

## Set- A

Unique Paper Code : 52415502

Name of the Paper : Economics of Regulation of Domestic and Foreign  
Exchange Markets

Name of the Course : B.Com, CBCS

Semester: V

Duration: 3 hours

Maximum Marks: 75

### **Instructions for Candidates**

A. Attempt any **four** questions. All questions carry equal marks.

B. Answers may be written either in English or Hindi; but the same medium should be used throughout the paper.

1. “Externalities are harmful or beneficial side effects that are borne by people who are not directly involved in the market exchanges”. Comment. In this context also discuss external costs and external benefits.
2. “A situation is defined as Pareto Optimal or Efficient if it is impossible to make anyone better off without making someone worse off”. Comment. In this context discuss productive efficiency and locative efficiency.
3. Two exporters namely, Red Sky Pvt. Ltd. and Black Night Pvt. Ltd. have achieved the status of Status Holders (One Star Export House) in the current financial year. Both the exporters have been regularly exporting goods (other than Gems and Jewellery) every year. What would have been the minimum export performance of the two exporters to achieve such status? What kind of privileges is a Status Holder eligible for? Discuss.
4. The New Industrial Policy of 1991 comes at the center of economic reforms launched during the early 1990s. All the later reform measures were derived out of the new industrial policy. The Policy has brought comprehensive changes in economic regulation in the country. As the name suggests, these reform measures were made in different areas related to the industrial sector. As part of the policy,

the role of public sector has been redefined. Similarly, foreign investment has been given welcome under the policy and the scope of private sector participation has been enlarged to almost all industrial sectors. In the light of the above statement, discuss the main features of Current Industrial Policy, 1991.

5. Under flexible rate of exchange, the rate of exchange fluctuates due to the changes in the demand and supply of foreign exchange. Show the same with the help of diagrams and bring out the factors determining it.

6. "Capital Account Transactions can be and /or cannot be regulated by Reserve Bank of India under Foreign Exchange Management Act, 1999". Do you agree? Explain.

**Note: Diagrams are not compulsory for visually impaired students.**

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