

FAQ's

1. What is fixed exchange rate mechanism?

A. Fixed Exchange Rate mechanism is the exchange rate mechanism where the rate of one currency is determined by the rates that have been determined by the monetary authorities.

2. Is government intervention there in the fixed exchange rate mechanism?

A. Yes, there is government intervention in the fixed exchange rate mechanism.

3. How does the Government intervene in the fixed exchange rate mechanism in the fixed exchange rate mechanism?

A. In case if there are fluctuations in the prices, the Government either increases or decreases the supply of Rupees in the market by either buying or selling the currency in the market.

4. What is flexible exchange rate mechanism?

A. The exchange rate mechanism wherein the rates are determined by the market forces of demand and supply is the flexible exchange rate mechanism.

5. Is government intervention there in the flexible exchange rate mechanism?

A. No, there is no government intervention in the flexible exchange rate mechanism.

6. What is Gold Standard System?

A. The Gold standard system is the mechanism wherein the value of the currency is determined in terms of Gold.

7. Is Gold Standard a fixed exchange rate mechanism?

A. Yes, Gold Standard is a fixed exchange rate mechanism as the value of the currency is fixed in terms of Gold and it was maintained at the fixed level only.

8. What is Gold Bullion Standard?

A. Gold Bullion Standard is a mechanism of exchange rate determination wherein the Gold was replaced by paper currency and the Gold was just held as reserve by the issuing country.

9. What is Gold Exchange Standard?

A. Under the Gold Exchange Standard, all the countries choose a reserve currency whose value would be determined in terms of gold and the other countries fix the value of their currency in terms of the reserve currency.

10. Is Gold Exchange standard the base for Bretton Woods System?

A. Yes, the Gold exchange standard is the base of Bretton Woods System.