



B.Com. (Semester – V) Examination, October 2015
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**
- a) Briefly explain any four benefits of international trade.
 - b) State and explain any four reasons for the causes of unfavorable terms of trade in developing countries.
 - c) Describe any four features of the foreign exchange market.
 - d) Write a note on managed floating exchange rate.
 - e) Explain any four demerits of fixed exchange rate.
 - f) Write a note on forward exchange rate.
2. Answer **any four** of the following in approximately **400** words : **16**
- a) Explain import control measures to correct disequilibrium in the balance of payments.
 - b) Write a note on balance of trade.
 - c) What is cyclical disequilibrium and structural disequilibrium ?
 - d) Explain countervailing and anti dumping duties.
 - e) Describe the objectives of World Trade Organization.
 - f) Examine infant industry argument under the protectionist policy.

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3. a) State and explain the factors affecting international trade. 12
- OR
- b) Explain the following : 12
- i) Net barter terms of trade
 - ii) Gross barter terms of trade
 - iii) Income barter terms of trade.
4. a) What is meant by foreign exchange market ? Describe the various instruments traded in foreign exchange market. 12
- OR
- b) Give argument for and against flexible exchange rate system. 12
5. a) What is meaning of balance of payments ? Explain the components of the balance of payments. 12
- OR
- b) Explain the causes of disequilibrium in the balance of payments. 12
6. a) Explain the meaning of free trade policy. Describe the argument against free trade policy. 12
- OR
- b) What is meant by tariffs and quotas ? Differentiate between tariffs and quotas. 12