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( February )

ECONOMICS

( Honours )

( **International Economics** )

Marks : 75

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. What are offer curves? Explain their uses in international trade. 3+12=15
2. Discuss the Heckscher-Ohlin theory of international trade. To what extent it is superior to the classical theory? 10+5=15

UNIT—II

3. Critically discuss Mill's theory of reciprocal demand. 15

4. (a) Define gains from trade.  
(b) How do we measure the gains from international trade? 3+12=15

UNIT—III

5. What are tariffs? Discuss the theory of optimum tariff. 5+10=15
6. Define quotas. What are the types of import quotas? For less developed countries, which is more suitable—tariffs or quotas? Explain with the help of suitable examples. 3+5+7=15

UNIT—IV

7. Distinguish between fixed and flexible exchange rates. Explain the purchasing power parity theory. 3+12=15
8. Explain the working of the foreign trade multiplier without and with foreign repercussions. 7+8=15

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UNIT—V

9. Write short notes on the following : 7+8=15
- (a) Objectives and functions of IMF
  - (b) Role of ASEAN in promoting trade
10. What is World Trade Organization? Explain its objectives and functions. How does it help the developing countries? 3+7+5=15

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