

**23P425**

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Name : .....

Reg. No : .....

**FOURTH SEMESTER M.A. DEGREE EXAMINATION, APRIL 2025**

(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. Capital account deals with
  - (a) Short term and long term international lending and borrowing
  - (b) Short-term international borrowing and lending
  - (c) Long term international lending and borrowing
  - (d) None of these
2. If  $R_f - P_f > 0$ , then the BoP is
  - (a) Surplus
  - (b) Deficit
  - (c) Balance
  - (d) All of these
3. In which condition the devaluation will create a positive effect
  - (a)  $ex + em > 1$
  - (b)  $ex + em < 1$
  - (c)  $ex + em = 1$
  - (d) None of these
4. Exchange rate which is fixed by the monetary authority is
  - (a) Fixed Exchange Rate
  - (b) Flexible Exchange Rate
  - (c) Hybrid Exchange Rate
  - (d) None of these
5. Which one shows the shape of supply curve under adjustable peg system?
  - (a) Positively shaped
  - (b) Negatively shaped
  - (c) Zig Zag shaped
  - (d) None of these
6. Purchasing Power Parity theory was based on
  - (a) Law of Demand
  - (b) Law of One Price
  - (c) Law of Supply
  - (d) None of these
7. Relationship between Demand for Money and the domestic rate of interest is
  - (a) Negative
  - (b) Positive
  - (c) Either Negative or Positive
  - (d) None of these
8. If the supply curve is positively sloped and it is less elastic than the demand curve, then the forex market is
  - (a) Stable
  - (b) Unstable
  - (c) Either A or B
  - (d) None of these

9. Which among the following contracts deals with standard currencies?  
 (a) Future (b) Forward (c) Option (d) Swap
  10. Seeking Open position to make a profit implies  
 (a) Speculation (b) hedging (c) Arbitrage (d) None of these
  11. Which policy deals with expenditure and taxation?  
 (a) Fiscal Policy (b) Monetary Policy (c) Exchange rate Policy (d) None of these
  12. In India foreign capital in priority sector approved by  
 (a) RBI (b) FIPB (c) Both A & B (d) None of these
  13. Horizontal Integration used to ensure  
 (a) Monopoly power (b) Supply of raw material (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. Price Specie flow mechanism related to  
 (a) Gold Standard (b) Bretton woods system (c) Both A & B (d) None of these
- (15 × 1/5 = 3 Weightage)**

**Part B (Very Short Answer Questions)**

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

16. Conceptualize BoP.
17. How exchange rate is fixing under Flexible Exchange Rate system?
18. What is the meaning of 'Snake in the tunnel' ?
19. Explain a stable foreign exchange market.
20. What is arbitrage?
21. What are the components of Internal Balance?
22. Explain the importance of BP curve.
23. Define International Monetary Order.

**(5 × 1 = 5 Weightage)**

**Part C (Short Answer Questions)**

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

24. What are the types of equilibrium coming under BoP?
25. Write a note on Exchange depreciation through an example.
26. Write a note on Nominal Exchange Rate.

27. Write a note on Pegged Exchange Rate.
28. Write a note on Purchasing Power Parity.
29. Explain the supply components of foreign exchange market.
30. Differentiate Forward and Future Contract.
31. Write a note on Assignment problem.
32. Explain the Problems created by MNC on Host Country.
33. What is net IMF position?

(7 × 2 = 14 Weightage)

**Part D** (Essay questions)

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

34. Explain the absorption approach and its importance.
35. Explain Asset Market Model.
36. Explain the policy adjustments to attain Internal and External balance.
37. Explain the importance of FDI & FPI on developing economy.

(2 × 4 = 8 Weightage)

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