

B-249

(Pages : 02)

FS - 02

[Total No. of Questions : 6]

**B.Com. (Semester - V) Examination, Oct./Nov. - 2011**

**BUSINESS ECONOMICS**  
**International Trade & 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.*

**Q1)** Answer ANY FOUR of the following in approximately 100 words each : **[16]**

- Explain any two gains from international trade.
- Give four points of distinction between internal and external trade.
- State any four merits of floating exchange rate system.
- What is meant by Swap transaction?
- Explain any two features of a foreign exchange market.
- Comment on the Purchasing Power Parity as a long term factor affecting exchange rates.

**Q2)** Answer ANY FOUR of the following in approximately 100 words each : **[16]**

- Distinguish between Autonomous and Accommodating transactions.
- What do you mean by a balance of payment disequilibrium?
- Give any four points of distinction between Balance of Trade and Balance of Payments.
- Explain any two effects of tariffs.
- Comment on Anti-dumping & Countervailing duties.
- State any four objectives of the World Trade Organisation.

**Q3)** Why do developing countries face unfavourable terms of trade? **[12]**

OR

Write a note on Multinational Companies and Transport costs as factors affecting international trade.

P.T.O.

Q4) Explain the different functions performed by the foreign exchange market. [12]

OR

State any six advantages and disadvantages of fixed exchange rates.

Q5) Explain the structure and components of the Balance of Payments. [12]

OR

Briefly describe the monetary measures of correcting the disequilibrium in the Balance of Payments.

Q6) What is a Protectionist policy? State any five arguments in favour of Protectionist Policy. [12]

OR

Define the term Import Quotas and explain the different types of import quotas.

\*\*\*