

15P422

(Pages: 3)

Name.....

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 theory 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 Account Convertibility (CAC) constituted by the Reserve Bank of India for suggesting a roadmap on full convertibility of Rupee on Capital Account was
  - a) Tarapore Committee
  - b) Rangarajan Committee
  - c) Raghuram Rajan Committee
  - d) Khan Committee
5. ---- is the simultaneous buying and selling of foreign currencies with the intention of making profits from the exchange rate differentials
  - a) Arbitrage
  - b) Hedging
  - c) Swap
  - d) options
6. Balance of payment surplus can be corrected through :
  - a) Increase in interest rate
  - b) Exchange control
  - c) Appreciation of currency
  - d) export promotion
7. The absorption approach of Balance of payment was formulated by:
  - a) J M Keynes
  - b) Sidney Alexander
  - c) A P Lerner
  - d) Friedman

Turn Over



**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 x 2 = 16 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 x 4 = 12 weightage)

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