

K22P 3211

Reg. No. : .....

Name : .....

IV Semester M.A. Degree (C.B.S.S. – Reg./Supple./Imp.) Examination,  
April 2022

(2018 Admission Onwards)

DEVELOPMENT ECONOMICS

ECO4C14 : Global Trade and Finance

Time : 3 Hours

Max. Marks : 60

PART – A

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

1. Imports of lower-cost supplier from outside the union are replaced by goods and services from a higher-cost supplier from within, and then it is
  - a) Trade diversion
  - b) Trade creation
  - c) Abundant factor prices to rise
  - d) Abundant factor prices remain constant
2. A form of economic union that removes all barriers on trade among member nations, harmonizes trade policies toward the rest of the world, allows for the free movement of labour and capital among member nations and also harmonizes the monetary, fiscal and tax policies of its members :
  - a) Common Market
  - b) Customs Union
  - c) Economic Union
  - d) Free Trade Area
3. The model states that exports of industrial nations are based on the introduction of new products and new production processes :
  - a) Technology gap model
  - b) Factor intensity reversal
  - c) Heckscher-Ohlin theory
  - d) Leontief Paradox.

P.T.O.



4. Ricardo's comparative cost doctrine is based on the
  - a) Reciprocal demand
  - b) Absolute cost
  - c) Labour theory of value
  - d) None of these
5. Metzler paradox explains that imposing a tariff would benefit
  - a) Abundant factor
  - b) Scarce factor
  - c) Both
  - d) None of these
6. Terms of trade means
  - a) Trade agreements
  - b) The relationship between export prices and import prices
  - c) An excess of imports over exports
  - d) The terms and conditions on which a country participates in foreign trade
7. The optimum tariff would be the highest if the elasticity of the offer curve is
  - a) Infinite
  - b) More than one
  - c) Less than one
  - d) One
8. The period of Uruguay round discussion is
  - a) 1984 – 1994
  - b) 1986 – 1994
  - c) 1990 – 1995
  - d) 1991 – 1995

(8×½=4)

#### PART – B

Answer **any eight** questions. **Each** answer should **not** exceed **half** page.

9. What is depreciation of a currency ?
10. Distinguish between balance of trade and balance of payment.
11. What is meant by free trade ?
12. What are the important arguments in favour of restrictive trade ?



13. What are the important non-tariff barriers of trade ?
14. What is meant by Common market ?
15. What is meant by factor endowment ?
16. What is NAFTA ?
17. What is foreign trade multiplier ?
18. What is immiserising growth ?
19. Distinguish between GATT and WTO.

(8×2=16)

### PART – C

Answer **any four** questions. **Each** answer should **not** exceed **two and a half** pages.

20. Examine the relevance of ASEAN.
21. Distinguish between balance of payment and balance of trade.
22. What are the important functions of World Bank ?
23. Do you agree with the view that trade acts as an engine of growth ?
24. What are the measures to correct disequilibrium in the BoP ?
25. What are the advantages of Economic integration ?

(4×5=20)

### PART – D

Answer **any two** questions. **Each** answer should **not** exceed **six** pages.

26. Write the features and implications of FEMA Act.
27. Write a brief note on the Trends in India's balance of payment (BoP).
28. Write a note on the importance of Bretton Woods system in the history of world economy.
29. Evaluate the importance of comparative cost doctrine of international trade.

(2×10=20)

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