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. (7x2=14)
   a) What is Current Account in International Trade?
   b) What is Pegged Exchange Rate?
   c) Define Monetary System.
   d) What is Capital Flight?
   e) What is Target-zone Agreement?
   f) What is meant by Paper Gold?
   g) What is Samurai Bond?
   h) List the participants in International Financial Markets.
   i) Write Indirect Quote of Foreign Exchange Rate.
   j) 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. (4x5=20)

2. Distinguish between fixed and floating exchange rate system.
3. State the reasons for collapse of Bretton Woods agreement.
4. Explain the elements of international financial system.
5. Briefly explain the Milton Friedman's restatement of the quantitative theory.


7. Explain the principles of note issue.

SECTION – C

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

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.
1. Answer any seven sub-questions. Each sub-question carries two marks. (7x2=14)
   a) What is Value of money?
   b) What are SDRs?
   c) What is currency appreciation? Give an example.
   d) What do you mean by quantitative theory of money?
   e) What is Forward contract?
   f) What is gold standard system of exchange rate?
   g) What is meant by Dirty float?
   h) What do mean by Hedging in forward market?
   i) What is capital account convertibility?
   j) What is Official reserve transaction?

SECTION – B

Answer any four questions. Each question carries five marks. (4x5=20)

2. Explain the role of money in a new economy.

3. Discuss the essentials of sound currency system.

4. How did the classical gold standard work in practice?

5. Distinguish between Devaluation and Depreciation of currency.

6. Explain the participants in the forward market for foreign exchange.

7. Explain the equilibrium in balance of payment.
SECTION – C

Answer any three questions. Each question carries 12 marks. (3x12=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.