

**2024**  
( CBCS )  
( 6th Semester )

**ECONOMICS**

TWELFTH (B) PAPER

( **International Trade** )

Full Marks : 75

Time : 3 hours

*The figures in the margin indicate full marks for the questions*

( **SECTION : A—OBJECTIVE** )

( Marks : 10 )

Tick (✓) the correct answer in the brackets provided :

1×10=10

1. According to Ricardo, trade is possible between two countries when
- (a) one country has absolute advantage in production of both commodities (    )
  - (b) one country has an absolute advantage for production of both commodities but comparative advantage in the production of one commodity than the other country (    )
  - (c) one country does not have any advantage in the production of both commodities (    )
  - (d) a country does not have any line of production (    )

2. The main reason for different nations to enter into trade is that
- (a) every nation can produce by itself all the commodities and services required by its citizens/people ( )
  - (b) some nations are capable to produce all the goods and services required by its people ( )
  - (c) no country has the capacity to produce all the goods and services required by its citizens/people ( )
  - (d) None of the above ( )
3. 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 ( )
  - (d) price gains ( )
4. In case of Mill's theory, where country A produces good X and country B produces good Y, if country A's demand for product Y increases, then country A's offer curve will
- (a) shift to the left ( )
  - (b) shift to the right ( )
  - (c) shift backwards ( )
  - (d) remain constant ( )
5. Tariffs can be levied upon
- (a) imported goods only ( )
  - (b) exported goods only ( )
  - (c) both exported and imported goods ( )
  - (d) None of the above ( )

6. The effects of a tariff under partial equilibrium analysis, the revenue effect is the change in government receipts due to
- (a) producer's surplus ( )
  - (b) consumer's satisfaction ( )
  - (c) imposition of tariff ( )
  - (d) loss of consumer's surplus ( )
7. Which of the following items is not included in the invisible items of balance of payments?
- (a) Shipping ( )
  - (b) Insurance ( )
  - (c) Export and import of goods ( )
  - (d) None of the above ( )
8. Balance of trade includes
- (a) visible items ( )
  - (b) invisible items ( )
  - (c) both visible and invisible items ( )
  - (d) None of the above ( )
9. The Indian rupee was made a freely convertible currency on current account since the year
- (a) 1981 ( )
  - (b) 1991 ( )
  - (c) 1994 ( )
  - (d) 2004 ( )

10. To correct deficit in the balance of payments, India's foreign exchange rate is managed and monitored by the
- (a) Government of India ( )
  - (b) Securities and Exchange Board of India ( )
  - (c) Ministry of External Affairs ( )
  - (d) Reserve Bank of India ( )

**( SECTION : B—SHORT ANSWERS )**

( Marks : 15 )

Write short notes on the following :

3×5=15

**UNIT—I**

1. Interregional and international trade

**OR**

2. Importance of international trade for the development of a country

**UNIT—II**

3. Terms of trade

**OR**

4. Gains from trade

**UNIT—III**

5. Optimum tariff

**OR**

6. Free trade and trade protection

**UNIT—IV**

7. Distinction between balance of trade and balance of payments

**OR**

8. Devaluation

**UNIT—V**

9. Full convertibility of the rupee

**OR**

10. Causes of persistent deficit in India's balance of payments



**( SECTION : C—DESCRIPTIVE )**

( Marks : 50 )

Answer the following questions :

10×5=50

**UNIT—I**

1. Discuss the Ricardo's comparative advantage theory of international trade. 10

**OR**

2. Explain the HO theory of international trade with the help of factor abundance or scarcity in terms of factor prices.

**UNIT—II**

3. Explain the different concepts of terms of trade. 10

**OR**

4. Critically explain the theory of reciprocal demand introduced by J. S. Mill.

**UNIT—III**

5. What is tariff? Explain the different types of tariff. 2+8=10

**OR**

6. Explain the effects of import quota under partial equilibrium analysis. 10

**UNIT—IV**

7. What are meant by equilibrium and disequilibrium in the balance of payments? Briefly examine the causes of disequilibrium in the balance of payments. 3+7=10

**OR**

8. Discuss the various measures to correct deficit in the balance of payments. 10

**UNIT—V**

9. Discuss how the composition of India's foreign trade has recently undergone changes. 10

**OR**

10. What are the measures adopted by the Government of India to correct deficits in the balance of payments?

\*\*\*