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Reg. No.

FOURTH SEMESTER M.A. DEGREE EXAMINATION, MARCH 2017

(CUCSS - PG)

(Economics)

CC15P ECO4 C13 - INTERNATIONAL FINANCE

(2015 Admission)

	Time: Three Hours		Maximum: 36 Weightage
		Part A	
		Objective Type Questions (Answer all questions)	
1	. Gold standard is an example of :		
	a) Hybrid exchange rate	b) Fixed exchange rate	
	c) Flexible exchange rate	d) None of the above	
2.	The purchasing power parity theo	ry was formulated by:	
	a) Gustav Cassel	b) Marshal	
	c) Ricardo	d) Friedman	
3.	The foreign exchange market is a	market	
	a) 6 hour	b) 24 hour	
	c) 8 hour	d) 10 hour	
4.	The Committee on Capital Accou	nt Convertibility (CAC) const	tituted by the Reserve Bank
	of India for suggesting a roadmap or	n full convertibility of Rupee on	Capital Account was
	a) Tarapore Committee	b) Rangarajan Committee	man and the second
	c) Raghuram Rajan Committee	d) Khan Committee	
5.	is the simultaneous buying an	nd selling of foreign currencie	s with the intention of
	making profits from the exchange	rate differentials	
	a) Arbitrage	b) Hedging	
	c) Swap	d) options	

b) Exchange control

d) export promotion

b) Sidney Alexander

d) Friedman

6. Balance of payment surplus can be corrected through:

7. The absorption approach of Balance of payment was formulated by:

a) Increase in interest rate

a) J M Keynes

c) A P Lerner

c) Appreciation of currency

8. The united Nations Monetary an	nd Financial Conference was neid at in 1944.
a) Uruguay	b) Washington D C
c) Bretton Woods	d) Geneva
9. Devaluation will improve the ba	alance of payment of a country when the summation of
elasticities of export and import	
a) Equal to one	b) Greater than one
c) Less than one	c) None of the above
10 takes in to account only v	visible items of international trade
a) Balance of trade	b) Balance of payment
c) balance of current account	d) Balance of capital account
11 is the investment where the	e investor has control over the investments
a) FPI	b) FDI and summing boxid (d. other summing by
c) FII	d) internal investment
12. Flexible exchange rate is also k	known asexchange rates.
a) Floating	b) Fixed
c) Managed floating	d)Hybrid
	$(12 \times \frac{1}{4} = 3 \text{ weightage})$

Part B

Very Short Answer Type Questions.

(Answer any five questions not exceeding one paragraph)

- 13. Explain Managed floating exchange rate.
- 14. What do you mean by Forward Market?
- 15. What is currency arbitrage?
- 16. Define mint parity
- 17. What is depreciation of currency?
- 18. What is hedging?
- 19. Distinguish between BOP and BOT
- 20. What is J curve effect?

 $(5 \times 1 = 5 \text{ weightage})$

Part C

Short Answer Type Questions.

(Answer any eight questions not exceeding one page)

- 21. Write a note on Purchasing Power Parity Theory.
- 22. Distinguish between currency futures and options market.
- 23. What do you mean by Marshal Learner condition?
- 24. Explain Asset market model.
- 25. What do you mean by foreign exchange market? Explain the major functions of foreign exchange market?
- 26. What are the arguments for and against fixed exchange rate?
- 27. Explain stabilizing and destabilizing speculation?
- 28. Explain the meaning of currency convertibility? Comment on the convertibility of Indian Rupee.
- 29. Give a brief account of European monetary union.
- 30. Distinguish between foreign direct and portfolio investment.
- 31. Explain Exchange rate overshooting

 $(8 \times 2 = 16 \text{ weightage})$

Part D Essay Type Questions.

(Answer any three questions not exceeding three pages)

- 32. Discuss the advantages and disadvantages of Multinational corporations
- 33. What are the components of Balance of Payments? Discuss the methods of correcting Balance of Payment deficit?
- 34. Explain Bretton Woods system and its breakdown? Discuss the present international monetary system?
- 35. Explain Mundel-Fleming Model under fixed and flexible exchange rate regimes?
- 36. Discuss monetary approach to balance of payments and exchange rate?

 $(3 \times 4 = 12 \text{ weightage})$
