

ECO/VI/12 (b)

2017

(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. (a) Explain the absolute advantage theory of international trade as propounded by Adam Smith. 10

Or

- (b) What are the basic assumptions of Heckscher-Ohlin theory of international trade? Explain factor endowments with respect to physical terms. 3+7=10

G7/375a

(Turn Over)

Signature of the Candidate

Semester

Economics / Commerce /
() Exam., 2017

Signature of the Examiner

Signature of the Registrar

1/375

(2)

UNIT—II

2. (a) What do you mean by 'gains from trade'? Explain various methods of measuring the gains from trade. 3+7=10
- Or

(b) Give a detailed explanation of the theory of reciprocal demand. 10

UNIT—III

3. (a) What do you mean by quotas? Examine the effects of quotas in partial equilibrium analysis. 3+7=10

Or

(b) What is optimum tariff? Explain optimum tariff with the help of appropriate diagram. 2+8=10

UNIT—IV

4. (a) What do you mean by balance of payments of a country? What are various components of balance of payment accounts? 2+8=10

Or

(b) Explain the working of foreign trade multiplier with the help of a diagram. 10

G7/375a

(Continued)

(3)

UNIT—V

5. (a) What are the main causes of persistent deficit in India's balance of payments? Suggest suitable measures to correct this menace. 5+5=10

Or

(b) Briefly discuss the need for and rationale of trade reforms in India. 10

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(**International Trade**)

(PART : A—OBJECTIVE)

(Marks : 25)

The figures in the margin indicate full marks for the questions

SECTION—A

(Marks : 10)

Tick (✓) the correct answer in the brackets provided : $1 \times 10 = 10$

1. Heckscher-Ohlin theory of trade is based on

(a) two-by-two-by-two model ()

(b) three-by-three-by-three model ()

(c) four-by-four-by-four model ()

2. In Ricardian theory of international trade, labour is treated as

- (a) constant ()
- (b) variable ()
- (c) partly fixed and partly variable ()

3. Terms of trade expresses the relationship between

- (a) balance of payments of two countries ()
- (b) the export price and import price of a country ()
- (c) gains and loss of a country in international trade ()

4. The difference in the domestic cost ratios of producing two commodities in two countries is known as

- (a) actual gains ()
- (b) partial gains ()
- (c) potential gains ()

5. Effects of tariffs include

- (a) income effect ()
- (b) effect on demand ()
- (c) effect on supply ()

6. When a uniform rate of duty is imposed on all similar commodities irrespective of the country from which they are imported, it is called

- (a) single-column tariff ()
- (b) protective tariff ()
- (c) conventional tariff ()

7. Balance of trade includes

- (a) both visible and invisibles ()
- (b) invincible items only ()
- (c) visible items only ()

8. To measure deficit or surplus in the balance of payments requires

- (a) basic balance ()
- (b) net liquidity balance ()
- (c) Both of the above ()

9. The most important item of import for India in terms of value is

- (a) mobile handset ()
- (b) POL ()
- (c) gold ()

10. The biggest exporter of goods to India is

- (a) USA ()
- (b) UAE ()
- (c) China ()

SECTION—B
(Marks : 15)

3×5=15

Write short notes on the following :

1. Inter-regional trade and inter-rational trade

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2. Commodity or net barter terms of trade

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3. Mixing quota

(8)

4. Devaluation

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(9)

5. Distinction between partial and full convertibility of rupees