

ADMISSION NUMBER											

School of Liberal Education

Bachelor of Arts Honours in Economics

Mid Term Examination - Mar 2024

Duration : 90 Minutes

Max Marks : 50

Sem VI - K1UB606B - International Trade and Finance

General Instructions

Answer to the specific question asked

Draw neat, labelled diagrams wherever necessary

Approved data hand books are allowed subject to verification by the Invigilator

- 1) What did Adam Smith advocate regarding trade based on absolute advantage? K2 (2)
- 2) What is Heberler's theory of Opportunity Cost about? K1 (3)
- 3) Provide an example of a contemporary challenge in international economics and its potential global implications. K2 (4)
- 4) How did Heberler's theory of Opportunity Cost contribute to understanding trade decisions? K2 (6)
- 5) How does David Ricardo's theory of comparative advantage challenge the concept of absolute advantage in trade? K3 (6)
- 6) How do terms of trade affect a country's balance of payments and trade surplus/deficit? K3 (9)
- 7) Analyze the economic implications of Mill's theory of reciprocal demand in shaping international trade negotiations and agreements. K4 (8)
- 8) illustrate how terms of trade shocks impact fiscal policy decisions in different economic environments. K4 (12)

OR

- Explain the primary functions of the international monetary fund in stabilising the global financial system. K4 (12)