**MAHATMA GANDHI UNIVERSITY, KOTTAYAM**

**BA CORPORATE ECONOMICS Fourth Semester**

**MODEL QUESTION PAPER**

**INTERNATIONAL ECONOMICS II**

Time: 3 hours maximum: 80 Marks

**Section A**

*Answer* ***all*** *questions in one sentence each. Each question carries* ***1 mark****.*

1. What do you mean by commercial policy?
2. Define equilibrium rate of exchange.
3. What is GNIE?
4. What do you mean by an forward rate?
5. Define the concept balance of payment.
6. What do you mean by hedging?
7. What is free trade?
8. Define the term embargoes.
9. What do you mean by tariff?
10. What is SDR?

(10 x 1= 10 marks)

**Section B**

*Answer any* ***eight*** *questions. Each question carries* ***2 marks***

1. What is protectionism?
2. Write a short note on foreign exchange risk?
3. Distinguish between NEER and REER.
4. Write a note on Marshall-Lerner condition.
5. What is the importance of speculation in the market?
6. What are the different types of foreign exchange risk?
7. What is a currency derivative?
8. What are the main uses of currency swaps?
9. Bring out the objectives of commercial policy.
10. Write a note about the Uruguay Round?
11. What are the factors determining exchange rates?
12. Write a note on mint parity theory?

(8 x 2 = 16 marks)

**Section C**

*Answer any* ***six*** *questions. Each question carries* ***4 marks****.*

1. Explain purchasing power parity theory of foreign exchange.
2. Write a note on Agreement on Agriculture.
3. Discuss free trade versus protection
4. Prepare a note on Bretton woods system
5. Explain the monetary measures of correcting BOP equilibrium
6. Distinguish between devaluation and depreciation
7. Write a note on the structure and characteristics of the current account?
8. Explain the causes of disequilibrium in balance of payments
9. Explain the significance of terms of trade.

(6 x 4 = 24 marks)

**Section D**

*Answer any* ***two*** *questions. Each question carries* ***15 marks****.*

1. Discuss effects of tariffs on domestic economy
2. Analyze the implications of WTO on Indian economy
3. Critically evaluate the Balance of Payments theory of Exchange rate
4. International Capital movements. Explain in detail.

(2×15=30)

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