



BRAINWARE UNIVERSITY

Term End Examination 2018 - 19

Programme – Bachelor of Commerce (Honours) in Banking & Financial Accounting

Course Name – International Trade and Foreign Exchange Management

Course Code –BCM604B

(Semester – 6)

Time allotted: 3 Hours

Full Marks: 70

[The figure in the margin indicates full marks. Candidates are required to give their answers in their own words as far as practicable.]

Group –A

(Multiple Choice Type Question)

10 x 1 = 10

1. *Choose the correct alternative from the following*
 - (i) GATT stands for
 - a. General Agreement on Trade & Transport
 - b. Gross agreement on Trade & Transport
 - c. General Agreement on Trade & Tariff
 - d. None of the above
 - (ii) In the Bretton Woods Conference, the idea of which Institution was formed
 - a. GATT
 - b. WTO
 - c. IMF
 - d. None of the above
 - (iii) The International Trade Theory of Comparative advantage was propounded by
 - a. Adam Smith
 - b. David Ricardo
 - c. Lord Keynes
 - d. None of the above
 - (iv) Arbitrage means
 - a. Settling the exchange rate in advance in respect of future transactions
 - b. Simultaneous purchase and sale of different currencies in two or more exchange markets
 - c. Buying a currency when it is weak and selling it when it is strong
 - d. All of the above
 - (v) WTO was formed in the year
 - a. 1950
 - b. 1994
 - c. 1985
 - d. 1939

- (vi) IBRD stands for
- | | |
|--|--|
| a. Indian Bank for Reconstruction and development | b. International Bank for Review and Development |
| c. International Bank for Reconstruction and Development | d. None of the above |
- (vii) The concept of product life cycle implies that
- | | |
|--|--|
| a. Products have a limited life span | b. Each of the stages poses different challenges, opportunities and problems |
| c. Profits rise and fall at different stages | d. All of the above |
- (viii) Foreign direct investment occurs when
- | | |
|---|---|
| a. An organization in home country invests in business in a foreign country | b. An organization in a foreign country invests in business in the home country |
| c. Either a or b | d. None of a or b |
- (ix) Import license is given by
- | | |
|-----------------------|----------------------|
| a. Commercial banks | b. RBI |
| c. Central Government | d. None of the above |
- (x) In the balance of payment position capital account transaction records
- | | |
|--------------------------------|----------------------------------|
| a. Import and export of goods | b. Import and export of services |
| c. Purchase and sale of assets | d. None of the above |

Group – B

(Short Answer Type Questions)

3 x 5 = 15

Answer any *three* from the following

- | | |
|--|-----|
| 2. Explain in brief any three criticisms of Ricardo's theory of International Trade. | 5 |
| 3. Discuss any three arguments in favour of free Trade policy. | 5 |
| 4. Write short notes on : (a) Spot Market (b) Forward Market | 2+3 |
| 5. Write short notes on : (a) Business Cycle (b) Devaluation | 3+2 |
| 6. Write short notes on (a) Packing credit (b) Bill of Lading. | 2+3 |

Group – C

(Long Answer Type Questions)

3x 15 = 45

Answer any *three* from the following

- | | |
|---|----|
| 7. (a) What do you mean by Globalization? | 5 |
| (b) Explain in brief the major consequences of Globalization. | 10 |

- | | | | |
|-----|-----|---|----|
| 8. | (a) | What do you understand by International Trade? | 5 |
| | (b) | Explain Adam Smith's Theory of International Trade. | 10 |
| 9. | (a) | What do you understand by Trade Protection Policy? | 7 |
| | (b) | Explain in brief any four arguments in favour of trade protection policy. | 8 |
| 10. | | Explain the Purchasing Power Parity theory of exchange rate developed by Gustav Cassel. | 15 |
| 11. | (a) | What do you understand by Balance of Payment? | 9 |
| | (b) | Write short on current account transactions. | 6 |
