

Reg. No .....

Name .....

23P4002

**M. A. DEGREE END SEMESTER EXAMINATION : MARCH 2023**

**SEMESTER 4 : ECONOMICS**

**COURSE : 21P4ECOT15 : INTERNATIONAL FINANCIAL SYSTEM AND ECONOMIC POLICY**

*(For Regular - 2021 Admission)*

Duration : Three Hours

Max. Weights: 30

**PART A**

**Answer any 8 questions**

**Weight: 1**

1. What is internal balance? (U, CO 3)
  2. Under what condition international monetary system is said to be liquid? ( )
  3. What is forward covering? (U, CO 2)
  4. What is Optimum currency area? ( )
  5. What is SDR? (R, CO 1)
  6. What is FPI? (U, CO 4)
  7. Distinguish between no load and load funds. (U, CO 1)
  8. What is credit tranche? (U, CO 4)
  9. Define BP curve. (U, CO 3)
  10. What is a tailor made contract? (U, CO 2)
- (1 x 8 = 8)**

**PART B**

**Answer any 6 questions**

**Weights: 2**

11. Explain foreign exchange risks. What are the measures used to cover risks? (U, CO 2)
  12. Explain the effectiveness of monetary policy when capital is perfectly immobile under fixed and flexible exchange rates (A, CO 3)
  13. Write a note on Crypto currencies (U, CO 1)
  14. How maturity mismatching and future rate agreements hedge against interest rate changes? (A, CO 1)
  15. Analyse the effect of FDI on source countries. (An, CO 4)
  16. Explain the problem of internal and external balance under pegged exchange rates when monetary policy and fiscal policies are used (A, CO 3)
  17. Explain Dunning's eclectic theory of FDI. (U, CO 4)
  18. Explain the structure of balance of payments. (U, CO 2)
- (2 x 6 = 12)**

**PART C**

**Answer any 2 questions**

**Weights: 5**

19. Evaluate the portfolio balance approach to exchange rate determination. (E, CO 2)
20. Explain the determination of income and interest rate in an open economy using Mundell-Fleming model. (U, CO 3)

21. Identify the major problems of current international monetary system?  
Suggest measures to reform the system. (A, CO 4)
22. Explain to what extent Bretton Woods System had the features of a good monetary system. (U, CO 1)
- (5 x 2 = 10)**

OBE: Questions to Course Outcome Mapping

CO	Course Outcome Description	CL	Questions	Total Wt.
CO 1	Analyze the evolution of international monetary systems	An	5, 7, 13, 14, 22	11
CO 2	Explains the functions of foreign exchange markets in global perspective	U	3, 10, 11, 18, 19	11
CO 3	Evaluates the theories of exchange rate determination	E	1, 9, 12, 16, 20	11
CO 4	Analyze the problems of external balance	An	6, 8, 15, 17, 21	11

Cognitive Level (CL): Cr - CREATE; E - EVALUATE; An - ANALYZE; A - APPLY; U - UNDERSTAND; R - REMEMBER;