



**K23P 0111**

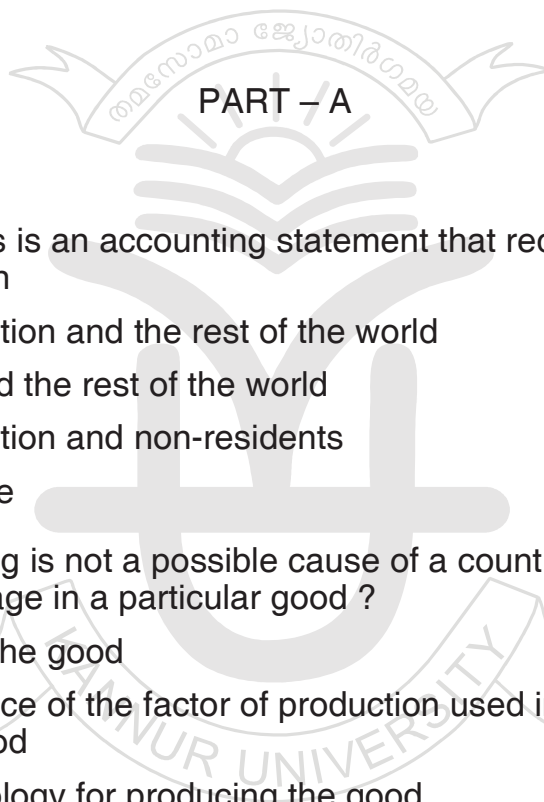
**Reg. No. :** .....

**Name :** .....

**IV Semester M.A. Degree (C.B.S.S. – Reg./Supple./Imp.)**  
**Examination, April 2023**  
**(2019 Admission Onwards)**  
**DEVELOPMENT ECONOMICS**  
**EC04C14 : Global Trade and Finance**

**Time : 3 Hours**

**Max. Marks : 60**



**Answer all questions :**

1. Balance of payments is an accounting statement that records monetary transactions between
  - a) Residents of a nation and the rest of the world
  - b) Non-residents and the rest of the world
  - c) Residents of a nation and non-residents
  - d) None of the above
2. Which of the following is not a possible cause of a country having a comparative advantage in a particular good ?
  - a) Low demand for the good
  - b) Relative abundance of the factor of production used intensively in producing the good
  - c) A superior technology for producing the good
  - d) Relative scarcity of the factor of production that is not used intensively in producing the good
3. The components of a Balance of Payment account are
  - a) Capital account
  - b) Current account
  - c) Both a and b
  - d) None of the above

**P.T.O.**



4. A spot transaction in the foreign exchange market involves the
- Exchange of exports and imports at a specified future date
  - Immediate (within two days) exchange of bank deposits
  - Exchange of bank deposits at a specified future date
  - Immediate (within two days) exchange of exports and imports
5. The Balance of payment account records the inflow of foreign exchange on the
- Debit side
  - Credit side
  - Both a and b
  - None of the above
6. The theory of asset demand suggests that the most important factor affecting the demand for domestic and foreign deposits is
- The level of trade and capital flows
  - The expected return on these assets relative to one another
  - The liquidity of these assets relative to one another
  - The riskiness of these assets relative to one another
7. \_\_\_\_\_ made several rounds of bargaining through which tariffs have been reduced.
- GATT
  - NAFTA
  - IMF
  - IBRD
8. In which of the following types of regional economic integration are internal tariffs eliminated with member countries levying a common external tariff on goods being imported from nonmembers ?
- Free trade area
  - Customs union
  - Common market
  - Complete economic integration



PART – B

Short answer questions :

Answer **any 8** questions. Answer should **not** exceed **1½** pages **each** :

9. Give the meaning of terms of trade.
10. What is product cycle theory ?
11. State the meaning of balance of payments.
12. Brief on expenditure switching policy.
13. What is hedging ?
14. State the meaning of foreign exchange market.
15. What is currency depreciation ?
16. Give the meaning of international finance.
17. What are transnational corporations ?
18. Give the meaning of economic integration.
19. What is free trade area ?

(8×2=16)

PART – C

Short Essay :

Answer **any 4** questions. Answer should **not** exceed **2½** pages **each** :

20. Explain the reasons for gains in trade.
21. What is Leontief Paradox ?
22. Briefly explain Swan model.
23. Give a brief note on FEMA and FERA.
24. What are the functions of ADB ?
25. Write a note on Asian Economic Integration.

(4×5=20)



PART – D

Long Essay :

Answer **any 2** questions. Answer should **not** exceed **6** pages **each** :

26. Describe the Heckscher-Ohlin theory of international trade. To what extent it is superior to the classical theory of international trade ?

27. Analyse the Mundell-Fleming model.

28. Distinguish between fixed exchange rate and flexible exchange rate.

29. What is FDI ? Explain the factors promoting FDI.

(2×10=20)

