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Name.....

Reg. No.....

FIFTH SEMESTER B.A. DEGREE EXAMINATION, NOVEMBER 2016

(CUCBCSS—UG)

Economics

ECO 5B 10—INTERNATIONAL ECONOMICS

Time : Three Hours

Maximum : 80 Marks

Answers may be written either in English or in Malayalam.

Part A

Answer all questions.

Each question carries ½ mark.

1. The famous statement foreign trade as “Engine of Growth” is remarked by :
 - (a) Salvatore.
 - (b) Leontief.
 - (c) Robertson.
 - (d) Adam Smith.
2. Autarky is a state of :
 - (a) Trade between friendly nations.
 - (b) No trade between nations.
 - (c) Trade between neighbours.
 - (d) None of these.
3. According to Ohlin, International Trade arise owing to the following reason :—
 - (a) Differences in factor endowments.
 - (b) Absence of trade restrictions.
 - (c) Differences in relative commodity prices.
 - (d) To dispose of the surplus production.
4. Adam Smith argued in favour of :
 - (a) Protection.
 - (b) Free trade.
 - (c) Self sufficiency.
 - (d) Government intervention.
5. Who is known as the watch dog of International Trade ?
 - (a) World Bank.
 - (b) IFC.
 - (c) IMF.
 - (d) WTO.

Turn over

6. Tariff is an important instrument of trade :
- (a) Regulation. (b) Control.
(c) Protection. (d) Promotion.
7. When was ASEAN formed ?
- (a) 1967. (b) 1989.
(c) 1979. (d) 1957.
8. The deliberate reduction in the value of domestic currency is called :
- (a) Opportunity cost. (b) Terms of Trade.
(c) Devaluation. (d) Depreciation.
9. The balance of exports and imports of services and transfer payments is called :
- (a) Balance of invisible trade. (b) Balance of visible trade.
(c) Balance of service trade. (d) None of these.
10. The price at which two currencies exchange is called :
- (a) Devaluation. (b) Exchange rate.
(c) Depreciation. (d) Revaluation.
11. The Head Quarter of WTO is in :
- (a) Washington. (b) Bombay.
(c) Geneva. (d) Paris.
12. A systematic record of all transactions between the residents of one country and the rest of the world :
- (a) Balance of Payments. (b) Balance of Trade.
(c) Current Account. (d) Capital Account.

(12 × ½ = 6 marks)

Part B (Very Short Answer Questions)

Answer any ten questions.

Each question carries 2 marks.

13. Explain Labour Theory of Value.
14. What is net barter terms of trade ?

15. Define Factor Endowment.
16. Explain absolute advantage.
17. Briefly explain SAARC.
18. Define Import Quota.
19. What is meant by overvaluation ?
20. What is managed float ?
21. Explain Foreign Direct Investment.
22. Write a note on IMF.
23. What is meant by Currency Convertibility ?
24. Define inter regional trade.

(10 × 2 = 20 marks)

Part C (Short Essay Questions)

Answer any six questions.

Each question carries 5 mark.

25. Examine the components of Balance of Payments.
26. Briefly analyse the Mint Parity Theory of exchange rate determination.
27. Define foreign exchange market. What are the important functions of foreign exchange market ?
28. Explain the main arguments in favour of free trade.
29. Explain Leontief Paradox in the context of Heckscher Ohlin Theorem.
30. Examine the importance of International Trade.
31. What are the similarities between inter regional trade and international trade ?
32. Briefly explain the Absolute Advantage Theory of International Trade.

(6 × 5 = 30 marks)

Part D (Essay Questions)

Answer any two questions.

Each question carries 12 marks.

33. What are the important causes for BOP disequilibrium ? Suggest measures to correct disequilibrium in BoP.

Turn over

34. Briefly explain various theories of exchange rate determination.
35. Examine Foreign Direct Investment in India. Analyse its merits and demerits.
36. Critically examine the Modern Theory of International Trade.

(2 × 12 = 24 marks)