

**THIRD SEMESTER M.A. DEGREE EXAMINATION, NOVEMBER 2025****(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. Trade in differentiated product refers to:
  - a) Inter-industry trade
  - b) Intra- industry trade
  - c) Trade based on economies of scale
  - d) None of the above.
2. The terms of trade of developing countries have a secular tendency to:
  - a) Decline
  - b) Improve
  - c) First improve and then decline
  - d) Remain the same
3. Leontief paradox refers to the result that:
  - a) US exports are more capital intensive than US imports.
  - b) Exports are more capital intensive than US import substitutes.
  - c) Imports are more capital intensive than US exports.
  - d) Import substitutes are more capital intensive than US exports.
4. The paradox that growth can make a country worse off is termed as:
  - a) Rybczynski Theorem
  - b) Immiserising growth
  - c) Triffin dilemma
  - d) Cascading effect
5. If a nation's term of trade is  $\frac{1}{2}$ , its trade partners terms of trade is .....

  - a) 4
  - b) 2
  - c) 1
  - d)  $\frac{1}{2}$

6. The following are some features of economic integration.
  - i. All tariffs are removed among member Nations.
  - ii. Each Nation retains its own tariff.
  - iii. A common tariff rate is applied among non-members.
  - iv. There is free movement of factors.

Customs union has which of the above characters?

  - a) i & ii
  - b) i & iii
  - c) i & iv
  - d) iii & iv
7. The optimum tariff is at a point where the elasticity of the offer curve is:
  - a) Infinity
  - b) Unity
  - c) Greater than unity but less than infinity
  - d) Less than unity
8. Dutch disease refers to:
  - a) a boom in agriculture sector leads to a decline in manufacturing sector.
  - b) a boom in international trade leads to a boom in internal trade.
  - c) a boom in in one traded good sector leads to a decline in another traded good sector.
  - d) a boom in traded good sector leads to a decline of non-traded good sector.

**(P.T.O.)**

9. How can trade act as an engine of growth?
- By reducing imports and increasing exports.
  - By increasing economic activity, investment, and productivity.
  - By imposing tariffs and quotas on imports.
  - By reducing foreign investment.
10. If a country imposes tariffs on its trade partner for protecting domestic manufacturing sector, what would be the possible effect on consumer surplus?
- Increased consumer surplus due to lower prices.
  - Decreased consumer surplus due to higher prices.
  - Increased demand for domestic products.
  - No impact on consumer surplus.
11. Gross barter terms of trade is:
- The ratio of Quantity of imports to quantity of exports.
  - The ratio of the price of imports to the price of exports.
  - The ratio of export revenue to import price.
  - The ratio of exports price to import cost.
12. Trade creation in the context of customs unions refers to:
- Shift from more efficient to less efficient producers.
  - Shift from less efficient to more efficient producers.
  - Shift to new markets to sell the products.
  - Creating demand in international market through advertisement.
13. When a large Nation imposes tariff, it usually .....
- improves nations terms of trade.
  - worsens nations terms of trade.
  - increases the volume of trade.
  - reduces the volume of trade.
- a) i & ii are correct    b) i & iv are correct    c) ii & iii are correct    d) ii & iv are correct
14. What is a countervailing duty?
- A tax on imports to protect domestic industries.
  - A tax on exports to promote domestic sales.
  - A subsidy to domestic industries to promote exports.
  - A tariff on imports to offset foreign subsidies.
15. How does trade impact a country's comparative advantage?
- It reduces comparative advantage by increasing costs.
  - It promotes comparative advantage by increasing specialization.
  - It has no impact on comparative advantage.
  - It reduces comparative advantage by decreasing efficiency.

**(15 × 1/5 = 3 weightage)**

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

16. Define Offer curve.
17. What is meant by “backwash effects”?
18. Explain effective rate of protection.
19. Write a note on ASEAN.
20. Illustrate Trade as an engine of growth.
21. Define Foreign trade multiplier.
22. What is Metzler Paradox?
23. Explain Kravis’ availability theory.

**(5 × 1 = 5 weightage)**

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

24. What is meant by new protectionism?
25. Illustrate the contribution of international trade to development.
26. State and explain the Rybczynski theorem.
27. Briefly examine the problems and prospects of WTO Agreement in the Global trading system.
28. Illustrate the major prepositions of the imitation gap theory.
29. Critically examine immiserating growth theory in the context of present day globalisation.
30. Differentiate between trade creating and trade diverting customs union.
31. Which are the different types of terms of trade?
32. Briefly explain the Stolper Samuelson theorem.
33. What is meant by dumping? What are the measures to prevent it?

**(7 × 2 = 14 weightage)**

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

34. Define Customs union. Also examine the static and dynamic welfare effects of customs union.
35. Explain the Prebisch - Singer Thesis. What are its implications for primary commodity-exporting countries?
36. Define tariffs. What are the partial and general equilibrium effects of tariffs.
37. Critically examine the Heckscher-Ohlin Theory of international trade.

**(2 × 4 = 8 weightage)**