

**2 0 2 3**

( 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 David Ricardo, trade is possible between two countries when

- (a) one country has an absolute advantage in the production of both commodities ( )
- (b) one country has an absolute advantage for the production of both commodities but a comparative advantage in the production of one commodity over 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.** 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 ( )
  - (d) All of the above ( )
- 3.** The terms of trade refers to the rate at which the
- (a) price of a country's import is calculated ( )
  - (b) goods of one country is exchanged for the goods of another country ( )
  - (c) price of a country's export is calculated ( )
  - (d) balance of payments of a country is calculated ( )
- 4.** The actual exchange ratio between two countries will depend upon the
- (a) reciprocal demand ( )
  - (b) supply of goods ( )
  - (c) prices of goods ( )
  - (d) All of the above ( )
- 5.** Ad valorem tariffs are
- (a) duties levied per physical unit of the commodity imported ( )
  - (b) duties levied as a fixed percentage of the value of the imported commodities ( )
  - (c) duties which tend to vary with the prices of the imported commodities ( )
  - (d) None of the above ( )
- 6.** High tariffs have the effect of restricting the
- (a) price of goods ( )
  - (b) quality of goods ( )
  - (c) volume of international trade ( )
  - (d) distribution of income ( )

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 encourages
- (a) exports ( )
  - (b) imports ( )
  - (c) both exports and imports ( )
  - (d) None of the above ( )
9. Since the year 1950, India's foreign trade has undergone important changes which shows that it has entered into
- (a) multilateral trade ( )
  - (b) unilateral trade ( )
  - (c) bilateral trade ( )
  - (d) None of the above ( )
10. India permits partial convertible of rupee only in
- (a) Current Account ( )
  - (b) Capital Account ( )
  - (c) Both (a) and (b) ( )
  - (d) None of the above ( )

**( SECTION : B—SHORT ANSWER )**

( Marks : 15 )

Write short notes on the following :

3×5=15

UNIT—I

1. Distinction between international trade and inter-regional trade

**OR**

2. Comparative cost theory of international trade

UNIT—II

3. Gross barter terms of trade

**OR**

4. Static gain and dynamic gain from trade

UNIT—III

5. Types of tariff

**OR**

6. Free trade and trade protection

UNIT—IV

7. Equilibrium and disequilibrium in the balance of payments

**OR**

8. Revaluation

UNIT—V

9. Partial and full convertibility of the rupee

**OR**

10. Composition of India's import

**( SECTION : C—DESCRIPTIVE )**

( Marks : 50 )

Answer the following questions :

10×5=50

UNIT—I

1. Discuss the absolute advantage theory of international trade propounded by Adam Smith.

10

**OR**

2. Explain the Heckscher-Ohlin theory of international trade in terms of factor abundance in physical terms.

10

UNIT—II

3. What is gain from trade? Describe the various measurements of gain from trade. 2+8=10

**OR**

4. Examine the theory of reciprocal demand theory introduced by J. S. Mill by stating its assumptions and limitations. 10

UNIT—III

5. Define quotas. Discuss the various types of quotas. 2+8=10

**OR**

6. Explain the effects of tariffs under partial equilibrium analysis. 10

UNIT—IV

7. Discuss the concept and components of balance of payments and balance of trade. 10

**OR**

8. What is devaluation? Discuss the relative merits and demerits of devaluation. 3+7=10

UNIT—V

9. Discuss the recent changes in the directions of India's foreign trade. 10

**OR**

10. Give an account of the causes and effects of persistent deficit in India's balance of payments. 10

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