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**6 SEM TDC ECO M 3**

**2016**

( May )

**ECONOMICS**

( Major )

Course : 603

**( International Economics )**

Full Marks : 80

Pass Marks : 32

Time : 3 hours

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

1. Choose the correct answer/Answer the following : 1×8=8

(a) The difference between visible exports and visible imports is termed as

- (i) Balance of Payments
- (ii) Balance of Trade
- (iii) Balance of Current Account
- (iv) Balance of Capital Account

- (b) When there is equal cost difference
- (i) trade can take place with gains to both countries
  - (ii) trade cannot take place
  - (iii) trade can take place at loss to both countries
  - (iv) None of the above
- (c) The concept of income terms of trade is given by
- (i) Viner
  - (ii) Ellsworth
  - (iii) Taussig
  - (iv) Dorrance
- (d) Exchange rate means
- (i) the price of money
  - (ii) the unique rate at which commodities are traded
  - (iii) the external value of a country's currency
  - (iv) the rate prevailing in the exchange bank

(e) The act of simultaneously buying a currency in one market and selling it in another market is called

(i) speculation

(ii) arbitrage

(iii) spotting

(iv) forwarding

(f) Name the process through which the external value of a country's currency is decreased by the government.

(g) What does upper gold point indicate?

(h) What is the full form of SAFTA?

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

(a) Offer curve

(b) Net Barter terms of trade vs Gross Barter terms of trade

(c) Inward looking trade policy

(d) Functions of foreign exchange market

(e) Components of balance of payments

(f) Objectives of IMF

Answer the following questions (within 500 words each) :

3. (a) Explain with suitable examples the theory of comparative cost advantage. Point out its main weaknesses.  $8+4=12$

Or

- (b) Discuss the Heckscher-Ohlin theory of international trade. To what extent it is 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) Changes in factor endowments

(ii) Changes in technology

(iii) Changes in tastes

Or

- (b) Discuss the theory of Immiserizing growth. What conditions are essential for producing the case of immiserizing growth?  $7+4=11$

5. (a) What is protection? Examine the various economic and non-economic arguments in favour of protection.  $2+5+4=11$

Or

(b) Explain the different types of international capital movements. Explain the factors that influence international capital movements. 5+6=11

6. (a) What is meant by disequilibrium in the balance of payments? Explain the causes of such disequilibrium. 3+8=11

Or

(b) Discuss the causes of fluctuations in the rate of exchange. Mention three arguments for flexible exchange rate. 8+3=11

7. (a) Examine the achievements and failures of International Monetary Fund. 6+5=11

Or

(b) Discuss the WTO agreements and their impact on developing countries like India. 6+5=11

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