)

Answer any *two* questions. Each question carries 4 weightage.

34. Explain Bop and its equilibrium and disequilibrium.
35. Explain Flexible exchange rate and its relative merits and demerits.
36. How internal and external balance can be achieved through various policies?
37. Explain the importance of foreign capital.

(2 × 4 = 8 Weightage)

(3)