

- Q1 'Devaluation and Depreciation of currency is one and the same thing'. Do you agree? How do they affect the exports of a country? 3
- Q2 What is meant by 'official reserve transactions'? Discuss their importance in Balance of payments. 3
- Q3 Define fixed exchange rate. How is the exchange rate determined in a flexible exchange rate system? 6
- Q4 In recent times the Indian rupee depreciated to an all time low against the US dollar. Discuss its impact on India's imports. 4
- Q5 "A country with trade deficit cannot have current account surplus in its Balance of Payments". Do you agree with the given statement? Discuss. 4
- Q6 Define autonomous transactions in Balance of Payments of an economy. 1
- Q7 Define accommodating transactions in BOP of an economy. 1
- Q8 Name any two sources of demand for foreign exchange by households in an economy. 1
- Q9 In which sub-account and on which side of BOP account will foreign investment in India be recorded? Give reasons. 3
- Q10 What will be the effect of foreign investments in India on exchange rate? Explain. 3
- Q11 What do we call the foreign exchange transactions which are dependent on other foreign exchange transactions? 1
- Q12 A) According to recent media reports: "USA has accused China of currency devaluation to promote its exports". In the light of the given media report comment, how exports can be promoted through the currency devaluation? 3
B) What is meant by Current Account Deficit (CAD) and Current Account Surplus (CAS)? State their significance. 3
- Q13 Define Balance of Payments. Discuss briefly the components of current account. 4
- Q14 Explain how 'depreciation of currency' promotes exports of a country. 3
- Q15 Explain the impact of rise in exchange rate on national income. 3
- Q16 Explain the concept of 'deficit' in balance of payments. 3
- Q17 Foreign exchange transactions which are independent of other transactions in the BOP account are called _____ 1
- Q18 Indian investors lend abroad. Answer the following questions: 6
 - (a) In which sub account and on which side of BOP account such lending is recorded? Give reasons
 - (b) Explain the impact of this lending on market exchange rate.
- Q19 Define trade surplus. How is it different from "Current account surplus"? 3
- Q20 "Indian Rupee plunged to all time low of Rs 74.48 against the US Dollar". In the light of this report, discuss the impact of the situation on Indian imports. 3
- Q21 Distinguish between current account and capital account, also between autonomous transactions and accommodating transactions of balance of payments account. 6
- Q22 What is depreciation of domestic currency? 1
- Q23 Name the market exchange rate system in which the central bank can actively intervene. 1
- Q24 The price of one USD has fallen from Rs 56 to Rs 55. Has the US currency appreciated or depreciated? 1