

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

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. Ricardian theory- assumptions and theory to be explained with the help of examples.

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

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

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

Q4. A. Forms of non- tariff barriers-Voluntary export restraints, safeguards, health and product standards, quotas, licensing etc.

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 environment-Positive- economic growth, environment friendly technology and negative aspect-ecological problems, pollution havens etc.

Q5. A.Changing composition of world trade- to be explained with respect to exports and imports of developed and developing countries.

B. Haberler's Opportunity cost theory- to be explained –wrt increasing, constant and decreasing returns 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.

D. GATS- Meaning and framework to be explained.