

- Q. What is meant by the exchange rate?
- Q. How is the equilibrium exchange rate determined under a flexible exchange rate system?
- Q. What is effective exchange rate?
- Q. If the exchange rate is 2 between ₹ and £ (pound) and 1.25 between the dollar and euro, then find out euro price of the dollar.
- Q. What is arbitrage?
- Q. What is its result?
- Q. What is the cross exchange rate?
- Q. What is the effective exchange rate?
- Q. Explain monetary approach under fixed exchange rate.
- Q. What is the basic difference between monetary approach under fixed exchange rate and monetary approach under flexible exchange rate.
- Q. How is the actual exchange value of a nation's currency determined?
In this respect show the relation between relative money supplies and exchange rates by a graphical presentation. [6]

- Q. Explain the meanings of and the conditions for stability of the foreign exchange market.
- Q. What does the Marshall-Lerner condition indicate?
- Q. Explain the identification problem with a suitable diagram.
- Q. Define J-curve effect with a suitable diagram.
- Q. Define following concepts.
- (i) Credit transactions.
 - (ii) Debit transactions.
 - (iii) Capital inflows
 - (iv) Capital outflows.
- Explain - double-entry bookkeeping with some examples.