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KVS – PGT

Economics

Kendriya Vidyalaya Sangathan (KVS)

Volume - 3

SIERRA INNOVATIONS

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1 CHAPTER Balance of Payments & Foreign Exchange

Balance of Payments: Meaning, Nature and Significance

1. Introduction: Balance of Payments in Open Economy

In a modern **open economy**, no nation can remain economically isolated. Countries continuously engage in:

- International trade
- Capital movements
- Transfer of income and services

The **Balance of Payments (BOP)** is the systematic record of all such economic transactions between a country and the rest of the world. It occupies a **central position in international economics**, serving as a mirror of a nation's external economic relations.

For KVS PGT Economics, this topic is conceptually sensitive because:

- Students often confuse BOP with Balance of Trade
- Questions test *interpretation*, not mere definitions

2. Meaning of Balance of Payments

- The **Balance of Payments** is a **systematic record of all economic transactions** between the residents of a country and the rest of the world during a given period, usually one financial year.

Key elements of this definition:

- Systematic → follows accounting principles
- Economic transactions → only those involving value transfer
- Residents → individuals, firms, and government
- Given period → time-bound accounting

Thus, BOP is **not a balance in the ordinary sense**, but a **statement of accounts**.

3. Nature of Balance of Payments

3.1 BOP as a Flow Concept

Balance of Payments records:

- Transactions over a period of time
- Not stock or accumulated wealth

Hence, it is a **flow concept**, unlike foreign exchange reserves, which are stock.

3.2 BOP as a Double Entry Accounting Statement

Every international transaction has:

- A credit entry
- A debit entry

For example:

- Export of goods → credit
- Receipt of foreign currency → debit

Therefore, **BOP always balances arithmetically**, even when there is a deficit or surplus in accounts.

3.3 BOP as a Comprehensive Statement

BOP includes:

- Visible items (goods)
- Invisible items (services, transfers)
- Capital flows

Hence, it presents a **complete picture of external economic relations**.

4. Balance of Payments vs Balance of Trade

- This distinction is extremely important for examinations.

Basis	Balance of Trade	Balance of Payments
Scope	Trade in goods only	All economic transactions
Nature	Partial	Comprehensive
Components	Exports & imports of goods	Goods, services, transfers, capital
Analytical Value	Limited	Extensive

Balance of Trade is only a **part of BOP**, not a substitute.

5. Components Perspective (Introductory Insight)

Although detailed components will be discussed in the next part, conceptually:

- BOP is divided into **Current Account** and **Capital Account**
- Each account reflects a different aspect of external transactions

Understanding this structure is essential before analysing surplus or deficit.

6. Importance of Balance of Payments

6.1 Indicator of Economic Strength

A country with:

- Stable BOP
- Strong export performance
- Sustainable capital inflows
- Is considered **externally strong**.

Persistent BOP deficits indicate:

- Structural weaknesses
- Dependence on foreign capital

6.2 Role in Economic Policy Formulation

Governments use BOP data to:

- Frame trade policy
- Regulate imports and exports
- Manage foreign exchange reserves

Monetary and fiscal policies are often adjusted in response to BOP trends.

6.3 Basis of Exchange Rate Decisions

Exchange rate stability depends heavily on:

- BOP position
- Foreign exchange availability

Central banks intervene in foreign exchange markets based on BOP signals.

6.4 Importance in International Lending & Creditworthiness

International institutions assess:

- Loan eligibility
- Debt sustainability

On the basis of BOP performance.

6.5 Planning and Development Perspective

For developing economies:

- BOP constraints limit growth
- Export promotion becomes essential

Thus, BOP is a **constraint as well as a guide** for development planning.

7. BOP as a Diagnostic Tool

Economists use BOP to diagnose:

- Inflationary pressures
- Import dependence
- Export competitiveness
- Capital flow volatility

It helps identify whether imbalance is:

- Cyclical
- Secular
- Structural

8. Conceptual Errors to Avoid (Exam Focus)

- Treating BOP deficit as accounting imbalance
- Confusing BOP deficit with trade deficit
- Assuming BOP deficit is always harmful
- Ignoring capital account role

Most exam errors arise from **conceptual misunderstanding**, not lack of facts.

9. Teaching Relevance for KVS PGT

For classroom instruction:

- BOP links domestic economy with global economy
- Enhances understanding of globalization
- Builds base for exchange rate determination

Clear conceptual teaching prevents rote memorisation and confusion.

Components of Balance of Payments Account

1. **Introduction: Why Components of BOP Matter**
   - While the Balance of Payments presents a **comprehensive record of external transactions**, its real analytical value lies in its **components**. These components help economists and policymakers understand **where imbalances originate**, whether from trade, services, income flows, or capital movements.

   For **KVS PGT Economics**, most higher-order questions are framed not on the definition of BOP, but on:

   - Interpretation of **current vs capital account**
   - Identification of **sources of deficit or surplus**
   - Conceptual classification of transactions

   Hence, a **structural understanding** of BOP components is indispensable.

2. **Accounting Framework of Balance of Payments**

   The BOP account is broadly divided into:

   1. Current Account
   2. Capital Account

   This division is based on:

   - Nature of transaction
   - Whether transaction affects **current income** or **capital position**
   - Short-term vs long-term economic impact

   Each account serves a **distinct analytical purpose**.

3. **Current Account**

3.1 Meaning of Current Account

The **current account** records all transactions relating to:

- **Goods**
- **Services**
- **Income**
- **Current transfers**

These transactions affect the **current income level** of a country and are generally **recurring in nature**.

3.2 Components of Current Account

The current account is composed of the following major elements:

3.2.1 Trade in Goods (Visible Items)

This includes:

- Exports of goods
- Imports of goods

The difference between exports and imports of goods is known as the **Balance of Trade**.

Economic significance:

- Major source of foreign exchange
- Reflects production capacity and competitiveness

Persistent trade deficit often indicates:

- Import dependence
- Weak export base

3.2.2 Trade in Services (Invisible Items)

Services include:

- Transport
- Insurance
- Banking
- Tourism
- Software and IT services

Service exports generate **foreign exchange earnings** without physical movement of goods.

For economies with strong service sectors, surplus in services can:

- Offset trade deficits
- Stabilize current account

3.2.3 Income

Income transactions include:

- Compensation of employees
- Investment income (interest, dividends, profits)

These arise due to:

- Labour movement across countries
- Cross-border investments

A country with high foreign investment inflows often experiences:

- Outflow of investment income

3.2.4 Current Transfers

Current transfers include:

- Remittances
- Gifts
- Grants
- Aid for consumption purposes

These transactions:

- Do not involve quid pro quo
- Directly affect disposable income

For developing economies, remittances are a **stable source of foreign exchange**.

3.3 Current Account Balance

- The difference between total receipts and total payments under current account is called the Current Account Balance.

- Surplus → receipts exceed payments
- Deficit → payments exceed receipts

Current account balance is a key indicator of:

- External sustainability
- Consumption-saving gap

4. Capital Account

4.1 Meaning of Capital Account

The **capital account** records all transactions that:

- Affect the **asset or liability position** of a country
- Involve **capital flows** rather than current income

These transactions are generally **non-recurring** and have **long-term implications**.

4.2 Components of Capital Account

4.2.1 Borrowings

Borrowings include:

- External loans
- Multilateral and bilateral assistance

These create:

- Repayment obligation
- Interest liability

Borrowings finance:

- Development expenditure
- BOP deficits

4.2.2 Foreign Investment

Foreign investment includes:

- Direct investment
- Portfolio investment

Such inflows:

- Increase foreign exchange reserves
- Influence economic growth

However, they may also lead to:

- Profit repatriation in future

4.2.3 Banking Capital

Banking capital includes:

- Short-term capital movements
- Changes in foreign assets and liabilities of banks

These flows are often:

- Volatile
- Sensitive to interest rate differentials

4.2.4 Changes in Foreign Exchange Reserves

Changes in reserves reflect:

- Central bank intervention
- Adjustment of BOP imbalances

An increase in reserves indicates:

- Net inflow of foreign exchange

A decline signals:

- Financing of BOP deficit

5. Relationship Between Current and Capital Account

Although recorded separately, the two accounts are **economically interconnected**.

- Current account deficit is financed by capital account surplus
- Capital inflows compensate for excess imports
- Persistent reliance on capital inflows indicates structural weakness

Thus, capital account should **support**, not substitute, current account strength.

6. Conceptual Distinction: Current vs Capital Account

Basis	Current Account	Capital Account
Nature	Income-related	Asset-related
Time horizon	Short-term	Long-term
Transactions	Recurring	Mostly non-recurring
Economic role	Consumption & income	Financing & investment

This distinction is a **high-frequency exam area**.

7. Analytical Importance for Policy

- Current account reflects trade competitiveness
- Capital account reflects investment climate
- Combined analysis guides exchange rate policy

Macroeconomic stability requires:

- Manageable current account deficit
- Stable capital inflows

8. Common Exam Traps

- Treating remittances as capital account items
- Confusing investment income with capital flows
- Assuming all foreign inflows are beneficial
- Ignoring reserve changes

Avoiding these errors requires **conceptual clarity, not memorisation**.

9. Teaching Relevance for KVS PGT

For effective classroom teaching:

- Components explain sources of foreign exchange
- Clarify reasons behind BOP deficit/surplus
- Prepare students for exchange rate analysis

This topic forms the **foundation for foreign exchange rate determination**.

Balance of Payments: Surplus and Deficit
(Causes, Economic Effects & Adjustment Mechanisms)

1. Introduction: BOP Balance as an Analytical Concept

- Although the Balance of Payments is **always balanced in accounting terms** due to the double-entry system, economists frequently use the terms **surplus** and **deficit** to describe the **net position of specific accounts**, particularly the **current account**. These terms help in diagnosing the **external economic health** of a country.

For **KVS PGT Economics**, this topic is conceptually sensitive because:

- Questions often test understanding of *which account* shows surplus/deficit
- Students confuse BOP deficit with trade deficit or accounting imbalance

A clear analytical approach is therefore essential.

2. Meaning of Balance of Payments Surplus

A Balance of Payments surplus occurs when:

- Total foreign exchange receipts exceed total foreign exchange payments
- The surplus is reflected through increase in foreign exchange reserves

In practice, BOP surplus generally refers to:

- **Current account surplus**, or
- Net surplus position after adjustments

2.1 Interpretation of BOP Surplus

BOP surplus indicates:

- Strong export performance
- High inflow of remittances or services income
- Adequate foreign investment inflows

However, surplus is **not always a sign of economic strength**, as it may also reflect:

- Suppressed imports due to low domestic demand
- Capital inflows driven by speculative motives

3. Meaning of Balance of Payments Deficit

A **Balance of Payments deficit** arises when:

- **Total foreign exchange payments exceed total foreign exchange receipts**
- The deficit is financed through **drawing down foreign exchange reserves** or borrowing

In economic analysis, BOP deficit usually refers to:

- Current account deficit

3.1 Interpretation of BOP Deficit

BOP deficit implies:

- Excess of imports over exports
- Higher payments for services and income
- Inadequate export earnings

A BOP deficit indicates **pressure on foreign exchange reserves** and may require policy intervention.

4. Causes of Balance of Payments Surplus

4.1 Export-Led Growth

A country may experience surplus due to:

- Competitive manufacturing sector
- Strong global demand for exports
- Diversified export base

4.2 High Remittances and Service Exports

Surplus may result from:

- Large inflow of remittances
- Strong performance in IT, tourism, or financial services

Such earnings can offset merchandise trade deficits.

4.3 Capital Inflows

Foreign investment inflows may lead to:

- Temporary BOP surplus
- Increase in foreign exchange reserves

However, this surplus may be **volatile** in nature.

5. Causes of Balance of Payments Deficit

5.1 Import-Intensive Growth

Rapid economic growth often leads to:

- Increased imports of capital goods
- Higher demand for energy and raw materials

This can cause **structural BOP deficit**.

5.2 Weak Export Competitiveness

BOP deficit may arise due to:

- High cost of production
- Poor quality or lack of diversification
- Unfavourable terms of trade

5.3 Inflationary Pressures

- Domestic inflation makes exports expensive and imports cheaper, worsening BOP.

5.4 Capital Outflows

Outflow of foreign capital due to:

- Political instability
- Higher interest rates abroad

Can aggravate BOP deficit.

6. Economic Consequences of BOP Surplus

6.1 Positive Effects

- Strengthens foreign exchange reserves
- Enhances international creditworthiness
- Provides buffer against external shocks

6.2 Negative Effects

- Excessive surplus may lead to currency appreciation
- Appreciation can reduce export competitiveness
- May signal under-consumption or weak domestic demand

Thus, surplus is not unambiguously beneficial.

7. Economic Consequences of BOP Deficit

7.1 Adverse Effects

- Depletion of foreign exchange reserves
- Pressure on domestic currency
- Increased external borrowing
- Loss of investor confidence

7.2 Potential Benefits (Contextual)

In developing economies:

- Deficit financing may support growth
- Import of capital goods can raise productive capacity

Hence, the **quality and purpose of deficit** matters more than its existence.

8. Adjustment Mechanisms for BOP Disequilibrium

- When BOP surplus or deficit persists, corrective measures are required.

8.1 Automatic Adjustment Mechanism

Through:

- Price changes
- Exchange rate movements
- Income changes

For example:

- Deficit → currency depreciation → exports become cheaper → imports costlier

8.2 Policy Measures

Governments may adopt:

- Export promotion policies
- Import restrictions
- Exchange rate adjustments
- Monetary and fiscal measures

8.3 Capital Account Adjustments

- Encouraging foreign investment
- External borrowing

These are **short-term measures** and may create future liabilities.

9. BOP Surplus/Deficit and Foreign Exchange Reserves

- Surplus → accumulation of reserves
- Deficit → depletion of reserves

Reserves act as:

- Shock absorbers
- Tools for exchange rate management

However, excessive dependence on reserves is unsustainable.

10. Conceptual Errors to Avoid (Exam Focus)

- Treating BOP deficit as accounting imbalance
- Assuming surplus always indicates strength
- Ignoring role of capital account
- Confusing trade deficit with current account deficit

Most exam traps revolve around **partial understanding**.

11. Teaching Relevance for KVS PGT

For classroom delivery:

- This topic explains external sector challenges
- Links trade, capital flows, and exchange rates
- Prepares students for exchange rate determination

Clear explanation helps students understand **global economic interdependence**.

Foreign Exchange Rate: Meaning & Exchange Rate Systems (Fixed, Flexible & Managed Floating - Conceptual Analysis)

1. Introduction: Exchange Rate in an Open Economy

- In an open economy, domestic economic activities are deeply influenced by **international transactions**. Goods, services, capital, and income flow across borders, and all such transactions require conversion of one currency into another. The **foreign exchange rate** provides the mechanism through which this conversion takes place.

For KVS PGT Economics, the concept of exchange rate is crucial because:

- It links **Balance of Payments with macroeconomic stability**
- It explains movements in exports, imports, capital flows, and inflation
- It forms the conceptual base for **exchange rate determination and policy**

2. Meaning of Foreign Exchange Rate

- The **foreign exchange rate** is the **price of one country's currency expressed in terms of another country's currency**.

In simple terms, it shows:

- How many units of domestic currency are required to purchase one unit of foreign currency, or
- How many units of foreign currency can be obtained with one unit of domestic currency.

Thus, the exchange rate represents the **external value of a currency**.

3. Economic Significance of Exchange Rate

The exchange rate influences:

- Export competitiveness
- Cost of imports

- Capital inflows and outflows
- Inflation and growth
- Balance of Payments position

Even small changes in exchange rate can have **large macroeconomic effects**, making it a sensitive policy variable.

4. **Exchange Rate Systems: Conceptual Overview**

- An **exchange rate system** refers to the method by which the value of a currency is determined in the foreign exchange market. Broadly, exchange rate systems can be classified into:

1. Fixed Exchange Rate System
2. Flexible (Floating) Exchange Rate System
3. Managed Floating Exchange Rate System

Each system reflects a different degree of government intervention.

5. **Fixed Exchange Rate System**

5.1 Meaning of Fixed Exchange Rate

Under the **fixed exchange rate system**, the value of a country's currency is **fixed or pegged** to:

- Another currency, or
- A basket of currencies, or
- Gold (historically)

The exchange rate is **officially declared and maintained** by the government or central bank.

5.2 Role of Central Bank under Fixed Exchange Rate

To maintain the fixed rate, the central bank:

- Buys foreign currency when domestic currency appreciates
- Sells foreign currency when domestic currency depreciates

Thus, the exchange rate is kept stable through **official intervention**.

5.3 Characteristics of Fixed Exchange Rate

- Stability in exchange rate
- Predictability in international trade
- Dependence on foreign exchange reserves
- Limited role of market forces

6. **Flexible (Floating) Exchange Rate System**

6.1 Meaning of Flexible Exchange Rate

Under the **flexible exchange rate system**, the exchange rate is **determined by market forces** of:

- Demand for foreign exchange
- Supply of foreign exchange

There is **no official target or fixed value**.

6.2 Market Mechanism in Flexible Exchange Rate

- Excess demand for foreign currency → depreciation of domestic currency
- Excess supply of foreign currency → appreciation of domestic currency

Thus, exchange rate fluctuates freely based on economic conditions.

6.3 Characteristics of Flexible Exchange Rate

- Market-determined exchange rate
- Continuous fluctuations
- No need for large foreign exchange reserves
- Automatic adjustment of Balance of Payments

7. Managed Floating Exchange Rate System

7.1 Meaning of Managed Floating

The **managed floating exchange rate system** is a **hybrid system** combining features of:

- Fixed exchange rate system
- Flexible exchange rate system

Under this system:

- Exchange rate is largely market-determined
- Central bank intervenes occasionally to prevent excessive volatility

7.2 Nature of Central Bank Intervention

Intervention is:

- Not to maintain a fixed rate
- But to smoothen sharp fluctuations
- To protect economic stability

This system is often described as:

- "Floating with intervention"
- "Dirty float"

7.3 Rationale for Managed Floating

Managed floating is adopted to:

- Avoid extreme volatility of flexible rates
- Retain policy autonomy
- Protect trade and investment interests

Most modern economies, especially developing countries, prefer this system.

8. Comparison of Exchange Rate Systems

Basis	Fixed	Flexible	Managed Floating
Determination	Government	Market	Market + Intervention
Stability	High	Low	Moderate
Role of Central Bank	Active	Minimal	Selective
Forex Reserves	Essential	Not essential	Moderately required

This comparison is **frequently tested** in examinations.

9. Exchange Rate System and BOP

- Fixed system requires strong BOP position
- Flexible system adjusts automatically through price changes
- Managed floating balances stability with adjustment

Choice of system depends on:

- Level of development
- Openness of economy
- Stability of capital flows

10. Conceptual Errors to Avoid (Exam Focus)

- Assuming fixed exchange rate means no change ever
- Treating managed floating as fully fixed
- Ignoring role of central bank under flexible regime
- Confusing exchange rate system with exchange control

Such errors arise from **partial understanding**.

11. Teaching Relevance for KVS PGT

For classroom teaching:

- This topic connects BOP with currency value
- Helps students understand global economic shocks
- Builds foundation for exchange rate determination

Clear explanation ensures conceptual clarity and exam readiness.

Determination of exchange rate in a free market (demand-supply analysis, factors affecting exchange rate)

1. Introduction: Exchange Rate as a Market Phenomenon

- Under a **flexible exchange rate system**, the value of a currency is not fixed by the government. Instead, it is determined by the interaction of **demand for foreign exchange** and **supply of foreign exchange** in the foreign exchange market. This market-based determination reflects the **external economic conditions** of a country.

For **KVS PGT Economics**, this topic is conceptually crucial because:

- It links **BOP transactions with exchange rate movements**
- It explains currency appreciation and depreciation
- It forms the analytical base for merits and demerits of exchange rate systems

2. Foreign Exchange Market: Conceptual Overview

The **foreign exchange market** is the market where:

- Different national currencies are bought and sold
- Exchange rates are determined

Participants include:

- Importers and exporters
- Foreign investors
- Banks and financial institutions
- Central bank (indirectly under flexible system)

The exchange rate emerges from the **collective behaviour of these participants**.

3. Demand for Foreign Exchange

3.1 Meaning of Demand for Foreign Exchange

- Demand for foreign exchange refers to the **demand for foreign currency** by residents of a country to make payments to the rest of the world.

It is expressed as:

- Demand for dollars, euros, etc., in terms of domestic currency

3.2 Sources of Demand for Foreign Exchange

Demand for foreign exchange arises due to:

- Import of goods
- Import of services
- Outflow of capital (foreign investment abroad)
- Transfer payments to other countries

Each of these creates a **need for foreign currency**, increasing demand.

3.3 Exchange Rate and Demand Relationship

There exists an inverse relationship between:

- Exchange rate and quantity demanded of foreign exchange

When:

- Exchange rate rises → foreign currency becomes costlier → demand falls
- Exchange rate falls → foreign currency becomes cheaper → demand rises

This inverse relationship gives the **downward slope** to the demand curve.

4. Supply of Foreign Exchange

4.1 Meaning of Supply of Foreign Exchange

- Supply of foreign exchange refers to the **availability of foreign currency** in the domestic market.

It arises when:

- Foreign currency flows into the country

4.2 Sources of Supply of Foreign Exchange

Supply of foreign exchange comes from:

- Export of goods
- Export of services
- Inflow of foreign investment
- Remittances and transfers

These transactions increase the **availability of foreign currency**.

4.3 Exchange Rate and Supply Relationship

There exists a **direct relationship** between:

- Exchange rate and quantity supplied of foreign exchange

When:

- Exchange rate rises → foreign currency fetches more domestic currency → supply increases
- Exchange rate falls → supply decreases

This direct relationship gives the **upward slope** to the supply curve.

5. **Determination of Equilibrium Exchange Rate**
   - The **equilibrium exchange rate** is determined at the point where:
   - Demand for foreign exchange equals supply of foreign exchange

   At this rate:
   - There is neither excess demand nor excess supply
   - The foreign exchange market clears

   Any deviation from this equilibrium creates forces that bring the exchange rate back to equilibrium.

6. **Appreciation and Depreciation of Currency**

6.1 Appreciation of Domestic Currency

Appreciation occurs when:
- Value of domestic currency rises relative to foreign currency

Caused by:
- Increase in supply of foreign exchange
- Decrease in demand for foreign exchange

Economic effects:
- Exports become costlier
- Imports become cheaper
- Trade balance may worsen

6.2 Depreciation of Domestic Currency

Depreciation occurs when:
- Value of domestic currency falls relative to foreign currency

Caused by:
- Increase in demand for foreign exchange
- Decrease in supply of foreign exchange

Economic effects:
- Exports become cheaper
- Imports become costlier
- Trade balance may improve

7. **Factors Affecting Demand and Supply of Foreign Exchange**

   The exchange rate is influenced by several factors, including:
   - Changes in exports and imports
   - Capital movements
   - Changes in income levels
   - Speculation and expectations
   - Government policies

   Each factor shifts either the demand curve or the supply curve, leading to a new equilibrium.

8. **Automatic Adjustment Mechanism under Flexible Exchange Rate**

   Under flexible exchange rate system:
   - BOP deficit leads to depreciation
   - Depreciation boosts exports and discourages imports
   - BOP moves towards balance automatically

   Thus, flexible exchange rate acts as a **self-correcting mechanism**.

9. **Analytical Importance for Policy**

   Understanding free market determination helps in:
   - Evaluating exchange rate volatility
   - Designing intervention strategies
   - Assessing impact of global shocks

   This analysis is essential before comparing exchange rate systems.

10. **Common Conceptual Errors (Exam Focus)**
    - Confusing appreciation with depreciation
    - Assuming demand for foreign exchange slopes upward
    - Ignoring capital flows
    - Treating exchange rate as independent of BOP

    Most exam mistakes stem from **diagrammatic misunderstanding**.

11. **Teaching Relevance for KVS PGT**

    For classroom teaching:
    - This topic provides graphical clarity
    - Helps students link theory with real-world exchange movements
    - Prepares students for analytical and diagram-based questions

Merits And Demerits of Flexible and Fixed Exchange Rate & Managed Floating Exchange Rate System

1. **Introduction: Why Exchange Rate Choice Matters**

   The choice of an exchange rate system is one of the **most critical macroeconomic policy decisions** for any country. It directly influences:
   - External trade competitiveness
   - Capital flows and investment climate
   - Inflation and growth
   - Balance of Payments stability

   No exchange rate system is universally superior. Each system involves **trade-offs between stability and flexibility**, autonomy and discipline. For **KVS PGT Economics**, questions frequently test the **comparative logic**, not mere listing of merits and demerits.

2. **Fixed Exchange Rate System: Merits**
   - A **fixed exchange rate system** provides certainty by maintaining a stable external value of the domestic currency.

2.1 Stability in International Trade
- Eliminates exchange rate uncertainty
- Facilitates long-term contracts
- Encourages international trade

Stability is particularly beneficial for:
- Exporters
- Importers
- Long-term investors