MA DEGREE EXAMINATION MAY 20[illegible]

(First Semester)

Branch- **ECONOMICS**

INTERNATIONAL TRADE: THEORIES AND POLICIES

Time: Three Hours | Maximum: 75 Marks

SECTION-A (10 Marks)

Answer **ALL** questions

ALL questions carry **EQUAL** marks (10 × 1 = 10)

Module No.	Question No.	Question	K Level	CO
1	1	According to the Heckscher-Ohlin model, a country exports goods that use: a) Scarce factors intensively b) Abundant factors intensively c) Imported technology d) Highly differentiated products	K1	CO1
	2	The Leontief Paradox showed that the United States, a capital-rich country, exported commodities that were relatively. a) Labor-intensive b) Capital-intensive c) Natural-resource intensive d) Technology-deficient	K2	CO1
2	3	What do gains from trade mean in international economics? a) Losses due to import tariffs b) Decrease in consumption possibilities c) Increase in domestic production only d) Net benefits from voluntary exchange between countries	K1	CO2
	4	Which of the following best measures gains from trade? a) Inflation rate b) Unemployment rate c) Consumer surplus and producer surplus d) Exchange rate volatility	K2	CO2
3	5	A tariff is a: a) Tax on imported goods b) Quota on imports c) Subsidy to exporters d) Price control on exports	K1	CO3
	6	According to the Stopler-Samuelson theorem, imposing tariffs tends to. a) Benefit owners of the abundant factor b) Benefit owners of the scarce factor c) Distribute income equally d) Have no impact on income distribution	K2	CO3
4	7	Which one is NOT a main component of Balance of Payments? a) Current account b) Capital account c) Financial account d) Government budget account	K1	CO4
	8	The elasticity approach to balance of payments adjustment focuses mainly on: a) Income changes b) Price elasticity of exports and imports c) Absorption of foreign investments d) Fiscal deficits	K2	CO4
5	9	Which of the following is an instrument of trade policy? a) Interest rates b) Corporate tax c) Tariffs d) Public savings	K1	CO5
	10	The political economy of trade policy focuses on. a) Only economic factors b) The interaction of politics and economics in determining trade policies c) Exchange rate movements d) Import quotas only	K2	CO5

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ALL questions carry **EQUAL** Marks (5 × 7 = 35)

Module No.	Question No.	Question	K Level	CO
1	11.a.	Describe Posner's Imitation Lag Hypothesis and its significance in explaining international trade patterns.	K2	CO1
		(OR)		
	11.b.	Why did the paradox challenge the traditional theory?		
2	12.a.	What are the main factors that determine the size of gains from international trade?	K2	CO2
		(OR)		
	12.b.	Discuss the impact of gains from trade on income distribution within a country.		
3	13.a.	Define tariffs and quotas. How do they differ as instruments of trade policy?	K3	CO3
		(OR)		
	13.b.	Explain the economic effects of tariffs on a small country's welfare. Include impacts on consumers, producers, and government revenue.		
4	14.a.	Define the foreign trade multiplier and explain its significance in international economics.	K2	CO4
		(OR)		
	14.b.	Describe the primary components of the Balance of Payments.		
5	15.a.	What are TRIPS and TRIMS agreements under the WTO? Explain their significance.	K3	CO5
		(OR)		
	15.b.	Outline the key features of India's trade policy post-1990s liberalization.		

SECTION -C (30 Marks)

Answer **ANY THREE** questions

ALL questions carry **EQUAL** Marks (3 × 10 = 30)

Module No.	Question No.	Question	K Level	CO
1	16	What is factor intensity reversal? How does it challenge the assumptions of the Heckscher-Ohlin model.	K3	CO1
2	17	Explain the major factors determining the size of gains from international trade.	K3	CO2
3	18	Describe the effects of import quotas on domestic markets and international trade.	K4	CO3
4	19	Explain the structure of Balance of Payments accounts. How are credit and debit entries classified?	K4	CO4
5	20	Discuss the political economy of trade policy. How do political factors and income distribution affect trade policy formulation?	K5	CO5

Z-Z-Z END