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6 SEM TDC DSE ECO (CBCS) 3 (H)

2025

(May)

ECONOMICS

(Discipline Specific Elective)

(For Honours)

Paper : DSE-3

(**International Economics**)

Full Marks : 80

Pass Marks : 32

Time : 3 hours

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

1. Answer the following/Choose the correct option of the following : 1×8=8

(a) What is an offer curve?

(b) The theory of comparative cost advantage assumes

(i) trade in many goods between two countries

(ii) labour theory of value

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- (iii) transport costs as a factor influencing trade
 - (iv) increasing returns to scale of production
- (c) When there is equal cost difference
- (i) trade can take place with gains to both countries
 - (ii) trade cannot take place
 - (iii) trade can take place at loss to both countries
 - (iv) None of the above
- (d) What is foreign portfolio investment?
- (e) The policy of free trade was supported by
- (i) Friedrich List
 - (ii) Adam Smith
 - (iii) S. M. Keynes
 - (iv) Henry Charles Carey
- (f) What is hedging?
- (g) What does upper gold point indicate?
- (h) All internationally traded services are covered under which of the following WTO agreements?
- (i) GATS
 - (ii) TRIPS
 - (iii) TRIMS
 - (iv) PTA

(3)

2. Write notes on any *four* of the following
(**within 150 words** each) : $4 \times 4 = 16$

- (a) Reciprocal demand
- (b) Effects of foreign portfolio investment on host country
- (c) Inward looking trade policy
- (d) Cross exchange rate
- (e) Objectives of WTO

Answer the following **within 500 words** each :

3. (a) Explain with suitable examples the theory of comparative cost advantage. Point out its main weaknesses. $8 + 4 = 12$

Or

(b) To what extent Heckscher-Ohlin theory is superior to the classical theory of international trade? Write a note on offer curve analysis. $6 + 6 = 12$

4. (a) What is foreign direct investment? Explain the factors affecting the foreign direct investment. Write the important effects of FDI on a developing economy. $2 + 6 + 3 = 11$

Or

(b) Explain the role of outsourcing and multinational enterprise in the global economy. 11

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5. (a) What is trade policy? Distinguish between free trade and protective trade. Which trade policy is suitable for a developing country? $2+6+3=11$

Or

- (b) What is meant by trade protection? Explain the methods of trade protection. $2+9=11$

6. (a) Discuss the causes of fluctuations in the rate of exchange. Mention three arguments in favour of flexible exchange rate. $8+3=11$

Or

- (b) Explain the determination of equilibrium exchange rate. Distinguish between devaluation and depreciation of exchange rate. $8+3=11$

7. (a) (i) What are the main features of Bretton Woods system? 7

- (ii) Mention the shortcoming of Gold Standard. 4

Or

- (b) Explain the functions of IMF. Briefly discuss the uses of Special Drawing Rights. $7+4=11$
