

M. A. DEGREE END SEMESTER EXAMINATION - MARCH 2023**SEMESTER 4 : ECONOMICS****COURSE : 16P4ECOT16: INTERNATIONAL FINANCIAL SYSTEM AND ECONOMIC POLICY***(For Supplementary - 2016/2017/2018/2019/2020 Admissions)*

Time : Three Hours

Max. Marks: 75

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

1. What is Nixon Shock?
2. What is 'Benign Neglect'?
3. Under what condition international monetary system is said to be liquid?
4. What is Hedging?
5. What is Capital account convertibility?
6. What is an open position?
7. What is Triangular Arbitrage?
8. What are the factors influencing exchange rate of a country's currency
9. Give equation for nation's supply of money.
10. Explain Internal Balance function.
11. What is a policy mix?
12. Define BP curve

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

13. What are the components of international liquidity?
14. Explain Magnifico's propensity to inflation theory of forming an OCA
15. What is meant by hedging? What give rise to it?
16. What are forward contracts? How it differ from futures contract ?
17. Examine advantages and disadvantages of flexible exchange rate system.
18. What is meant by interest parity? Graphically explain.
19. What is meant by Asset Portfolio?
20. Briefly explain policy measures used for correcting in balance of payments deficit
21. Analyse fiscal and monetray policy in a situation of prefect capital mobility under fixed exchange rate.
22. Explain the problem of internal and external balance when monetary policy and fiscal policy are used

(5 x 7 = 35)

PART C

Answer any 2 (12 marks each)

23. Examine gold standard and the factors which led to the reestablishment gold standard during the interwar period.
24. Evaluate in detail fixed and flexible exchange rates.
25. Compare the Asset market and monetary approaches to BOP and exchange rates
26. Evaluate the effectiveness of monetary and fiscal policies under flexible exchange rate system assuming varying degrees of capital mobility.

(12 x 2 = 24)