Name:...Reg.No...

MA DEGREE END SEMESTER EXAMINATION MARCH 2016
SEMESTER – 4 ECONOMICS
COURSE: **P4ECOT16 - GLOBAL TRADING & MONETARY SYSTEM**

Time: Three Hours   Max. Marks: 75
PART A
Answer any **eight** of the following in three or four sentences.
Each question carries **two** marks

1. Distinguish between depreciation and appreciation of currency.
2. What is mint parity exchange rate?
3. Explain futures and options.
4. What is BoT?
5. Explain foreign trade multiplier.
6. Explain the Marshall- Lerner Condition.
7. Define absorption.
8. Explain expenditure-changing policies.
9. Define assignment problem.
10. What is globalisation?
11. What is FDI?
12. Explain the role of World Bank.   (2 x 8 = 16)

PART B
(Short Essays)
Answer any **seven** of the following not exceeding two pages each.
Each question carries **five** marks

13. Explain the portfolio balance approach in exchange rate determination.
14. Distinguish between Fixed and Flexible Exchange rate.
15. Explain how foreign exchange rate is determined in the international market.
16. Explain the significance of devaluation in correcting disequilibrium in BoP
17. Briefly explain the components of BoP
18. How does Swan model help determine external and internal balance?
19. Examine Mundell-Fleming model.
20. Examine secular deterioration hypothesis.
21. Write a note on NIEO.
22. Elucidate international debt problem with relevance to India.
                                                                                      (5 x 7 = 35)
                                                                                      (PTO)

PART C (Long Essays)

Write long essays on any **two** of the following. Each question carries *twelve* marks.

23. Elucidate the Monetary Approach to balance of payment adjustment.
24. How can foreign exchange risks be handled by individuals and firms?
25. Discuss on WTO as an organization promoting international liquidity.
26. Examine how internal and external balance can be attained with fiscal and monetary policy under fixed exchange rate system.

(12 x 2 = 24)

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