D 100731 **(Pages : 2)** **Name.......................................**

Reg. No..................................

SIXTH SEMESTER U.G. DEGREE EXAMINATION, MARCH 2024

(CBCSS—UG)

Economics

ECO 6B 12—INTERNATIONAL ECONOMICS

(2019 Admission onwards)

Time : Two Hours and a Half Maximum : 80 Marks

Section A (Short Answer Questions)

Maximum marks in this Section is 25.
Students can attempt **all** *questions.*
Each question carries a maximum of 2 marks.

1. Terms of trade.
2. Reciprocal dumping.
3. Leontief paradox.
4. Factor dowment.
5. Demerits of mercantilism.
6. Customs union and free trade area
7. Net errors and omissions.
8. Foreign exchange.
9. Tariff and quota.
10. Foreign Portfolio Investment.
11. Mint parity theory of exchange rate.
12. Depreciation and devaluation.
13. NAFTA.
14. Impact of new protectionism.
15. International trade and inter regional trade.

Turn over

Section B (Short Essay/Paragraph Questions)

Maximum marks in this Section is 35.

Students can attempt **all** *questions.*

Each question carries a maximum of 5 *marks.*

16. Explain Heckscher-Ohlin theorem of international trade.

17. Define economic integration. What are the different forms of economic integration ?

18. Explain managed floating exchange rate. How is It determined ?

19. Prepare a note on ASEAN.

20. Explain the functions of IMF.

21. How does international trade influence economic development ?

22. Distinguish between fixed and flexible exchange rates. What are the merits and demerits of flexible exchange rate ?

23. Discuss the subject matter of International Economics.

Section C (Long Essay Questions)

Answer any **two** *questions.*

Each question carries a maximum of 10 *marks.*

24. Examine the classical theory of international trade developed by David Ricardo.

25. Describe Purchasing Power Parity theory of exchange rate determination.

26. Differentiate between BoT and BoP. Discuss the causes of BoP disequilibrium and measures to correct it.

27. Explain free trade and protection. Describe the arguments for and against free trade.

(2 × 10 = 20 marks)

D 100731–A **(Pages : 5)** **Name.......................................**

Reg. No...................................

SIXTH SEMESTER U.G. DEGREE EXAMINATION, MARCH 2024

(CBCSS—UG)

Economics

ECO 6B 12—INTERNATIONAL ECONOMICS

(2019 Admission onwards)

(Multiple Choice Questions for SDE Candidates)

Time : 15 Minutes	**Total No. of Questions : 20**	**Maximum : 20 Marks**

INSTRUCTIONS TO THE CANDIDATE

1. This Question Paper carries Multiple Choice Questions from 1 to 20.
2. The candidate should check that the question paper supplied to him/her contains all the 20 questions in serial order.
3. Each question is provided with choices (A), (B), (C) and (D) having one correct answer. Choose the correct answer and enter it in the main answer-book.
4. The MCQ question paper will be supplied after the completion of the descriptive examination.

ECO 6B 12—INTERNATIONAL ECONOMICS

(Multiple Choice Questions for SDE Candidates)

1. Free international trade maximizes world output through ———.

   (A) Countries reducing various taxes imposed.

   (B) Countries specializing in production of goods they are best suited for.

   (C) Perfect competition between countries and other special regions.

   (D) The diluting the international business laws and conditions between countries.

2. Trade between two or more than two countries is known as ———.

   (A) Internal Business. (B) External Trade.

   (C) International Trade. (D) Unilateral Trade.

3. ——— is a group of countries agree to abolish all trade restrictions and barriers.

   (A) Common market. (B) Economic Union.

   (C) Custom Union. (D) Free Trade Area.

4. The abbreviation SAARC stands for ———.

   (A) South American Association for Regional Co-operation.

   (B) South African Association for Regional Co-operation.

   (C) South ASEAN Association for Regional Co-operation.

   (D) South Asian Association for Regional Co-operation.

5. Modern theory of international trade is based on the views of :

   (A) Robbins and Ricardo. (B) Adam Smith and Marshall.

   (C) Heckcsher and Ohlin. (D) Saleem and Kareem.

6. A tariff is :

   (A) A restriction on the number of export firms.

   (B) Limit on the amount of imported goods.

   (C) Tax and imports.

   (D) (b) and (c) of above.

7. The reduction in domestic consumption due to imposition of quota results in

   (A) Increase in government revenue. (B) Increase in consumer's surplus.

   (C) Loss of social welfare. (D) Increase in social welfare.

8. International finance mainly discusses the issues related with monetary interactions of at least ————.

   (A) One country (B) Two *or* more countries.

   (C) Five countries. (D) None of the above.

9. When did government remove the barrier for investment in India ?

   (A) 1193. (B) 1992.

   (C) 1991. (D) 1990.

10. The world's four major trading currencies are all free to float against each other. They include all the following except :

    (A) The British Pound. (B) The Japanese Yen.

    (C) The Spanish Peso. (D) The US Dollar.

11. If one anticipates that the pound sterling is going to appreciate against the US dollar, one might speculate by ———— pound call options or ———— pound put options.

    (A) Buying ; buying. (B) Selling ; buying.

    (C) Selling ; selling. (D) Buying ; selling..

12. An arbitrageur in foreign exchange is a person who ?

    (A) Earns illegal profit by manipulating foreign exchange.

    (B) Causes differences in exchange rates in different geographic markets.

    (C) Simultaneously buys large amounts of a currency in one market and sell it in another market.

    (D) None of the above.

13. More instability in currency is called as :

    (A) Country risk. (B) Financial risk.

    (C) Currency risk. (D) liquidity risk.

14. Differences in nominal interest rates are removed in exchange rate is :

    (A) Fisher effect. (B) Leontief paradox.

    (C) Combined equilibrium theory. (D) Purchasing power parity.

15. Under Exchange rate system, there is no interference of monetary authorities to decide exchange rate.

    (A) Fixed. (B) Floating.

    (C) Mixed. (D) Pegged.

16. Capital account convertibility of the Indian rupee implies.

    (A) That the Indian rupee can be exchanged by authorized dealers for travel.

    (B) That the Indian rupee can be exchanged for any major currency for the purpose of trade in goods and services.

    (C) That the Indian rupee can be exchanged for any major currency for the purpose of trading in financial assets.

    (D) None of the above.

17. What is unilateral transfer in BOP ?

(A) Invisible items. (B) Invisible items.

(C) Gifts. (D) Income receipts and payments.

18. The statutory basis for administration of foreign exchange in India is :

(A) Foreign Exchange Regulation Act, 1973.

(B) Foreign Exchange Management Act, 1999.

(C) Exchange control Manual.

(D) Conservation of Foreign Exchange and prevention of Smuggling Act..

19. A country may link its exchange rate to the value of a major currency, usually the U. S. dollar or the French franc. This is called ————.

(A) A currency par. (B) A currency peg.

(C) A currency composite. (D) A currency basket.

20. The decline of the U.S. dollar value in the late 1980s was mainly attributable to the following Agreement.

(A) Louvre Accord. (B) Plaza Accord.

(C) Smithsonian Agreement. (D) Jamaica Agreement.