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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

- (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

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

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

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