Seat No. : _______________

JF-108

January-2021

B.Com, Sem.-III

CC-201 : Economics

(International Economics)

Time : 2 Hours] **[Max. Marks : 50**

SECTION – A

Write any **two** answer of the following :

1. Critically explain the comparative cost advantage theory of Ricardo.

2. Explain with diagram Marshall Edgeworth's theory of offer curves.

3. Examine the arguments in favour and against the free trade.

4. Discuss critically the Purchasing Power Parity theory of exchange rate.

SECTION – B

5. M.C.Q. (Write any **five** answer of the following)

(1) International Trade is not possible in a situation of

(A) Equal cost difference (B) Absolute cost difference

(C) Comparative cost difference (D) Zero cost difference

(2) Ricardo's theory of comparative cost advantage is based on the

(A) Opportunity cost theory (B) Labour cost theory

(C) Law of diminishing returns (D) Distribution theory

(3) Who formulated modern theory of International trade ?

(A) Samuelson (B) Kindle Berger

(C) Heckscher-Ohlin (D) Jacob Viner

(4) Which factor does not influence the terms of trade ?

(A) Import (B) Tariff

(C) Devaluation (D) Political relations

(5) The terms of trade measure

(A) How many units of other goods must be given up for each unit of goods receive ?

(B) Relative price in the importing country.

(C) Relative price in the exporting country.

(D) The volume of exports.

(6) Who propounded the theory of reciprocal demand ?

(A) Edgeworth (B) J.S. Mill

(C) Marshall (D) Ricardo

(7) What is False ?

Tariff on imports leads to

(A) Increase in price of imported goods.

(B) Increase in public revenue.

(C) Increase in consumption.

(D) Encouragement in import substitutes.

(8) Due to free trade, welfare of customers is

(A) Increase (B) Decrease

(C) Stable (D) Uncertain

(9) Rate of Exchange means

(A) Internal value of currency (B) External value of currency

(C) Price of money (D) Price of commodity

(10) The principal cause for the fluctuation in the rate of exchange of a currency is

(A) Stock exchange quotations.

(B) Changing price level in the economy.

(C) Changes in the demand and supply of currencies.

(D) All of the above.