



## PART – D

**Long Essay.** Answer any two questions not exceeding 450 words. Each question carries 4 weightage :

28. Describe the Heckscher-Ohlin theory of International trade.
  29. Explain the concept of BoP disequilibrium and examine the measures to be adopted to correct the BoP disequilibrium.
  30. Discuss the purchasing power parity theory as well as the demand and supply theory of exchange rate determination.
  31. Compare the absolute advantage and comparative advantage theories of international trade. **(Weightage 4x2=8)**
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Reg. No. : .....

Name : .....

**IV Semester B.A. Degree (CCSS – Reg./Sup./Imp.)  
Examination, May 2015  
(2011 and Earlier Admissions)  
CORE COURSE IN ECONOMICS/DEVELOPMENT ECONOMICS  
4B06 ECO : International Economics**

Time : 3 Hours

Max. Weightage : 30

**Instruction** : Answers may be written in **English** or in **Malayalam**.

## PART – A

Objective type questions ( in bunches of **two** ) :

Choose the correct answer.

1. J. S. Mill propounded the theory of \_\_\_\_\_
 

a) Reciprocal demand	b) Absolute cost difference
c) Comparative cost difference	d) Opportunity cost
2. Under fixed exchange rate system, the exchange rate is determined by
  - a) The nation's monetary authorities
  - b) The price of gold
  - c) The forces of demand and supply in the foreign exchange market
  - d) None of these
3. Autarky is a situation of
 

a) Global recession	b) No trade
c) Free trade	d) Colonial pattern of trade
4. Foreign currency denominated commercial bank deposits outside the country of issue of the currency is called \_\_\_\_\_
 

a) Euro	b) Dollar
c) Eurocurrency	d) European currency

(Bunch Weightage : 1)



5. According to the Heckscher-Ohlin theorem, the comparative cost difference between countries is due to \_\_\_\_\_
- Labour cost difference
  - Factor endowment difference
  - Exchange rate difference
  - Technological difference
6. The tariffs imposed as a fixed amount based on the volume of the commodity imported are called
- Ad Valorem tariff
  - Compound tariff
  - Specific tariff
  - None of these
7. The account that includes trade in goods and services, income receipts and payments on foreign investments, and unilateral transfers of a nation with the rest of the world in a given year is called the \_\_\_\_\_
- Balance of payments
  - Capital account
  - Current account
  - Official reserve assets account
8. A country's capacity to import is best shown by \_\_\_\_\_
- Commodity terms of trade
  - Income terms of trade
  - Gross barter term of trade
  - Reciprocal demand

(Bunch Weightage : 1)

PART – B

Short answer questions. Answer **any ten** of the following questions **not** exceeding **50** words **each**. **Each** question carries **1** weightage.

- International economics
- Leontief paradox
- Absolute cost advantage



- Protectionism
- Bretton Woods twins
- Ad Valorem tariff
- Import substitution strategy
- Quota
- Forward exchange rate
- Euro dollar market
- Mint parity theory
- Balance of invisibles trade.

(Weightage 1×10=10)

PART – C

(Short essay). Answer **any five not** exceeding **150** words **each**. **Each** question carries **2** weightage :

- Arguments against protection.
- Differentiate between inter regional and international trade.
- Explain the theory of absolute advantage.
- What is meant by terms of trade ? Differentiate between income terms of trade and commodity terms of trade.
- Differentiate between fixed exchange rate system and flexible exchange rate system.
- Examine the doctrine of reciprocal demand.
- Discuss briefly the difference between Foreign direct investment and Portfolio investment

(Weightage 2×5=10)