

FIFTH SEMESTER B.A./B.Sc. DEGREE EXAMINATION, NOVEMBER 2020

(CUCBCSS—UG)

Economics

ECO 5B 10—INTERNATIONAL ECONOMICS

Time : Three Hours

Maximum : 80 Marks

*Answers may be written either in English or in Malayalam.***Section A***Answer all questions.**Each question carries 1 mark.*

1. International trade refers to trade between :
 - (a) Two regions of the country.
 - (b) Two commodities produced in different countries.
 - (c) Two countries.
 - (d) None of the above.
2. The trade theory that states that nations should accumulate wealth, usually in the form of gold, by encouraging exports and discouraging imports is called :
 - (a) Keynesianism.
 - (b) Individualism.
 - (c) Socialism.
 - (d) Mercantilism.
3. Classical theory of international trade takes into account :
 - (a) Cost of all factors.
 - (b) Cost of labour alone.
 - (c) Cost of capital alone.
 - (d) Cost of capital and labour.
4. Balance of trade includes :
 - (a) Goods accounts only.
 - (b) Service accounts only.
 - (c) Goods and service accounts only.
 - (d) Unilateral transfer accounts.
5. _____ is the deliberate downward adjustment in the official exchange rate, which reduces the currency's value.
 - (a) Devaluation.
 - (b) Revaluation.
 - (c) Appreciation.
 - (d) Depreciation.

Turn over

6. International Monetary Fund started functioning on :
(a) 1944. (b) 1947.
(c) 1995. (d) 1991.
7. The tariff imposed as a fixed percentage of the value of the commodity imported are called :
(a) Specific tariff. (b) Compound tariff.
(c) Advalorem tariff. (d) Nominal tariff.
8. Currency of European Union is called :
(a) Pound Sterling. (b) Euro.
(c) Dollar. (d) Ruble.
9. The rate at which the currency of one country is exchanged for that of another is called :
(a) Exchange rate. (b) Terms of trade.
(c) Balance of Payments. (d) Balance of Trade.
10. The first empirical test of Heckscher-Ohlin theory was conducted by :
(a) D. Young. (b) Adam Smith.
(c) David Ricardo. (d) Leontief.
11. ASEAN was formed in :
(a) 1989. (b) 1967.
(c) 1957. (d) 1979.
12. A tariff is :
(a) A tax on imports only. (b) A tax on exports only.
(c) A luxury tax. (d) A tax on either exports or imports.

(12 × 1 = 12 marks)

Section B (Very Short Answer Type Questions)

Answer at least six questions.

Each question carries 3 marks.

All questions can be attended.

Overall ceiling 18.

13. What is foreign exchange market ?
14. Write a note on export subsidy.

15. What is meant by protection ?
16. What is terms of trade ?
17. Explain Internal trade.
18. Write a note on European Union.
19. What is Balance of Trade ?
20. Define Tariffs.
21. Write a note on free trade.
22. Define Dumping.
23. What is devaluation ?
24. Define hybrid exchange rate.

(6 × 3 = 18 marks)

Section C (Short Essay Type Questions)

Answer at least four questions.

Each question carries 6 marks.

All questions can be attended.

Overall ceiling 24.

25. Explain the important forms of economic integration.
26. Write a note on ASEAN.
27. Explain Heckscher-Ohlin model.
28. What are the functions of foreign exchange market ?
29. Explain the arguments for protection.
30. Explain important systems of foreign exchange market.
31. Explain the functions of IMF.
32. Explain Leontief Paradox.

(4 × 6 = 24 marks)

Turn over

Section D (Essay Type Questions)

*Answer any **two** questions.*

Each question carries 13 marks.

33. Explain in detail the theories of Exchange rate determination.
34. What are the important causes of BoP disequilibrium ? Explain important measures to correct disequilibrium in BoP.
35. Explain the tariffs and non-tariffs barriers of international trade.
36. Explain the role of international trade in economic development of a country.

(2 × 13 = 26 marks)