

I Semester M.Com. Degree Examination, February 2010  
(2007-08 Scheme)(NS)

COMMERCE

Paper - 1.2: Monetary System

Time: 3 Hours Max. Marks: 80

#### SECTION – A

1. Answer any ten of the following in about 3-4 lines each. Each sub-question carries 2 marks. (2X10=20)

- a) Define the term 'money'.
- b) What are the primary functions of money?
- c) What is mono metallism?
- d) What is near money?
- e) What is SDR?
- f) State about maximum fiduciary system.
- g) What is meant by monetary standard?
- h) What is meant by balance of payment?
- i) What is Devaluation?
- j) What is a Euro Bond?
- k) What is meant by current account convertibility?
- l) What is meant by forex market?

#### SECTION-B

Answer any three from this section. Each question carries 5 marks.

2. Briefly explain the functions of money.
3. Explain the types of monetary standards.
4. Explain briefly the heads of accounts under which the BOP is maintained.
5. Bring out the objectives of International Monetary Fund.
6. Describe the methods of making foreign payments.

#### SECTION-C

Answer any three questions from this section. Each question carries 15 marks.

7. Explain in detail the causes of disequilibrium in the balance of payment. What are measures to be taken to rectify them?
8. Explain the functions, borrowing and lending activities of IBRD. How far has it been successful in achieving them?

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 is paper currency standard? Discuss the standard system of note issue. Which is the present system of note issue in India?
11. Explain how cash balance approach is superior to cash transaction approach. Critically evaluate.