

D 50875

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Name.....

Reg. No.....

**FIFTH SEMESTER B.A. DEGREE EXAMINATION, NOVEMBER 2013**

(UG—CCSS)

Economics (Open Course)

EC 5D 02—INTERNATIONAL TRADE AND FINANCE

Time : Three Hours

Maximum : 30 Weightage

*Answers may be written either in English or in Malayalam.*

**Section A (Objective Type Questions)**

*Answer all twelve questions.*

I. (A) Multiple choice questions :

1 The new name of GATT is :

(a) UNCTAD.

(b) WTO.

(c) IMF.

(d) UNIDO.

2 Closed economy is known as :

(a) Autonomy.

(b) Autarky.

(c) Anarchy.

(d) Attarchy.

3 Which theory is called modern theory of International trade ?

(a) Absolute cost theory.

(b) Comparative cost theory.

(c) Reciprocal demand theory.

(d) H.O. theory.

4 Bretton wood system collapsed in :

(a) 1971.

(b) 1978.

(c) 1981.

(d) 1976.

(B) Fill in the blanks :

5 Market determined by foreign exchange refers to \_\_\_\_\_.

6 The rate at which the standard money of the country was convertible into gold was called \_\_\_\_\_.

7 Ricardo Law of comparative advantage is based on \_\_\_\_\_.

8 In the case of gold standard system decrease in the value of currency with respect to gold is called \_\_\_\_\_.

Turn over

(C) Answer in a word or sentence :

- 9 Under a flexible exchange rate system, disequilibrium in the balance of payment is corrected by \_\_\_\_\_.
- 10 For Heckscher-Ohlin, the most important causes of the difference in relative commodity price and trade between nations is a difference in \_\_\_\_\_.
- 11 The headquarters of IMF \_\_\_\_\_.
- 12 The act of avoiding or covering a foreign exchange risk arising from an agreed forward rate is called \_\_\_\_\_.

(12 × ¼ = 3 weightage)

### Section B (Short Answer Questions)

II. Answer all *nine* questions :

- 13 Distinguish Internal and International trade.
- 14 Define balance of payment.
- 15 Explain absolute cost theory of international trade.
- 16 Distinguish free trade and protection.
- 17 Define community indifference curve.
- 18 Explain "Trade as an Engine of Growth."
- 19 Explain Mint Parity theory ?
- 20 Define revaluation.
- 21 Explain international liquidity.

(9 × 1 = 9 weightage)

### Section C (Short Answer or Paragraph Questions)

III. Answer any *five* of the questions from seven :

- 22 Point out the functions of World Bank.
- 23 Explain the **necessary** conditions for the success of devaluation.
- 24 Explain immiserising growth.
- 25 What are the arguments **against** free trade ?
- 26 What are the factors influencing foreign exchange rate ?

- 27 Explain the objectives of IMF.  
 28 Explain Purchasing Power Parity theory.

(5 × 2 = 10 weightage)

**Section D (Essay Type Questions)**

IV. Answer any *two* questions from three :

- 29 Elaborate Heckshen–Ohlin theory. What is its criticism ?  
 30 Explain the objectives and functions of WTO.  
 31 What is meant by equilibrium exchange rate ? Explain the determination of equilibrium exchange rate.

(2 × 4 = 8 weightage)