

2016

ECONOMICS

(Major)

Paper : 6.4

(**International Economics**)

Full Marks : 60

Time : 3 hours

*The figures in the margin indicate full marks
for the questions*

1. Answer the following as directed : 1×7=7
- (a) Give one example of visible items in balance of payments.
 - (b) Define Customs Union.
 - (c) Fill in the blank :
The imbalance in Current Account is neutralized by —.
 - (d) Mention one dealer in foreign exchange market.

(e) Write True or False :

SDRs act both as an international unit of account and a means of payment.

(f) What do you mean by hedging in foreign exchange market?

(g) In accounting sense of balance of payments, total domestic expenditure is $C + I + G = A$. What does 'A' stand for?

2. Answer the following questions : 2×4=8

(a) Distinguish between balance of trade and balance of payments.

(b) What do you mean by positive integration and negative integration?

(c) Explain any one form of international economic integration.

(d) What are autonomous and accommodating items in Balance of Payments Account?

3. Answer any *three* of the following questions :

5×3=15

(a) Explain the concepts of spot and forward exchange rates.

(b) Mention the objectives of International Monetary Fund.

- (c) Discuss briefly the benefits of international economic integration.
- (d) "Balance of Payments is always in equilibrium." Comment.
- (e) What is Current Account in balance of payments? What are the main items of Current Account?

4. Answer the following questions : $10 \times 3 = 30$

- (a) Explain the welfare effect of Customs Union in terms of trade creation and trade diversion. 10

Or

Discuss the nature and scope of international economics. 10

- (b) What are the adjustment mechanisms in balance of payments? Explain how disequilibrium in BOPs is corrected under fixed exchange rate regime. $3+7=10$

Or

What do you mean by appreciation and depreciation of foreign exchange? Explain how exchange rate is determined in a free market. $3+7=10$

(4)

- (c) What are the objectives and functions of World Trade Organization? What do you mean by Most Favoured Nation?

4+4+2=10

Or

What are the objectives of IBRD? Discuss how developing countries are assisted by it.

5+5=10
