2018

(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. The absolute advantage theory of international trade is propounded by

(*a*) Adam Smith ( )

(*b*) David Ricardo ( )

(*c*) Alfred Marshall ( )

2. Haberler's opportunity cost theory explains the doctrine of comparative costs in terms of

(*a*) the savings curve ( )

(*b*) the consumption curve ( )

(*c*) the substitution curve ( )

3. The two types of gains from trade are

(a) internal and external gains ( )

(b) static and dynamic gains ( )

(c) relative and reactive 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 backward ( )

5. A quota system which allows a certain specified quantity of a commodity to be imported duty free or at a low rate of import duty is

(a) bilateral quota ( )

(b) global quota ( )

(c) tariff or custom quota ( )

6. A type of tariff in which a uniform tariff rates are applicable to all the commodities irrespective of the country of origin is known as

(a) single-column tariff ( )

(b) discriminatory tariff ( )

(c) protective tariff ( )

7. The item which is not included in the invisible items of balance of payments is

(a) import-export of goods ( )

(b) insurance ( )

(c) banking ( )

8. 'Twin deficits' refer to revenue deficit and

(a) capital deficit ( )

(b) capital account BOP deficit ( )

(c) current account BOP deficit ( )

9. The Indian Rupee was made a freely convertible currency on current account since the year

(a) 1991 ( )

(b) 1981 ( )

(c) 1994 ( )

10. The biggest trading partner of India is

(a) USA ( )

(b) UAE ( )

(c) China ( )

SECTION—B

(*Marks* : 15)

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

1. Opportunity cost theory of international trade

2. Doctrine of reciprocal demand

3. Tariff quota

4. Balance of payments and balance of trade

5. Full convertibility of rupee

(PART : B—DESCRIPTIVE)

(*Marks* : 50)

The figures in the margin indicate full marks for the questions

UNIT—I

1. *(a)* Critically discuss the Heckscher-Ohlin theory of factor endowments with respect to price terms. 10

OR

(b) Explain the comparative advantage theory of international trade. 10

UNIT—II

2. *(a)* Examine how trade can be an engine of economic growth. 10

OR

(b) Define terms of trade. Explain the different concepts of terms of trade. 2+8=10

UNIT—III

3. *(a)* What do you mean by free trade? Discuss the various types of tariffs. 2+8=10

OR

(b) Critically explain optimum tariff. 10

UNIT—IV

4. *(a)* What do you mean by equilibrium and disequilibrium in the balance of payments? Explain the various causes of disequilibrium in the balance of payments. 3+7=10

OR

(b) Define devaluation. Discuss the merits and demerits of devaluation. 3+7=10

UNIT—V

5. *(a)* Critically analyze the composition and direction of India's foreign trade. 10

OR

(b) Explain the various measures adopted by the government to address the deficits in India's balance of payments. 10

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