

Bachelor of Arts Examination, 2019
UG (Third Year, Sixth Semester)
Economics (Honours)
International Trade II

Total Marks: 30

Time: 2 hours

Answer any three Questions:

1. Identify current account transaction and capital account transaction with brief explanation
 - (a) WHO distributes polio drugs in India
 - (b) Interest paid by the government of India on loans taken from IMF
 - (c) Capital raised by a USA firm by selling its shares in the global capital market
 - (d) Apollo Gleneagles in Muscat hires local doctors and staff nurse on the annual contract basis
 - (e) Interest paid by an Indian firm on bonds and shares held by American citizen residing in U.S.A

2X4=10

2. Explain “a country may have current account deficit even in the presence of federal budget surplus”. Show that under non-sterilization, balance of payment imbalance is essentially a monetary phenomenon.

5+5=10

3. Analyse the impact of devaluation on the trade balance of a small open economy in a synthesis approach framework.

10

4. Write short note on any two:

5+5=10

- (a) J-curve phenomenon
- (b) Transfer problem
- (c) Black market for foreign exchange

5. Briefly discuss different types of exchange rate regimes in the world economy. 10