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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) 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 :  $2 \times 4 = 8$

- (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 :  
 $5 \times 3 = 15$

- (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

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