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(FOR THE CANDIDATES ADMITTED

24 UEO 204

DURING THE ACADEMIC YEAR 2024-2025 ONLY)

REG.NO.

N.G.M.COLLEGE (AUTONOMOUS) : POLLACHI

END-OF-SEMESTER EXAMINATIONS : MAY-2025

BA ECONOMICS  
SEMESTER- II

MAXIMUM MARKS: 75  
TIME : 3 HOURS

**PART - III**

**INTERNATIONAL ECONOMICS**

**SECTION – A (10 X 1 = 10 MARKS)**

**ANSWER THE FOLLOWING QUESTIONS.(K1)**

1. Which is a similarity between internal and international trade?
  - a) Both involve international agreements
  - b) Both deal with the exchange of goods and services
  - c) Both only allow the exchange of physical goods
  - d) Both are regulated by foreign governments
2. What is the "Terms of Trade" (TOT)?
  - a) The cost of trade barriers
  - b) The exchange rate between two currencies
  - c) The government taxes on exports
  - d) The ratio of a country's export prices to import prices
3. Which policy change in 1991 helped improve India's balance of payments situation?
  - a) Introduction of subsidies for exports
  - b) Liberalization and economic reforms
  - c) Increased government borrowing from abroad
  - d) Higher import tariffs
4. What is a disadvantage of a flexible exchange rate system?
  - a) Lack of government control over exchange rates
  - b) Higher stability in exchange rates
  - c) It causes less speculation
  - d) It helps maintain foreign currency reserves
5. How does the IMF provide assistance to member countries?
  - a) By offering grants for development projects
  - b) By directly investing in private industries
  - c) Through long-term loans to stabilize economies
  - d) By imposing trade tariffs

**ANSWER THE FOLLOWING IN ONE (OR) TWO SENTENCES**

6. What is domestic trade?
7. What is a common challenge for LDCs in relation to terms of trade?
8. Spell out the meaning of Disequilibrium BOP.
9. What does "exchange depreciation" refer to?
10. What are Special Drawing Rights (SDRs)?

**SECTION – B**

**(5 X 5 = 25 MARKS)**

**ANSWER EITHER (a) OR (b) IN EACH OF THE FOLLOWING QUESTIONS.(K3)**

11. a) Distinguish between Internal and International trade.

**(OR)**

b) Explain the Ricardo's comparative cost theory.

12. a) What is the importance of the theory of trade?

**(OR)**

b) What are the terms of trade and gains from trade?

13. a) Comprehended the term 'Balance of Trade'.

**(OR)**

b) List out the importance of Balance of Payments.

14. a) Narrate the concept of fixed exchange rate.

**(OR)**

b) What are the merits of flexible exchange rate?

15. a) Discuss the objectives of IMF.

**(OR)**

b) What is the new economic order of international law?

### **SECTION – C**

**(5 X 8 = 40 MARKS)**

**ANSWER EITHER (a) OR (b) IN EACH OF THE FOLLOWING QUESTIONS. (K4/K5)**

16. a) Describe the Heckscher-Ohlin theory of International Trade.

**(OR)**

b) Explain the Adam Smith Theory of Absolute Cost Advantage.

17. a) Explain the various factors affecting terms of trade.

**(OR)**

b) How does trade act as an engine of economic growth?

18. a) Distinguish between BOP and BOT.

**(OR)**

b) Analyse the measures for removal of disequilibrium in balance of payments.

19. a) Critically evaluate the objectives and methods of Exchange control.

**(OR)**

b) What are the causes of fluctuations in exchange rates? Explain briefly.

20. a) Discuss the role and functions of World Bank in economic development.

**(OR)**

b) Bring out the salient features of Special Drawing Rights.