

**SIXTH SEMESTER BA. DEGREE EXAMINATION, MARCH/APRIL 2015**

(U.G.—CCSS)

**Core Course—Economics**

**EC GB 13—INTERNATIONAL ECONOMICS**

Time : Three Hours

Maximum : 30 Weightage

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

**Section A (Objective Type Questions)**

*Answer all **twelve** questions.*

A. Choose the correct answer :

1 When India has a trade deficit ?

- (a) Exports exceed imports.
- (b) The U.S. economy produces more than it consumes.
- (c) The trade balance is negative.
- (d) All of the above.

2 Which of the following is an argument for free trade ?

- (a) Lower consumption possibilities.
- (b) The need to protect goods and services essential to national security.
- (c) Greater efficiency through specialization.
- (d) Aiding infant industries.

3 The purpose of the World Trade Organization (WTO) is to :

- (a) Enforce the rules of free **trade**.
- (b) Protect the workers from foreign competition.
- (c) Protect producers from foreign competition.
- (d) Ensure there are no losers as a result of free trade.

4 international trade :

- (a) Lowers prices to consumers.
- (b) Alters the mix of domestic production.
- (c) Redistributes income from import-competing industries to export industries.
- (d) All of the above.

B. Fill in the blanks

5 When two currencies are on Gold, it is called \_\_\_\_\_ parity theory.

6 Absolute cost advantage was propounded by \_\_\_\_\_

7 Empirical validity on **Heckscher—Ohlin** theory was made by \_\_\_\_\_

8 PPP theory was enunciated by \_\_\_\_\_

C. Answer in a word/sentence

9 Spot rate.

10 Export subsidy.

11 Foreign Trade.

12 Revaluation.

(12 x  $\frac{1}{4}$  = 3 weightage)

**Section B**

*Short Answer Type Questions.*

*Answer all **nine** questions.*

13 Define International trade.

**14 Explain Labour theory of value**

**15 What do you mean by absolute advantage ?**

**16 Define the term devaluation.**

**17 Explain Interregional Trade.**

**18 Define Dumping.**

**19 Define Economic Integration.**

**20 What are the important forms of trade barriers ?**

**21 What are the important functions of EU ?**

(9 x 1 = 9 weightage)

**Section C**

*Short Answer Type Questions.*

*Answer any **five** questions.*

22 What do you mean by comparative advantage ?

**23 Explain current account.**

**24 Examine the components of FOREX reserve ?**

**25 What is gold standard ?**

**26 Distinguish between depreciation and appreciation of currency.**

**27 Distinguish between balance of payments and trade**

**28 What are the important functions of SAARC ?**

**(5 x 2 = 10 weightage)**

### **Section D**

*Essay Questions.*

*Answer any two of the following.*

**29 Examine Purchasing Power Parity Theory.**

**30 Describe arguments for and against Free trade.**

**31 Critically examine Heckscher-Ohlin theory of Trade.**

**(2 x 4 = 8 weightage)**