



**LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034**

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

**FIRST SEMESTER – APRIL 2016**

**EC 1810 - INTERNATIONAL ECONOMICS**

Date: 05-05-2016  
Time: 01:00-04:00

Dept. No.

Max. : 100 Marks

**PART- A (5 X 4 = 20 marks)**

**Answer any FIVE questions in 75 words each. Each question carries FOUR marks.**

1. What is an exchange rate? How are cross exchange rates calculated?
2. Mention the various types of dumping practiced internationally.
3. What are Special Drawing Rights?
4. Assume that the current annual interest rate in India is 6% while it is 4% in UK. The spot rupee-pound exchange rate is Rs.80: £1. Price a one-year forward contract for the rupee-pound exchange rate.
5. Define commodity terms of trade. Illustrate with an example.
6. Differentiate between a free trade area and a customs union.
7. What is Dollarisation?

**PART- B (4 X 10 = 40 marks)**

**Answer any FOUR questions in 300 words each. Each question carries TEN marks.**

8. Examine strategic trade policy using the Airbus-Boeing example.
9. Discuss the salient features of the World Trade Organization.
10. Explain with the help of a diagram how a BOP deficit could be corrected through a change in the exchange rate.
11. Explain Purchasing Power Parity theory with a suitable example.
12. Differentiate between import tariffs, import quotas and voluntary export restraints.
13. Mention the various components of a nation's balance of payments. Why is the single entry, 'Errors and Omissions', required in a nation's balance of payments?
14. Highlight the core features of the European Union.

**PART- C (2 X 20 = 40 marks)**

**Answer any TWO questions in 1200 words each. Each question carries TWENTY marks.**

15. Discuss product cycle and imitation gap theories with the help of suitable examples.
16. Explain Jacob Viner's theory of the customs union to show how a customs union contributes to trade creation and trade diversion.
17. Explain the Stolper-Samuelson theorem using the Edgeworth box diagram.
18. Can a nation that is less efficient than another in the production of all commodities export anything to the latter? Give empirical proof in support of your arguments.

\*\*\*\*\*