



UNIVERSITY OF KELANIYA - SRI LANKA

Centre for Distance and Continuing Education

FACULTY OF COMMERCE & MANAGEMENT STUDIES

Bachelor of Commerce (Special) Degree Third Year Examination (External) – 2014/15

August 2020

**BCOME 3045 – International Economics**

**No. of Questions: Six (06)**

**Time : Three Hours (03)**

**Answer only five (05) questions.**

(01). International economics has always been related to economics. Economics guides us to accurately understand and make decisions about the economic phenomena taking place in the world.

a). Explain what is international economics?

(04 marks)

b). What is the difference between domestic trade and international trade?

(06 marks)

c). International trade represents a significant portion of GDP in many countries of the world. Use the latest figures on GDP to inquire about international trade in Sri Lanka.

(10 marks)

(Total 20 marks)

(02). Examine the economists who contributed to the popularization of the following trading theories in international trade and how their content contributed to the advancement of international economics.

a). Absolute Advantage Theory

b). Comparative Advantage Theory

(10 x 2 = Total 20 marks)

(03).

a). What is economic globalization? (05 marks)

b). Explain how International Economics is involved in maximizing the benefits of globalization. (07 marks)

c). Explain Sri Lanka's current regional rankings on globalization. (08 marks)  
(Total 20 marks)

(04).

a). "Balance of Payment Deficit Directly Affects Economic Stability in a Country ". Examine this statement. (05 marks)

b). Explain how the Central Bank intervenes to settle the balance of payments. (07 marks)

c). Explain the following terms related to balance of payments.

i). Capital Account

ii). Total Balance

(04 x 02= 08 marks)  
(Total 20 marks)

(05).

a). What are the major trading parties in the foreign exchange market? (05 marks)

b). Briefly explain what are the factors affecting foreign exchange demand and supply in the foreign exchange market. (05 marks)

c). What are the different types of exchange rates? (05 marks)

d). What is the floating exchange rates and how does it affect economic development?

(05 marks)

(Total 20 marks)

(06).

a). What is a Trade Agreement?

(04 marks)

b). Explain how trade agreement helps to grow International Trade.

(04 marks)

c). What are the main points expected from trade agreement?

(04 marks)

d). There are pros and cons in Trade Agreement. Explain with examples the adverse effects of trade agreements on countries

(08 marks)

(Total 20 marks)

