

16P422

(Pages:3)

Name.....

Reg. No.....

FOURTH SEMESTER M.A.DEGREE EXAMINATION MARCH 2018

(Regular/Supplementary/Improvement)

(CUCSS- PG)

CC15P ECO4 C13-INTERNATIONAL FINANCE

(Economics)

(2015 Admission onwards)

Time: Three Hours

Maximum: 36 Weightage

Part A

(Objective Type Questions)

Answer *all* questions. Each question carries $\frac{1}{4}$ weightage.

1. Bank deposits of non-resident Indians come under the
 - (a) errors and omissions.
 - (b) current account.
 - (c) capital account.
 - (d) loans and advances.
2. Covered interest rate parity occurs as the result of
 - (a) stabilising speculation.
 - (b) the actions of market-makers.
 - (c) interest rate arbitrage.
 - (d) purchasing power parity.
3. Exporters can reduce their risk by.
 - (a) Hedging.
 - (b) Arbitrage.
 - (c) Speculation.
 - (d) None of the above.
4. In the balance of payment, unrequited receipts are entered as.
 - (a) Credit entry.
 - (b) Debit entry.
 - (c) Separate entry.
 - (d) None of the above.
5. Multinational corporations.
 - (a) Increase the transfer technology between nations;
 - (b) Make it harder to nations to foster activities of comparative advantage.
 - (c) Always enjoy political harmony in nations where their subsidiaries operate.
 - (d) Require governmental subsidies in order to conduct worldwide operations.
6. Simultaneous buying and selling of currency is known as.
 - (a) Arbitrage.
 - (b) Swaping.
 - (c) Option.
 - (d) Hedging.
7. The absorption approach of BoP was formulated by.
 - (a) Sidney Alexander.
 - (b) Marshal.
 - (c) Lerner.
 - (d) Friedman.

Turn Over

8. The purchasing power parity theory was formulated by.
 (a) Gustav Cassel. (b) Marshal.
 (c) Ricardo. (d) Krugman.
9. The appropriate expenditure switching policy to correct a deficit in balance of payment is a
 (a) Revaluation. (b) Devaluation.
 (c) Monetary policy. (d) Fiscal policy.
10. What percentage of currency devaluation was allowed by the IMF in the Bretton Woods Agreement?
 (a) 10%. (b) 20%.
 (c) 7%. (d) 15%.
11. Which of the following institutions cannot be included in the international financial and monetary system?
 (a) WTO (b) World Bank.
 (c) Bank for International Settlements. (d) IMF
12. Which of the following is not a major trading centre of foreign exchange?
 (a) Singapore. (b) Hong Kong.
 (c) London. (d) Tokyo.

(12 x ¼ = 3 weightage)

Part B

(Very Short Answer Type Questions)

Answer any *five* questions not exceeding one paragraph. Each question carries *1* weightage.

13. FEMA
 14. Effective rate of exchange rate.
 15. Marshall-Lerner condition.
 16. Dollarization.
 17. International capital flows
 18. PPP
 19. Arbitrage.
 20. Currency futures.

(5 x 1 = 5 weightage)

Part C

(Short Answer Type Questions.)

Answer any *eight* questions not exceeding one page. Each question carries *2* weightage.

21. Distinguish between FII and FDI
 22. Explain internal and external balance under alternative exchange rate regimes.
 23. Evaluate the impact of LPG on foreign investment in India.
 24. Discuss absorption approach to BoP
 25. What do you mean by exchange rate overshooting?
 26. Explain Swan diagram.
 27. Evaluate the role of currency board in international financial system.
 28. Explain the role of European Monetary Union.
 29. Discuss expenditure switching policies and expenditure changing policies.
 30. Explain the methods of removing balance of payments disequilibrium.
 31. Differentiate between NEER and REER

(8 x 2 = 16 weightage)

Part D

(Essay Type Questions.)

Answer any *three* questions not exceeding three pages. Each question carries *4* weightage.

32. Discuss the merits and demerits of fixed and flexible exchange rate system.
 33. Examine the merits and demerits of MNCs.
 34. Discuss the collapse of Brettonwood system.
 35. What do you mean by balance of payments disequilibrium? Discuss the trends in balance of payments in India.
 36. Discuss Mundel-Fleming Model.

(3 x 4 = 12 Weightage)
