

FIFTH SEMESTER BA DEGREE EXAMINATION, NOVEMBER 2022

(Supplementary – 2018 Admission)

ECONOMICS

AECO5B10T: INTERNATIONAL ECONOMICS

Time: 3 Hours

Maximum Marks: 80

PART A: Answer all the questions. Each carries ½ Mark.

1. Globalization leads to international flow of:
a) Capital b) Labour c) Technology d) Capital, labour and technology
2. Health and safety regulations on trade is:
a) Tariff barriers b) Non-Tariff barriers c) Free-Trade measure d) MFA
3. Factors intensity reversal may happen due to:
a) Change in government policy b) Change in technology
c) Change in any factor availability d) All the above
4. The Apex decision making body of WTO:
a) DSM b) Ministerial Conference c) Governing Council d) Director General
5. Which of the following transactions is a credit in the current account?
a) Import of merchandise b) Gift from foreigners
c) Gift to foreigners d) Import of factor services.
6. The form of economic integration in which the member nations eliminate tariffs on trade adopt a common external tariff and allow free movement of labour and capital within the Union is :
a) Economic union b) Common market c) Customs union d) Free-trade area
7. A trade theory which postulates that a country will export that commodity which uses its abundant factor more intensively:
a) Stolper – Samuelson Theory b) Leontiff Paradox
c) Heckscher-Ohlin Theory d) Theory of Comparative Advantage.
8. Factor remittances to India is included in the:
a) Trade Account of the BoP b) Current Account of the BoP
c) Capital Account of the BoP d) Reserve Account of the BoP.
9. Tarapore committee was constituted for suggesting a road map for:
a) Current Account Convertibility b) Insurance Sector Reforms
c) Capital Account Convertibility d) Banking Sector Reforms

(PTO)

10. Identify the wrong statement regarding SDRs:

- a) Gold has been replaced by a new international reserve asset called SDRs
- b) It is considered as 'Paper gold'
- c) The idea of SDRs was approved in principle at the IMF's annual meeting in 1950.
- d) There is no compulsion to repay previous borrowings from the IMF while drawing on SDRs.

11. A form of economic union that removes all barriers on trade among member nations, harmonizes trade policies toward the rest of the world, allows for the free movement of labour and capital among member nations and also harmonizes the monetary, fiscal and tax policies of its members:

- a) Common Market
- b) Customs Union
- c) Economic Union
- d) Free Trade Area.

12. Imports of lower-cost supplier from outside the union are replaced by goods and services from a higher-cost supplier from within, and then it is:

- a) Trade diversion
- b) Abundant Factor prices to rise
- c) Abundant Factor prices remain constant.
- d) Trade creation

(12 × ½ = 6 Marks)

PART B: Answer any ten questions. Each carries 2 Marks

13. Write a note on Leontief Paradox.

14. Comment on Free Trade.

15. What do you mean by import substitution?

16. Distinguish between devaluation and depreciation.

17. What do you mean by Factor abundance?

18. What is SAARC?

19. Narrate on the importance of international trade.

20. Distinguish between FDI and FII

21. Write the advantages of flexible exchange rate system.

22. What do you mean by Balance of Payments deficit?

23. What is hybrid exchange rate system?

24. What is Laissez-faire?

(10 × 2 = 20 Marks)

PART C: Answer any six questions. Each carries 5 Marks.

25. Explain the components of Balance of Payments.
26. Write on Mint Parity theory.
27. Describe the reasons for keeping foreign exchange reserves.
28. What is dumping? Explain are its impacts on economy.
29. Write on the measures to correct Balance of Payments disequilibrium.
30. What are the effects of globalisation?
31. Explain the role of WTO.
32. Discuss the effects trade protection.

(6 × 5 = 30 Marks)

PART D: Answer any two questions. Each carries 12 Marks

33. Discuss Absolute and Comparative Cost Advantage theories of trade.
34. Explain the status and challenges of WTO.
35. What are the different systems of exchange rate determination?
36. Write your understanding on India's BOP since 1991.

(2 × 12 = 24 Marks)