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Reg. No. : .....

Name : .....

**Fourth Semester M.Com. Degree Examination, June 2009**  
**(Old Scheme – Prior to 2005 Admission)**  
**Elective – Finance**  
**CO 242 F – Paper XIV – INTERNATIONAL FINANCE**

Time : 3 Hours

Max. Marks : 75

SECTION – A

(Answer **all** questions)

1. What are political risks in international business ?
2. Who is an Ads in foreign exchange market ?
3. Define current account convertibility.
4. What are “market stabilisation bonds” ?
5. What is ‘direct quote’ or direct exchange rate ?
6. Define hedging.
7. What is Eurodollar ?
8. Define arbitrage.
9. Differentiate between spot rate and forward rate.
10. What is a currency SWAP ?

(10×2=20 Marks)

SECTION – B

(Answer **any five** questions)

11. Why FII is considered inherently more unstable than FDI ?
12. How does exchange rate risk get reflected in deciding between domestic sources and overseas sources of financing ?

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13. Differentiate between 'Pooling' and 'Netting'.
14. Write short notes on :- a) Bank rate b) IBRD.
15. Differentiate between centralised cash management and decentralised cash management.
16. What is an offshore financial centre ? What advantages does it offer to multinationals ?
17. Explain the role of services in the balance of payments of India. **(5×5=25 Marks)**

SECTION – C

(Answer **any two** questions)

18. Explain the events that lead to the abandonment of gold standard. Do you think that countries should revert to the gold standard today in order to reduce exchange rate volatility ?
19. Give a detailed account of the components of Balance of Payments.
20. Describe the evolution of International Monetary System.
21. Write short notes on :
  - a) Managed float
  - b) Pegged exchange rate
  - c) Dollarisation
  - d) ERM
  - e) Currency Bonds.

**(15×2=30 Marks)**