

**M 114/013**

Enrolment Number										
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*Total No. of printed pages = 03*

**Monsoon, 2023**  
**PG Semester Examinations**  
**International Economics**  
**Course Code: MEM23504T**

**Full Marks – 50**

**Time – 2 hours**

*The figure in the margin indicates full marks for the questions.*

1. Choose the correct option:

[10x1=10]

- i) The Stolper-Samuelson Theorem postulates that the imposition of tariff by a nation causes the real income of the nation's
- a) Both the abundant factors to rise
  - b) Abundant factors to rise
  - c) Scarce factor to fall
  - d) Scarce factor to rise
- ii) The Foreign Direct Investment includes
- a) Intellectual Properties
  - b) Human resources
  - c) Tangible goods
  - d) Intangible goods
- iii) Which of the following is better?
- a) Tied aid
  - b) Untied aid
  - c) Both
  - d) None
- iv) According to Heckscher-Ohlin theorem, what type of goods, a capital abundant country should export?
- a) Capital-intensive goods

## M 114/013

- b) Labour-intensive goods
  - c) Both
  - d) Any type of economic good
- v) What is the primary purpose of hedging in the context of exchange rates?
- a) To maximize speculative gains
  - b) To minimize the risk of adverse currency movements
  - c) To influence central bank policies
  - d) Both a) and b)
- vi) A speculator expecting a currency to depreciate would likely:
- a) Buy the currency
  - b) Sell the currency
  - c) Hold onto the currency
  - d) None of the above
- vii) What is economic integration?
- a) The process of reducing economic cooperation among countries.
  - b) The process of increasing economic cooperation among countries.
  - c) The process of isolating national economies from global markets.
  - d) The process of standardizing national economic policies.
- viii) World Trade Organization (WTO) is a successor of
- a) GATT
  - b) World Bank
  - c) IMF
  - d) None
- ix) Balance of payment is the record of .....with other countries.
- a) Export
  - b) Import
  - c) Both export and Import
  - d) None
- x) The advantages of free trade are
- a) Eliminating tariffs and other non-tariff barriers to provide FTA partners easier market access.
  - b) Promoting foreign investment by partner countries by relaxing investor restrictions and regulations.
  - c) Providing for simplified and clear dispute resolution methods.
  - d) All of the above.

## M 114/013

2. Answer any 2 out of 4 questions: (Max word limit 150) [2x5=10]

- i) Explain elaborately the assumptions of Heckscher-Ohlin theorem.
- ii) Write a brief note on the different stages of the product cycle theory.
- iii) How does a customs union differ from other forms of economic integration, and what are the key features of a customs union?
- iv) Is Balance of Payment always in balance? State the reasons behind disequilibrium in BOP.

3. Answer any 3 out of 5 questions: (Max word limit 300) [3x10=30]

- i) Discuss the relationship between relative prices of output and relative factor rewards postulated by the Stolper-Samuelson theorem. 10
- ii) What is FDI? Give an example of FDI in India. Discuss the role of FDI in a growing economy. 2+2+6=10
- iii) Define and provide examples of trade creation and trade diversion. How do these concepts relate to the overall efficiency of an economic integration arrangement? 5+5=10
- iv) Explain about the concept of free trade and protection. State some arguments for Protection. 4+6=10
- v) What are the different forms of protection that a country can adopt in its commercial policy? Illustrate. 10