LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034



M.A. DEGREE EXAMINATION – **ECONOMICS**

FIRST SEMESTER – **NOVEMBER 2022**

PEC1MC05 - INTERNATIONAL ECONOMICS

| Date: 30-11-2022 | Dept. No. | Max.: 100 Marks |
|---------------------------|-----------|-----------------|
| Time: 01:00 PM - 04:00 PM | [| |

| CECTION A | | | | | | | |
|-----------|---|------------------|---------|--|--|--|--|
| SECTION A | | | | | | | |
| 1 | Answer ALL the questions 1 Choose the correct answer: (5 x 1 = 5 marks) | | | | | | |
| 1 | Standard Trade Model establishes the relationship between | X 1 - 3 | mai Ks) | | | | |
| a) | a) PPF and Relative Supply b) IC and Relative Supply | K1 | CO1 | | | | |
| | c) IQ and PPF d) None of these. | 111 | | | | | |
| b) | Foreign will specialize in wine production whenever | | | | | | |
| | a) PC/PW < aLC* /aLW * b) PW/PC < aLC* /aLW * | K1 | CO1 | | | | |
| | c) PC/PW > aLW */ aLC* d) None of these. | | | | | | |
| | The potential for gains from the re-arrangement of production among countries due | | | | | | |
| | to | *** | 001 | | | | |
| c) | a) Trade off b) Absolute advantage | K1 | CO1 | | | | |
| | c) Differing opportunity costs d) Scarcity | | | | | | |
| | Whenever increase in the wage rate of Home workers relate to Foreign workers, the | | | | | | |
| /L | relative demand for goods produced in | IZ 1 | CO1 | | | | |
| d) | a) Home will fall b) Home will increase | K1 | | | | | |
| | c) Foreign will decline d) Foreign will increase | | | | | | |
| | Tax on imports is considered as an example of | | | | | | |
| e) | a) Collateral trade b) Trade barriers | K1 | CO1 | | | | |
| | c) Terms of trade d) Foreign trade | | | | | | |
| 2 | Fill in the blanks | $5 \times 1 = 5$ | marks) | | | | |
| a) | Transportation cost will trade. | K2 | CO1 | | | | |
| b) | The Brander-Spencer was given as | | CO1 | | | | |
| c) | e)mobility andmobility are the two types of International Labour Mobility | | | | | | |
| d) |) Providing Service from one country to another is known as CO1 | | | | | | |
| e) | is a state in which a country maintains full employment and price level | K2 | CO1 | | | | |
| | stability. | 112 | 001 | | | | |
| | | | | | | | |
| | SECTION B | | | | | | |
| | Answer any THREE of the following in 500 words $(3 \times 10 = 30 \text{marks})$ | | | | | | |
| 3 | Illustrate the Gravity model of trade. | К3 | CO2 | | | | |
| 4 | Briefly explain the various quantitative barriers of trade. | | CO2 | | | | |
| 5 | Explain the factors affecting exchange rates. | | | | | | |
| 6 | Defend the arguments for and against International Labour Mobility. | | CO2 | | | | |
| 7 | 7 Explain how Free trade is beneficial to the economy in international trade. | | | | | | |
| | | | | | | | |

| SECTION C | | | | | | | |
|--|---|--------|-------|--|--|--|--|
| Answer any TWO of the following in 500 words (2 x 12.5 = 25 m | | narks) | | | | | |
| 8 | Sketch out the cost and benefit of tax in international trade. | K4 | CO3 | | | | |
| 9 | Demonstrate the influence of international negotiations on trade policy. | K4 | CO3 | | | | |
| 10 | Connect the reasons for the income inequality due to globalisation. | K4 | CO3 | | | | |
| 11 | Determine the relative wage in the multigood model | K4 | CO3 | | | | |
| | | | | | | | |
| | SECTION D | | | | | | |
| Answer any ONE of the following in 1000 words $(1 \times 15 = 15 \text{ mar})$ | | | arks) | | | | |
| 12 | Convince why free trade should be advocated in developing countries? | K5 | CO4 | | | | |
| 13 | a) Write a brief note on the types of Exchange rate in India (5 Marks) | K5 | CO4 | | | | |
| 13 | b) Analyse the effect of exchange rates in international transactions. (10 Marks) | | | | | | |
| | | | | | | | |
| | SECTION E | | | | | | |
| | Answer any ONE of the following in 1000 words (1 x 20 = | = 20 m | arks) | | | | |
| 14 | Taking the present scenario of the depreciation of Indian rupee against US Dollars, | s, K6 | CO5 | | | | |
| 14 | suggest measures to our domestic currency. | IXU | | | | | |
| 15 | esign arguments on the impact of Ukraine war on the growth of international trade | | CO5 | | | | |
| 13 | in India. | K6 | | | | | |
