



**K22U 2710**

Reg. No. : .....

Name : .....

**Third Semester B.A. Degree (CBCSS – Supplementary)  
Examination, November 2022  
(2016-18 Admissions)  
CORE COURSE IN ECONOMICS/DEVELOPMENT ECONOMICS  
3B04 ECO : International Economics**

Time : 3 Hours

Max. Marks : 40

**PART – A**

(Very Short Answer Questions.) Answer **all** questions.

1. What do you mean by absolute advantage ?
2. What is meant by terms of trade ?
3. Define the concept balance of trade.
4. What do you mean by fixed exchange rate ?

**(4×1=4)**

**PART – B**

(Short Answer Questions.) Answer **any seven** questions.

5. Distinguish between international trade and inter regional trade.
6. What do you mean by factor intensity ? Distinguish between a labour-intensive commodity and a capital-intensive commodity.
7. What are the advantages of free trade ?
8. What do you mean by voluntary export restraints ?
9. Distinguish between foreign direct investment and foreign portfolio investment.
10. What do you mean by international capital movements ?

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11. What is meant by balance of payment disequilibrium ?
12. Briefly explain the current account of balance of payment.
13. Give a brief account of exchange rate determination under flexible exchange rate system.
14. What do you mean by managed floating ? How it is different from flexible exchange rate system ? (7×2=14)

PART – C

(Short Essay Questions.) Answer **any four** questions.

15. Explain Adam Smith's theory of absolute advantage.
16. What is the infant-industry arguments for protection ? How must this argument be qualified ?
17. Explain various methods of correcting adverse balance of payments.
18. Explain the demand and supply analysis of exchange rate determination.
19. In what sense are international flows of productive resources a substitute for international commodity trade ?
20. Explain the implications of trade liberalization. (4×3=12)

PART – D

(Essay Questions.) Answer **any two** questions.

21. Critically examine the Heckscher-Ohlin theorem.
  22. What is meant by balance of payments ? Explain the structure of BOP account of a country like India.
  23. Explain the purchasing power parity theory of exchange rate determination.
  24. Discuss the role of the World Bank in the development of poor countries. (2×5=10)
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