

THIRD SEMESTER M.A. DEGREE EXAMINATION, NOVEMBER 2023
(Regular/Improvement/Supplementary)

ECONOMICS
FECO3C09 - INTERNATIONAL TRADE

Time: 3 Hours**Maximum Weightage: 30****Part A: Answer *all* questions. Each carries $\frac{1}{5}$ weightage.**

1. When Heckscher Ohlin predictions are realized, then the differences in factor prices
 - a) Increases
 - b) Diminishes
 - c) Remains unchanged
 - d) All of the above is possible
2. Intra industry trade theories emphasized the role of
 - a) Factor endowments
 - b) Technology
 - c) Labour costs
 - d) Product differentiation
3. The product cycle model of international trade was developed by
 - a) Michael Posner
 - b) Reymond Vernon
 - c) Samuelson
 - d) J. S. Mill
4. What is the ratio between the price of a country's export goods and price of its import goods?
 - a) Single factorial terms of trade
 - b) Double factorial terms of trade
 - c) Net barter terms of trade
 - d) Income terms of trade
5. Who is the author of Principle of Political Economy?
 - a) David Ricardo
 - b) P. A. Samuelsom
 - c) J. S. Mill
 - d) D. Haberler
6. The scope of international trade and division of labour is limited by
 - a) Availability of technology
 - b) Size of international market
 - c) Availability of capital
 - d) Surplus production for exports
7. Which among the following deals with the trade in goods under WTO?
 - a) GATT 1994
 - b) TRIPS
 - c) GATS
 - d) TRIMS
8. Free international trade necessarily lowers the real return of the scarce factor of production, according to
 - a) Rybczynski theorem
 - b) Factor price equalization theorem
 - c) Metzler paradox
 - d) Stolper Samuelson Theorem
9. Opportunity cost version of comparative advantage doctrine was introduced by
 - a) Leontief
 - b) David Ricardo
 - c) Haberler
 - d) Singer
10. Factor endowment theory is also known as
 - a) Neo classical theory of international trade
 - b) Classical theory of international trade
 - c) Reciprocal demand theory
 - d) Factor proportion theory

(P.T.O.)

11. Consider the following statements regarding arguments for free trade.
1. Free trade leads to maximisation of output, income and employment.
 2. Free trade prevents monopoly.
 3. Free trade protects domestic industries.

Which of the statements are correct?

- a) 1 b) 1 and 2 c) 2 and 3 d) 1, 2 and 3
12. Leontief paradox makes
- a) Critical analysis of opportunity cost theory.
 - b) Empirical testing of reciprocal demand.
 - c) Empirical test of factor price equalization theory.
 - d) Empirical test of Heckscher Ohlin theory.
13. Which is the appropriate form of protection?
- a) Export tariff b) Import tariff c) Export subsidy d) Non-tariff barriers
14. Optimum tariff denotes
- a) Tariff that reduce balance of payment deficit.
 - b) Tariff that provides maximum revenue.
 - c) Tariff that improves terms of trade.
 - d) Tariff that maximises economic welfare.
15. If an importing country ban the import from another country, it is called
- a) VERs b) Import embargo c) Exchange control d) None of the above

(15 × 1/5 = 3 weightage)

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

16. What is imitation lag?
17. Explain trade in wastes.
18. What is meant by immiserising growth?
19. Explain Leontief paradox.
20. What is offer curve?
21. Define countervailing tariff.
22. Define double factorial terms of trade.
23. What is TRIPs?

(5 × 1 = 5 weightage)

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

24. Write a note on European Union.
25. Derive foreign trade multiplier.
26. Analyse factor price equalisation theorem.
27. Explain partial equilibrium effects of tariff.

28. Explain Trefler's theorem.
29. Examine trade diversion and customs union.
30. Analyse secular deterioration hypothesis.
31. How increasing returns to scale affects the pattern of trade?
32. Elaborate the reasons for intra industry trade.
33. Explain Dutch disease.

(7 × 2 = 14 weightage)

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

34. Analyse the importance of WTO agreements.
35. Explain non-tariff barriers to trade.
36. Critically examine trade as an engine of growth.
37. Discuss factor endowment theory of international trade.

(2 × 4 = 8 weightage)