

Reg. No. :

Name :

**II Year B.A. Degree (S.D.E. – Supplementary) Examination, April 2023
(2011 Admission Onwards)
CORE COURSE IN ECONOMICS
SDE2B04ECO : 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) :

- Factor endowment theory of trade is also known as
 - Modern Theory of Trade
 - Heckscher-Ohlin Model
 - Both a) and b)
 - None of the above
- A rise in domestic spending will most probably
 - Improve balance of trade
 - Worsen balance of trade
 - Not affect balance of trade
 - Both a) and b)
- H-O-S theory associated with
 - J.S. Mill
 - Paul Samuelson
 - Both a) and b)
 - None of the above
- Comparative cost theory assumes that
 - More than two country model
 - MRTS = 0
 - MRS = 1
 - Perfect competition

(Weightage : 1)

P.T.O.

- Protective tariff aims at
 - Protect foreign country
 - Protect domestic industry
 - Protect domestic economy
 - Both b) and c)
- Current account of BOP includes
 - Capital transaction
 - Unilateral transfers
 - Export-import of goods
 - Both b) and c)
- International price discrimination is possible only if
 - Elastic demand in foreign country
 - Inelastic demand in foreign country
 - Both a) and b)
 - None of the above
- GATT means
 - Agreement on trade
 - Agreements on tariff
 - Both a) and b)
 - None of the above

(Weightage : 1)

PART – B

(Short answer questions)

Answer **any ten** of the following questions **not** exceeding **50** words. **Each** question carries **one** weightage.

- Why do a nation subsidise export ?
- Free trade is essential for economic growth-comment.
- Infant industry argument.
- Managed floating system.
- What are the determinants of supply of foreign exchange ?
- What are the motives for international portfolio investment ?
- Distinguish between import quota and import tariff.
- Offer curve.

- Import substitution policy.
- Depreciation of currency.
- The increase in foreign GDP affect the BOP. Explain.
- Equilibrium in foreign exchange market. **(Weightage : 10×1=10)**

PART – C
(Short Essay)

Answer **any five** questions **not** exceeding **150** words. **Each** question carries **two** weightages.

- Explain the factors which govern terms of trade.
- Write a note on Bretton wood system.
- Absolute advantage is the basis for international trade-comment.
- What is absolute and relative factor price equalisation theorem ?
- Does foreign trade harm or foster economic growth ? Explain.
- Briefly explain European monetary system.
- What is Mint parity theory ? **(Weightage : 5×2=10)**

PART – D
(Essay question)

Answer **any 2** questions **not** exceeding **450** words and **each** question carries **4** weightages.

- Explain the scope and importance of international trade.
- Explain factor price equalisation theorem.
- Compare modern theory of trade with classical theory of trade.
- Explain balance of payment disequilibrium. How can we correct the BOP disequilibrium ? **(Weightage : 2×4=8)**