

Reg. No .....

Name .....

**18P402****M. A. DEGREE END SEMESTER EXAMINATION - MARCH 2018****SEMESTER 4 : ECONOMICS****COURSE : 16P4ECOT16 ; INTERNATIONAL FINANCIAL SYSTEM AND ECONOMIC POLICY***(For Regular - 2016 admission)*

Time : Three Hours

Max. Marks: 75

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

1. What is Lower Specie Point?
2. What is 'Benign Neglect'?
3. Why adjustment was easy under Gold Standard?
4. What is Forward market?
5. What is Spot rate?
6. What is Current account convertibility?
7. What is foreign exchange risk?
8. What happens to bond prices when interest rate falls?
9. What is the main defect of monetary model of exchange rate determination?
10. Define Balance of Payments
11. What are autonomous transactions?
12. What is incorrect assignment?

**(2 x 8 = 16)****Section B****Answer any 7 (5 marks each)**

13. How did the Bretton Woods System permitted one way speculation?
14. Explain Magnifico's propensity to inflation theory of forming an OCA
15. What is meant by hedging? What give rise to it? Who should hedge? Why does hedging usually take place in the forward market?
16. What is meant by currency swap? Explain.
17. What are forward contracts? What is the use of it?
18. What is meant by interest parity? Graphically explain.
19. Explain the monetarist approach to BOP
20. Explain the problem of internal and external balance when monetary policy and fiscal policy are used
21. Explain the structure of BOP
22. Explain the effectiveness of monetary policy 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. Foreignexchange market is a single unified global market - Doyou agree. Substantiate your answer
25. Compare Purchasing Power parity with Mint parity theory
26. Explain the Elasticity Approach to Balance of Payments. Are the elasticities always favourable for correcting dis equilibrium

**(12 x 2 = 24)**