

**2024****ECONOMICS — HONOURS****Paper : CC-11****(International Economics)****Full Marks : 65***The figures in the margin indicate full marks.**Candidates are required to give their answers in their own words  
as far as practicable.***Group - A****1. Answer *any ten* questions :****2×10**

- (a) Is the technological coefficient variable in classical trade models?
- (b) What are the sources of comparative advantage in trade models?
- (c) What is meant by perverse comparative advantage?
- (d) State the Stolper-Samuelson theorem.
- (e) On what factors does the shape of PPF depend?
- (f) What is the relation between trade indifference curve and community indifference curve?
- (g) What do you mean by decomposability property?
- (h) What will be the value of elasticity for an upward rising offer curve?
- (i) What do you mean by depreciation of domestic currency?
- (j) Can a country gain from trade if the consumers of that country always prefer to consume goods in fixed proportions?
- (k) How the IS curve of a small open economy will be affected for a depreciation of exchange rate?
- (l) How an increase in fiscal deficit, with equal levels of private saving and investment, affects the Current Account (CA) of an open economy?
- (m) What is the J-curve effect?
- (n) What is meant by foreign repercussions?
- (o) What is meant by the accommodating transactions?

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**Group - B**Answer *any three* questions.

5×3

2. Briefly explain how relative supply curve of a good is derived in one factor model of trade.
3. 'If one of the two countries completely specializes in post-trade situation, then there can be still be factor price equalization.' — True or False? Justify.
4. 'Trade indifference curve considers both supply and demand sides of a country.' — True or False? Justify.
5. Suppose that there are two factors — capital and labour, and that US is relatively capital abundant and India is relatively labour abundant countries. According to Heckscher-Ohlin model, will the Indian workers support free trade between India and US? Why?
6. Between tariff and quota, a monopolist will prefer which trade policy and why?

**Group - C**Answer *any three* questions.

7. (a) Explain the concept of comparative cost advantage in production.
8. (b) Explain how a country gains from trade in a two product two country one factor world. 4+6
8. (a) What is optimum tariff?
- (b) What is Metzler Paradox?
- (c) Explain the reason for experiencing such paradox in international trade. 2+3+5
9. (a) Show that the gains from trade can be decomposed into two parts, viz., gains from exchange and gains from specialization.
- (b) Explain two situations where the entire gains from trade arises either due to exchange or due to specialization. 5+5
10. (a) What are the assumptions of Jones (1965) model?
- (b) Explain the significance of Rybczynski effect in the model. 3+7
11. (a) What is Marshall-Lerner condition?
- (b) Why is the LM curve upward rising in an open economy?
- (c) Explain the expenditure switching policy to eradicate BOP deficit. 2+4+4