(7 pages) **Reg. No. :** ....

Code No. : 5692 **Sub. Code : KESE 11**

M.A. (CBCS) DEGREE EXAMINATION, NOVEMBER 2016.

First Semester

Economics — Elective

INTERNATIONAL ECONOMICS

(For those who joined in July 2016 onwards)

Time : Three hours Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer ALL questions.

Choose the correct answer :

1. The terms of trade refer to
   (a) The excess of import expenditures over export earnings
   (b) Trade agreements
   (c) The ratio between export prices and import prices
   (d) The terms and conditions on which a country is offered loan in the event of balance of payments difficulties

2. The Heckscher-Ohlin theory of trade pattern assumes
   (a) Perfect competition in the product markets but not in the factor markets
   (b) Perfect competition in the factor markets but not in the product markets
   (c) Perfect competition in both product and factor markets
   (d) Unemployment in the labour market

3. Gains in trade results from
   (a) Exporting as much as possible and receiving gold
   (b) Reallocation of existing goods between the two countries
   (c) The fact that exchange brings both specialisation and reallocation of greater output and the increased welfare in each country.
   (d) One country receiving both imports and gold

4. 'Most favoured National Clause' under GATT requires
   (a) Preferential treatment to particular identified countries
   (b) Preferential treatment only to developing countries.
   (c) Preferential treatment to countries with a balance of payments deficit.
   (d) Preferential treatment to all member countries of GATT

5. Autarky means
   (a) Free trade (b) Liberal trade
   (c) No trade (d) None

6. The balance of payments of a country is in equilibrium when the
   (a) Demand for the domestic currency is equal to its supply
   (b) Demand for the domestic currency is the highest
   (c) Demand for the domestic currency is the lowest
   (d) Demand as well as supply of the domestic currency are the highest

7. The main objective of the World Trade organization is the secure among others
   (a) A general agreement among common market countries on technical training and mutual prices of traded goods
   (b) The maintenance of intellectual property rights and patent member countries
   (c) An improvement in the USA's terms of trade in the next decade
   (d) A reduction in tariffs through negotiation, elimination of import quotas and globalization of international trade.

8. Dumping aims of flooding a foreign country with
   (a) High – priced commodities
   (b) Low – priced commodities
   (c) Commodities with similar prices
   (d) Commodities with fluctuating prices

9. GATS refers to ————————.
   (a) General Agreement on Trade in Services
   (b) General Association of Transport Services
   (c) General Automation Services
   (d) None

10. Dunkel Draft was
   (a) Associated with Uruguay round
   (b) Related to atomic treaty among nations
   (c) Related to super 301
   (d) Related to promoting drugs trade

PART B — (5 × 5 = 25 marks)

Answer ALL questions, choosing either (a) or (b).

Each answer should not exceed 250 words.

11. (a) Explain the production possibility curve with diagram.

Or

(b) Explain the offer curves.

12. (a) Explain the gains from trade.

Or

(b) Explain the theory of immersering growth.

13. (a) Discuss the different types of Tariffs.

Or

(b) What are non-tariff barriers? Explain how it affects trade?

14. (a) Examine the functioning of Asian Development Bank.

Or

(b) Distinguish between Bilateral and Multi lateral trade agreements.

15. (a) Discuss the main functions of WTO.

Or

(b) Examine the salient features of Agreement on Agriculture (AOA).

PART C — (5 × 8 = 40 marks)

Answer ALL questions, choosing either (a) or (b).

Each answer should not exceed 600 words.

16. (a) Explain the modern theory of International Trade.

Or

(b) Briefly discuss the Leontief Paradox.

17. (a) Explain the effect of change in demand and supply on terms of Trade.

Or

(b) Explain the terms of trade of a small country and large country.

18. (a) Describe the structure and components of balance of payments.

Or

(b) Explain the different methods of exchange control.

19. (a) Discuss the functions and role of IMF.

Or

(b) Discuss the functions and role of World Bank.

20. (a) Explain the objectives and principles of WTO and examine the achievements.

Or

(b) Examine the salient features of TRIPs and explain how it affects Pharma Industries in developing countries.