

**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) Hirschman.
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)