

Q.P. Code : 60551

**First Semester M.Com. Degree Examination,
January/February 2020**

(CBCS Scheme)

Commerce

Paper 1.1 — MONETARY SYSTEM

Time : 3 Hours]

[Max. Marks : 70

*Instructions to Candidates : Answers **ALL** Sections.*

SECTION - A

1. Answer any **SEVEN** sub-questions. Each sub-question carries **2** marks :
(7 × 2 = 14)

- ~~(a)~~ What is meant by intrinsic value of Bond?
- (b) What is Bull dog Bond?
- (c) What is put-call parity principle?
- ~~(d)~~ When will be foreign currency at premium?
- ~~(e)~~ What is proportional Reserve system of Note issue?
- ~~(f)~~ What is crawling peg?
- ~~(g)~~ What is Trade Deficit?
- (h) What is meant by Mark-to-Market?
- ~~(i)~~ What is Fixed exchange rate?
- ~~(j)~~ What is the difference between devaluation and depreciation?

SECTION - B

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

- ~~2.~~ What is monetary system? What are the elements of monetary system?
- ~~3.~~ What are the essentials of a sound currency system?

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4. What are the differences between Fixed Exchange Rate and Flexible Exchange Rate System?
5. Write a brief note on Euro Bond Market.
6. How do you value the currency forward contracts?
7. Critically examine the Keynesian theory of money.

SECTION - C

Answer any **THREE** questions. Each question carries **12** marks :

(3 × 12 = 36)

8. Explain in detail the function of money market.
 9. What do you mean by the circular flow of money? Explain the circular flow of money in an economy. Use Diagram to illustrate your answer.
 10. What are the strategies available to hedge the foreign currency through future contracts? Explain.
 11. How do you attain the Equilibrium in Balance of payment? Explain.
 12. Explain in detail the impact of demonetization on the monetary system of India.
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