



B.Com. (Semester – V) Examination, April 2016

BUSINESS ECONOMICS

International Trade and Finance

(Old Course)

Duration : 2 Hours

Total Marks : 80

Instructions : 1) **All** questions are **compulsory**, however **internal choice** is available.

2) Figures to the **right** indicate **maximum** marks.

3) Start **each** question on a **fresh page**.

4) Answers to questions **3 to 6** must be approximately **400 words each**.

1. Answer **any four** of the following in approximately **400** words :

16

- Explain any four features of internal trade.
- Write a note on gross barter terms of trade.
- Describe the functions of foreign exchange market.
- Distinguish between speculation and arbitrage.
- Explain any four demerits of flexible exchange rate.
- Describe any four participants of foreign exchange market.

2. Answer **any four** of the following in approximately **400** words :

16

- Differentiate between balance of trade and balance of payments.
- Explain the components of current account of the balance of payments.
- Explain features of the balance of payments.
- Write a note on impact of tariffs on a country.
- What are the objectives of exchange control ?
- Explain the objectives of using import quotas as a protective device.



3. a) What is the meaning of terms of trade ? Explain any five factors influencing terms of trade. 12

OR

- b) Explain the gains enjoyed by countries on account of international trade. 12
4. a) Examine the factors governing foreign exchange rate. 12

OR

- b) What is fixed exchange rate ? Describe argument for and against fixed exchange rate system. 12
5. a) What is meant by disequilibrium in balance of payments ? Explain the various types of disequilibrium in balance of payments. 12

OR

- b) Explain briefly the different measures to correct disequilibrium balance of payments. 12

6. a) Outline and explain various arguments in favor and against free trade policy. 12

OR

- b) Explain the following protective devices : 12
- i) Voluntary export restraints.
 - ii) Health and safety standards.
 - iii) Local content requirement.
 - iv) Subsidies.