

B.T.S. DEGREE (C.B.C.S.S.) EXAMINATION, MARCH 2017**Sixth Semester****Core 21—PRINCIPLES OF INTERNATIONAL BUSINESS FOR TOURISM**

(2013 Admission onwards)

Time : Three Hours

Maximum : 80 Marks

Section A*Answer all questions.**Each question carries 1 mark.*

1. What is deflation ?
- ~~2.~~ Define bank rate.
3. Which is the central bank of India ?
4. In which year IMF was established ?
5. What is an open economy ?
6. Which is the headquarter of ADB ?
- ~~7.~~ What is free trade ?
8. Define Balance of trade.
- ~~9.~~ Which currency is commonly used in Germany ?
10. What is devaluation ?

(10 × 1 = 10)

Section B*Answer any eight questions.**Each question carries 2 marks.*

11. Define inflationary gap.
12. What are the two major components of current account ? ✓
13. What is terms of trade ? ✓ ✓
14. Who propounded classical theory of comparative cost ?
15. Define Arbitrage ✓
16. What is monetary policy ? ✓
17. What is hedging ?
18. SDR is associated with which institution ? ✓

Turn over

19. What is terms of trade ?
20. Under which type of cost differences, International trade will not take place ?
21. Give an assumption of comparative cost theory.
22. What is favourable balance of trade ? ✓

(8 × 2 = 16)

Section C

*Answer any six questions.
Each question carries 4 marks.*

- ~~23.~~ Discuss the advantages of exchange control. ✗
24. What are blocked accounts ?
- ~~25.~~ What are the sources of capital for IMF ?
- ~~26.~~ Write a note on SDR.
- ~~27.~~ Explain the significance of forward exchange in international trade.
28. What are the advantages and disadvantages of stable exchange rate ?
- ~~29.~~ Give an account of the disadvantages of globalisation.
- ~~30.~~ State the important provisions of FEMA.
31. Explain the merits and demerits of exchange control.

(6 × 4 = 24)

Section D

*Answer any two questions.
Each question carries 15 marks.*

32. Give an account of the Objectives and functions of IMF.
33. Distinguish between Balance of Payments and Balance of trade.
34. Critically examine the theory of purchasing power parity.
35. Examine the causes of fluctuations in foreign exchange rates. How can these fluctuations be addressed ?
✓ method

(2 × 15 = 30)