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Reg. No. : .....

Code No. : 20666 E Sub. Code : CMEC 32

B.A. (CBCS) DEGREE EXAMINATION,  
NOVEMBER 2024.

Third Semester

Economics — Core

INTERNATIONAL ECONOMICS — I

(For those who joined in July 2021 and 2022)

Time : Three hours

Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer ALL questions.

Choose the correct answer.

1. Which one of the following is the main reason for international trade?
  - (a) technological advancement
  - (b) tradition
  - (c) geographical specialisation
  - (d) political needs

2. Which is the difference between internal trade and international trade?
  - (a) identical currencies
  - (b) homogeneity of market
  - (c) similar trade policies
  - (d) none
3. Ricardo has explained comparative cost theory on the basis of
  - (a) money cost
  - (b) labour cost
  - (c) real cost
  - (d) opportunity cost
4. According to Heckscher-Ohlin theorem, a country which is rich in capital will export
  - (a) capital intensive goods
  - (b) labour intensive goods
  - (c) both (a) and (b)
  - (d) none
5. When the exchange rate of a country's currency appreciates, its terms of trade becomes
  - (a) favourable
  - (b) adverse
  - (c) unchanged
  - (d) none

6.  $\frac{\text{Quantity of imports}}{\text{Quantity of exports}} =$
- (a) income terms of trade
  - (b) gross barter terms of trade
  - (c) terms of trade
  - (d) net barter terms of trade
7. If 'R' denotes receipts 'P' denotes payments then in the balance of payment  $R - P > 0$  implies
- (a) equilibrium            (b) surplus
  - (c) deficit                 (d) none
8. Under balance of payments, charitable donations received from foreign individuals comes under
- (a) current account
  - (b) capital account
  - (c) official settlement account
  - (d) special account
9. Free trade policy means
- (a) no government intervention in price mechanism
  - (b) government intervention in price mechanism
  - (c) no restriction on the exchange of goods and services in international trade
  - (d) none

10. The method of distributing the total quantity of the quota among the different countries is known as
- (a) bilateral quota
  - (b) allocated quota
  - (c) mixing quota
  - (d) none

PART B — (5 × 5 = 25 marks)

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

Each answer should not exceed 250 words.

11. (a) International trade helps to fight against famines – Comment.
- Or
- (b) What are the disadvantages of international trade?
12. (a) Write the assumptions of Ricardo's comparative cost advantage theory.
- Or
- (b) How does modern theory of international trade is superior over the classical theory?

13. (a) What is double factorial terms of trade?  
What are its drawbacks?

Or

(b) Explain the concept of 'terms of trade'

14. (a) Balance of payments always balances –  
Explain.

Or

(b) What are the items included in balance of  
payments?

15. (a) Write a note on import quota.

Or

(b) Mention the advantages of protection

PART C — (5 × 8 = 40 marks)

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

Each answer should not exceed 600 words.

16. (a) Distinguish between internal trade and  
international trade.

Or

(b) Examine the advantages of international  
trade.

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17. (a) Describe the modern theory of international  
trade given by Heckscher – Ohlin.

Or

(b) Critically evaluate Haberles's theory of  
opportunity cost.

18. (a) Examine the factors affecting terms of trade.

Or

(b) Explain any four types of terms of trade.

19. (a) Describe how does disequilibrium arises in  
the balance of payments.

Or

(b) Explain the kinds of disequilibrium in  
balance of payments.

20. (a) Describe the forms of protection.

Or

(b) Explain the advantages and disadvantages  
of free trade.

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