



INDIAN INSTITUTE OF TECHNOLOGY KHARAGPUR  
Mid-Spring Semester Examination 2022-23

Full Marks: 30

Subject No.: HS40078

Department/Center/School: Humanities & Social Sciences

Specific charts, graph paper, log book etc., required. No

Special Instruction: All the questions are compulsory. Read the question paper carefully. No queries will be entertained during examination.

Duration: 2 hrs

Subject Name: International Trade

1. Argue whether the following statements are true or false giving appropriate reason(s) in favour of your answer:  $3 \times 4 = 12$

- (a) IRS implies strictly convex production possibility frontier (PPF) and vice-versa.
- (b) Gains from trade is a Pareto statement.
- (c) Comparative cost advantage implies comparative advantage.

2. Write short notes on the following concepts:  $2 \times 2.5 = 5$

- (a) Gravity model;
- (b) Revealed comparative advantage.

3. Can community indifference curves (CICs) be intersecting? Is there any underlying condition that make CICs non-intersecting? Comment on the validity statement that GFT is not possible with intersecting CICs. 6.5

4. Derive the existence and stability condition of international equilibrium in terms of price adjustment by developing a suitable 2x2 framework. If the international equilibrium occurs at the backward bending part of the offer curve of a country, will it necessarily be unstable? Argue with suitable graphical exposition. 6.5