



OM – 02

**B.Com. (Semester – V) (Repeat) Examination, April 2015
BUSINESS ECONOMICS – INTERNATIONAL TRADE AND FINANCE**

Duration : 2 Hours

Total Marks : 80

- Instructions :**
- i) **All questions are compulsory. However internal choice is available.**
 - ii) **Answer sub questions in question 1 and question 2 in not more than 100 words each.**
 - iii) **Answer question 3 to question 6 in not more than 400 words each.**
 - iv) **Figures to the right indicate maximum marks assigned to the question.**

1. Answer **any four** of the following questions : **(4×4=16)**
 - i) Explain any two points of difference between Internal and International Trade.
 - ii) Define the concept of Income Terms of Trade.
 - iii) Explain forward rates at par and at premium to the spot rates.
 - iv) What are the gains from trade for a developing country ?
 - v) What are “Pegged” exchange rates ? Explain any two features of these exchange rates.
 - vi) Write a brief note on Arbitrage.

2. Answer **any four** of the following questions. **(4×4=16)**
 - a) Explain the concept of Balance of Trade.
 - b) ‘Balance of Payment of a country always balances in the accounting sense’. Explain.
 - c) Explain any four limitations of devaluation as a measure to correct BOP deficit.
 - d) Why are quotas deemed to be superior to tariffs as tools of protection ?
 - e) Explain any two merits of a free trade policy.
 - f) Briefly explain any four objectives of the World Trade Organization.

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3. a) Explain how resource endowment and technology influence international trade. 12
- OR
- b) What are 'Terms of Trade' ? What are the factors determining a country's terms of trade ? 12
4. a) Explain the meaning and functions of a foreign exchange market. 12
- OR
- b) Explain any five factors that cause an appreciation or depreciation in the foreign exchange rates. 12
5. a) Explain the components of the current and the capital account of Balance of Payment. 12
- OR
- b) What is disequilibrium in the Balance of Payment ? Explain any five factors that cause disequilibrium in BOP. 12
6. a) Write a note on 'Modern Non-Tariff Barriers to trade'. 12
- OR
- b) What is meant by 'Protectionism' ? Explain any five economic arguments justifying the adoption of a protectionist trade policy. 12
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