

B. Multiple Choice :

- 5 During periods of growing domestic demand, an import quota :
- Is less restrictive on a country's imports than a tariff.
 - Is more restrictive on a country's imports than a tariff.
 - Has the same restrictive effect on a country's imports as a tariff.
 - Will always generate increased tax revenue for the government.
- 6 The welfare effects of a quota depend to a considerable extent upon :
- Who has the quota license.
 - The size of the quota.
 - Elasticity of domestic demand and supply.
 - All of the above.
- 7 Multinational corporations :
- Increase the transfer of technology between nations.
 - Make it harder to nations to foster activities of comparative advantage.
 - Always enjoy political harmony in nations where their subsidiaries operate.
 - Require governmental subsidies in order to conduct worldwide operations.
- 8 The NAFTA is a :
- Monetary union.
 - Free trade area.
 - Common market.
 - Customs union.

C. Fill in the blanks :

- 9 The trade model of the Swedish economists Heckscher and Ohlin maintains that _____.
- 10 That the division of labour is limited by the size of the market best applies to which type of trade _____.
- 11 Gains of trade result from _____.
- 12 One of the important factors in trade reform is to _____.

State True or False :

- 13 If a nation has an open economy it means that the nation allows private ownership of capital.
- 14 Antidumping duties are used to punish domestic consumers for buying high- priced imported goods.
- 15 Export-led growth strategies tend to emphasize trade protection for import- competing firms.
- 16 To be considered a good candidate for an export cartel, a commodity should: have a low price elasticity of supply.

(16 × ¼ = 4 weightage)

Part B

Short answer questions.

Answer any ten not exceeding one page each.

- 17 What is Balance of Trade ?
- 18 Explain Tariffication.
- 19 Define Comparative advantage.
- 20 Explain Income Terms of trade.
- 21 Explain Product life cycle.
- 22 Explain Gravity model trade.
- 23 What is Trade in services ?
- 24 Explain Tobin tax.
- 25 What is neo mercantilism ?
- 26 What is meant by Terms of trade ?
- 27 Explain Trade creation.
- 28 What is meant by Leontief Paradox ?
- 29 Explain the Factor endowment theory.
- 30 Explain Special Drawing Rights.

(10 × 2 = 20 weightage)

Turn over

Part C (Essay questions)

Answer any **three** not exceeding three pages each.

- 31 Have the terms of trade for developing countries deteriorated in the post Second period? Critically discuss.
- 32 What are India's strategic considerations for trade? Discuss briefly.
- 33 Critically examine Prebisch — Singer hypothesis of trade and development.
- 34 What are the disadvantages of export promotion policy of developing countries?
- 35 What are the needs for protection in customs union?

(3 × 4 = 12)