

2016

(May)

ECONOMICS

(Major)

Course : 603

(**International Economics**)

Full Marks : 80

Pass Marks : 32

Time : 3 hours

*The figures in the margin indicate full marks
for the questions*

1. Choose the correct answer/Answer the following : 1×8=8

(a) The difference between visible exports and visible imports is termed as

- (i) Balance of Payments
- (ii) Balance of Trade
- (iii) Balance of Current Account
- (iv) Balance of Capital Account

(2)

- (b) When there is equal cost difference
- (i) trade can take place with gains to both countries
 - (ii) trade cannot take place
 - (iii) trade can take place at loss to both countries
 - (iv) None of the above
- (c) The concept of income terms of trade is given by
- (i) Viner
 - (ii) Ellsworth
 - (iii) Taussig
 - (iv) Dorrance
- (d) Exchange rate means
- (i) the price of money
 - (ii) the unique rate at which commodities are traded
 - (iii) the external value of a country's currency
 - (iv) the rate prevailing in the exchange bank

P16/594

(Continued)

(3)

- (e) The act of simultaneously buying a currency in one market and selling it in another market is called
- (i) speculation
 - (ii) arbitrage
 - (iii) spotting
 - (iv) forwarding
- (f) Name the process through which the external value of a country's currency is decreased by the government.
- (g) What does upper gold point indicate?
- (h) What is the full form of SAFTA?
2. Write short notes on any *four* of the following (within 150 words each) : 4×4=16
- (a) Offer curve
 - (b) Net Barter terms of trade vs Gross Barter terms of trade
 - (c) Inward looking trade policy
 - (d) Functions of foreign exchange market
 - (e) Components of balance of payments
 - (f) Objectives of IMF

P16/594

(Turn Over)

(5)

Or

- (b) Explain the different types of international capital movements. Explain the factors that influence international capital movements. 5+6=11

6. (a) What is meant by disequilibrium in the balance of payments? Explain the causes of such disequilibrium. 3+8=11

Or

- (b) Discuss the causes of fluctuations in the rate of exchange. Mention three arguments for flexible exchange rate. 8+3=11

7. (a) Examine the achievements and failures of International Monetary Fund. 6+5=11

Or

- (b) Discuss the WTO agreements and their impact on developing countries like India. 6+5=11

Answer the following questions (within 500 words each) :

3. (a) Explain with suitable examples the theory of comparative cost advantage. Point out its main weaknesses. 8+4=12

Or

- (b) Discuss the Heckscher-Ohlin theory of international trade. To what extent it is superior to the classical theory of international trade? 8+4=12

4. (a) Explain with suitable diagrams, how the following factors affect the terms of trade of a country :

- (i) Changes in factor endowments
(ii) Changes in technology
(iii) Changes in tastes 4+4+3=11

Or

- (b) Discuss the theory of Immiserizing growth. What conditions are essential for producing the case of immiserizing growth? 7+4=11

5. (a) What is protection? Examine the various economic and non-economic arguments in favour of protection. 2+5+4=11

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P16-4000/594

6 SEM TDC ECO M 3

P16/594