20. Explain the Marshall Lamer condition for balance of payments adjustments. 27. Critically evaluate the role of IBRD in the reconstruction of the world after the

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Nam	ne:	b) Sidney Alexan	100 N at 187		
Fou		M.A. Degree (Reg./S ECONOMICS/APP CO4C14 : Internati (2014 Admiss	LIED ECONOMICS	An adverse balance	
Time: 3 Hours		en		Max. Marks: 60	
	810	noitsioeiggA (d PAR	T-A	a) Depreciation of	
Cho	oose the correct a	nswer. Answer all que	stions. All questions of	arry equal marks.	
1.	The IMF was esta	ablished in			
	a) 1994	b) 1944	c) 1948	d) 1995	
2.	Protectionism in international trade stands for				
	a) restricted trad	le	b) free trade		
	c) semi restricted trade		fone d) all the above was drawn as all the		
3.	The optimum tari	ne optimum tariff would be the highest if the elasticity of the offer curve is			
	a) More than one	Clashem aprientoxa result	b) Infinite	2 What are the import	
	c) Less than one		d) One		
	4. Devaluation can improve the balance of payments only when the sum of elasticity of demand for imports and elasticity of demand for export is				
	a) Equal to one		b) Greater tha		
	c) Smaller than o	one	d) Zero	S evino Lai rane?	
	When high cost domestic production is replaced by low cost product of the partner country after the formation of the customs union is called				
	a) Trade diversion		b) Trade creat		
	c) Trade postponement () None of these			se med rislugarine C	

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- The absorption approach for analyzing the effects of devaluation has been developed by
 - a) Kindleberger

b) Sidney Alexander

c) Jacob Viner

d) J.E. Mead

- 7. An adverse balance of payments can be remedied through
 - a) revaluation of currency

b) devaluation of currency

c) reduction in tariff

d) budgetary deficit

- 8. A change from \$ 1 : ₹ 50 to \$ 1 : ₹ 60 means
 - a) Depreciation of \$

b) Appreciation of \$

c) Appreciation of ₹

d) None of these

 $(\frac{1}{2} \times 8 = 4)$

PART-B

Answer any 8 questions. Each question carries 2 marks.

- 9. What are the important objectives of SAARC?
- 10. Distinguish between trade creation and trade diversion.
- 11. Explain the dynamic effects of customs union.
- 12. What are the important functions of foreign exchange market?
- 13. Differentiate between arbitrage and hedging.
- 14. Distinguish between devaluation and depreciation.
- 15. Differentiate between current accout and capital account convertibility.
- 16. What is J curve?
- 17. What is meant by spot and forward rate of exchange?
- 18. What are the important types of international capital flows?
- 19. Distinguish between tied foreign aid and un-tied foreign aid.

 $(8 \times 2 = 16)$



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PART-C

Answer any 4 questions. Each question carries 5 marks.

- 20. Explain the Marshall-Lerner condition for balance of payments adjustments.
- 21. Critically examine the purchasing power parity theory of exchange rate.
- 22. How exchange rate is determined through crawling peg system?
- 23. Examine the role of IMF in international liquidity.
- 24. Critically evaluate the role of WTO in international trade.
- 25. Explain the SDR system.

 $(4 \times 5 = 20)$

PART-D

Answer any 2 questions. Each carries 10 marks.

- 26. Explain the effects of customs union through general equilibrium analysis.
- Critically evaluate the role of IBRD in the reconstruction of the world after the Second World War.
- 28. Evaluate the role of MNC in the development of LDCs.
- Explain the major theories of exchange rate determination.

 $(2\times10=20)$