PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

BA DEGREE EXAMINATION MAY 2025
(Fourth Semester)

Branch - ECONOMICS

INTERNATIONAL ECONOMICS

Time: Three Hours   Maximum: 75 Marks

SECTION-A (10 Marks)
Answer ALL questions
ALL questions carry EQUAL marks   (10 × 1 = 10)

Module No.	Question No.	Question	K Level	CO
1	1	--- is the main assumption of the Ricardian model of trade. a) Differences in technology between countries b) Differences in factor endowments c) Differences in demand patterns d) Presence of trade barriers	K1	CO1
	2	The Heckscher-Ohlin model explains trade patterns based on --------------- a) Comparative advantage due to technology b) Factor endowments of labor and capital c) Differences in consumer preferences d) Government trade policies	K2	CO1
2	3	-------------- Type of commercial policy promotes free trade without government intervention. a) Protectionism b) Autarky c) Liberalization d) Import substitution	K1	CO2
	4	A quota in international trade refers to ------------ a) A tax imposed on imports b) A limit on the quantity of a good that can be imported c) A subsidy given to exporters d) A voluntary export restriction	K2	CO2
3	5	----------of the following best defines an exchange rate. a) The price of one currency in terms of another currency b) The value of foreign direct investment in a country c) The amount of goods exported by a country d) The total trade volume between two countries	K1	CO3
	6	--------- is a component of the Balance of Payments (BOP). a) Capital Account b) Inflation Rate c) Unemployment Rate d) Minimum Wage	K2	CO3
4	7	------ is the primary objective of the World Trade Organization (WTO). a) To provide financial assistance to developing countries b) To regulate global trade and resolve trade disputes c) To stabilize exchange rates between countries d) To provide loans for infrastructure projects	K1	CO4
	8	The International Monetary Fund (IMF) mainly focuses on ------------------ a) Providing long-term development loans b) Promoting international monetary cooperation and exchange rate stability c) Resolving trade disputes between nations d) Regulating foreign direct investment (FDI)	K2	CO4
5	9	---------- is India's largest trading partner in terms of total trade volume. a) United States b) China c) United Arab Emirates d) European Union	K1	CO5
	10	-------------sector contributes the most to India's exports. a) Agriculture b) Information Technology (IT) and Services c) Automobiles d) Heavy Machinery	K2	CO5

SECTION - B (35 Marks)
Answer ALL questions
ALL questions carry EQUAL Marks   (5 × 7 = 35)

Module No.	Question No.	Question	K Level	CO
1	11.a.	Analyze any two assumptions of the Heckscher-Ohlin model of international trade.	K4	CO1
		(OR)		
	11.b.	Distinguish between Absolute Advantage and Comparative Advantage theories.		
2	12.a.	Explain the differences between tariffs and quotas as trade policy instruments.	K5	CO2
		(OR)		
	12.b.	Determine the Export Promotion Strategy differ from Import Substitution Strategy?		
3	13.a.	Define exchange rate and explain the difference between nominal and real exchange rates.	K4	CO3
		(OR)		
	13.b.	Define Balance of Payments (BOP)? Explain its two major components.		
4	14.a.	Explain the main objectives and functions of the World Trade Organization (WTO)?	K5	CO4
		(OR)		
	14.b.	Explain the main principles of GATT, and why was it replaced by the WTO?		
5	15.a.	Enumerate the factors influencing the accumulation and depletion of Forex Reserves?	K6	CO5
		(OR)		
	15.b.	Define FDI. Explain its various types.		

SECTION -C (30 Marks)
Answer ANY THREE questions
ALL questions carry EQUAL Marks   (3 × 10 = 30)

Module No.	Question No.	Question	K Level	CO
1	16	Critically analyze the Ricardian model of trade. Discuss its assumptions, strengths, and limitations.	K5	CO1
2	17	Differentiate between different measures of terms of trade, such as Net Barter Terms of Trade, Income Terms of Trade, and Single Factorial Terms of Trade.	K4	CO2
3	18	Analyze the causes and consequences of a Balance of Payments (BOP) deficit.	K4	CO3
4	19	Discuss the structure, functions, and importance of the WTO in international trade.	K6	CO4
5	20	Predict FDI impact employment, technology transfer, and economic growth in India?	K6	CO5

Z-Z-Z   END