



PG – 751

I Semester M.Com. Degree Examination, January 2015
(CBCS)
COMMERCE
Paper – 1.1 : Monetary System

Time : 3 Hours

Max. Marks : 70

SECTION – A

1. Answer **any seven** questions out of ten. **Each** question carries **two** marks. (7×2=14)
- What is Current Account in International Trade ?
 - What is Pegged Exchange Rate ?
 - Define Monetary System.
 - What is Capital Flight ?
 - What is Target-zone Agreement ?
 - What is meant by Paper Gold ?
 - What is Samurai Bond ?
 - List the participants in International Financial Markets.
 - Write Indirect Quote of Foreign Exchange Rate.
 - State the difference between Devaluation and Depreciation in rectifying adverse BOPs.

SECTION – B

- Answer **any four** questions out of six. **Each** question carries **five** marks. (4×5=20)
- Distinguish between fixed and floating exchange rate system.
 - State the reasons for collapse of Bretton Woods agreement.
 - Explain the elements of international financial system.

P.T.O.



5. Briefly explain the Milton Friedman's restatement of the quantitative theory.
6. "Balance of Payment always balances". Comment.
7. Explain the principles of note issue.

SECTION – C

Answer **any three** questions out of five. **Each** question carries **12** marks. **(3×12 = 36)**

8. Critically evaluate international monetary system.
 9. Discuss the elements of international financial system and the role of financial markets in smooth functioning of international financial market.
 10. Critically evaluate paper currency standard and bring out the essential of sound currency system.
 11. Discuss the recent developments in foreign capital flows.
 12. Answer the following :
 - i) Quantitative theory of money
 - ii) Role of money in the New Economy.
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SECTION – A

1. Answer **any seven** sub-questions. **Each** sub-question carries **two** marks. (7×2=14)
- What is Value of money ?
 - What are SDRs ?
 - What is currency appreciation ? Give an example.
 - What do you mean by quantitative theory of money ?
 - What is Forward contract ?
 - What is gold standard system of exchange rate ?
 - What is meant by Dirty float ?
 - What do mean by Hedging in forward market ?
 - What is capital account convertibility ?
 - What is Official reserve transaction ?

SECTION – B

Answer **any four** questions. **Each** question carries **five** marks. (4×5=20)

- Explain the role of money in a new economy.
- Discuss the essentials of sound currency system.
- How did the classical gold standard work in practice ?
- Distinguish between Devaluation and Depreciation of currency.
- Explain the participants in the forward market for foreign exchange.
- Explain the equilibrium in balance of payment.

P.T.O.



SECTION – C

Answer **any three** questions. **Each** question carries **12** marks.

(3×12=36)

8. Briefly discuss the theories of Value of money.
 9. Discuss the system of issuing currency by RBI.
 10. Explain the significance of BOPs and structure of balance of payment account.
 11. Discuss the evolution of international monetary system.
 12. Answer the following :
 - i) Euro bond market
 - ii) Exchange rate quotations in forex market.
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