

PARUL UNIVERSITY
FACULTY OF COMMERCE
B.Com. (Hons) Summer 2022 – 23 Examination

Semester: 4
Subject Code: 16100254
Subject Name: International Economics

Date: 20-03-2023
Time: 10:30am to 01:00pm
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.

Q.1 Do as directed.**A) Multiple choice type questions. (Each of one mark)****(06)**

1. If a nation has an open economy it means that the nation:-
 - a) Allows private ownership of capital.
 - b) Has flexible exchange rates
 - c) Conducts trade with other countries
 - d) Has fixed exchange rates
2. Net export equals
 - a) $\text{Export} * \text{Import}$
 - b) $\text{Export} + \text{Import}$
 - c) $\text{Export} - \text{Import}$
 - d) Exports of service only
3. Visible imports include:-
 - a) Remittance
 - b) Machinery
 - c) Computer software
 - d) Transport cost
4. All of the following are debit items in the balance of payments, except: -
 - a) Capital outflows
 - b) Merchandise exports
 - c) Private gifts to foreigners
 - d) Foreign aid granted to other nations
5. The reduction or covering of foreign exchange risk is called----
 - a) Hedging
 - b) Speculation
 - c) Intervention
 - d) Arbitrage
6. _____ are quotas that lead to a complete abolishment of trade.
 - a) Embargoes
 - b) Voluntary Export Restraints
 - c) Quotas
 - d) Orderly marketing agreements

B) Definitions / One-liners / Terms. (Each of one mark)**(06)**

1. Define Terms of Trade with formula.
2. What do you mean by Free trade policy?
3. What is Balance of Payment?
4. Give example of Export Subsidies.
4. Write two major functions of IMF
5. Restriction on trade by increasing price of imports of one's country is known as--

Q.2 Write a Note on following. (Each of 04 mark)**(12)**

1. Domestic V/S International Trade
2. Arguments in favor of Protection Policy
3. Structure of Foreign Exchange Market

Q.3 Answer the following. (Any Three)**(18)**

1. Explain in detail the methods of correcting disequilibrium in Balance of Payment.
2. Discuss the various Tariff and non-tariff barriers to International trade.
3. What is Purchasing Power Parity Theory for exchange rate determination?
4. Discuss the Objectives of World Bank.

Q.4 Answer the following. (Any two)**(18)**

1. Explain in detail the role of International trade in economic development.
2. Discuss the relative merits and demerits of fixed and flexible exchange rate regimes.
3. Explain the Objectives and Functions of WTO.