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Name.....

Reg. No.....

**FIFTH SEMESTER B.A. DEGREE EXAMINATION, NOVEMBER 2018**

(CUCBCSS—UG)

Economics

ECO 5B 10—INTERNATIONAL ECONOMICS

Time : Three Hours

Maximum : 80 Marks

*Answers may be written either in English or in Malayalam.*

**Part A (Objective Type)**

*Answer all questions.*

*Each question carries ½ mark.*

1. The theory of comparative advantage was first introduced by :
  - (a) David Ricardo.
  - (b) J. S. Mill.
  - (c) Adam Smith.
  - (d) Hrischman.
2. ——— is the automatic upward adjustment in the official exchange rate, which increase the value of currency.
  - (a) Appreciation.
  - (b) Depreciation.
  - (c) Devaluation.
  - (d) Revaluation.
3. A systematic record of a country's receipts and payments in international transactions in a given year is called :
  - (a) Balance of Trade.
  - (b) Terms of Trade.
  - (c) Exchange Rate.
  - (d) Balance of Payments.
4. Purchasing Power Parity theory is associated with the determination of :
  - (a) Money value.
  - (b) Exchange rate.
  - (c) Tariffs.
  - (d) Balance of Trade.
5. NAFTA is an example of :
  - (a) Common market.
  - (b) Customs union.
  - (c) Free trade agreement.
  - (d) Economic community.

**Turn over**

6. Tariffs are :
- (a) Taxes imposed on imports.
  - (b) Taxes imposed on the consumption of domestic goods.
  - (c) Taxes imposed on the consumption of imported services.
  - (d) Taxes imposed on the consumption of domestic services.
7. WTO came into existence in :
- (a) 1991.
  - (b) 1995.
  - (c) 2001.
  - (d) 2005.
8. A tax on imports that is stipulated as a money amount per unit is :
- (a) A Specific Tariff.
  - (b) An Optimum Tariff.
  - (c) An Advalorem Tariff.
  - (d) An effective Tariff.
9. Which of the following form of economic integration describes the most highest form :
- (a) Common market.
  - (b) Free trade area.
  - (c) Customs union.
  - (d) Economic union.
10. The Heckscher-Ohlin theory deals with which type of trade :
- (a) Inter industry trade.
  - (b) Trade based on economies of scale.
  - (c) Intra industry trade.
  - (d) Trade based on product cycles.
11. To promote a favourable trade balance, Mercantilists advocated :
- (a) Closed economy.
  - (b) Laissez faire economy.
  - (c) Market economy.
  - (d) Government regulation of trade.
12. A commercial policy designed to increase exports by an additional sum above the domestic price per unit exported is known as :
- (a) Grants in aid.
  - (b) Tax concession.
  - (c) Targeting.
  - (d) Export Subsidy.

(12 × ½ = 6 marks)

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

*Answer any ten questions.*

*Each question carries 2 marks.*

13. What is meant by International Trade ?
14. Write a note on SAARC.
15. Explain currency appreciation.
16. What is meant by non-tariff barriers ?
17. Distinguish between Balance of Payments and Balance of Trade.
18. What is FDI ?
19. What is customs union ?
20. Define Dumping.
21. What is meant by fixed exchange rate ?
22. Write a note factor endowment theory.
23. What is terms of trade ?
24. Explain currency convertibility.

(10 × 2 = 20 marks)

**Part C (Short Essays)**

*Answer any six questions.*

*Each question carries 5 marks.*

25. Explain the theory of comparative advantage.
26. Explain the components of Balance of Payments.
27. What is meant by economic integration ? Explain important forms of economic integration.
28. Explain the origin and functions of WTO.
29. Explain the important non-tariff barriers of international trade.
30. Explain the important systems of exchange rate determination ?
31. Explain Mint Parity theory.
32. Explain the causes of balance of payments disequilibrium.

(6 × 5 = 30 marks)

**Turn over**

**Part D (Essay Questions)**

*Answer any two questions.*

*Each question carries 12 marks.*

33. Explain the arguments for and against free trade.
34. Explain the objective and functions of IMF.
35. Explain Heckscher-Ohlin theorem.
36. Explain in detail the role of international trade in economic development of a country.

(2 × 12 = 24 marks)