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(c) Methods of forecasting exchange rates

(d) Covered interest arbitrage (10×2=20)

(400)

[This question paper contains 4 printed pages.]

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Your Roll No. ....

M.COM. : SEMESTER - IV (NC) F

Paper No. - MJ-403

INTERNATIONAL FINANCIAL SYSTEM

Time : 3 Hours

Maximum Marks : 100

(Write your Roll No. on the top immediately  
on receipt of this question paper.)

Attempt **all** questions.

All questions carry equal marks.

Write precise answers.

1. Comment briefly on the following :

(a) Triffin's paradox

(b) Bid-ask spread and factors affecting it

(c) Cross exchange rates and their relevance

(d) Shadow banks

OR

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- (e) Contagion and its relevance
  - (f) International Fisher Effect
  - (g) Sterilized intervention
  - (h) Eurodollar market (5×4=20)
2. (a) Explain the causes of the failure of the Bretton Woods system. Compare the present international monetary system with the Bretton Woods era. In your opinion, is the present system sustainable?

OR

- (b) Comment on the persistent current account deficits and surpluses among nations in the past decade. What are its causes and repercussions? (20)
3. (a) Critically evaluate various factors affecting exchange rates with special emphasis on the role of expectations. Give real life examples to support your answer.

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OR

- (b) Comment on the growth of the international bond market, with special emphasis on the Eurobond market. (20)
4. (a) What are the problems associated with regulating international banks? Explain the role of the Basel Committee in this regard. Why are the provisions of Basel 3 considered an improvement over Basel 1 and 2? (20)

OR

- (b) Comment on the causes and consequences of the 2008-09 financial crisis of USA. Discuss the impact of this crisis on developing countries with special reference to India. (20)
5. Comment briefly on any two of the following :
- (a) Debate over British exit from the European Union
  - (b) Special Drawing Rights and their relevance

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