

C 3851



11003

(Pages : 3)

Name.....

Reg. No.....

SECOND SEMESTER P.G. DEGREE EXAMINATION, APRIL 2021

(CCSS)

Economics

ECO 2C 08—INTERNATIONAL TRADE : THEORY AND POLICY

(2019 Admissions)

Time : Three Hours

Maximum : 80 Marks

Part A (Multiple Choice Questions)

Answer all questions.

Each question carries 1 mark.

1. Spot exchange rate refers to :
 - a) After 3 months.
 - b) On the spot.
 - c) Groups.
 - d) None of these.
2. If autonomous payments are greater than autonomous receipts, the BOP is said to be :
 - a) Surplus.
 - b) Deficit.
 - c) Balance.
 - d) Favourable.
3. The classical theory does not consider differences in :
 - a) Transportation costs.
 - b) Customer wants.
 - c) Technology.
 - d) Prices.
4. Paul Krugman is credited with :
 - a) Law of factor price equalisation.
 - b) Product life cycle theory.
 - c) New trade theory.
 - d) Factor proportions theory.
5. Opportunity cost is also known as _____.
 - a) Next Best alternative.
 - b) Transformation cost.
 - c) Both a) and b).
 - d) None of above.
6. Trade between two countries is known as _____.
 - a) External.
 - b) Internal.
 - c) Inter-regional.
 - d) None of Above.
7. A tariff _____.
 - a) Increase the volume of trade.
 - b) Reduces the volume of trade.
 - c) Has no effect on volume of trade.
 - d) Both a) and c).

Turn

8. Who among the following enunciated the concept of single factoral terms of trade
- a) Jacob Viner.
 - b) G.S. Donens.
 - c) Taussig.
 - d) J.S. Mill.
9. 'Infant industry argument' in international trade is given in support of :
- a) Granting Protection.
 - b) Free trade.
 - c) Encouragement to export oriented small and tiny industries.
 - d) None of the above.
10. Trade between two countries can be useful if cost ratios of goods are _____.
- a) Equal.
 - b) Different.
 - c) Undetermined.
 - d) Decreasing.

(10 × 1 = 10 marks)

Part B

*Answer any five questions.
Each question carries 2 marks.
Answer in one or two sentences each.*

Write short notes on :

- 11. Bilateral and multilateral trade.
- 12. Factor endowment.
- 13. Non-tariff barriers.
- 14. Balance of payment.
- 15. SAARC.
- 16. Trade Diversion.
- 17. Regional Trade Blocs.
- 18. Dutch Disease.
- 19. Euro Currency Market.

(5 × 2 = 10 marks)

Part C (Short Answer Questions)

*Answer any eight questions.
Each question carries 5 marks (19-30).*

- 20. Briefly discuss factors affecting terms of trade.
- 21. Discuss the advantages of free trade policy.

22. Critically examine the Stopler-Samuelson theorem on international trade.
23. Examine the impact of Euro on the world economy.
24. Define terms of trade. Explain different forms of terms of trade.
25. Give a brief account of the refinement of the classical theory.
26. What do you understand by capital account convertibility?
27. What is meant by effective rate of protection? State the partial equilibrium analysis of trade barriers for small countries.
28. What are the results of empirical testing of the Ricardian Model?
29. How can intra industry trade measured? What are the shortcomings of such a measure?
30. Discuss how the opportunity cost theory of international trade removes the shortcomings of the classical theory of international trade.

(8 × 5 = 40 marks)

Part D (Essay Type Questions)

Answer any two questions.

Each question carries 10 marks (31-34).

31. What are the salient features of the IMF system under the Bretton woods? What were the factors responsible for its breakdown?
32. Discuss the features of product cycle model. How do technology differences affect the international trade between developed and underdeveloped economies?
33. Examine the case for and against of fixed and flexible exchange rate system.
34. Examine how 'factor intensity reversal' invalidates the Heckscher-Ohlin theorem.

(2 × 10 = 20 marks)