

Paper / Subject Code: 83013 / Business Economics VI

[Time: 3 Hours]

[Marks: 100]

Please check whether you have got the right question paper.

- N.B: 1. All questions are compulsory.
2. Figures to the right indicate full marks.

Q.1 A) Select the correct answer and rewrite the statement (any ten) 10

1. ----- is the basic cause of international trade according to David Ricardo.
a) Difference in comparative costs b) Difference in availability of factors
c) Difference in standard of living d) Difference in Political background
2. The concept of single factoral terms of trade was introduced by _____.
a) Dorrance b) Viner
c) Taussig d) Keynes
3. The offer curve of a country denotes the offer of its ----- against its imports.
a) Exports b) Imports
c) Capital d) Donations
4. Imposition of tariffs on imports may make a country's terms of trade _____.
a) Unfavourable b) Favourable
c) Zero d) Neutral
5. Which of the following is the argument for free trade?
a) Self-sufficiency b) Infant industry argument
c) Promotes specialization d) Anti-dumping measure
6. What caused the Eurozone crisis?
a) Political reasons b) Debt crisis
c) Investment crisis d) Social crisis
7. _____ account of BOP records the exports and imports of goods only.
a) Capital account b) Current account
c) Trade account d) Errors and omissions
8. Devaluation results in -----.
a) Cheaper imports b) Cheaper exports
c) Fall in exports d) Rise in imports
9. Under WTO, TRIPs cover _____.
a) Foreign Investment b) Foreign aid
c) Services d) Patents

Q.3 Answer any two of the following. **15**

- a. What is protection? Make a case for protection.
- b. Explain the different types of non-tariff barriers.
- c. What are the different effects of tariffs? Explain.

Q.4 Answer any two of the following. **15**

- a. What is the balance of payments? Explain the causes of disequilibrium in balance of payments.
- b. Explain monetary and nonmonetary measures to correct disequilibrium in balance of payments.
- c. Explain the important features of TRIPs under WTO.

Q.5 Answer any two of the following. **15**

- a. Explain the functions and participants of foreign exchange market.
- b. How is the equilibrium rate of exchange determined? Explain.
- c. Explain the role of the central bank in foreign exchange rate management.

Q.6 Write short notes on any four of the following. **20**

- a. Limitations of Modern Theory of International Trade
- b. Offer curves.
- c. Arguments for free trade
- d. Types of Economic Integration
- e. Structure of BOP
- f. Absolute version of purchasing power parity Theory

Heckscher
Heck