Name: **Enrolment No:**	

SOB, UPES

End Semester Examination, May 2023

Course: BA (Hons.) Economics — **Semester: IV**

Program: International Trade-I — **Time: 03 hrs.**

Course Code: INTB 2010 — **Max. Marks: 100**

Instructions: Attempt all the questions.

SECTION A

10Qx2M=20Marks

S. No.		Marks	CO
Q 1	A rough measure of the degree of economic interdependence of a nation is given by- (a) the size of the nations' population. (b) the percentage of its population to its GDP. (c) the percentage of a nations' imports and exports to its GDP. (d) all of the above.	**2**	**CO1**
Q 2	If domestically 3X=3Y in nation A, while 1X=1Y domestically in nation B- (a) there will be no trade between the two nations. (b) the relative price of X is the same in both nations. (c) the relative price of Y is the same in both nations. (d) all of the above.	**2**	**CO1**
Q 3	A production frontier that is concave from the origin indicates that the nation incurs increasing opportunity costs in the production of- (a) commodity X only. (b) commodity Y only. (c) both commodities. (d) neither commodity.	**2**	**CO1**
Q 4	The equilibrium price and quantity for a commodity traded between two nations occurs where- (a) the slopes of the two offer curves are the same. (b) the two offer curves intersect. (c) the slopes of the two offer curves are equal to zero. (d) the price ratio of good X for good Y is equals one.	**2**	**CO1**
Q 5	According to the H-O model, trade reduces international difference in- (a) relative but not absolute factor prices. (b) absolute but not relative factor prices.	**2**	**CO1**

	(c) both relative and absolute factor prices. (d) neither relative nor absolute factor prices.		
Q 6	Doubling L with trade in a small L-abundant nation- (a) reduces the welfare of representative citizens. (b) reduces the nations' terms of trade. (c) reduces the volume of trade. (d) reduces national consumption.		**CO1**
Q 7	The commodity in which the nation has the smallest absolute disadvantage is the commodity of its- (a) absolute disadvantage. (b) absolute advantage. (c) comparative disadvantage. (d) comparative advantage.	**2**	**CO1**
Q 8	A small nation is one which must have all of the following characteristics except- (a) it does not affect world prices by its trading. (b) it faces an infinitely elastic world supply curve for its import commodity. (c) it faces an infinitely elastic world demand curve for its export commodity. (d) it has a small geographic area.	**2**	**CO1**
Q 9	The imposition of an import tariff by a nation results in- (a) an increase in the relative price of the nation's imported commodity. (b) an increase in the nation's production of its importable commodity. (c) reduces the real return of the nation's abundant factor . (d) all of the above.	**2**	**CO1**
Q 10	A custom union that allows for the free movement of labour and capital among its member nations is called a- (a) preferential trade arrangement. (b) free-trade area. (c) common market. (d) all of the above.	**2**	**CO1**
SECTION B **4Qx5M= 20 Marks**			
Q 11	Explain the gravity model of international trade with the help of an example.	**5**	**CO2**
Q 12	Illustrate the benefits and risks of being a small country relative to the size of international markets.	**5**	**CO2**
Q 13	Identify and discuss the conditions which can lead to immiserizing growth.	**5**	**CO2**

Q 14	Interpret the conditions which are more likely to lead to increased welfare with the formation of a customs union.	**5**	**CO2**
	SECTION-C **3Qx10M=30 Marks**		
Q 15	Discuss the attempts at economic integration in developing countries. Investigate why have these attempts been less successful than in developed countries?	**10**	**CO3**
Q 16	Examine why, with factor-intensity reversal, inter- national differences in the price of capital can decrease, increase, or remain unchanged with international trade.	**10**	**CO3**
Q 17	Differentiate the effect on the volume and terms of trade if a nation's offer curve shifts or rotates toward the axis measuring its exportable commodity with shifts or rotates toward the axis measuring its importable commodity.	**10**	**CO3**
	SECTION-D **2Qx15M= 30 Marks**		
Q 18	Consumers demand more of commodity X (the L-intensive commodity) and less of commodity Y (the K-intensive commodity). Suppose that Nation 1 is India, commodity X is textiles, and commodity Y is food. Starting from the no-trade equilibrium position and using the Heckscher-Ohlin model, trace the effect of this change in tastes on India's- (a) relative commodity prices and demand for food and textiles. (b) production of both commodities and factor prices. (c) comparative advantage and volume of trade. (d) Do you expect international trade to lead to the complete equalization of relative commodity and factor prices between India and the United States? Why?	**15**	**CO4**
Q 19	With the help of diagram and suitable example evaluate the conditions under which the formation of a customs union more likely to lead to trade creation and increased welfare.	**15**	**CO4**