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**( CBCS )**

**( 6th Semester )**

**ECONOMICS**

**Paper : EC6.DSE 3.3**

**( International Economics )**

**Full Marks : 75**

**Pass Marks : 40%**

**Time : 3 hours**

**( PART : B—DESCRIPTIVE )**

**( Marks : 50 )**

*The figures in the margin indicate full marks  
for the questions*

**UNIT—I**

1. (a) Explain the features and importance of international trade.

10

*Or*

- (b) Discuss the difference between inter-regional and international trade with examples.

( 2 )

UNIT—II

2. (a) Explain David Ricardo's theory of comparative advantage. Does the theory break down when money cost is used instead of labour time?  $8+2=10$

Or

- (b) Explain Paul Krugman's model of international trade, highlighting the role of economies of scale and monopolistic competition. How does this model help in understanding intra-industry trade?  $8+2=10$

UNIT—III

3. (a) What are the different instruments of trade policies? Discuss their impact on trade. 10

Or

- (b) Discuss the current contentions in global trade.

UNIT—IV

4. (a) Show the determination of the value of rupee under flexible exchange regime without intervention from the RBI. 10

( 3 )

Or

- (b) Distinguish between currency depreciation and currency devaluation. What is J curve?  $8+2=10$

UNIT—V

5. (a) Highlight the functions of the International Monetary Fund (IMF). What are its main criticisms and are the criticisms justified?  $7+3=10$

Or

- (b) State the functions and goals of the Asian Development Bank.  $5+5=10$

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**ECONOMICS**

**Paper : EC6.DSE 3.3**

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**( PART : A—OBJECTIVE )**

**( Marks : 25 )**

*The figures in the margin indicate full marks for the questions*

**SECTION—I**

**( Marks : 15 )**

**A.** Put a Tick (✓) mark against the correct answer in the brackets provided : 1×15=15

1. Which of the following is a key characteristic of international trade?

- (a) Exchange of goods and services across borders (    )
- (b) Trade limited to manufactured products (    )
- (c) Trade occurring within a single country (    )
- (d) A barter system between businesses (    )

2. Terms of trade refers to

- (a) government regulations on imports ( )
- (b) a country's total trade volume ( )
- (c) the ratio at which goods are exchanged between countries ( )
- (d) the restrictions on trade with specific nations ( )

3. The Ricardian model of trade is based on

- (a) the principle of comparative advantage ( )
- (b) the principle of absolute advantage ( )
- (c) a country's financial capital ( )
- (d) domestic trade policies ( )

4. The Heckscher-Ohlin model explains trade based on

- (a) government intervention ( )
- (b) the role of multinational corporations ( )
- (c) the factor endowments of countries ( )
- (d) the differences in consumer preferences ( )

5. Which economist is associated with the product cycle theory in new trade theories?

- (a) David Ricardo ( )
- (b) Paul Krugman ( )
- (c) Raymond Vernon ( )
- (d) Adam Smith ( )

6. A tariff is best described as

- (a) a tax imposed on imports or exports ( )
- (b) a tax imposed only on exports ( )
- (c) a restriction on the number of goods imported ( )
- (d) a tax imposed only on imports ( )

7. The political economy of trade policies examines

- (a) trade between private businesses ( )
- (b) how policies affect trade relations and domestic industries ( )
- (c) the financial impact of exchange rates ( )
- (d) the role of non-governmental organizations in trade ( )



( 4 )

8. Which of the following is a tariff barrier?

(a) Export restriction ( )

(b) Tax on imports ( )

(c) Licensing requirement ( )

(d) Subsidy ( )

9. What type of exchange rate system does the Indian rupee follow?

(a) A completely free-floating exchange rate ( )

(b) A fixed exchange rate system ( )

(c) A currency board system ( )

(d) A managed floating exchange rate system ( )

( 5 )

10. Financial globalization refers to

(a) the process of privatization in national economies ( )

(b) the regulation of foreign investment by governments ( )

(c) the adoption of a single global currency ( )

(d) the integration of financial markets across borders ( )

11. What is an import quota?

(a) A tax on exported goods ( )

(b) A policy that encourages foreign investment ( )

(c) A type of currency exchange agreement ( )

(d) A limit on the number of goods a country can import ( )

12. Which currency is the primary international reserve currency?

(a) Euro ( )

(b) Chinese Yuan ( )

(c) Japanese Yen ( )

(d) US Dollar ( )

13. Which of the following best describes the primary role of the World Trade Organization (WTO)?

(a) Administering trade agreements and resolving disputes between countries ( )

(b) Setting global interest rates to control inflation ( )

(c) Overseeing monetary policies of member states ( )

(d) Enforcing economic sanctions on non-compliant nations ( )

14. In times of financial distress, how does the International Monetary Fund (IMF) assist member countries?

(a) By directly investing in stock markets to stabilize investor confidence ( )

(b) By implementing trade restrictions to protect struggling economies ( )

(c) By offering conditional financial support to restore macroeconomic stability ( )

(d) By controlling foreign exchange rates to prevent currency devaluation ( )

15. According to Ricardo's theory of comparative advantage, trade between two countries is beneficial when

(a) one country has an absolute advantage in both goods ( )

(b) one country is more productive in all goods ( )

(c) each country specializes in goods where it has a lower opportunity cost ( )

(d) countries produce only goods they consume ( )

( 8 )

SECTION—II

( Marks : 10 )

B. Write short notes on the following :

2×5=10

1. Terms of trade

Or

Offshoring

( 9 )

2. Leontief paradox

Or

Outsourcing



( 10 )

3. Quota

Or

Blue box subsidy

( 11 )

4. Gold standard

Or

LIBOR



( 12 )

5. Act East policy

Or

Trade war

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