

SHIVAJI COLLEGE, UNIVERSITY OF DELHI  
DEPARTMENT OF ECONOMICS  
Test (Academic Year 2023 – 2024)

Name of the Course : B.A.(H) Semester : 4  
Name of the Paper : intermediate macroeconomics Faculty Name : Rahul  
Maximum Marks : 20

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PART (A)

Ques 1) why are central banks unable to conduct an independent monetary policy under fixed exchange rates. When there is perfect capital mobility.....(10)

Ques 2) “ A national loses control over money supply” under fixed exchange rate regime with perfect capital mobility ( and constant prices) this making monetary policy completely ineffective in changing output. However, fiscal policy is fully effective in such case . “ Do you agree” explain.....(10)

Part (B)

Ques 1) what is the difference between expenditure - switching and expenditure reducing policies under fixed exchange rate systems? Also give one reason why devaluation may not lead to an improvement in the trade balance.

