

THIRD SEMESTER M. A. DEGREE EXAMINATION, NOVEMBER 2020
ECONOMICS
FECO3C09 - INTERNATIONAL TRADE

Time: Three Hours**Maximum Weightage: 30****Part A: Answer all questions. Each carries $\frac{1}{5}$ weightage.**

1. Net Barter Terms of Trade is measured by
a) m/x b) P_x/P_m c) $P_m.Q_m/P_x.Q_x$ d) None of these
2. Reciprocal demand theory is associated with the name of
a) Smith b) Ricardo c) Mill d) Heberler
3. Capital abundance in country A compared to country B is represented by.....
a) $(P_c/P_l)_A < (P_c/P_l)_B$ b) $(P_l/P_c)_A > (P_l/P_c)_B$ c) $(P_c/P_l)_A = (P_c/P_l)_B$ d) Both a and b
4. A paradoxical situation where the rapid development of one sector results in the decline in other sectors is known as.....
a) Dutch disease effect b) Fisher effect c) Bandwagon effect d) None
5. Tariffs levied on imported goods to offset subsidies made to producers of these goods in the exporting country.
a) Countervailing tariff b) Advalorem tariff c) Specific tariff d) None
6. GATT was formed in
a) 30th October 1947 b) 31st October 1947 c) 30th November 1947 d) None
7. India became a member of IMF in
a) 1947 b) 1945 c) 1948 d) 1949
8. The availability theory of international trade was proposed by
a) Linder b) Kravis c) Krugman d) Todaro
9. Leontief paradox was developed in
a) 1954 b) 1953 c) 1956 d) 1958
10. The negative consequence of customs union according to the partial equilibrium approach is.....
a) Trade creation b) Trade diversion c) Both a & b d) None
11. Advalorem tariff is levied upon
a) Volume b) Value c) Unit d) Both (a) & (c)
12. Backwash effect is associated with the name of
a) Smith b) Kravis c) Myrdal d) None
13. SAFTA came into force in.....
a) 2005 b) 2006 c) 2007 d) 2008

(P.T.O.)

14. Imitation gap theory is associated with the name of
- a) Posner b) Linder c) Vernon d) Krugman
15. Spread effects are
- a) Positive externalities b) Negative externalities c) Both d) None

(15 × 1/5 = 3 weightage)

Part B: Answer any five questions. Each carries one weightage.

16. What are the dynamic effects of customs union?
17. What are the determinants of trade under Linder's theory of international trade?
18. Examine the possibility of trade under constant opportunity cost.
19. What is the concept of effective rate of protection?
20. Examine the role of cartels in determining the direction of international trade.
21. What are the objectives and functions of SAFTA?
22. Examine the consequences of dumping upon the domestic country.
23. Explain the concept of foreign trade multiplier.

(5 × 1 = 5 weightage)

Part C: Answer any seven questions. Each carries two weightage.

24. Examine the rationale of trade as an engine of growth.
25. Critically examine Rybczynski theorem.
26. Assess the analytical base of Prebisch – Singer hypothesis.
27. Explain Posner's imitation gap theory of international trade.
28. Critically examine Kravi's theory of availability.
29. Examine the different concepts of Terms of Trade.
30. Evaluate the challenges posed by India's trade with ASEAN.
31. Analyse how optimum tariff rate is determined under free trade.
32. Examine the proposition of Immiserising growth hypothesis.
33. Critically evaluate Metzler Paradox.

(7 × 2 = 14 weightage)

Part D: Answer any two questions. Each carries four weightage.

34. Critically evaluate the partial equilibrium approach to customs union.
35. Examine how Stopler-Samuelson theorem makes a logical departure from HO theorem.
36. Analyse the different effects in partial equilibrium approach to tariff.
37. Examine the empirical proposition of HO theorem.

(2 × 4 = 8 weightage)