JP – 376

I Semester M.Com. Examination, July 2022
(CBCS) (2020-21 and Onwards)
COMMERCE
Paper – 1.1 : Monetary System

Time : 3 Hours Max. Marks : 70

Instruction : *Answer **all** the questions as per **instructions.***

SECTION – A

1. Answer **any seven** of the following sub-questions, **each** question carries **two** marks : **(7×2=14)**

   a) How do you determine value of money ?

   b) Give the meaning of monetary system.

   c) What is Gold Specie Standard ?

   d) What is International monetary system ?

   e) Name the components of Balance of Trade.

   f) Define Money.

   g) What is bad bank ?

   h) What is the meaning of Garnishee order ?

   i) What is Samurai Bond ?

   j) State the meaning of Capital account convertibility.

SECTION – B

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

2. Briefly explain the role of money in an economy.

3. Explain the principles of note issue in India.

P.T.O.

4. Write a note on fixed vs. flexible exchange rates.

5. Describe the various participants in International financial system.

6. Explain the causes for disequilibrium in BOP.

7. What is Forex market ? Explain the elements of forex market.

SECTION – C

Answer **any two** questions out of four. **Each** question carries **12** marks : **(2×12=24)**

8. Critically examine the functionality of Gresham's law and explain any two types of Monetary standard.

9. What do you mean by sound currency system ? Describe the essential of sound currency system.

10. Explain major functions of IMF and world bank.

11. Discuss the recent developments in foreign capital flows with their relevance for economic development.

SECTION – D

12. Answer the following questions : **(1×12=12)**

Independent India devalued its currency on two occasions once in 1966 and the second time in 1991. Both were preceeded by large fiscal and current account deficits and by dwindling international confidence in India's economy. Inflation caused by expansionary monetary and fiscal policy depressed exports and it led to continuous trade deficits. In each case, there was a large adverse shock to the Indian economy. Further the policy of the Indian government was to follow the Soviet model of foreign trade by viewing exports as a necessary evil whose sole purpose was to earn foreign currency with which to purchase goods from abroad that could not be produced at home. As a result, there were inadequate incentives to export and the Indian economy missed out on the gains from comparative advantage. 1991 represented a fundamental paradigm shift in Indian economic policy and the government moved toward a freer trade stance.

Questions :

1) Critically examine the Government of India's Policies.
2) By borrowing from the Reserve Bank of India, the Govt. could finance its spending through an inflation tax. Enumerate your views on engaging in inflationary economic policy in agreement with Fixed Exchange rate regime.
3) Express your views on India following floating rate system.