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DATE : 16-04-2018

ST.JOSEPH’S COLLEGE (AUTONOMOUS) BANGALORE-27

B.A & B.Sc – ECONOMICS: IV SEMESTER

SEMESTER EXAMINATION –APRIL 2015

**EC 412. International Economics ( For B.A & B.Sc)**

**Time : 3 hrs Maximum marks:100**

(For supplementary candidates)

Do not write the register number on the question paper

Please attach the question paper along with the answer script.

This paper has 3 printed pages and 4 parts

**PART A**

**I A. State whether the following statements are true or false. 1x5 =5 marks**

1. A production possibility curve represents the supply side in international trade theory.
2. The Factor endowment theory is based on the labour cost theory of value.
3. Protection will lead to specialization and optimum utilization of resources.
4. A Customs Union is the highest form of economic integration .
5. The World Bank was established to promote exchange rate stability.

 **I B. Choose the correct answer. 1x5=5 marks**

1. --------------------- represents an economic policy under which an economy does not have external trade.
2. Autonomy b) autocracy c) Autarky d) none of the above
3. Net barter terms of trade is ------------
4. the ratio between the prices of a country’s export and imports.
5. the ratio between the quantities of a country’s imports and exports.
6. the relation between the productivity changes in the export sector and import sector.
7. none of the above-----------------------------
8. Dumping is said to exist when a country sells its goods at very low prices so as to wipe out production in other countries.
9. Sporadic b) Persistent c) Predatory d) none of the above

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1. ----------------------------------- represents a deliberate reduction in the value of a country’s currency in terms of the foreign currencies.
2. Demonetisation b) Devaluation c) Depreciation d) Appreciation.
3. The Most Favoured Nation Clause implies

a. a policy of non discrimination between members.

b. a policy which has a bias towards under developed countries .

c. a policy which favours UDCs.

 d. a policy of discrimination .

**PART B**

**II. Answer any 10 of the following in 2-3 sentences. 2x 10 = 20 marks**

1. Define Community Indifference Curve.
2. What is an offer curve?
3. Define isoquant.
4. What is Leontief paradox?
5. Give the meaning of free trade policy.
6. What is a cartel?
7. What is a Common market?
8. Distinguish between Balance of trade and balance of payments.
9. What is Foreign Institutional Investment?
10. What is TRIPS?
11. Name the major items of export of India.
12. Name the two financial institutions that were formed on the basis of the Bretton Woods Agreement.

**PART C**

**III. Answer any 5 of the following 5x5=25**

1. What are the differences between internal trade and international trade?
2. With the help of a diagram explain how welfare is greater in an open economy.
3. Write a short note on the theory of Absolute cost advantage.
4. What are the advantages of free trade?
5. Briefly explain the classification of tariffs.
6. Briefly explain the Purchasing Parity theory.
7. Write a short note on the objectives and functions of SAARC.

**PART D**

**IV. Answer any 3 of the following 15x3=45**

1. Distinguish between Gross barter terms of trade and Net Barter terms of trade. Explain the factors determining terms of trade. (3 marks +12 marks)
2. Explain Ricardo’s contribution to the theory of international trade.
3. Examine the effects of tariffs under partial equilibrium analysis.
4. What are the merits and demerits of Multinational companies?
5. Explain the major agreements under WTO.

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