

Reg. No .....

Name .....

**M. A. DEGREE END SEMESTER EXAMINATION - MARCH 2020****SEMESTER 4 : ECONOMICS****COURSE : 16P4ECOT16 : INTERNATIONAL FINANCIAL SYSTEM AND ECONOMIC POLICY***(For Regular - 2018 Admission and Supplementary - 2017, 2016 Admissions)*

Time : Three Hours

Max. Marks: 75

**Section A****Answer any 8 (2 marks each)**

1. What is a fixed exchange rate system?
2. What is 'Benign Neglect'?
3. What is Golden Age of Gold Standard?
4. What is Hedging?
5. What is Current account convertibility?
6. What is Capital account convertibility?
7. What is an open position?
8. What are the factors influencing exchange rate of a country's currency?
9. What is Law of One Price?
10. What is incorrect assignment?
11. Define BP curve
12. What is the condition for goods market equilibrium?

(2 x 8 = 16)

**Section B****Answer any 7 (5 marks each)**

13. Explain the role of IMF in the world economy.
14. Explain the seigniorage issue in Bretton Woods System?
15. What is meant by hedging? What give rise to it?
16. Examine advantages and disadvantages of fixed exchange rate system.
17. Distinguish between forwards and futures
18. Explain the monetarist approach to BOP
19. What is meant by Asset Portfolio?
20. What is Marshall Lerner Condition?
21. Explain the structure of BOP
22. Compare the effectiveness of fiscal and monetary policies when capital is perfectly immobile

(5 x 7 = 35)

**Section C****Answer any 2 (12 marks each)**

23. Explain to what extent Bretton Woods System had the features of a good monetary system
24. Analyse the risks associated with exchange rate fluctuations. How are they taken care of through hedging and speculation?
25. Compare the Asset market and monetary approaches to BOP and exchange rates
26. Explain the Absorption Approach to balance of payment adjustment

(12 x 2 = 24)