

TB146340A

Reg. No.....

Name.....

**B. A. DEGREE (C.B.C.S.S.) EXAMINATION, MARCH 2017**

**SEMESTER VI - ECONOMICS**

**ECO6IE – INTERNATIONAL ECONOMICS**

**Time: Three Hours**

**Maximum Marks: 80**

**PART A**

**I. Write short notes on all the following questions. Each question carries 1 mark.**

1. Balance of trade
2. Opportunity cost
3. Dumping
4. Devaluation
5. Exchange rate
6. Hedging
7. Tariff
8. Forward rate
9. Balance of payment
10. International trade

**(10 × 1 =10)**

**PART B**

**II. Answer any eight of the following. Each question carries 2 marks.**

11. Explain the concept of terms of trade.
12. Distinguish between fixed and flexible exchange rate.
13. Distinguish between balance of trade and balance of payment.
14. Advantages of international trade.
15. Write a note on the Bretton Woods System.
16. Explain Adam Smith's concept of absolute advantage.
17. Importance of international liquidity.
18. Explain the concept of opportunity cost.
19. Globalization
20. Agreement on Agriculture.
21. Special Drawing Rights.
22. Explain community indifference curve.

**(8 × 2 =16)**

**PART C**

**III. Answer any six of the following. Each question carries 4 marks.**

23. Describe the causes for disequilibrium in balance of payments.
24. Explain the concept of constant opportunity cost.
25. Explain Heckscher-Ohlin theory of international trade.

26. Explain Marshal-Lerner condition.
27. Discuss the functions of World Bank.
28. Explain the measures to correct disequilibrium in the BOP.
29. Distinguish between hedging and speculation.
30. Explain the Mint Parity theory.
31. Write a note on Leontiff paradox. (6 x 4 = 24)

#### **PART D**

#### **IV. Answer any two of the following. Each question carries 15 marks.**

31. Critically examine the Ricardian 'Comparative Cost Advantage Theory' of International trade.
32. Describe the structure of Balance of payments and elucidate the statement "The balance of payments should always balance".
33. Discuss the purchasing power parity (PPP) theory of foreign exchange.
34. Discuss WTO and its impact on the Indian economy.

**(2 x 15 = 30)**