

Date: 26/09/2024

[Marks: 100]

[Time: 3 Hours]

- N.B.: 1. All the questions are compulsory.
2. Draw need diagrams wherever necessary.
3. Figures to the right indicate full marks.

Q.1 A) Select the best answer from the given option and rewrite the statement. (Any ten)

(10)

1. _____ is not the assumption of Ricardo's comparative cost theory.
a) Labour is perfectly mobile within a country
b) Technology is constant
c) Labour is homogeneous
d) Two countries exchanging more than two commodities
2. Heckscher-Ohlin theory is based on _____.
a) More countries
b) More than two goods
c) Two factors
d) Two sides.
3. Commodity terms of trade is also known as _____.
a) Gross barter terms of trade
b) Net barter terms of trade
c) Income terms of trade
d) Utility terms of trade
4. Which of the following is an argument against the policy of free trade?
a) Does not always benefit less developed countries.
b) Protects inefficient industries
c) Causes unemployment in the export sector
d) Harms domestic consumers
- 5) The EU is an example of _____ market.
a) Money
b) Capital
c) Labour
d) Common
- 6) A tariff is a tax on _____.
a) Domestic goods and services
b) Foreign goods and services
c) Quality of goods
d) Quality of services
- 7) In the _____ account, only transactions relating to goods are entered.
a) Saving
b) Trade
c) Balance
d) Quality
- 8) GATs deal with trade in _____.
a) Services
b) Patent
c) Copyright
d) Trademarks
- 9) When total exports are more than total imports then current account of balance of payment is in _____.
a) Deficit
b) Balance
c) Surplus
d) Equilibrium
- 10) _____ is the current exchange rate between two countries.
a) Forward exchange rate
b) Arbitrage
c) Spot exchange rate
d) Speculation

- 11) Foreign exchange in a country is demanded for -----.
- a) Imports of goods
 - b) Export of services
 - c) Export of goods
 - d) Import of capital
- 12) FERA was replaced by ----- in India.
- a) FEMA
 - b) CARE
 - c) NEFR
 - d) SPOT

Q.1 B) Rewrite stating whether the following statements are True or False. (Any ten) (10)

1. Trade will not take place in case of proportional cost differences.
2. The offer curve is a typical demand curve.
3. International trade brings in many dynamic gains.
4. Protection does not help infant industries.
5. Quota increases the revenue of government.
6. Brexit will result in massive job losses in UK.
7. Export promotion increase exports.
8. WTO liberalised trade.
9. India has not removed restriction on imports.
10. There is only a single exchange rate in the foreign exchange market.
11. The total supply of foreign exchange curve is sloping upward.
12. The PPP theory is free from criticisms.

Q.2. Answer any Two of the following: (15)

- A. Critically evaluate the Ricardian theory of comparative cost advantage.
- B. Discuss the various gains from international trade.
- C. Explain the single factoral and double factoral terms of trade with limitations.

Q.3. Answer any Two of the following: (15)

- A. What is free trade policy? Explain the Pros and Cons of free trade.
- B. Explain the various types of trade barriers.
- C. Discuss the benefits of European Union.

Q.4. Answer any Two of the following: (15)

- A. Examine the causes of disequilibrium in the balance of payments.
- B. Discuss the monetary measures in correcting disequilibrium in balance of payment.
- C. Explain the WTO agreements with reference to TRIMs and GATS.

Q.5. Answer any Two of the following: (15)

- A. Explain the functions of the foreign exchange market.
- B. Explain the Purchasing Power Parity Theory.
- C. Explain the role of RBI in the Foreign Exchange Market.

Q.6. Write short notes on any four of the following. (20)

1. Limitation of Heckscher-Ohlin theory.
2. Infant industry argument
3. Pros of protection polioy
4. Objective of Economic Integration
5. Offer curves
6. Spot and Forward exchange rates.
