

Total No. of Printed Pages—7

6 SEM TDC ECO M 3

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(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) The theory of comparative cost advantage assumes

(i) trade in many goods between two countries

(ii) labour theory of value

(iii) transport costs as a factor influencing trade

(iv) increasing returns to scale of production

- (b) The equalisation of actual gain with potential gain from trade requires
- (i) tariff imposition
 - (ii) restrictions on trade
 - (iii) free trade
 - (iv) differences in domestic cost ratio
- (c) Which of the following is not a feature of an infant industry?
- (i) It has latent comparative advantages of growth
 - (ii) It has very high operating cost in the early stages of growth
 - (iii) It is unable to face competition of established foreign industries
 - (iv) It shall not survive without protection at any stage
- (d) Arbitrage in international payments means
- (i) settlements between central banks
 - (ii) buying in cheaper market for sale in the costlier market
 - (iii) sale and purchase of domestic currency by foreigners
 - (iv) speculation in foreign currencies in a situation of deficit in balance of payments

(e) Which of the following terms is used for borrowing by a country from the International Monetary Fund?

- (i) Purchase
- (ii) Credit
- (iii) Loan
- (iv) Aid

(f) The Bretton Woods Conference led to the establishment of

- (1) IMF
- (2) IBRD
- (3) United Nations

Codes :

- (i) (1) and (2)
- (ii) (2) and (3)
- (iii) (1) and (3)
- (iv) (1), (2) and (3)

(g) The policy of free trade was supported by

- (i) Friedrich List
- (ii) Adam Smith
- (iii) J. M. Keynes
- (iv) Henry Charles Carey

(h) All internationally trade services are covered under which of the following WTO agreements?

(i) GATS

(ii) TRIPS

(iii) TRIMS

(iv) PTA

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

(a) Comparison between the classical and Heckscher-Ohlin theories of international trade

(b) Net Barter and gross Barter terms of trade

(c) Positive and negative effects of globalization

(d) The factors which influence exchange rates

(e) Causes for collapse of Bretton Woods System

(f) Impact of economic growth on terms of trade

Answer the following questions (**within 500 words** each) :

3. (a) Discuss with suitable diagrams Haberler's theory of opportunity cost under (i) increasing cost condition and (ii) decreasing cost condition. $7+5=12$

Or

- (b) Explain Mill's theory of reciprocal demand. How is it an improvement over Ricardo's theory? $10+2=12$

4. (a) What is terms of trade? Explain the factors which affect the terms of trade of a country. $2+9=11$

Or

- (b) What does determine the gains from trade? Examine critically Prebisch-Singer thesis of secular deterioration in terms of trade for the less developed countries. $2+9=11$

5. (a) What is globalization? What are its essential conditions? How has globalization affected the developing countries? $2+2+7=11$

Or

- (b) What is the meaning of international capital movements? Explain the factors which govern international capital movements. $2+9=11$

6. (a) Critically discuss the balance of payments theory of foreign exchange. Is it a satisfactory explanation of exchange rate determination? $8+3=11$

Or

- (b) Analyze the components of balance of payments. Explain the factors causing balance of payments disequilibrium. $5+6=11$

(7)

7. (a) Give an account of the facilities given by the International Monetary Fund (IMF) to the member countries. 11

Or

- (b) What is World Trade Organisation? Explain its objectives and functions. 2+4+5=11
