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**SECOND YEAR B.B.A. (CA)**  
**COURSE CODE: BBA24606(B)**  
**COURSE NAME: International Trade and Finance**  
**(Semester IV)**

**Program: B.B. A. (CA)**  
**Program Specific: Economics**  
**Course Type: Minor**  
**Paper:**

**Credits: 4**  
**Time: 3 Hours**  
**Max. Marks: 60**  
**SET: A**

**Instructions to the candidate:**

- 1) All questions are compulsory.
- 2) Figures to the right indicate full marks.
- 3) Draw a well-labelled diagram wherever necessary.

**Q1) Fill in the blanks:**

**[5 X 1 = 5]**

1. Under \_\_\_\_\_ exchange rate system, the value of currency is determined by market forces of demand and supply. a) fixed b) flexible c) pegged
2. \_\_\_\_\_ policy aims to protect domestic industries from foreign competition through various trade restrictions. a) Free trade b) Protection c) Monetary
3. In international trade, \_\_\_\_\_ refers to the practice of buying currency in one market and selling it in another to profit from price differences. a) speculation, b) arbitrage, c) hedging
4. The European Union was established by the \_\_\_\_\_ Treaty in 1993. a) Rome b) Maastricht c) Lisbon
5. The \_\_\_\_\_ provides financial assistance to member countries experiencing balance of payments difficulties. a) World Bank b) IMF c) ADB

**Q2) Write short notes (Attempt any 3/5)**

**[5 X 3 = 15]**

1. Free trade
2. Types of tariffs
3. Flexible exchange rate
4. Forward rate, Spot rate-
5. Foreign portfolio investment (FPI)

**Q3) Answer the following (Attempt any 3/5)**

**[8 X 3 = 24]**

1. Explain the protection policy with economic arguments for it.
2. What are the factors that affect foreign exchange rates?
3. Differentiate between Foreign Direct Investment (FDI) and Foreign Portfolio Investment (FPI)
4. Discuss the currency and political risk involved in international investment decisions
5. Write a note on NAFTA.

**Q4) Answer the following (Attempt any 1/3)**

**[16 X 1 = 16]**

1. Analyze the effects of a tariff under partial equilibrium analysis. Explain with a diagram.
2. Explain the advantages and disadvantages of a fixed exchange rate.
3. Describe the structure and functions of the Asian Development Bank (ADB).