

Subject Code : ECO/VI/12 (b)

Booklet No. **A** 941

18 MAY 2016

AM

18 MAY 2016

ECO/VI/12 (b)

2016

(6th Semester)

ECONOMICS

TWELFTH (B) PAPER

(International Trade)

Full Marks : 75

Time : 3 hours

(PART : B—DESCRIPTIVE)

(Marks : 50)

The figures in the margin indicate full marks for the questions

UNIT—I

1. Explain the comparative advantage theory of international trade. 10

Or

Explain Heckscher-Ohlin theory of international trade with the help of factor abundance or scarcity in terms of factor prices. 10

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2016

(6th Semester)

ECONOMICS

TWELFTH (B) PAPER

(International Trade)

(PART : A—OBJECTIVE)

(Marks : 25)

The figures in the margin indicate full marks for the questions

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(Marks : 10)

Tick (✓) the correct answer in the brackets provided : 1×10=10

1. Adam Smith's theory of international trade is based on

- (a) absolute differences in costs ()
- (b) homogeneity of labours ()
- (c) differences of exchange ratios ()
- (d) mobility of factors of production between countries ()

2. According to comparative advantage theory

- (a) capital is the only factor of production ()
- (b) labour is the only factor of production ()
- (c) both capital and labour are the two factors of production ()
- (d) None of the above ()

3. Gains from trade depends on

- (a) relative strength of elasticity of demand for export and import goods ()
- (b) size of the country ()
- (c) changes in technology ()
- (d) All of the above ()

4. The concept of terms of trade was introduced in the literature by

- (a) J. S. Mill ()
- (b) Lionel Robbins ()
- (c) Alfred Marshall ()
- (d) Adam Smith ()

5. Specific tariffs are assessed

- (a) on the value of product ()
- (b) on the basis of subsidies ()
- (c) on the basis of physical weight ()
- (d) on the basis of rate fixed by the government ()

6. A quota which is established through mutual agreements or negotiations between countries, is

- (a) allocated quota ()
- (b) unilateral quota ()
- (c) import-export quota ()
- (d) bilateral quota ()

7. In the Balance of Payments Account, all goods exported and imported are recorded in

- (a) Capital Accounts ()
- (b) Merchandise Accounts ()
- (c) Current Accounts ()
- (d) Foreign Accounts ()

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8. Capital Account includes

- (a) invisible export ()
- (b) long-term capital transaction ()
- (c) invisible import ()
- (d) All of the above ()

9. India's top export items is/are

- (a) mineral, fuel, oils, etc. ()
- (b) gold ()
- (c) precious or semi-precious stones ()
- (d) fertilizers ()

10. The Indian currency was made freely convertible currency on Current Account since the year

- (a) 1984 ()
- (b) 1991 ()
- (c) 1994 ()
- (d) 2014 ()

SECTION—B

(Marks : 15)

Write short notes on the following :

- 1. Opportunity cost

3×5=15

2. Terms of trade

- (a) ...
- (b) ...
- (c) ...
- (d) All of the above

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3. Concept of import quota

...

(8)

4. Distinction between balance of payments and balance of trade

(9)

5. Components of India's foreign trade

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