

M. A. DEGREE END SEMESTER EXAMINATION- MARCH 2025**SEMESTER 4 : ECONOMICS****COURSE : 21P4ECOT15 : INTERNATIONAL FINANCIAL SYSTEM AND ECONOMIC POLICY***(For Regular 2023 Admission and Supplementary 2022/2021 Admissions)*

Duration : Three Hours

Max. Weights: 30

PART A**Answer any 8 questions****Weight: 1**

1. Define brain drain. (R, CO 4)
2. Did the Adjustable Peg System work as visualised? Analyse. ()
3. What is meant by Confidence in International monetary system? ()
4. What is law of one price? Explain. (U, CO 1)
5. Identify the factors behind sub prime crisis (U, CO 4)
6. Explain the seigniorage issue in Bretton Woods System? (U, CO 1)
7. How balance of trade differs from Balance of payments? (U, CO 2)
8. Prepare a brief note on internal balance. (U, CO 3)
9. What do you understand sterilization? (U, CO 3)
10. Define balance of payments. (R, CO 2)

(1 x 8 = 8)**PART B****Answer any 6 questions****Weights: 2**

11. Explain how transfer pricing helps MNCs to maximise global profits. (U, CO 4)
12. Prepare a note on the economic crisis in East Asia. (A, CO 4)
13. What is meant by currency swap? Explain. (U, CO 2)
14. Explain the Marshall-Lerner condition. (U, CO 2)
15. Evaluate the financial instruments used for hedging against interest rate changes. (E, CO 1)
16. Analyze the functioning of a crawling peg system. (An, CO 1)
17. Explain the problem of internal and external balance under pegged exchange rates when monetary policy and fiscal policies are used. (A, CO 3)
18. Discuss piece meal approach and the assignment problem. (U, CO 3)

(2 x 6 = 12)**PART C****Answer any 2 questions****Weights: 5**

19. Briefly explain the current international monetary system and the world experience under the system. (U, CO 4)
20. What are the main features of Bretton Woods system? Identify the main causes of its collapse. (U, CO 1)
21. Analyze the monetarist approach to exchange rate determination. (An, CO 2)
22. Analyze the operation of trade multiplier in a small open economy. (An, CO 3)

(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	4, 6, 15, 16, 20	11
CO 2	Explains the functions of foreign exchange markets in global perspective	U	7, 10, 13, 14, 21	11
CO 3	Evaluates the theories of exchange rate determination	E	8, 9, 17, 18, 22	11
CO 4	Analyze the problems of external balance	An	1, 5, 11, 12, 19	11

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