

C 22864

(Pages : 4)

Name.....

Reg. No.....

SECOND SEMESTER P.G. DEGREE EXAMINATION, APRIL 2022

(CCSS)

Economics

ECO 2C 08—INTERNATIONAL TRADE : THEORY AND POLICY

(2019 Admissions)

Time : Three Hours

Maximum : 80 Marks

Part A*Answer all questions.**Each question carries 1 mark.*

Multiple Choice Questions :

1. Two countries can gain from foreign trade if :
 - (a) Cost ratios are different.
 - (b) Tariff rates are different.
 - (c) Price ratios are different.
 - (d) (a) and (c) of above.
2. Term of trade of a country show :
 - (a) Ratio of goods exported and imported.
 - (b) Ratio of import duties.
 - (c) Ratio of prices of exports and imports.
 - (d) a) and (c) of above.
3. Leontief paradox stated that :
 - (a) US is capital abundant economy and exports capital intensive goods.
 - (b) US is labour intensive economy and exports labour intensive goods.
 - (c) US is capital abundant economy and exports labour intensive goods.
 - (d) None of the above.
4. Which of the following is not an international issue currently ?
 - (a) Slow growth.
 - (b) High unemployment.
 - (c) COVID-19.
 - (d) None of these.

Turn over

5. In the case of increasing opportunity cost, what is the shape of production possibility curve :
- (a) Convex to the origin.
 - (b) Concave to the origin.
 - (c) Upward sloping straight line.
 - (d) Downward sloping straight line.
6. Which of the following is not needed for the derivation of offer curve ?
- (a) Production frontier.
 - (b) Indifference map.
 - (c) Relative commodity prices.
 - (d) None of these.
7. The assumption, there is perfect competition in the factor market in H-O theorem means :
- (a) Commodity prices equal their costs of production in the long run.
 - (b) Commodity prices equal their costs of production in the short run.
 - (c) Producers are too large to affect the prices.
 - (d) Consumers are too large to affect the prices.
8. The objective of import quota system is :
- (a) Protecting domestic industry.
 - (b) Correcting BoP.
 - (c) Rationally using foreign exchange.
 - (d) All of the above
9. The _____ refers to the change in the output per work.
- (a) Wealth effect.
 - (b) Welfare effect.
 - (c) Trade effect.
 - (d) None of these.
10. Who among the following is associated with intra-industry trade ?
- (a) Helpman.
 - (b) Krugman.
 - (c) Lancaster.
 - (d) All of the above.

(10 × 1 = 10 marks)

Part B (Very Short Answer Questions)

*Answer any **five** questions.*

Each question carries 2 marks..

*Answer in one **or** two sentences each.*

11. Explain factor intensity reversal.
12. What is intra industry trade ? How it is measured ?
13. Explain trade creating and trade diverting customs union.
14. What is effective rate of protection ?
15. Briefly write about immiserising growth.
16. Differentiate between GDR and ADR.
17. State Stopler Samuelson theorem.
18. Define Dutch disease.

(5 × 2 = 10 marks)

Part C (Short Answer Questions)

*Answer any **eight** question.*

Each question carries 5 marks.

19. Explain the effects of growth on trade.
20. What is optimum tariff? How it is determined ?
21. Examine the argument made in favour of protectionism.
22. Differentiate between absolute and comparative cost advantage theory.
23. Interpret Linder's theory.
24. Analyse factor price equalisation theorem.
25. What are the factors causing balance of payment disequilibrium ?
26. Explain technological gap and product cycle model.
27. Assess the postulates of opportunity cost theory.

Turn over

28. Discuss the various forms of economic integration.
29. Explain reciprocal demand theory.
30. Briefly explain the economic effects of tariffs.

(8 × 5 = 40 marks)

Part D (Essay Type Questions)

*Answer any **two** questions.*

Each question carries 10 marks.

31. Critically evaluate Heckscher Ohlin theory.
32. How international trade contributes to economic development ?
33. Evaluate the recent developments in India-WTO relationship.
34. Describe Neo-Hotelling model of international trade.

(2 × 10 = 20 marks)