



Reg. No. : .....

Name : .....



**IV Semester M.A. Degree (Reg./Supple./Imp.) Examination, April 2019**  
**(2014 Admission Onwards)**  
**Economics and Applied Economics**  
**ECO4C14 : INTERNATIONAL ECONOMICS – II**

Time : 3 Hours

Max. Marks : 60

## PART – A

Choose the correct answer. Answer **all** questions. All questions carry **equal** marks.

- Real or income creating transactions of the balance of payment are there in
 

a) Capital account	b) Current account
c) Unilateral receipts	d) None of these
- The FEMA came into force in July 2000 by replacing the FERA Act of :
 

a) 1973	b) 1974
c) 1995	d) 1997
- India is facing continuous deficit in its balance of payments, then in the foreign exchange market rupee is expected to
 

a) Appreciate	b) Depreciate
c) Turn to hot currency	d) No change
- The WTO agreement related to investment measures is
 

a) TRIPS	b) TRIMS
c) GATS	d) Green box
- A contract that gives the buyer the right to buy commodity or a foreign currency from the seller at a fixed price is called as
 

a) put option	b) call option
c) cross option	d) currency swap



6. Agreement to exchange one currency for another at a specified exchange rate and date is
- a) Currency swap                      b) Swap points  
c) Currency put option                d) Currency call option
7. The SDR stands for
- a) Special Drawing Rights            b) Specific Drawing Rights  
c) Special Depository Rules        d) Specific Depository Rules
8. Organization which is NOT a part of the World Bank group ?
- a) IDA                      b) IFC                      c) IBRD                      d) IMF      (8×½ =4)

## PART – B

Answer **any 8** questions. **Each** question carries **2** marks and should **not** exceed **one** page **each**.

9. What is snake in the tunnel approach ?
10. What is meant by currency swap ?
11. What is meant by regional integration ?
12. Define capital account convertibility.
13. Define a MNC.
14. What are the important invisible items of BOP ?
15. Distinguish between internal balance and external balance.
16. What is SAARC ?
17. Distinguish between spot and forward exchange market.
18. Distinguish between foreign aid and foreign investment.
19. What are the important static gains from customs union ?      (8×2 =16)

## PART – C

Answer **any 4** questions. **Each** question carries **5** marks and should **not** exceed **2 and half** pages.

20. Explain the inter linkage between current account and the capital account.
21. "Devaluation will lead to a J-curve effect on the balance of payments."  
Discuss.



22. What are the important functions of foreign exchange market ?
23. Critically examine the absorption approach of correcting the disequilibrium in BOP.
24. Examine the origin, objectives and functions of ADB.
25. Critically examine the Mint parity theory of exchange determination.      (4×5=20)

## PART – D

Answer **any 2** questions. **Each** carries **10** marks and should **not** exceed **6** pages.

26. Critically examine the elasticity, absorption and monetary approach of BOP disequilibrium analysis.
27. Examine the effects of the formation of customs union using both partial and general equilibrium analysis.
28. Evaluate the role of IMF in maintaining international liquidity.
29. Critically examine the various theories of exchange rate determination.      (2×10=20)