PG EVEN SEMESTER EXAMINATION, 2024

ECONOMICS

4th Semester

Course No. : ECOCC - 652

(International Economics)

Full Marks : 70

Pass Marks : 28

Time : 3 hours

The figures in the margin indicate full marks for the questions

(Answer five questions taking one from each unit)

UNIT-I

1. How does the concept of comparative advantage encourage efficient resource allocation? Assume a classical world of two goods two countries where labour is the only input. One day of labour produces the following ansents of output (either cloth or wheet)

Country	Cloth (metres)	Wheet (kgs)
India	20	30
Malaysia	5	15

If the terms of trade is 2kg of wheet per meter of cloth, explain how much India gain from trade if she wish to consume atleast 10 unit of cloth in the post trade situation. Note that both the nation have 10 cents of labour at their disposal. 6+8=14

(Turn Over)

2. Discuss the derivation of offer curve. How do shift in the offer curve affect the quilibrium TOT? Elaborate. 8+6=14

UNIT-II

3. Explain the difference between factor abundance and factor intensity. How does factor intensity reversal challenge the prediction of the Heckscher-Ohlin model? Illustrate. 4+10=14

4. State and prove the Rybcznyski theorem. Discuss the policy implications of theorem for a country experiencing a large influx of capital. 9+5=14

UNIT-III

5. What is foreign trade multiplier? How does an increase in export affect national income when considering foreign trade multiplier with and without foreign repercussions? Illustrate. 4+10=14

6. Compare and contrast between covered and uncovered interest arbitral. Suppose the interest rate in the US is 2% and in India is 5%. The current exchange rate is 1 USD = 75 INR. If a forward contract for one year is available at 1 USD = 76 INR, should an arbitrader executie a covered interest arbitrate? Explain the steps and outcome. 4+10=14

UNIT-IV

7. In what ways do the principles and challenges faced by the Bretton Wooks system resonate with current

discussions on global economic governance, reserve currencies and financial stability? Elaborate. 14

8. How does deperciation of currency influence the price compeliveness of export and import? Illustrate. How can policy makers use the insights from the Marshall-Lerner condition to design effective exchange rate policies aimes at improving balance of payments? 7+7=14

UNIT-V

9. What is meant by an "optimum tariff" in international trade? What are the potential repercussion for the exporting country when an optinum tariff is impond? Discuss graphically. 4+10=14

10. Write short notes : 7+7=14

(a) Stolper Samuelson theorem

(b) Trade Creating Custom Union

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