

(6)

(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.

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2023

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

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(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

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(Continued)

(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

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(Turn Over)

(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.

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(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

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(Turn Over)