THIRD SEMESTER M.A. DEGREE EXAMINATION, NOVEMBER 2022
(Regular/Improvement/Supplementary)

ECONOMICS
FECO3C09 - INTERNATIONAL TRADE

Time: 3 Hours   **Maximum Weightage: 30**

Part A: Answer *all* questions. Each carries $^1/_5$ weightage.

1. The Leontief paradox refers to the results that US

   a) Exports are more K intensive than imports
   b) Exports are more K intensive than import substitutes
   c) Imports are more K intensive than exports
   d) Import substitutes are more K intensive than exports

2. The law of reciprocal demand was given by

   a) Lerner   b) Singer   c) Ricardo   d) Mill

3. Reymond Vernon is related to

   a) Product cycle theory   b) Factor intensity reversal
   c) Technological gap theory   d) Factor price equalisation

4. If the cost of transporting a good between two countries exceeds the pre-trade price difference for the good between two countries, then the trade in that good is

   a) Possible   b) Impossible   c) Reversed   d) Cannot say

5. The argument that opening a country to the world market gives an opportunity to utilise the unemployed and under employed resources is known as ....

   a) Comparative advantage theory   b) Heckscher Ohlin Theory
   c) Vent for Surplus theory   d) Strategic trade theory

6. For Heckscher Ohlin, the most important cause of the difference in relative prices of commodities and trade between countries is the difference in

   a) Technology   b) Demand condition
   c) Factor endowments   d) Tastes

7. Growth of factor leads to absolute expansion in the output of product using accumulating factor is explained by

   a) R. Nurkse   b) Rybczynski   c) Metzler   d) Haberler

8. The agreement of WTO relating to copy right is

   a) GATS   b) TRIPS   c) TRIMS   d) None of the above

9. If a country's currency appreciates, its terms of trade will

   a) Improve   b) Deteriorate
   c) No effect   d) All things of the above is possible

10. The production possibility curve under increasing opportunity costs is

    a) Concave to the origin   b) Convex to the origin
    c) A straight line parallel to x axis   d) A straight line parallel to y axis

11. In a world with two goods, X and Y and full employment of factors, a rise in the price of X will lead to

    a) An increase in the real reward of the factor used intensively in the production of X
    b) A decrease in the real reward of the factor used less intensively in the production of Y   c) An increase in the real reward of the factor used less intensively in the production of X
    d) An increase in the real reward of the factor used intensively in the production of Y

12. Normally, offer curve will bulge towards the axis that measures

    a) Import commodity   b) Export commodity
    c) Import substitutes   d) None of the above

13. Most comprehensive form of economic integration is

    a) Free trade area   b) Common market
    c) Customs union   d) Economic union

14. The concept of trade creation and diversion of customs union was popularized by ………..

    a) Bhagawati   b) Hans Singer
    c) Jacob Viner   d) Raul Prebisch

15. Which among the following will lead to intra industry trade?

    a) Product differentiation   b) Economies of scale
    c) Similar factor endowments   d) All of the above

$$(15 \times {}^1\!/_5 = 3 \text{ weightage})$$

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

16. What is meant by exchange control?

17. Explain factor intensity reversal.

18. Elaborate factor abundance.

19. What is offer curve?

20. Explain Metzler paradox.

21. What is meant by "missing trade"?

22. Explain Dutch disease.

23. What is pro-trade growth?

<div align="right">(5 × 1 = 5 weightage)</div>

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

24. State forms of economic integration.

25. Explain availability doctrine.

26. What is foreign trade multiplier?

27. Explain significance of intra industry trade.

28. Write a note on ASEAN.

29. Explain types of terms of trade.

30. Define optimum tariff.

31. Elaborate on product cycle theory.

32. What are effects of import quotas?

33. Explain reciprocal demand theory of international trade.

<div align="right">(7 × 2 = 14 weightage)</div>

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

34. Critically examine Prebisch Singer Thesis.

35. Explain effects of tariff.

36. Elaborate on contribution of international trade to development.

37. Explain trade creating and diverting customs union.

<div align="right">(2 × 4 = 8 weightage)</div>