

**PARUL UNIVERSITY**  
**FACULTY OF ARTS**  
**B.A Summer 2018 – 19 Examination**

**Semester: 6**  
**Subject Code: 15101351**  
**Subject Name: International Economics-II**

**Date: 11/04/2019**  
**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.****(08)****A. Multiple choice type questions. (Each of 0.5 mark)**

1. When both the “elements” are “equal”, then “which” of the following “terms” is used for it in “Economics”?
 

a) Disequilibrium	c) Instability
b) Equilibrium	d) Changes
2. When the “production” and “provision of goods and services rises”, then what “happens” to the “quantity” of “exports” as part of the foreign trade?
 

a) Decreases	c) Increases
b) Remains constant	d) None of the above
3. How many “components” does the “balance of trade” account have?
 

a) 4	c) 3
b) 2	d) 5
4. Which of the following is “one” of the “components” of the “balance of payment system” in which the “daily transactions” of a business organization are recorded?
 

a) Capital Account	c) Current Account
b) Trade Account	d) Savings Account
5. Among the various types of Foreign Exchange Rates, which among the following is the “one” in which the “exchange rate” is “immediately” or “instantly determined”?
 

a) Forward Exchange Rate	c) Arbitrage Exchange Rate
b) Spot Exchange Rate	d) Hedging Activity
6. Which “one” among the following is the “activity” in which the “rates” of “foreign exchange” that can “fluctuate” in the “future”(future rates of foreign exchange) are “predicted”?
 

a) Investing	c) Trading of Financial Assets
b) Speculation	d) Auction
7. What is the “market” where the “foreign currencies” “traded” as called as?
 

a) Domestic Market	c) Foreign Exchange Market
b) Retail Market	d) Vegetable Market
8. Which “one” of the following is “related” to the “feature” of the “exchange rate” decided in the “flexible foreign exchange system”?
 

a) Doesn’t change	c) Constant exchange rates
b) Remains Fixed	d) Increase or decrease of the exchange rate
9. What is the “full form” of “IMF”?
 

a) International Money Finance	c) International Monetary Fund
b) Internal Multiplier Fiscal	d) Intra Marginal Flow
10. Which among the following is “not” the “functions” of “WTO Organization”?
 

a) Encouraging free trade among nations	c) Charging high taxes on the imports
b) Promotion of competition among traders	d) Providing investment opportunities such as FDI
11. Which among the following is the “full form” of “GATT Organization”?
 

a) Government and Trade Tax	c) Goods and Toll Taxpayer
b) General Agreement on Tariffs and Trade	d) None of the above

12. Which among the “following” is “not” the “functions” of “GATT Organization”?
- Carrying out Trade Negotiations
  - Regulation of Tariff on exports and imports as the components of trade
  - Not carrying out the settlement of disputes related to trade activity
  - Promoting the increase in the production and provision of goods and services for increase in the trade activity
13. What is the “term” used in Economics for the “situation” when the “expenditure” is “more” than the “revenue” of the country?
- Deficit
  - Surplus
  - Excess
  - Extra
14. Which among the following is the “term” used for the “trade activity” that takes place at “global level” of a country with “various other nations of the world” also?
- National Trade
  - Regional Trade
  - Foreign Trade
  - Domestic Trade
15. Which one of the following “words” is used for “referring” to the “purchasing of goods and services” from other countries as part of the trade activity?
- Exports
  - Imports
  - Selling
  - Profit Making
16. What happens to the “welfare” of the citizens living in the country when “positive reforms” such as “providing public facilities” are done by “institutions” such as the “Government” of the country?
- Decreases
  - Remains constant
  - Increases
  - None of the above

**B. Terms/ Short notes/ Case study/ Charts/ Graphs/ Tables, etc. (Each of 01 mark)**

**(07)**

- Define the term “balance of trade”.
- State the meaning of “foreign trade multiplier”.
- What do we understand by “Speculation activity”? State it.
- What do we mean by “Monetary System”? State it.
- Define “International Monetary Fund” (IMF) as an organization.
- Define the word “deficit”.
- What do we mean by “foreign trade”? State it.

**Q.2 Answer the following.**

- A. The “Arbitrage” and “Spot” are the “components” of the types of the foreign exchange rates. Explain the main “differences” between these two “types” of the “foreign exchange rates”. (2 for each) **(04)**
- B. “IMF” is one of the important International Organization. Explain the “objectives” of this organization. **(04)**
- C. The “balance of payment” has certain “merits” as well as “demerits”. Describe some merits as well as demerits of the balance of payment system. **(04)**

**OR**

- C. Describe the “recent changes” that have taken place in the “composition” and “direction” of “foreign trade”. (2 for each) **(04)**

**Q.3 Answer the following.**

- A. Elaborate on the distinct “functions” of the “World Bank Organization”. **(05)**
- B. There are various “instruments” that are used by “traders” for carrying out the “activity” of “export promotion”. Describe the “features” of the “instruments” that are used for “carrying” out the activity of “export promotion”. (Any 5 of them) **(05)**
- C. Recent “export” and “import policies” have been adopted in India. Explain the “features” of the recent “export” and “import policies” that have been adopted in India. (2-3 features of each) **(05)**

**OR**

- C. “UNCTAD” is the name of one of the organizations which is part of United Nations Council. Describe the “characteristics” of this organization. **(05)**

**Q.4 Answer the following.**

- A. Explain the “components” of the “balance of trade system”. (3 features for each of the components) (06)
- B. The “foreign exchange markets” carry out certain “functions”. Describe the “functions” of these foreign exchange markets. (06)
- C. Describe the “need” and “rationale” for the “trade reforms” that took place in India. (06)

**OR**

- C. Explain the “importance” of the “Multinational Corporations” in India. (06)

Note : Total Option should not exceed 15 Marks.