



PG – 1009

**I Semester M.Com. Examination, January 2015
(Semester Scheme)
(2007-08 Scheme) (NS)
COMMERCE
Paper – 1.2 : Monetary System**

Time : 3 Hours

Max. Marks : 80

Instruction : Answer *all* the Sections.

SECTION – A

Answer **any ten** of the following sub-questions, **each** sub-question carries **2** marks.

(10×2=20)

1. a) How do you decide value of money ?
- b) What is Gold Specie Standard ?
- c) What is meant by Gresham's Law ?
- d) How does a clean float differs from a dirty float ?
- e) What is SDR ?
- f) What is J-Curve effect ?
- g) Define forward market.
- h) What is LIBOR ?
- i) What is Bulldog bond ?
- j) What is equilibrium in BOPs ?
- k) Give an example of direct quote of foreign exchange rate.
- l) List any four functions of money.

SECTION – B

Answer **any three**. Answer to **each** question should be in about a **page**. **Each** question carries **5** marks.

(3×5=15)

2. Briefly explain the Quantitative theory of value of money.
3. Explain the advantages and disadvantages of classical gold standard.

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4. “IMF currently classifies exchange rate arrangements into eight separate regimes”. Briefly explain.
5. Distinguish between Foreign bonds and Euro bonds.
6. Explain the structure of capital account.

SECTION – C

Answer **any three** of the following. Answer to **each** question should **not** exceed **3** pages. **Each** question carries **15** marks. **(3×15=45)**

7. “Friedman spent much of his intellectual energy attacking the legacy of Keynes theory of money”. Explain the differences between Keynes’s theory and Friedman’s theory of money.
 8. Explain the principles of note issue and the sound essentials of currency system.
 9. “International monetary system has evolved through several distinct stages”. Elucidate.
 10. Explain the role of financial markets in international financial market.
 11. Describe the Balance-of-payment identity and discuss its implications under the fixed and flexible exchange rate regimes.
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