LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

M.A. DEGREE EXAMINATION – ECONOMICS

FIRSTSEMESTER – APRIL 2018

17/16PEC1MC05/EC 1810- INTERNATIONAL ECONOMICS

Date: 02-05-2018   Dept. No.   Max. : 100 Marks
Time: 09:00-12:00

PART- A   **(5 X 4 = 20 marks)**
Answer any FIVE questions in 75 words each. Each question carries FOUR marks.

1. Define income terms of trade.

2. What is an exchange rate? How are cross-exchange rates calculated?

3. Mention the features of a currency option.

4. What is meant by imitation gap?

5. Differentiate between a free trade area and a customs union.

6. Define the term "dumping".

7. What is a currency swap?

PART- B   **(4 X 10 = 40 marks)**
Answer any FOUR questions in 300 words each. Each question carries TEN marks.

8. State Haberler's opportunity cost theory using an appropriate example.

9. Explain diagrammatically the impact of the RBI's intervention in the foreign exchange market to prevent the rupee from steeply falling against the US dollar.

10. Diagrammatically derive the Stolper-Samuelson theorem.

11. Differentiate between import tariffs, import quotas and voluntary export restraints.

12. Briefly discuss the Heckscher-Ohlin trade model.

13. Mention the various components of a nation's balance of payments. Why is the single entry, 'Errors and Omissions', often required in a nation's balance of payments?

14. Explain purchasing power parity theory.

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

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

15. With the help of the SWAN model, show how internal and external balance could be achieved simultaneously under a fixed exchange rate regime.

16. Discuss the features of the WTO and highlight the issues plaguing the Doha Round of trade negotiations under the WTO.

17. Explain the Ricardian theory of international trade using suitable examples.

18. Derive equilibrium terms of trade between any two countries using offer curves.

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