



K18P 0296

Reg. No. : .....

Name : .....

**Fourth Semester M.A. Degree (Reg./Suppl./Imp.) Examination, March 2018**  
**(2014 Admission Onwards)**  
**DEVELOPMENT ECONOMICS**  
**ECO4C14 : Global Trade and Finance**

Time : 3 Hours

Max. Marks : 60

**PART – A**

**Choose the correct answer. Answer all questions. All questions carry equal marks.**

1. If a country decreases the external value of its currency, it will affect
  - a) Volume of imports
  - b) Volume of exports
  - c) General price level
  - d) All of these
2. Ricardo's Comparative cost theory is based
  - a) labour theory of value
  - b) surplus value
  - c) factor scarcity
  - d) reciprocal demand
3. Which of the following international organizations is now responsible for developing and maintaining the system of international trade rules and dealing with trade disputes ?
  - a) WTO
  - b) IMF
  - c) IBRD
  - d) IDA
4. In BOP account, Merchandise exports are included in
  - a) Capital account
  - b) Invisibles
  - c) Current account
  - d) None of these
5. Who has given the well-known 'Diamond-Water' paradox ?
  - a) J.M. Keynes
  - b) Alfred Marshall
  - c) Leontief
  - d) Adam Smith
6. The Leontief paradox is
  - a) A capital abundant country exports capital intensive good and import labour intensive country
  - b) A capital abundant country exports labour intensive good and import capital intensive good
  - c) A country endowed with capital consumes more of the capital intensive good and less labour intensive good
  - d) None of these



7. As per the absorption approach to balance of payment, if the marginal propensity to absorb is greater than one, it will
  - a) Improve the BOP position
  - b) Neither improve nor worsens the BOP position
  - c) Worsen the BOP position
  - d) None of these
8. The Stolper-Samuelson Theorem postulates that the imposition of tariff by a nation causes the real income of the nation's
  - a) Both scarce and abundant factors to rise
  - b) Abundant factor to rise
  - c) Scarce factor to fall
  - d) Scarce factor to rise

(1/2×8=4)

PART – B

Answer **any eight** questions. **Each** question carry **2** marks and should **not** exceed **1** page.

9. What is Dirty Float ?
10. Explain the product cycle theory of international trade.
11. Distinguish between fixed and floating exchange rate systems.
12. Explain the derivation of Offer curve.
13. Distinguish between internal balance and external balance.
14. Briefly explain the technological gap theory.
15. What is ASEAN ?
16. What are the important functions of IMF ?
17. What are the important policy recommendations of Tarapore Committee ?
18. What is meant by Transnational Corporations ?

(8×2=16)



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**PART – C**

Answer **any 4** questions. **Each** question carries **5** marks and should **not** exceed **2 and half** pages.

19. What are the different forms of economic integrations ?
20. Prepare a note on Bretton wood sisters.
21. Critically examine the Stopler-Samuelson theorem.
22. Examine the Marshall-Lerner conditions.
23. What are the different components of a Balance of payments account ?
24. What is foreign trade multiplier ? (4×5=20)

**PART – D**

Answer **any 2** questions. **Each** carries **10** marks and answers should **not** exceed **6** pages.

25. 'Relative scarcity of a factor is a necessary condition for profitable trade" examine the statement with Hecksher-Ohlin theory of international trade.
26. What are the important fiscal and monetary measures to correct disequilibrium in the Balance of payments of a country ?
27. Critically examine the various theories of exchange rate determination.
28. Examine the trend and pattern in the inflow of FDI and FII in India and its role in the development of Indian economy in the post reform period. (2×10=20)