



SRM. J. S. P. S. COLLEGE OF COMMERCE & ECONOMICS  
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DIP – 03

**B.Com. (Semester – V) Examination, October 2014**  
**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)
- Explain any four features of international trade.
  - Write a brief note on 'Gains from international trade'.
  - Explain any two determinants of terms of trade.
  - Explain any four features of the foreign exchange market.
  - Briefly explain the concept of managed floating exchange rates.
  - Explain the 'Transfer' function performed by the foreign exchange market.
2. Answer **any four** of the following questions : (4×4=16)
- What is the difference between balance of payment and balance of trade ?
  - What are the sub-accounts of the current account of balance of payment ?
  - Explain any two causes of disequilibrium in balance of payment.
  - Write a brief note on anti-dumping levies.
  - Explain the 'Infant Industry' argument in the context of a developing country.
  - Briefly explain the effectiveness of an import quota as a tool of protection.
3. a) Explain the factors influencing international trade. 12

OR

- b) What are terms of trade ? Explain the concepts of terms of trade. 12

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4. a) What are flexible exchange rates ? Explain any five arguments in favour of a flexible exchange rate system. 12
- OR
- b) Define 'Exchange Rates' and explain any five factors that influence exchange rate determination. 12
5. a) Explain the different types of disequilibrium in BOP. 12
- OR
- b) Explain the concept of 'Balance of Payment deficit' and elaborate on the non-monetary measures used to correct the deficit in BOP. 12
6. a) What is the primary difference between a free trade policy and a protectionist trade policy ? Explain any five arguments against a free trade policy. 12
- OR
- b) Write a brief note on the formation of the WTO and highlight its objectives. 12