

①

QP code : 51366

**Set 2 Solution SYBSC-Sem IV-Paper II- International Economics 100 marks QP code:**

Q1A. Changing composition of world trade- to be explained with respect to exports and imports of developed and developing countries.

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

C. Benefits and Problems of MNCs- To discuss both positive and negative aspects.

Q2.A. Haberler's Opportunity cost theory- to be explained -wrt increasing, constant and decreasing returns with diagram.

B. Limitations of Heckscher-Ohlin theory- Unrealistic assumptions, static in nature, leontiff paradox, demand neglected, other factors neglected and commodity prices neglected.

C. Stolper-Samuelson model- increase in any product price due to trade produces a proportionally greater increase in the price of the factor used intensively to that good and a fall in the price of the factor used less intensively theorem to be explained with diagram.

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

B. Advantages of FDI- income, employment, investment, technology, mobility of labour and capital, competition, managerial competence and efficiency.

C. Concept and Significance of supply chain management- Systematic business function for improving the long term performance of companies and significance in context of globalization need for supply chain and networking.

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

B. Meaning and Framework of GATS- Meaning and framework to be explained.

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

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.