3 (Sem–6) ECO M 4

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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)　What is special drawing right (SDR)?

　(b)　Define spot exchange rate.

　(c)　Choose the correct answer from the
　　　brackets to fill in the blank :

　　　Latin American Free Trade Association
　　　(LAFTA) is an example of ——. (free
　　　trade area/Customs Union/common
　　　market)

　(d)　What do you mean by international
　　　economic integration?

　　　　　　　　　　　　　　[P.T.O.

(e) Write True or False :

The Ministerial Conference is the supreme authority of the WTO.

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

(g) Give an example of 'unilateral transfer' in Balance of Payments Account.

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

(a) What are the visible and invisible items in Balance of Payments Account?

(b) Distinguish between Gold tranche and Credit tranche.

(c) What role do 'errors and omissions' play in Balance of Payments Account?

(d) Define basic balance and net liquidity balance.

3. Answer any *three* of the following questions :
5×3=15

(a) Why is International Economics called a separate branch of Economics?

(b) Briefly discuss the subject matters of International Economics.

(c) What are the items of Balance of Payments Account of a country?

(d) Explain the functions of foreign exchange market.

(e) What is Customs Union? How is it an improvement over a free trade area?

4. Answer any *three* of the following questions :
10×3=30

(a) Discuss the types and causes of disequilibrium of balance of payments.
5+5=10

(b) Explain how BoP adjustment is made under flexible exchange rate system.   10

(c) Discuss the role of the IMF in solving the problem of international liquidity.   10

(d) Explain the partial equilibrium approach to Customs Union in terms of trade creation and trade diversion.   5+5=10

(e) Discuss various facilities and activities of the World Bank which benefit the member countries.   10

(f) Assess the potential advantages and disadvantages of a WTO membership from the Indian perspective.   5+5=10

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