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THIRD SEMESTER M.A. DEGREE (REGULAR/SUPPLEMENTARY) EXAMINATION, NOVEMBER 2023

(CBCSS)

Economics

ECO 3C 09-INTERNATIONAL TRADE

(2019 Admission onwards)

Time : Three Hours

Maximum : 30 Weightage

Part A (Multiple Choice Questions)

Answer all questions.

Each bunch of five questions carries a weightage of 1/5.

- 1. By 2015, how many member states were there in the EU?
 - A) 15. B) 25.
 - C) 28. D) 30.

2. Trade between two countries can be useful if cost ratios of goods are :

- A) Undetermined. B) Decreasing.
- C) Equal. D) Different.
- 3. Which of the following explains intra-industry trade?
 - A) Wrong industrial classification. B) Product differentiation.
 - C) Economics of scale. D) All of the above.
- 4. The term Euro Currency market refers to :
 - A) The international foreign exchange market.
 - B) The market where the borrowing and lending of currencies take place outside the country of issue.
 - C) The countries which have adopted Euro as their currency.
 - D) The market in which Euro is exchanged for other currencies.

Turn over

426293

D 51007

5. International trade and domestic trade differ because of :

- A) Different government policies.
- B) Immobility of factors.
- C) Trade restrictions.
- D) All of the above.
- 6. Government policy about exports and imports is called :
 - A) Commercial policy. B) Fiscal policy.
 - C) Monetary policy. D) Finance policy.
- 7. Which of the following is international trade :
 - A) Trade between countries. B) Trade between regions.
 - C) Trade between provinces. D) Both B) and C).
- 8. OPEC is the —
- 9. An offer curve
 - A) Differs from usual demand curve only.
 - B) Differs from usual supply curve only.
 - C) Same as usual demand curve.
 - D) Differs from both demand and supply curves.
- 10. SAARC was formed in :
 - A) 1995. B) 1985.
 - C) 1980. D) 1990.

11. Market in which currencies buy and sell and their prices settle on is called the :

- A) International bond market. B) International capital market.
- C) Foreign exchange market. D) Eurocurrency market.
- 12. Graphical representation of reciprocal demand is referred to as :
 - A) Offer curve. B) Demand curve.
 - C) Supply curves. D) Contract curve.

D 51007

3

- 13. Internal and international trade differs in terms of :
 - A) Geographical and climatic conditions.
 - B) Mobility of factors of production.
 - C) Factor endowment.
 - D) All of these.
- 14. Strength and elasticity of one country's Demand for the other country's commodity in exchange for its commodity at different terms of trade is referred to as :
 - A) Reciprocal demand. B) Market demand.
 - C) Individual demand. D) None of these.
- 15. In the classical model of Ricardo, the direction of trade is determined by :
 - A) Absolute advantage. B) Comparative advantage.
 - C) Physical advantage. D) Which way the wind blows.

 $(15 \times 1/5 = 3 \text{ weightage})$

Part B (Very Short Answer Questions)

Answer any **five** questions. Each question carries a weightage of 1.

- 16. BOP disequilibrium.
- 17. Opportunity Cost Trade Theory.
- 18. Regional Trade Blocs.
- 19. Fixed exchange rate.
- 20. Net Barter Terms of Trade.
- 21. Metzler Paradox.
- 22. Foreign trade multiplier.
- 23. Economic Integration.

 $(5 \times 1 = 5 \text{ weightage})$

Turn over

426293

D 51007

Part C (Short Answer Questions)

4

Answer any **seven** questions. Each question carries a weightage of 2.

- 24. What is meant by effective rate of protection ? State the partial equilibrium analysis of trade barriers for small countries.
- 25. Explain Posner's Imitation gap.
- 26. "Trade as an engine of growth". Discuss.
- 27. Discuss the Kravis theory of Availability.
- 28. What are the results of empirical testing of the Ricardian Model?
- 29. Explain Technological Gap and Product Cycle Model.
- 30. Explain Stolper Samuelson theorem.
- 31. How can intra industry trade measured. What are the shortcomings of such a measure ?
- 32. Write about the Optimum tariff.
- 33. Discuss the different types of exchange rate.

 $(7 \times 2 = 14 \text{ weightage})$

Part D (Essay Questions)

Answer any **two** questions. Each question carries a weightage of 4.

- 34. Explain the function of WTO.
- 35. State the Static and dynamic effects of Customs Union.
- 36. Describe H-O Trade Model.
- 37. Explain the Immerisation Growth theory of trade

 $(2 \times 4 = 8 \text{ weightage})$

426293