

SIXTH SEMESTER B.A. DEGREE EXAMINATION, MARCH/APRIL 2016

(UG–CCSS)

Core Course—Economics

EC 6B 13—INTERNATIONAL ECONOMICS

(2009-2012 Admissions)

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. The benefits from international trade include :

- (a) Increased world output of goods and services.
- (b) Greater efficiency in the use of the world's limited resources.
- (c) Higher national standards of living throughout the world.
- (d) All of the above.

2. Comparative advantages in production is achieved by :

- (a) Subsidizing, specializing and lowering the price of an exported good.
- (b) Being able to produce a good with fewer inputs than in other countries.
- (c) Having terms of trade that are better than the terms of trade faced in other countries.
- (d) Having a lower opportunity cost of producing a good relative to that of other countries.

3. When one country can produce a given amount of a good using fewer inputs than any other country :

- (a) It has an absolute advantages in producing the good.
- (b) It has a comparative advantages in producing the good.
- (c) Specialization will definitely increase worldwide consumption possibilities.
- (d) All of the above.

4. Arguments against free trade include :

- (a) Concerns about national security.
- (b) Concerns about dumping.
- (c) Protection of infant industries.
- (d) All of the above.

B. Fill in the blanks :

5. LERMS stands for
6. WTO was established in the year
7. IBRD is popularly known as
8. _____ is a tax levied when goods and services cross the boundary of the country.

C. Answer in a word/sentence :

- | | |
|---------------------------|-------------------------|
| 9. Tariff. | 10. Dumping. |
| 11. Exchange rate. | 12. Devaluation. |

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

Section B (Short Answer Type Questions)

*Answer **all** nine questions.
Each question carries 1 weightage.*

13. **Define foreign trade.**
14. **Explain Revaluation.**
15. **Explain labour theory of value.**
16. **What do you mean by countervailing duties ?**
17. **What are the assumptions of Heckscher-Ohlin theory ?**
18. **Expand briefly NAFTA.**
19. **Explain floating exchange rate.**
20. **What do you mean by Exchange rate management ?**
21. **Define forward exchange rate.**

(9 x 1 = 9 weightage)

Section C (Short Answer Type Questions)

*Answer any **five** questions.
Each question carries 2 weightage.*

22. **Explain the methods of trade restrictions.**
23. **Explain Mint Parity Theory.**
24. **Explain fixed exchange rate.**
25. **What are the important functions of WTO ?**
26. **What do you mean by Non-tariff barriers ?**
27. **Explain Leontief Paradox.**
28. **Distinguish between Tariff and Quota.**

(5 x 2 = 10 weightage)

Section D (Essay Questions)

*Answer any **two** of the following.
Each question carries **4** weightage.*

29. Explain Balance of Payments and measures to correct **disequilibrium** in Balance of Payments.
30. Explain **Heckseher-Ohlin** Theory of Trade.
31. Describe arguments for and against protection.

(2 x 4 = 8 weightage)