Reg. No. : ....

Name : ....

**IV Semester M.A. Degree (CBSS-Reg./Suppl. (Including Mercy Chance)/Imp.)
Examination, April 2021
(2014 Admission Onwards)
Development Economics
ECO4C14 : GLOBAL TRADE AND FINANCE**

Time : 3 Hours

Max. Marks : 60

PART – A

Answer **all** questions. **Each** question carries a ½ mark.

1. Leontief paradox is an empirical repudiation of

   a) Absolute cost theory
   b) Hecksher-Ohlin theory
   c) Rybcznsky theorem
   d) Kravis theory

2. If international trade is based on comparative advantage, it will result in ?

   a) Inequality among households will be reduced

   b) All individuals in each country will be better off

   c) The average well-being of people in both countries will increase

   d) Both countries will grow faster over time

3. The size of the Foreign trade multiplier is determined by

   a) MPM
   b) MPS
   c) Both a) and b)
   d) None of these

4. The term Euro Currency market refers to

   a) The international foreign exchange market

   b) The market where the borrowing and lending of currencies take place outside the country of issue

   c) The countries which have adopted Euro as their currency

   d) The market in which Euro is exchanged for other currencies

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5. Foreign Direct Investment (FDI) is a
   - a) Short term investment
   - b) Long term investment
   - c) Medium term
   - d) Both a) and b)

6. The market in which currencies buy and sell and their prices settle on is called the
   - a) International bond market
   - b) International capital market
   - c) Foreign exchange market
   - d) Eurocurrency market

7. The inflow and outflow of goods and services into a country is marked by
   - a) Capital account
   - b) Current account
   - c) Financial account
   - d) Foreign exchange account

8. The idea of factor price equalization implies that in perfect competition and free trade wages across trading countries will
   - a) diverge
   - b) increase
   - c) converge
   - d) decrease

(½x8=

PART – B (Very short answers)

Answer **any eight** questions. **Each** question carries 2 marks. **No** answer should exceed **one** page.

9. Balance of payments.

10. Factor endowments.

11. Forward market.

12. Swaps.

13. European union.

14. FEMA.

15. MNCs.

16. Snake in the tunnel approach.

17. Euro bond.

18. Metzler paradox.

19. GATT.

20. New International Economic Order (NIEO).

21. Leontief Paradox.

22. Absolute cost advantage theory.

23. Immiserising growth.

24. Dirty float.

(8×2=16)

PART – C (Short answers)

Answer **any four** questions. **Each** question carries 5 marks. **No** answer should exceed **two** and **a half** pages.

25. Give a brief account on Indias Balance of Payment position after liberalisation.

26. What is meant by equilibrium in the foreign exchange market ?

27. Derive an offer curve from hypothetical terms of trade schedule.

28. Evaluate the technology gap theory of international trade.

29. Evaluate SAARC as a model of regional economic cooperation.

30. Explain the mint parity theory of exchange rate.

31. Trace the origin of WTO and its objectives.

32. What is meant by foreign trade multiplier ?   (4×5=20)

PART – D (Long essays)

Answer **any two** questions. **Each** question carries 10 marks. **No** answer should exceed **six** pages.

33. Critically evaluate the Hecksher-Ohlin theory of international trade.

34. Prepare a note on Bretton wood sisters.

35. Make a comparative study of the absorption approach and elasticity approach to the balance of payment.

36. Critically evaluate the Stolper-Samuelson theorem.

37. Examine the importance of international trade in the economic growth.

38. Analyse the effects customs union using partial equilibrium analysis.   (2×10=20)