

PARUL UNIVERSITY**FACULTY OF ARTS****B. Arts Summer 2022–23 Examination****Semester: - 06****Subject Code: - 15101351****Subject Name: -International Economics-II****Date: 16/03/2023****Time: 02:00pm to 04:30pm****Total Marks: 60****Instructions:**

1. All questions are compulsory.
2. Figures to the right indicate full marks.
3. Make suitable assumptions wherever necessary.
4. Start new question on new page.

**Marks
08****Q.1 Do As Directed.**

- 1 Depreciation takes place under which system?
(A) Fixed exchange rate system (B) Flexible exchange rate system
(C) Managed floating exchange rate system (D) None of the above
- 2 A multinational is a firm that controls and manages production facilities in
(A) Both developed and developing countries (B) At least two countries
(C) One country but relies on multiple markets for the consumption of goods it produces (D) At least two developed countries and one developing country
- 3 The value of Special Drawing Right (SDR) is determined by the basket ofcurrencies.
(A) 4 (B) 5
(C) 6 (D) 7
- 4 is the precursor of WTO.
(A) NAFTA (B) GATT
(C) SAARC (D) EU
- 5 The decrease in the value of foreign exchange rate which is done intentionally by the government is called
(A) Appreciation (B) Depreciation
(C) Devaluation (D) Revaluation
- 6 Who is the Chief Economist of IMF from India?
(A) Gita Gopinath (B) Gita Bhargav
(C) Khushi Chaudhary (D) Priyanka Sharma
- 7 WTO came into force on.....
(A) 27th July 2007 (B) 15th September 1993
(C) 1st January 1995 (D) 1st January 1947
- 8 Headquarter of United Nations Conference on Trade and Development is located in.....
(A) Netherlands (B) London
(C) Geneva (D) Tokyo
- 9 Imports and export of goods are known as.....
(A) Nominal trade (B) Invisible trade
(C) Visible trade (D) None of the above
- 10 Horse racing, card games and lottery are all instances of.....
(A) Investing (B) Gambling
(C) Speculating (D) Arbitrage
- 11 Managed floating is also called
(A) Dirty floating (B) Hybrid exchange rate
(C) Flexible exchange rate (D) None of these
- 12 The price of one currency in terms of other currency is called:
(A) Foreign exchange rate (B) Flexible exchange rate
(C) Current rate of exchange (D) None of the above
- 13 Due to depreciation of domestic currency,
(A) Exports rise (B) Import rise
(C) Exports fall (D) None of the above
- 14 The WTO was established to implement the final act of round agreement of GATT.
(A) Torquay (B) Uruguay
(C) Geneva (D) Tokyo
- 15 Second conference of "UNCTAD" was held at.....
(A) Netherlands (B) Geneva
(C) India (D) Tokyo

- 16 What is the period of new foreign trade policy of India?
(A) 2012-17 (B) 2014-19
(C) 2013-18 (D) 2015-20

B. Terms / Short Notes / Case Study / Charts / Graphs/ Tables, etc. (Each of 01 mark)

(07)

- 1 Define foreign exchange.
- 2 What is exchange rate?
- 3 Name the economist who popularized PPP model of exchange rate.
- 4 Who is the President of IMF?
- 5 What is international trade?
- 6 If the values of $MPS=0.3$ and $MPM=0.2$ then an increase in exports by 1000 crores, the raised national income through foreign trade multiplier will be?
- 7 When was UNCTAD established?

Q.2 Answer the following.

- 1 What do you mean by spot and forward rate? **(04)**
- 2 What is Balance of Payment? What are the accounts under BOP? **(04)**
- 3 Describe the composition of international trade. **(04)**

OR

- 3 What was the reason behind formation of WTO? **(04)**

Q.3 Answer the following.

- 1 What is the role of Multinational corporations in India? **(05)**
- 2 Briefly explain the methods to determine exchange rate under Fixed exchange rate system? **(05)**
- 3 What are the causes of disequilibrium in BOP? **(05)**

OR

- 3 Define Balance of Trade. What are the types of BOT? **(05)**

Q.4 Answer the following.

- 1 Explain Purchasing Power Parity theory. **(06)**
- 2 How the exchange rate is determined under Flexible exchange rate system? **(06)**
- 3 What is IMF? What are its functions? **(06)**

OR

- 3 What is foreign trade multiplier? Derive mathematically. **(06)**