

**QP CODE**

**Enrollment Number:** .....

**A3039**

**Name:** .....

**M.A. DEGREE EXAMINATIONS, DECEMBER 2024**

**Second Semester**

**M.A. Economics**

**M23EC08DC – International Economics**

**(2023 July admissions)**

**Time: 3 Hours**

**Max Marks: 70**

**Section A**

**Answer any ten of the following questions in a word or sentence each. Each question carries 1 mark.**

1. What is an ad valorem tariff?
2. Who put forward the law of comparative advantage theory of trade?
3. How do you define Terms of Trade?
4. What do you mean by predatory dumping?
5. What is an export subsidy?
6. What is a capital intensive good?
7. How do you define exchange rate?
8. Deliberately decreasing the value of a currency by the government is known as \_\_\_\_\_
9. What does speculation mean in the foreign exchange market?
10. If the payments (debits) are greater than receipts (credits), then the balance of payment is in \_\_\_\_\_.
11. How does the price of an imported commodity change when a country imposes a tariff?
12. \_\_\_\_\_ is an agreement to buy or sell a specified amount of foreign currency at a Predetermined exchange rate on a specific future date.
13. What is the shape of the production possibility curve when the opportunity cost is constant?
14. What is an import quota?
15. What is depreciation in the value of currency?

**(1X10=10)**

**Section B**

**Answer any five of the following questions in two or three sentences each. Each question carries 2 marks.**

16. What is the difference between a closed economy and an open economy?
17. What is International Trade?

18. How do you define Hedging?
19. What is a foreign exchange market?
20. What is an optimum tariff?
21. What is trade creation in the context of customs union?
22. What is the production possibility curve?
23. Under what conditions will currency devaluation improve a country's trade balance according to the Marshall-Lerner condition?
24. What is the principle of the absolute advantage theory of trade?
25. Distinguish between free trade and protectionism.

**(2X5=10)**

### **Section C**

**Answer any five of the following questions in a paragraph each. Each question carries 4 marks.**

26. Explain the fixed exchange rate and the flexible exchange rate system?
27. Briefly explain the Leontief Paradox.
28. What are the different types of dumping in international trade?
29. Explain the factor price equalisation theorem.
30. What are the arguments that favour free trade between countries?
31. How does the Rybczynski theorem explain the effect of factor growth on country's output?
32. What are the assumptions that underlie the Absolute advantage theory of trade?
33. Explain the J Curve effect of devaluation?

**(4X5=20)**

### **Section D**

**Answer any three of the following questions in two pages each. Each question carries 10 marks.**

34. What is the Balance of Payments account, and what are the different components of a country's balance of payments?
35. What is immiserizing growth? How does immiserizing growth impact a country's welfare?
36. Explain the different forms of Economic integration between countries.
37. What are international cartels, and how effective has OPEC been in regulating crude oil prices?
38. How does the comparative advantage theory explain the benefits of trade using the principle of opportunity cost?
39. What is a countervailing tariff and how do countervailing tariffs protect domestic industries?

**(10X3=30)**