**D 14085**

Name..........................................

Reg. No...................................

# THIRD SEMESTER M.A. DEGREE (REGULAR) EXAMINATION NOVEMBER 2021

(CBCSS)

Development Economics

DEC 3E 03—INTERNATIONAL FINANCE

(2020 Admission onwards)

Time : Three Hours

Maximum : 30 Weightage

### General Instructions

1. *In cases where choices are provided, students can attend all questions in each section.*

2. *The minimum number of questions to be attended from the Section/Part shall remain the same.*

3. *The instruction if any, to attend a minimum number of questions from each sub section/sub part/ sub division may be ignored.*

4. *There will be an overall ceiling for each Section/Part that is equivalent to the maximum weightage of the Section/Part.*

### Part A

*Answer all questions.*
*All questions carry equal weightage.*

1. Dirty floating is related to :

   a) Fixed exchange rate.

   b) Managed exchange rate.

   c) Flexible exchange rate.

   d) None of the above.

2. The overshooting of the exchange rate means that :

   a) Nominal exchange rate is more volatile than the monetary policy and prices.

   b) Real exchange rate is more volatile than the monetary policy and prices.

   c) Nominal exchange rate is less volatile than the monetary policy.

   d) Real exchange rate is less volatile than the monetary policy and prices.

**Turn over**

3. The process of covering exchange rate risks is :

   a) Spot exchange rate.              b) Forward exchange rate.

   c) Hedging.                         d) Futures.

4. The diagram that helps to determine the appropriate policy mix to reach internal and external balance is :

   a) IS curve.                        b) LM curve.

   c) Swan diagram.                    d) All the above.

5. The Marshall-Lerner condition is satisfied :

   a) If the absolute sum of a country's export and import demand elasticities is greater than one.

   b) If the absolute sum of a country's export and import demand elasticities is less than one.

   c) If the absolute sum of a country's export and import demand elasticities is equal to one.

   d) None of the above.

6. Which of the following is *not* a component of the Balance of Payments ?

   a) Real account.                    b) Current account.

   c) Capital account.                 d) Official reserve account.

7. What were the main reasons for Brexit ?

   a) Sovereignty.                     b) Immigration.

   c) Demographic and cultural factors.  d) All the above.

8. The ———————— offers insurance in case of default by a third-party borrower :

   a) Commodity swaps.                 b) Credit default swap.

   c) Zero coupon swaps.               d) Total return swaps.

9. When the exchange rate in terms of the domestic currency rises :

   a) Exports become cheaper.          b) Imports become cheaper.

   c) Exports become costlier.         d) No effect on imports.

10. The time path of the response of trade flows to a devaluation is :

    a) S curve effect.                 b) Inverted U effect.

    c) J-Curve effect.                 d) All the above.

11. The Euro began in public circulation in :

    a) 1999.    b) 2000.

    c) 2001.    d) 2002.

12. The current system of international finance is :

    a) Managed float exchange rate.    b) Fixed exchange rate.

    c) Flexible exchange rate.    d) Gold standard.

13. FDI in India is allowed by two modes, government route and :

    a) Automatic route.    b) Trade route.

    c) Bank route.    d) All the above.

14. Tax on imports is an example of :

    a) Tax barrier.    b) Export barrier.

    c) Trade barrier.    d) Import barrier.

15. Removing barriers or restrictions set by the government is known as :

    a) Globalisation.    b) Privatisation.

    c) Free trade.    d) Liberalisation.

(15 × 1/5 = 3 weightage)

**Part B**

*Answer any* **five** *questions.*
*Each question carries 1 weightage.*

16. What is a portfolio balance ?

17. Differentiate between currency futures and options.

18. What do you mean by Real Effective Exchange Rate ?

19. Prepare a note on the Swan diagram.

20. What is the difference between expenditure switching and expenditure reducing policies ?

21. What are the advantages of forward exchange contracts ?

22. Distinguish between BoT and BoP.

23. Point out the background of Brexit.

(5 × 1 = 5 weightage)

**Turn over**

## Part C

*Answer any* **seven** *questions.*
*Each question carries 2 weightage.*

24. Explain Mundell-Fleming model.

25. What do you mean by foreign exchange risk ? Suggest measures to overcome foreign exchange risk.

26. Explain the structure of the Balance of Payments.

27. Examine the meaning and functions of the Foreign Exchange Market.

28. Distinguish between FDI and FII. Give an overview of foreign investment in India since 1991.

29. What are Multinational Corporations ? Identify merits and demerits of MNCs.

30. Discuss major features of the Foreign Exchange Management Act.

31. Define exchange rate. Differentiate between nominal, real, and effective exchange rates.

32. Prepare a note on the Economic and Monetary Union.

33. Describe the meaning and impacts of international capital flows.

(7 × 2 = 14 weightage)

## Part D

*Answer any* **two** *questions.*
*Each question carries 4 weightage*

34. Discuss methods to achieve currency convertibility. Explain current account convertibility and capital account convertibility

35. What are the factors of exchange rate determination ? Describe Purchasing Power Parity theory of exchange rate determination.

36. Discuss the significance of the international monetary system. Critically evaluate the objectives and functions of the IMF.

37. What is meant by disequilibrium in BoP ? Explain various adjustment mechanisms to achieve BoP equilibrium.

(2 × 4 = 8 weightage)

**D 14081**

Name.........................................

Reg. No....................................

# THIRD SEMESTER M.A. DEGREE (REGULAR) EXAMINATION NOVEMBER 2021

(CBCSS)

Development Economics

DEC 3C 10—DEVELOPMENT ISSUES OF INDIAN ECONOMY

(2020 Admission onwards)

Time : Three Hours

Maximum : 30 Weightage

## General Instructions

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## Part A

*Answer **all** questions.*
*All questions carry equal weightage.*

1. An index used to measure gender equality :

   a) HPI.                          b) HDI.

   c) GDI.                          d) PQLI.

2. A condition where household income is below a necessary level to maintain basic living standards :

   a) Relative Poverty.             b) Absolute poverty.

   c) Average Poverty.              d) Mass Poverty.

**Turn over**

3. Regarding Gender-related Development Index (GDI) which is the correct sentence ?

    a) Estimation of GDI is based on variables other than HDI.

    b) The greater the gender disparity in basic human development, the higher a country's GDI compared with its HDI.

    c) Smaller the gender disparity in basic human development, the lower a country's GDI compared with its HDI.

    d) The greater the gender disparity in basic human development, the lower a country's GDI compared with its HDI.

4. Effective literacy rate means :

    a) Literacy rate taking into account the total population in the denominator.

    b) Literacy rate taking into account the population aged seven years and above in the denominator.

    c) Literacy rate taking into account the school dropout ratio.

    d) Literacy rate taking into account the neo-liberates of all age groups in the denominator.

5. Twin Balance Sheet Challenge (TBS) in the Indian economy means :

    a) Impaired financial position of public sector banks (PSBs) and some large corporate houses.

    b) Excess in flow of cash to commercial banks after demonetization and crisis of PSBs

    c) Balanced sheet vulnerability public sector units and the crisis of commercial banks.

    d) Demonetization-related problem of banks and loan repayment default of corporates.

6. Which of the following is not a fiscal measure ?

    a) Borrowing by the state governments.

    b) Borrowing excess of FRBM limit.

    c) Cutting subsidies.

    d) Reducing interest rates.

7. Rural Poverty estimates in India based on the NSSO in its 68th Round (2011-12) is :

    a) 21.9 %.                b) 25.7 %.

    c) 30.5 %.                d) 28.5 %.

8. In the recent past, there was a discussion on 'twin deficits' which are :

    a)  Primary deficits and fiscal deficits.

    b)  Current account deficits and primary deficits.

    c)  Current account deficits and fiscal deficits.

    d)  Current account deficits and trade account deficits.

9. Consider the following statements on per capita intake of calories, protein and fat in 2009-10 (NSSO) estimation :

    1  Per capita intake of calories in rural Kerala is less than in rural India.

    2  Per capita intake of protein in rural Kerala is less than in rural India.

    3  Per capita intake of fat in rural Kerala is greater than in rural India.

    Identify the correct answer :

    a)  2 and 3 are correct.              b)  Only 1 and 2 are correct.

    c)  1, 2 and 3 are correct.           d)  All are false.

10. Consider the following issues of Kerala :

    1  Direct tax proportion which was 45.6 % in 1957-58 fell to 13.3 % in 2000-01.

    2  Indirect taxes which was 54 % rose to 86.7 % in 2000-01.

    Identify the correct answer :

    a)  Both 1 and 2 are correct and issue 2 is the reason for Issue 1.

    b)  Both 1 and 2 are correct and issue 2 is not the reason for issue 1.

    c)  Issue 1 is not correct but 2 is correct.

    d)  Both the issue are wrong.

11. Which of the following is a non-debt capital receipt ?

    a)  Receipts of profits of PSUs.

    b)  Non-tax receipts.

    c)  Disinvestment receipts.

    d)  Factor remittances from abroad.

12. Credit will expand when the RBI :

    a) Raises bank rate.
    b) Raises reverse repo rate.

    c) Raises repo rate.
    d) Lowers reserve requirement ratio.

13. Identify the correct statements regarding the second generation of economic reforms in India :

    1 Further deepening reforms in factors and inputs markets.

    2 Reforms in the economic law environment.

    3 Opening service sector for FDI.

    a) Only 3 is correct.
    b) 2 and 3 are correct.

    c) 1 and 2 are correct.
    d) 1, 2 and 3 are correct.

14. The Registrar General and Census Commissioner of India come under :

    a) Ministry of Finance.
    b) Ministry of HRD.

    c) Ministry of Home.
    d) MOSPI.

15. Asok Mehta committee (1978) is related to :

    a) Panchayati Raj institutions.

    b) Problem of central loans to states.

    c) Centre-state financial relations.

    d) Fiscal responsibility of centre and states.

$(15 \times 1/5 = 3 \text{ weightage})$

## Part B (Very Short Answer Questions)

*Answer any* **five** *questions.*
*Each question carries 1 weightage.*

16. Explain the factors affecting migration.

17. What do you mean by economic growth ?

18. What is meant by informal sector ?

19. Narrate on Gender Inequality.

20. Explain Financial Inclusion.

21. State major issues affecting Agriculture of Kerala.

22. Write a note on the composition of India's exports and imports.

23. Write a note on FDI.

(5 × 1 = 5 weightage)

## Part C (Short Answer Questions)

*Answer any* **seven** *questions.*
*Each question carries 2 weightage.*

24. Explain the methods of unemployment estimation.

25. Explain the Structural Adjustment Programme (SAP) of 1991.

26. Write a brief account of Kerala's education.

27. What are the features of internal migration based on the census 2011 ?

28. What are the issues in the unorganized sector of the Indian economy ?

29. Write a note on the decentralisation practice of Kerala.

30. Critical analysis of Kerala Model of Development.

31. Write a note on cooperative federalism with special reference to GST Council.

32. What are the limitations of financing infrastructure development ?

33. Explain the paradigm shift in trade policy from import substitution to trade as an engine of growth.

(7 × 2 = 14 weightage)

## Part D (Essay Questions)

*Answer any* **two** *questions.*
*Each question carries 4 weightage.*

34. What are the reasons for the industrial backwardness of Kerala ?

35. Explain the Financial Sector reforms in India after 1991.

36. Write the efforts made by the Government of India to address the challenges of black money in India.

37. Narrate on the recent approach of the RBI to control inflation.

(2 × 4 = 8 weightage)

## THIRD SEMESTER M.A. DEGREE (REGULAR) EXAMINATION NOVEMBER 2021

(CBCSS)

Development Economics

DEC 3C 09—INTERNATIONAL TRADE

(2020 Admission onwards)

Time : Three Hours                                      Maximum : 30 Weightage

### General Instructions

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### Part A

*Answer* **all** *questions.*
*Each question carries a weightage of 1/5 multiple.*

1. Which among the two institutions decide the European Union's budget ?

    A) The council of ministers and the European commission.

    B) The Council of Ministers and the European Parliament.

    C) The European Parliament and the European Central Bank.

    D) None of these.

2. Economists associated with the development of the theory of Customs union is :

    A) Heckscher.                    B) B. Ohlin.

    C) J Viner.                      D) Edgeworth.

3. Prime objective of anti dumping is to :

    A) Offset the margin of dumping.    B) Revenue generation.

    C) To protect domestic Industries.  D) None of these.

**Turn over**

4. Intra-industry trade theory explains :

    A)   Why India exports autos and imports petrol.

    B)   Seasonal variations in agricultural exports.

    C)   Why India exports and imports different versions of autos.

    D)   The impacts of transport costs on international trade.

5. The European Union is a free trade association that is based on a(n) :

    A)   Economic and monetary union.    B)   Economic union.

    C)   Monetary Union.    D)   A commonly agreed upon list of lowered tariffs.

6. Which one of the following has a single currency managed by a common central bank ?

    A)   ASEAN.

    B)   European Union.

    C)   World Trade Organization.

    D)   The Organization for Economic Co-operation and Development.

7. Which of the following is the highest form of Economic integration among different nation's ?

    A)   Economic union.    B)   Customs union.

    C)   Common market.    D)   Free trade area.

8. Vernon's Product life cycle theory :

    A)   Explain the movement from absolute advantage to comparative advantage.

    B)   Explain why a product that begins as a nation export often ends up becoming an import.

    C)   This Shows why the United States, exports relatively more labour-intensive goods and imports capital-intensive goods.

    D)   Extends the concept of comparative advantage by bringing into consideration the endowment and cost of factors of production.

9. The theory of overlapping demand predicts that trade in manufactured goods is unimportant for countries with very different :

    A)   Tastes and preferences.    B)   Expectations of future interest rate levels.

    C)   Per-capita income levels.    D)   Labour productivities.

10. Ad valorem tariffs are collected as :

    A)   Fixed amounts of money per unit traded.

    B)   A percentage of the price of the product.

    C)   Percentage of the quantity of imports.

    D)   All the above.

11. Optimum Tariff formula enunciated by Kindelberger is :

   A)   $T_0 = 1/e - 1$.                    B)   $T_0 = 1/e + 1$.

   C)   $T_0 = 1/MPS + MPM$.          D)   $T_0 = 1/MPS$.

12. Whose name is associated with The Income terms of trade ?

   A)   J. S. Mill.                          B)   G. S. Dorrance.

   C)   F.W. Taussig.                       D)   WW Leontief.

13. According to the factor price equalization theorem, which factor should oppose free trade policies in any given country ?

   A)   Abundant.                          B)   Scarce.

   C)   Neither.                            D)   Can't tell without more information.

14. The Terms of trade denotes :

   A)   The income of one country compared to another.

   B)   The GDP of one country compared to another.

   C)   The quantity of exports of one country compared to another.

   D)   Export prices compared to import prices.

15. The headquarter of WTO is located at :

   A)   Geneva, Switzerland.                B)   Geneva, USA.

   C)   Rome, Italy.                        D)   Hague, Netherland.

                                              (15 × 1/5 = 3 weightage)

## Part B  (Very Short Answer Question)

*Answer any* **five** *questions.*
*Each question carries 1 weightage.*

16. Define an Offer curve.

17. Briefly explain the Imitation gap theory.

18. Examine the relationship between Relative factor scarcity and international trade.

19. Define Single factoral terms of trade.

20. Distinguish between Free trade and protection.

21. What is meant by Export subsidies ?

                                                          **Turn over**

22. What is mean by Rent seeking ?

23. Explain the concept of Retaliatory tariff.

<div align="right">(5 × 1 = 5 weightage)</div>

## Part C (Short Answer Question)

*Answer any* **seven** *questions.*
*Each question carries 2 weightage.*

24. Technical and administrative regulations on trade.

25. Distinguish between trade creation and trade diversion.

26. Examine the objectives of SAPTA.

27. What is meant by factor intensity reversal ?

28. What are the different types of dumping ?

29. What is meant by immiserizing growth ?

30. What is meant by optimum tariff ?

31. Evaluate the Metzler paradox.

32. Critically evaluate the reciprocal demand theory of international trade.

33. What are the different forms of economic integration ?

<div align="right">(7 × 2 = 14 weightage)</div>

## Part D (Essay Questions)

*Answer any* **two** *questions.*
*Each question carries 4 weightage.*

34. Examine the significance of the factor price equalization theorem.

35. Analyze the effects of customs union with the help of partial equilibrium analysis.

36. How is Rybcyznski theorem is connected with the Stolper-Samuelson theorem.

37. Make a performance evaluation of WTO in international trade and dispute.

<div align="right">(2 × 4 = 8 weightage)</div>