



**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.



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**
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