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(CBCS)

(6th Semester)

ECONOMICS

TWELFTH (B) PAPER

(International Trade)

Full Marks : 75

Time : 3 hours

(PART : A—OBJECTIVE)

(*Marks* : 25)

The figures in the margin indicate full marks for the questions

SECTION—A

(*Marks* : 10)

Tick (✓) the correct answer in the brackets provided :   1×10=10

1. Under constant opportunity cost, the production possibility curve is

    (a) convex to the origin   (   )

    (b) straight line   (   )

    (c) concave to the origin   (   )

2. According to the theory of comparative advantage, countries gain from trade, because

(a) trade makes firms more competitive, reducing their market power ( )

(b) every country has an absolute advantage in producing something ( )

(c) world output can rise when each country specializes in what it does relatively best ( )

3. The difference in price ratios of two commodities in the two trading countries is the

(a) actual gain ( )   *(b)* partial gain ( )

(c) potential gain ( )

4. 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 factoral terms of trade ( )

(c) gross barter terms of trade ( )

5. The tariff rates which are based on trade agreements or treaties with other countries is known as

(a) single column tariff ( )

(b) conventional tariff ( )

(c) revenue tariff ( )

6. Which of the following is ***not*** included in the effects of quotas?

(a) Price effect ( )   *(b)* Consumption effect ( )

(c) Income effect ( )

7. Measurement of deficit or surplus in the balance of payments ***does not*** include

(a) income balance ( )   *(b)* basic balance ( )

(c) net liquidity balance ( )

8. A systematic record of its receipts and payments in international transaction in a given year is

(a) balance of payments ( )

(b) balance of trade ( )

(c) transfer payments to foreigners ( )

9. Since the inception of planning era in 1951, India has been facing the problem of

(a) trade deficit ( )

(b) current account deficit ( )

(c) both (a) and (b) ( )

10. To make the exchange rate more realistic and to encourage exports and discourage imports, the Rupee was devalued in

(a) 1992 ( )   (b) 1991 ( )

(c) 1996 ( )

SECTION—B

(*Marks* : 15)

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

1. (a) Opportunity cost theory of International Trade

OR

(b) Distinguish between Inter-regional and International trade.

2. (a) Gains from trade

OR

(b) Terms of trade

3. (a) What is optimum tariff ?

OR

(b) Free trade and trade protection

4. (a) Devaluation

OR

(b) Equilibrium and disequilibrium in the balance of payments

5. (a) Two measures adopted by the government to correct deficit in India's balance of payments

OR

(b) Distinguish between Partial and Full convertibility of rupee.

(PART : B—DESCRIPTIVE)

(*Marks* : 50)

The figures in the margin indicate full marks for the questions

UNIT—I

1. (a) Explain Adam Smith's absolute advantage theory of international trade.　　10

OR

(b) State and explain the Heckscher-Ohlin theory of international trade and the conditions underlying it.　　10

UNIT—II

2. (a) Briefly explain various methods of measuring gains from trade.　　10

OR

(b) What do you mean by reciprocal demand? Examine the theory of reciprocal demand.　　3+7=10

UNIT—III

3. (a) Define tariffs. With suitable partial equilibrium diagram, explain the price, protective consumption, revenue and redistribution effects of tariffs.　　3+7=10

OR

(b) What are import quotas? Mention the main objectives of imposing import quotas. Explain various types of import quotas.　　2+2+6=10

UNIT—IV

4. (a) Define balance of payments. What are various components of balance of payments?　　3+7=10

OR

(b) Discuss various methods for correcting disequilibrium in the balance of payments.　　10

UNIT—V

5. (a) Discuss various changes in the composition and direction in India's foreign trade.　　10

OR

(b) What are the main causes of persistent deficit in India's balance of payments?　　10

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