D 150027 **(Pages : 4)** **Name.....**

Reg. No.....

THIRD SEMESTER M.A. DEGREE (REGULAR/SUPPLEMENTARY) EXAMINATION, NOVEMBER 2026

(CBCSS)

Economics

ECO 3C 09—INTERNATIONAL TRADE

(2019 Admission onwards)

Time : Three Hours Maximum : 30 Weightage

Part A

Answer **all** *questions.*

Each bunch of **five** *questions carries a weightage of* 1.

Multiple Choice Questions :

1. Spot exchange rate refers to :

   (a) After 3 months. (b) On the spot.

   (c) Groups. (d) None of these.

2. If import is higher than export, it is :

   (a) Trade surplus. (b) Trade balance.

   (c) Trade deficit. (d) None of these.

3. If autonomous payments are greater than autonomous receipts, the BOP is said to be :

   (a) Surplus. (b) Deficit.

   (c) Balance. (d) Favourable.

4. Ricardo's comparative theory :

   (a) Surplus theory. (b) Labour theory of value.

   (c) Capital theory of value. (d) None of these.

5. The classical theory does not consider differences in :

   (a) Transportation costs. (b) Customer wants.

   (b) Technology. (d) Prices.

Turn over

6. The optimum currency area was developed by :

(a) Mundell and Mekinon. (b) Prebrisch.

(c) Singer. (d) Hirschman.

7. Paul Krugman is credited with :

(a) Law of factor price equalisation.

(b) Product life cycle theory

(c) New trade theory.

(d) Factor proportions theory.

8. What does hedging refers to ?

(a) Foreign Exchange Speculation.

(b) Increasing Foreign Exchange Risk.

(c) Covering Foreign Exchange Risk.

(d) Foreign Exchange Arbitrary.

9. Opportunity cost is also known as ————————.

(a) Next Best alternative. (b) Transformation cost.

(c) Both (a) and (b). (d) None of above.

10. Maastricht treaty led to the creation of which one of the following :

(a) European Parliament. (b) Euro.

(c) European Union. (d) European Court of Justice.

11. Trade between two countries is known as ————————.

(a) External. (b) Internal.

(c) Inter-regional. (d) None of Above.

12. Leontief tested his paradox theory for the USA of the year :

(a) 1940. (b) 1947.

(c) 1950. (d) 1955.

13. A tariff ——————————.

(a) Increase the volume of trade.

(b) Rduces the volume of trade.

(c) Has no effect on volume of trade.

(d) Both (a) and (c).

14. Which of the agreement of GATT is related to Intellectual Property ?

(a) TRIMS. (b) TRIPS.

(c) MFA. (d) Both (a) and (b).

15. Who among the following enunciated the concept of single factoral terms of trade ?

(a) Jacob Viner. (b) G.S.Donens.

(c) Taussig. (d) J.S.Mill.

(15 × 1/5 = 3 weightage)

Part B (Very Short Answer Questions)

Answer any **five** *questions.*
Each question carries a weightage of 1.

16. Law of comparative advantage.

17. Bilateral and multilateral trade.

18. Mint-par partly.

19. Factor endowment.

20. Devaluation.

21. Non-tariff barriers.

22. Free Trade Area.

23. Balance of payment.

(5 × 1 = 5 weightage)

Turn over

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Part C (Short Answer Questions)

Answer any **seven** *questions.*
Each question carries a weightage of 2.

24. How the exchange rate is determined under managed floating exchange rate.
25. Briefly discuss factors affecting terms of trade.
26. Explain the differentiate between appreciation and depreciation.
27. Discuss the advantages of free trade policy.
28. Give a brief account of the refinement of the classical theory.
29. Critically examine the Stopler-Samuelson theorem on international trade.
30. Write down about Absorption approach.
31. Examine the impact of Euro on the world economy.
32. Give a brief account of Euro Currency Markets.
33. Define terms of trade. Explain different forms of terms of trade.

(7 × 2 = 14 weightage)

Part D (Essay Questions)

Answer any **two** *questions.*
Each question carries a weightage of 4.

34. Explain the classical theory of International Trade.
35. What are the salient features of the IMF system under the Bretton woods ? What were the factors responsible for its breakdown ?
36. Discuss the advantages and disadvantages of policy of protection.
37. Examine the case for and against of fixed and flexible exchange rate system.

(2 × 4 = 8 weightage)