24P425 (Pages: 2) Name: ....

Reg.No: ....

FOURTH SEMESTER M.A. DEGREE EXAMINATION, APRIL 2026

(CBCSS - PG)

(Regular/Supplementary/Improvement)

CC19PECO4C12 - INTERNATIONAL FINANCE

(Economics)

(2019 Admission onwards)

Time : 3 Hours Maximum : 30 Weightage

Part A

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

1. Unilateral transfers deals with
   (a) Gifts (b) Donations (c) Both A & B (d) None of these
2. If Rf-Pf=0, then BoP is
   (a) Surplus (b) Deficit (c) Balance (d) All of these
3. An arbitrary decrease 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, we can expect continuous devaluation.
   (a) Adjustable peg (b) Crawling peg (c) Dirty float (d) Filthy float
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. Demand for money related to
   (a) k (b) P (c) Y (d) All of these
8. Call Option deals with the right to
   (a) Buy (b) Sell (c) Either A or B (d) None of these
9. Avoidance of Foreign exchange risk related to
   (a) Speculation (b) hedging (c) Arbitrage (d) All of these
10. Demand changing Policy is otherwise known as
    (a) Expenditure Changing (b) Expenditure Switching
    (c) Both A & B (d) None of these

11. Which among the following curve shows the relationship between rate of interest and national income

(a) IS curve (b) LM curve (c) Both A & B (d) None of these

12. Investment on Financial securities include on

(a) FDI (b) FPI (c) Either A or B (d) Both A & B

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. Bretton woods twins

(a) IMF&IBRD (b) IMF&WTO (c) IMF&ADB (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. What is adjustment mechanism?
17. How Fixed Exchange Rate encourage long term capital flows?
18. What is the meaning of 'Snake in the tunnel'?
19. Explain a stable foreign exchange market.
20. What is Put Option?
21. Explain the conditions for obtaing Internal balance.
22. What is Direct Control?
23. What is Mint Parity?

(5 × 1 = 5 Weightage)

Part C (Short Answer Questions)

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

24. Write a note on Current Account.
25. How static equilibrium differs from dynamic equilibrium?
26. Write a note on Exchange Rate.
27. Write a note on floating exchange rate system.
28. Explain what are the factors which determine the demand for cash balance.
29. Why Commercial Bank is known as the clearing house for the foreign exchange?

30. Write a note on Currency Arbitrage.

31. Write a note on policy mix on Internal and External Balance.

32. Explain the forms of foreign capital.

33. Write a short note on Currency Boards.

(7 × 2 = 14 Weightage)

Part D (Essay questions)

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

34. Explain how the disequilibrium in BoP arises and how it is corrected?

35. Write a detailed explanation on PPP.

36. Explain Swan Diagram.

37. Explain the Pros-Cons of MNC.

(2 × 4 = 8 Weightage)

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