

B.Com. (Semester – V) Examination, April 2012
BUSINESS ECONOMICS
International Trade and Finance

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 new question on a fresh page.*

4) *Answer to Questions 3 to 6 must be of approximately 400 words each.*

1. Answer **any four** of the following in approximately **100 words each** : **16**
- a) State any four factors affecting gains from international trade.
 - b) Give any two points of distinction between net and gross barter terms of trade.
 - c) State any four demerits of flexible exchange rate system.
 - d) What is meant by arbitrage ?
 - e) Describe any two participants of a foreign exchange market.
 - f) Comment on any two short term factors affecting exchange rates.
2. Answer **any four** of the following in approximately **100 words each** : **16**
- a) Give any two points of distinction between current and capital account in the balance of payments.
 - b) Explain any four causes of a balance of payment disequilibrium.
 - c) What is a fundamental disequilibrium ?
 - d) Explain any two types of quotas.
 - e) Comment on the social clauses as a form of non-tariff barriers.
 - f) State any four principles of the World Trade Organisation.
3. What is international trade ? Distinguish between internal and international trade. **12**

OR

Briefly explain the different factors governing the international trade.

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4. Define an exchange rate and comment on the different types of exchange rates. 12

OR

Explain the different functions performed by a foreign exchanger market.

5. Briefly explain the non-monetary measures of correcting the disequilibrium in the balance of payments. 12

OR

“Balance of payments always balances”. Discuss the statement.

6. Comment on the different types/classifications of tariffs. 12

OR

What is meant by Free Trade Policy ? State five arguments against Free Trade Policy.
