

MASTER OF ARTS (ECONOMICS)

Term-End Examination

December, 2007

**MEC-007 : INTERNATIONAL TRADE AND
FINANCE**

Time : 3 hours

Maximum Marks : 100

Note : *Attempt questions from each section as per instructions given under each section.*

SECTION I

*Attempt any **two** questions from this section in about 500 words each.* *2×20=40*

1. Critically examine the case for trade protection. Discuss the various tariff and non-tariff barriers to protect trade.
2. Explain fixed exchange rate system under gold standard and under Bretton Woods System. Why has there been a shift to floating exchange rate system ?
3. Examine the role and impact of external debt in developing countries.
4. Briefly explain the relationship between FDI and development. Critically appraise the FDI flows in India.

SECTION II

Attempt any **four** questions from this section in about
250 words each. 4×12=48

5. Briefly discuss the issues related to Balance of Payments in India.
6. Evaluate the role and functions of ASEAN.
7. Critically analyse the Uruguay Round (UR) agreements from the perspective of a developing country.
8. Explain the consequences of inclusion of services in multilateral trade negotiations for developing countries.
9. Discuss the role and functions of Asian Development Bank (ADB).
10. What is the utility of Multilateral Trading System in developing countries ?
11. Critically discuss Prebisch's argument regarding the behaviour of terms of trade.
12. Explain autonomous and accommodating items in Capital account of the Balance of Payments.

SECTION III

*Answer both the questions from this section in about
100 words each.*

$2 \times 6 = 12$

13. Define any **two** of the following terms :

$2 \times 3 = 6$

- (a) Intra-industry trade
- (b) Theory of Comparative Advantage
- (c) Crawling peg regime
- (d) Trade Diversion

14. Consider the following :

$$A = A^{\circ} + \alpha Y = 400 + 0.75 Y$$

$$T = T^{\circ} + mY = 100 - 0.25 Y$$

where A = Domestic Absorption or Total Spending

T = Trade Balance

Y = Income (domestic)

- (a) What is the equilibrium level of income in the economy ?
- (b) What is the value of Keynesian multiplier ?
- (c) What is the marginal propensity to import ?

$4 + 1 + 1 = 6$