

**2 0 2 3**

**ECONOMICS**

Paper : ECOHE6036

**( 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 of the following  
(any six) : 1×6=6
- (a) Economic relations of countries are fundamentally governed by their
- (i) economic independence
  - (ii) economic inter-dependence
  - (iii) exports and imports of goods
  - (iv) economic dependence
- (b) According to Ricardo, the basis of international trade is
- (i) comparative cost difference
  - (ii) absolute cost difference
  - (iii) homogeneous production
  - (iv) equal cost difference

( 2 )

- (c) The Heckscher-Ohlin theory of international trade is based on
- (i) factor endowments
  - (ii) relative factor intensity
  - (iii) specialization of labour
  - (iv) Both (i) and (ii)
- (d) The ad valorem tariff is a duty levied
- (i) as a fixed percentage on the value of traded commodity
  - (ii) as a fixed amount of money per physical unit of commodity imported or exported
  - (iii) according to weight of the commodity
  - (iv) as an import duty
- (e) The existence of factor elasticity reversal can be explained in terms of
- (i) elasticity of substitution
  - (ii) price elasticity
  - (iii) import substitution
  - (iv) elasticity of demand

( 3 )

- (f) The policy of protection is strongly supported in LDCs for
- (i) increase in government revenue
  - (ii) creation of external economies
  - (iii) inflow of foreign capital
  - (iv) All of the above
- (g) Protective tariff leads to
- (i) improvement in terms of trade
  - (ii) worsening in terms of trade
  - (iii) BOP deficit
  - (iv) no change in terms of trade
- (h) The Bretton Woods system broke down in
- (i) 1971
  - (ii) 1974
  - (iii) 1981
  - (iv) 1990
- (i) A specified exchange rate under the fixed exchange rate is determined by
- (i) demand and supply of goods
  - (ii) quantities of exports and imports
  - (iii) monetary authority
  - (iv) foreign exchange reserve

( 4 )

- (j) The capital intensity of a good is measured by the ratio of
- (i) qualitative differences in factors
  - (ii) capital to labour
  - (iii) labour to capital
  - (iv) quantitative differences in factors

2. Answer any *five* of the following questions :

2×5=10

- (a) How does comparative cost advantage theory measure gain from international trade?
- (b) What is reciprocal demand?
- (c) What do you mean by factor intensity?
- (d) How does free international movement of factors affect the prices of factors?
- (e) What is meant by protection?
- (f) What is the difference between specific and ad valorem duties?
- (g) Write two merits of flexible exchange rate.

3. Answer any *six* of the following questions :

5×6=30

- (a) Point out the importance of international trade for a country.

KB23/632

( Continued )

( 5 )

- (b) How would you determine the gains from trade on the basis of absolute cost differences?
- (c) State the main features of multinational corporations.
- (d) What are the arguments against free trade?
- (e) What were the causes of financial crisis in India during 2007-09?
- (f) Briefly explain the effects of import quotas for the importing country.
- (g) What are the main features of Bretton Woods system?
- (h) What were the factors that led to the breakdown of the Bretton Woods system?
- (i) How is actual exchange rate determined by the offer curves?
- (j) Write the main features of financial globalization.

4. Answer any *two* of the following questions :

10×2=20

- (a) What is meant by tariff? Explain the different types of tariffs. 2+8=10

KB23/632

( Turn Over )

- (b) What is flexible exchange rate? Give your arguments for and against flexible exchange rates. 2+8=10
- (c) Discuss the positive and negative effects of financial globalization in Indian economy.
- (d) What were the factors that led to recession in India during 2007-09? What was its impact on the Indian economy? 4+6=10
5. Answer any *one* of the following questions : 14
- (a) Explain the Heckscher-Ohlin theory of international trade. In what respects it is superior to the classical theory? 10+4=14
- (b) What do you mean by multinational corporations? Discuss their role in the developing countries. 2+12=14
- (c) Examine the infant industry argument for protection as a means to industrialization of developing countries.

\*\*\*