



Enrollment No.....

Faculty of Commerce

End Sem (Even) Examination May-2022

CM3EG07 International Trade

Programme: B.Com. (Hons.) Branch/Specialisation: Commerce

Duration: 3 Hrs.

Maximum Marks: 60

Note: All questions are compulsory. Internal choices, if any, are indicated. Answers of Q.1 (MCQs) should be written in full instead of only a, b, c or d.

- Q.1 i. The two main data items used in the concept of international trade are _____. **1**
 (a) goods & Services (b) Imports & exports
 (c) Both (a) and (b) (d) None of these
- ii. In case of _____ profit motive in nations currency is not the primary objective. **1**
 (a) Domestic Trade (b) International Trade
 (c) Both (a) and (b) (d) None of these
- iii. The theory of comparative advantage explained by _____. **1**
 (a) David Ricardo (b) Adam Smith
 (c) Both (a) and (b) (d) None of these
- iv. Absolute advantage theory is introduced by _____. **1**
 (a) Adam Smith (b) David Ricardo
 (c) Both (a) and (b) (d) None of these
- v. The terms of trade, as an relative price concept, may be estimated using _____ methods. **1**
 (a) Single (b) Either one from the two
 (c) Both (a) and (b) (d) None of these
- vi. The Supply & Demand conditions for commodities, both in domestic & world markets, are best examined using _____. **1**
 (a) Offer curves (b) Demand curve
 (c) Both (a) and (b) (d) None of these
- vii. There is/are _____ senses in which the concept of BOP is used. **1**
 (a) One (b) Two (c) Three (d) None of these

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- viii. In BOP a 'resident' is used in an/a _____ sense. **1**
 (a) Economic (b) Geographical
 (c) Both (a) and (b) (d) None of these
- ix. In the _____ market, foreign exchange is bought and sold at the current price of foreign exchange. **1**
 (a) Spot market (b) Forward market
 (c) Both (a) and (b) (d) None of these
- x. The foreign exchange market comprises of _____. **1**
 (a) Spot market (b) Forward market
 (c) Both (a) and (b) (d) None of these

- Q.2 i. What do you understand by international trade? **2**
 ii. Describe about the scope of international trade. **3**
 iii. Write in detail all the complexities of international trade. **5**
- OR iv. Differentiate between international & domestic trade any five points. **5**
- Q.3 i. Define the term Mercantilism. **2**
 ii. Elaborate the theory of international product life cycle. **8**
- OR iii. Explain the comparative cost advantage theory. **8**
- Q.4 i. Define the concept of 'terms of trade'. **2**
 ii. Differentiate between Net Barter TOT & Gross Barter TOT. **8**
- OR iii. Explain the concept & arguments for free trade and concept & arguments of protectionism. **8**
- Q.5 i. Explain the basic components of BOP. **4**
 ii. Write the causes & measures for correction of disequilibrium in Balance of Payments. **6**
- OR iii. Enumerate concept, objectives & types of dumping. **6**
- Q.6 Attempt any two:
 i. Differentiate between Fixed Exchange Rate & Flexible Exchange Rates on the basis of any five points. **5**
 ii. Enumerate any five causes of change in the exchange rates. **5**
 iii. Explain the Mint Parity theory giving suitable examples. **5**

Marking Scheme

CM3EG07 International Trade

Q.1	i.	The two main data items used in the concept of international trade are _____.	1
		(b) Imports & exports	
	ii.	In case of _____ profit motive in nations currency is not the primary objective.	1
		(b) International Trade	
	iii.	The theory of comparative advantage explained by _____.	1
		(a) David Ricardo	
	iv.	Absolute advantage theory is introduced by _____.	1
		(a) Adam Smith	
	v.	The terms of trade, as an elative price concept, may be estimated using _____ methods.	1
		(b) Either one from the two	
Q.2	vi.	The Supply & Demand conditions for commodities, both in domestic & world markets, are best examined using _____.	1
		(a) Offer curves	
	vii.	There is/are _____ senses in which the concept of BOP is used.	1
		(b) Two	
	viii.	In BOP a 'resident' is used in an/a _____ sense.	1
		(a) Economic	
	ix.	In the _____ market, foreign exchange is bought and sold at the current price of foreign exchange.	1
		(a) Spot market	
	x.	The foreign exchange market comprises of _____.	1
		(c) Both (a) and (b)	
Q.3	i.	Mercantilism	2
		For Complete answer	
	ii.	Scope of international trade	3
		For Complete answer	
OR	iii.	Complexities of international trade 1 mark for each (5 * 1 mark)	5
	iv.	Differentiate between international & domestic trade any five points. (5 * 1 mark)	5

	ii.	Theory of international product life cycle.	8
		Introduction	2 marks
		Concept	2 marks
		Stages	2 marks
OR		Graphical example	2 marks
	iii.	Comparative cost advantage theory.	8
		Introduction	2 marks
		Concept	2 marks
Q.4		Principles	2 marks
		Assumptions	2 marks
	i.	Concept of 'terms of trade'	2
		For Complete answer	
OR	ii.	Difference between Net Barter TOT & Gross Barter TOT.	8
		4 marks for each points (4 marks * 2)	
	iii.	Concept & arguments for free trade and concept & arguments of protectionism.	8
		4 marks for each points (4 marks * 2)	
Q.5	i.	Explain the basic components of BOP.	4
	ii.	Causes for correction of disequilibrium in Balance of Payments	6
		3 marks	
		Measures for correction of disequilibrium in Balance of Payments	3 marks
OR	iii.	Dumping	6
		Concept	2 marks
		Objectives	2 marks
		Types	2 marks
Q.6		Attempt any two:	
	i.	Differentiate between Fixed Exchange Rate & Flexible Exchange Rates.	5
		1 mark for each points (1 mark * 5)	
	ii.	Causes of change in the exchange rates.	5
		1 mark for each points (1 mark * 5)	
	iii.	Mint Parity theory giving suitable examples.	5
		As per the explanation	
