



Avinashilingam Institute for Home Science and Higher Education for Women
(Deemed to be University under Category 'A' by MHRD, Estd. u/s 3 of UGC Act 1956)
Re-accredited with 'A+' Grade by NAAC. Recognised by UGC Under Section 12B
Coimbatore - 641 043, Tamil Nadu, India

Bachelor's Degree Examination - January 2021
V Semester

Class : III UG
Major : Economics

Time : 3 Hours
Max. Marks : 100

18BECC14 International Economics

PART A
Choose the Correct Answer

10 x 1 = 10

1. According to Ricardo, international trade is useful under
 - a. Absolute cost
 - b. Comparative cost
 - c. Zero cost
 - d. None of the above
2. Heckscher-Ohlin theory is about
 - a. Inter-regional trade
 - b. International trade
 - c. Domestic trade
 - d. Both a and b
3. Labour is the only factor of production according to the _____ theory of international trade.
 - a. Classical
 - b. Modern
 - c. Both a and b
 - d. None of the above
4. The strength and elasticity of a country's demand for another country's commodity in exchange for its commodity at different terms of trade is called
 - a. market demand
 - b. Reciprocal demand
 - c. Industry demand
 - d. None of the above
5. In case of floating exchange rate, a surplus on the balance of payments will cause
 - a. a rise in exchange rate
 - b. a fall in exchange rate
 - c. no change in exchange rate
 - d. all the above
6. Participation in international trade is important because
 - a. It is expansion of markets
 - b. It is an engine of growth
 - c. It is a vent for surplus
 - d. All the above
7. FDI stands for
 - a. Foreign Debt Investment
 - b. Foreign Domestic Investment
 - c. Foreign Direct Intervention
 - d. Foreign Direct Investment
8. Which of the following is NOT a restriction to international trade?
 - a. Subsidies
 - b. GATT
 - c. Exchange controls
 - d. Quotas
9. The IBRD was established in the year
 - a. 1947
 - b. 1944
 - c. 1948
 - d. 1945
10. Which country is not a member of BRICS?
 - a. Russia
 - b. India
 - c. Brazil
 - d. Indonesia

Part B

5 x 6 = 30

Answer ALL questions

Each answer should not exceed 400 words or two pages

- 11.a. Explain the Ricardian theory of international trade.
(or)
- 11.b. Compare Adam Smith's Absolute advantage theory with Ricardian Comparative advantage theory.
- 12.a. Write short note on reciprocal demand.
(or)
- 12.b. Explain the role of international trade in economic development.
- 13.a. Distinguish between tariff and quotas.
(or)
- 13.b. What are the different types of tariffs?
- 14.a. What are the highlights of the new EXIM policy of the Government of India.
(or)
- 14.b. Bring out the differences between balance of trade and balance of payments.
- 15.a. Write a note on the functions of Asian Development Bank.
(or)
- 15.b. What are the aims and objectives of BRICS?

Part C

5 x 12 = 60

Answer ALL questions

Each answer should not exceed 800 words or four pages

- 16.a. Critically examine the Heckscher Ohlin theory of International trade.
(or)
- 16.b. Explain the opportunity cost theory of international trade with assumptions.
- 17.a. How does devaluation affect the terms of trade?
(or)
- 17.b. Discuss the factors affecting terms of trade.
- 18.a. Explain the infant industry argument.
(or)
- 18.b. Examine the impact of tariff in partial equilibrium analysis.
- 19.a. What are the causes for disequilibrium in balance of payments? Suggest measures to correct disequilibrium.
(or)
- 19.b. Explain the various sources of foreign capital.
- 20.a. Examine the role of IMF in promoting international trade.
(or)
- 20.b. Explain the objectives and functions of WTO.
