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**6 SEM TDC ECO M 3**

**2 0 1 8**

( May )

**ECONOMICS**

( Major )

Course : 603

**( International Economics )**

Full Marks : 80

Pass Marks : 32/24

Time : 3 hours

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

1. Choose the correct answer from the  
following : 1×8=8

(a) "International trade should be regarded  
as a special case of inter-regional trade."  
Who said it?

(i) Kindleherger

(ii) David Ricardo

(iii) J. S. Mill

(iv) Bertil Ohlin

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( 2 )

- (b) Offer curve represents
- (i) demand for imports
  - (ii) supply of exports
  - (iii) amount of a commodity X, a country is willing to offer for a given amount of some other commodity
  - (iv) None of the above
- (c) Ratio between export prices and import prices is termed as
- (i) single factorial terms of trade
  - (ii) commodity terms of trade
  - (iii) gross barter terms of trade
  - (iv) income terms of trade
- (d) Which of the following is a debit item in balance of payments?
- (i) Imports of goods
  - (ii) Income from investment abroad
  - (iii) Receipts from transfer payments
  - (iv) Export of services

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( Continued )

( 3 )

- (e) Free trade is opposed on the grounds of
- (i) equalisation of commodity prices
  - (ii) cheap imports
  - (iii) interdependence of countries
  - (iv) industrial development in less-developed countries
- (f) International Monetary Fund (IMF) terms long-term persistent disequilibrium in balance of payments as
- (i) structural disequilibrium
  - (ii) secular disequilibrium
  - (iii) fundamental disequilibrium
  - (iv) long-term disequilibrium
- (g) Copyright, trademarks and patents are covered under which of the following WTO Agreements?
- (i) TRIPS
  - (ii) TRIMS
  - (iii) GATT
  - (iv) PTA

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( 4 )

(h) The tariff that maximises a country's welfare is called

- (i) effective rate of tariff
- (ii) optimum tariff
- (iii) revenue tariff
- (iv) protective tariff

2. Write notes on any *four* of the following  
(within 150 words each) :  $4 \times 4 = 16$

- (a) Mill's approach to distribution of gains from trade
- (b) Potential gain and actual gain from international trade
- (c) Factors affecting international capital movements
- (d) Functions of foreign exchange market
- (e) Functions of WTO

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( Continued )

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Answer the following questions (within 500 words each) :

3. (a) Explain with suitable examples and diagrams, the theory of comparative cost. Point out the major weaknesses of the theory.  $8+4=12$

Or

- (b) Discuss the Heckscher-Ohlin theory of factor abundance in terms of factor prices. Why is it 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 :  $4+4+3=11$

- (i) Reciprocal demand
- (ii) Tariff
- (iii) Changes in technology

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( 6 )

Or

- (b) Discuss the concept of immiserizing growth with appropriate diagram. What are the essential conditions for immiserizing growth to occur? 7+4=11

5. (a) Give arguments in support of the policy of protection. 11

Or

- (b) Give an account of the outward looking and inward looking trade strategies.  $5\frac{1}{2}+5\frac{1}{2}=11$

6. (a) Critically examine the Purchasing Power Parity theory of exchange rates. 11

Or

- (b) What is flexible exchange rate? Give arguments in favour and against a system of flexible exchange rate. 1+5+5=11

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( Continued )

( 7 )

7. (a) What are the main objectives of the International Monetary Fund (IMF)? Briefly assess the achievements and failures of the IMF. 4+7=11

Or

- (b) Enumerate the major trade agreements of the World Trade Organisation. 11

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