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( May )

**ECONOMICS**

( Major )

Course : 603

**( International Economics )**

Full Marks : 80

Pass Marks : 32

Time : 3 hours

*The figures in the margin indicate full marks  
for the questions*

1. Answer the following/Choose the correct answer : 1×8=8
- (a) Who propounded the opportunity cost theory of international trade?
  - (b) Name the Indian economist who contributed to the development of the concept of immiserising growth.
  - (c) Give the meaning of current account surplus.
  - (d) Mention any one fundamental cause of collapse of Bretton Woods system.

- (e) Term of trade for a country is the ratio of its
- (i) trade volume to GDP
  - (ii) export volume to GDP
  - (iii) import volume to GDP
  - (iv) value of exports to value of imports
- (f) The optimum tariff is the tariff, which
- (i) maximizes country's foreign trade
  - (ii) minimizes import
  - (iii) maximizes country's welfare
  - (iv) prohibits trade totally
- (g) Which of the following is not a debit entry in the balance of payments account?
- (i) Import of goods
  - (ii) Import of services
  - (iii) Gift from foreigners
  - (iv) Purchase of assets from foreigners
- (h) A unit of SDR was originally valued in terms of
- (i) world market price of one ounce of gold
  - (ii) gold value equivalent to one US dollar
  - (iii) pound-sterling
  - (iv) currency values of the leading countries

2. Write short notes on any *four* of the following : 4×4=16

- (a) Offer curve
- (b) Backwash effect
- (c) Inward and outward looking trade policies
- (d) Purchasing power parity theory
- (e) Gold standard
- (f) Trade barriers

3. (a) Discuss critically the comparative advantage theory of Ricardo. How is it an improvement over the absolute advantage theory? 8+3=11

Or

- (b) State Heckscher-Ohlin theorem. Prove the validity of the statement of the theorem with appropriate illustration. 2+9=11

4. (a) Explain the concept of net barter terms of trade, gross barter terms of trade and income terms of trade. Discuss the factors that influence the terms of trade. 4+7=11

Or

- (b) What is meant by gains from trade? What does determine the gains from trade? Critically examine the Prebisch-Singer thesis of secular deterioration of the terms of trade for the less developed countries. 2+2+7=11

5. (a) What is globalization? What are its features? How has globalization affected the developing countries?  $2+2+8=12$

Or

- (b) Justify the necessity of international capital for economic development. Explain the factors that affect the international capital movement.  $4+8=12$

6. (a) Distinguish between spot and forward exchange rates. What are the advantages and disadvantages of flexible exchange rate system?  $3+8=11$

Or

- (b) Distinguish between balance of payments and balance of trade. Explain the factors that cause disequilibrium in the balance of payments.  $3+8=11$

7. (a) When was WTO established? What are the major objectives of WTO? Explain the impact of WTO agreement on Indian agriculture.  $1+4+6=11$

Or

- (b) What are the objectives of IMF? Explain the failures and achievements of IMF.  $5+6=11$

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