M. A. DEGREE (C.S.S.) EXAMINATION, OCTOBER 2016
SEMESTER III- ECONOMICS
EC3C11M - INTRNATIONAL TRADE THEORY AND POLICY

Time: Three Hours   **Maximum Marks: 75**

PART A

I.   Answer any five questions. Each question carries 3 marks

1.   What is Reciprocal demand?
2.   What is factor intensity?
3.   How intra industry trade differs from inter industry trade?
4.   What is imitation lag?
5.   What is neutral technical progress?
6.   What is trade deflection?
7.   What is ASEAN?

(5x3= 15)

PART B

II.   Answer any six questions. Each question carries 5 marks

8.   Explain the Linder theory of trade
9.   Suppose the price of imported wool is ₹ 80 and the free trade price of a suit is ₹ 100 but India imposes 10 percent tariff on imported suit but no tariff on wool imported by domestic suit   manufacturers. Using the given data, calculate the Effective Rate of Protection and explain its importance
10.   Explain the comparative advantage theory
11.   What is Leontief Paradox? Why does it occur?
12.   Explain the theory of immiserizing growth
13.   Explain the causes for the emergence of Intra Industry trade
14.   Explain the effects of economic growth on the volume of trade
15.   Explain the difference between trade creation and trade diversion
16.   Explain the different forms of economic integration   **(6x5=30)**

PART C

III.   Answer any two questions. Each question carries 15 marks.

17.   Explain the Hechscher Ohlin theory of international trade
18.   Explain the Product Life Cycle and imitation lag theories of trade
19.   Explain the major Non Tariff Barriers to trade. What is the importance of NTBs?
20.   Explain the role of SAARC in promoting trade and regional cooperation

(2x15=30)