



K24P 0211

Reg. No. :

Name :

**IV Semester M.A. Degree (C.B.S.S.-Reg./Supple.-(One Time Mercy
Chance)/Imp.) Examination, April 2024
(2014 Admission Onwards)
DEVELOPMENT ECONOMICS
ECO4C14 : Global Trade and Finance**

Time : 3 Hours

Max. Marks : 60



Answer **all** questions.

- Balance of Payments uses the _____ system of accounting.
 - Single-entry
 - Double entry
 - Cash basis
 - Accrual basis
- Import and export of services are known as
 - Nominal trade
 - Invisible trade
 - Visible trade
 - None of the above
- The current account deficit is unfavourable for a country because it signifies
 - Demerits for the nation
 - That the nation is a borrower from the rest of the world
 - The government does not have sufficient foreign exchange to finance its international payment
 - Both b) and c)
- Tariffs have been reduced due to the several rounds of bargaining by
 - GATT
 - NAFTA
 - IMF
 - IBRD

P.T.O.



5. According to the factor proportions model, countries have comparative advantage in the good that
- Employs a relatively large amount of their scarce factor
 - Employs a relatively large amount of the factor that they have relatively more of than other countries.
 - Uses intensively their scarce factor.
 - Requires proportionately more of every factor than the goods they import
6. The margin for just a currency future should be retained with the clearing house by
- The buyer
 - The seller
 - Both the buyer and the seller
 - None
7. Which of the following best captures Krugman's view of the lesson of the New Trade Theory for trade policy, according to his article "Is Free Trade Passe" ?
- Countries are almost certain to lose from trade unless their governments intervene
 - Countries may lose from trade, and are likely to lose if their governments pursue a policy of free trade
 - Countries will most likely gain from trade, and in any case they are not likely to do better if their governments intervene
 - Countries may gain or lose from trade, and it does not much matter what the government does
8. _____ is an important reason for economic integration.
- Geographic proximity
 - Democracy
 - Totalitarianism
 - Common law practice

(8×½=4)



PART – B

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

9. Give the meaning of gains from trade.
10. What do you understand by immiserising growth ?
11. Brief on expenditure changing policy.
12. What is meant by internal balance ?
13. Give the meaning of speculation.
14. What is foreign exchange risk ?
15. Give the meaning of revaluation.
16. What do you understand by international banking ?
17. Brief on NIEO.
18. What is customs union ?
19. Give the meaning of preferential trade agreement.

(8×2=16)

PART – C

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

20. Briefly explain the Ricardian theory of international trade.
21. What are the causes of disequilibrium in balance of payments ?
22. Briefly explain the asset price theory.
23. What are the functions and characteristics of foreign exchange market ?
24. What are the objectives of WTO ?
25. Brief on NAFTA.

(4×5=20)



PART – D

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

26. Analyse the impact of increases in factor supply using the Rybczynski theorem.
27. Explain the methods to correct disequilibrium in balance of payments.
28. Examine the Purchasing Power Parity Theory.
29. Write on the distinguishing features of international finance. **(2×10=20)**

