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(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 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   (   )

2. Which of the following is the cause of international trade as per the Heckscher-Ohlin trade theory?

    (a) Difference in factor endowment   (   )

    (b) Difference in language   (   )

    (c) Difference in trade   (   )

    (d) Difference in currency system   (   )

3. The ratio between the quantities of a country's imports to its exports is known as

    (a) commodity or net barter terms of trade   (   )

    (b) single factorial terms of trade   (   )

    (c) gross barter terms of trade   (   )

    (d) double factorial terms of trade   (   )

4. Criteria for measuring the gains from international trade include

    (a) differences in comparative costs   (   )

    (b) increase in the level of national income   (   )

    (c) the terms of trade   (   )

    (d) All of the above   (   )

5. Ad valorem tariffs are

    (a) duties levied per physical unit of the commodity imported   ( )

    (b) duties levied based on the value of the imported commodity   ( )

    (c) duties which tend to vary with the quantity of the imported commodities   ( )

    (d) None of the above   ( )

6. The main objective of import quotas is

    (a) to protect domestic industries from foreign competition by restricting imports   ( )

    (b) to correct an adverse balance of payments restricting imports   ( )

    (c) to discourage the import of luxury goods   ( )

    (d) All of the above   ( )

7. In the balance of payments account, all goods exported and imported are recorded in

    (a) capital accounts   ( )

    (b) merchandise account   ( )

    (c) current account   ( )

    (d) savings account   ( )

8. Devaluation is resorted to

   (a) tide over post-war difficulties   ( )

   (b) give more value of home currency   ( )

   (c) encourage exports   ( )

   (d) None of the above   ( )

9. The current account convertibility of the rupees was introduced in

   (a) March, 1994   ( )

   (b) April, 1994   ( )

   (c) March, 1992   ( )

   (d) April, 1992   ( )

10. The largest destination of India's export at present is

   (a) China   ( )

   (b) USA   ( )

   (c) UAE   ( )

   (d) Saudi Arabia   ( )

(**SECTION : B—SHORT ANSWERS**)

(*Marks* : 15)

Write short notes on the following : 3×5=15

UNIT—I

1. Distinction between international trade and inter-regional trade

OR

2. Absolute theory of international trade

UNIT—II

3. Commodity terms of trade

OR

4. Actual gains from trade

UNIT—III

5. Optimum tariff

OR

6. Free trade

UNIT—IV

7. Multilateral trade

OR

8. Balance of trade

UNIT—V

9. Partial and full convertibility of the rupee

OR

10. Composition of India's export

(SECTION : C—DESCRIPTIVE)

(*Marks* : 50)

Answer the following :

10×5=50

UNIT—I

1. Discuss the comparative cost theory of international trade as propounded by David Ricardo.

OR

2. Explain the Heckscher-Ohlin theory of international trade.

UNIT—II

3. Explain the various concepts of terms of trade.

OR

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

UNIT—III

5. Discuss the various types of import quotas.

OR

6. Explain the various effects of tariffs with suitable diagram.

UNIT—IV

7. Discuss the concept and components of balance of payments and balance of trade.

OR

8. Discuss the relative merits and demerits of devaluation.

6

UNIT—V

9. Discuss the recent changes in the composition and directions of India's foreign trade.

OR

10. Explain the measures adopted by the government to correct the deficit in India's balance of payments.

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