

C 40575

(Pages : 2)

Name.....

Reg. No.....

SIXTH SEMESTER B.A. DEGREE EXAMINATION, MARCH 2013

(CCSS)

Economics

EC6 B13—INTERNATIONAL ECONOMICS

Time : Three Hours

Maximum : 30 Weightage

Part A

Answer all twelve questions.

A. Multiple Choice Questions :

- 1 SDR was created in 1970 as a new form of international financial asset by :
  - (a) IMF.
  - (b) IBRD.
  - (c) ADB.
  - (d) IDA.
- 2 Undervaluation of a country's currency may lead to :
  - (a) Increase in Exports.
  - (b) Decrease in Exports.
  - (c) Increase in Imports.
  - (d) Decrease in Imports.
- 3 Exchange rate refers to the price paid in ——— for one unit of foreign currency.
  - (a) Dollars.
  - (b) Euro.
  - (c) Indigenous currency.
  - (d) Domestic currency.
- 4 Which of the following is an example of non-economic argument for trade protection ?
  - (a) Infant industry argument.
  - (b) Diversification of industries argument.
  - (c) Domestic capital formation argument.
  - (d) National Defence argument.

B. Fill in the blanks :

- 5 Trade theory based on factor endowment of a country is explained by ———.
- 6 Today GATT is implemented and monitored by ———.
- 7 According to ———, free trade promotes division of labour.
- 8 In the current account, the sale of goods abroad is known as ———.

C. Answer in a word/sentence :

- 9 Invisibles.
- 10 ASEAN.
- 11 Foreign Exchange.
- 12 Revaluation.

(12 × ¼ = 3 weightage)

Turn over



**Part B (Short Answer Type Questions)**

*Answer all nine questions.*

- 13 Write a note on exchange control.
- 14 Explain what is meant by dumping.
- 15 Differentiate between Balance of Trade and Business of Payment.
- 16 Who are the major players in the foreign exchange market ?
- 17 What are Fully Convertible Currencies ?
- 18 Explain the concept of Mint Parity under Gold Standards.
- 19 Write a note on the European Union.
- 20 Name the causes of disequilibrium in the BOP of a country.
- 21 What is the role of WTO in international trade ?

(9 × 1 = 9 Weightage)

**Part C (Short Essay or Paragraph Questions)**

*Answer any five questions.*

- 22 What are the arguments in favour of protection ?
- 23 How can a country correct the problem of BOP account deficit ?
- 24 Elaborate on the Leontief Paradox.
- 25 What are tariffs ? How can they be used as a trade barrier ?
- 26 Explain the Theory of Purchasing Power Parity.
- 27 What are the various components of foreign exchange reserve ?
- 28 Detail the theory of comparative cost advantage.

(5 × 2 = 10 weightage)

**Part D (Essay Type Questions)**

*Answer any two questions.*

- 29 What are the different types of exchange rate regimes ? Elaborate.
- 30 What are the advantages of international trade to developing countries ?
- 31 Discuss the factor endowment theory of Hecksher-Ohlin. What are its advantages and limitations ?

(2 × 4 = 8 weightage)