M. A. (Final) Examination, 2001
ECONOMICS
Paper — V
International Economics

Time: 3 Hours]   [Maximum Marks: 100

Answer any five questions.
All questions carry equal marks.

1. Examine critically the theory of Cooperative Cost.   **20**

2. Fully discuss the Heckscher-Ohlin theory of International Trade.   **20**

3. Prove the Factor Price Equalization theorem in case of two factors and two commodities.
                                                                             20
4. Write short notes on any **two** of the following: **10+10**

   (i)   Marshall's Offer Curve and Net Barter Terms of Trade

   (ii) Optimum Tariff

   (iii) Free & Fluctuating Exchange Rates

   (iv) Role of Export in India's Foregin Trade

5. Explain the Purchasing Power Parity Theory and Examine its validity in the light of modern experience.   **12+8**

6. What is meant by Balance of Payments? Discuss critically the Marshall-Lerner condition to correct a disequilibrium in the Balance of Payments.   **5+15**

7. Explain the Trade Creation and Trade Diversion effects of a customs union and show that the net welfare effect of a customs union is the difference between these two effects.   **8+8+4**

8. Discuss the functions, objectives and achievements of I.M.F.   **6+6+8**

9. Write a note on SAARC.   **20**

10. Write short notes on any **two** of the following: **10+10**

    (i)   Effects of Quotas

    (ii) EURO Money

    (iii) Problem of International Liquidity

    (iv) Import Substitution in India