

33811 Q.P. code / 78039 545

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Solution

Set 1 Solution SYBSC-Sem IV-Paper II- International Economics 100 marks QP code: 33811

Q1.A. Gravity model to be explained with the help of equation- Trade between any two countries is, other things equal is proportional to the product of their GDPs and diminishes with distance.

B. Impediments to trade to be discussed with ref to distance, barriers and borders.

C. Code of Conduct for MNCs-Brandt commission, UN recommendations and OECD Code.

Q2.A. Drawbacks of Ricardian theory- Static assumptions-perfect competition, full employment, two countries and two commodities; static theory, demand is ignored, no free trade, complete specialization and not applicable to developing countries.

B. H-O theory to be explained-factor intensity and factor abundance with the help of diagram.

C. Specific factors model – competition brings equalization of wages to labour and bids up rental for capital to be explained with diagram.

Q3.A. Monopolistic competition and trade- to explain how trade increases market size with diagram.

B. Trade costs and export decisions-Firms able to produce with a lower cost is able to export- to be explained with diagram.

C. Meaning and importance of supply chain management-Systematic business function for improving the long term performance of companies and importance to be explained in context of globalization need for supply chain and networking.

Q4. A. Impact of tariff- Protective, consumption, revenue, redistribution, income, competitive, terms of trade and balance of payments effect to be explained with diagram.

B. Meaning, rationale and objectives of economic integration- Process and state of affairs, dissatisfaction with global liberalization prompt regionalism and economic and non-economic objectives.

C. Controversies with respect to labour-negative- Child labour, sweat labour, female employment and positive side- stringent labour standards, better working conditions etc.

Q5.A Benefits and Problems of MNCs- positive-technology, employment, etc negative-aspects -destroy competition, acquire monopoly, technology not beneficial for developing countries etc.

B. Leontiff Paradox- to be explained with the help of example.

C. Firm responses to international trade –winners, losers and industry performance to be explained with diagram.

D. GATT-background, objectives and rules to be explained.