

**RESEARCH DEGREE PROGRAMME IN  
ECONOMICS****Term-End Examination****December, 2015****RECE-009 : INTERNATIONAL ECONOMICS***Time : 3 hours**Maximum Marks : 100*

---

*Note : Answer the questions from each section as directed.*

---

**SECTION A***Answer any **two** questions from this section.**2×20=40*

1. Explain the salient features of Ricardian Comparative Cost Advantage Theory of international trade. How does it differ from Adam Smith's Absolute Advantage Theory of international trade ?
2. How do economies of scale facilitate international trade ? Identify some specific sectors to illustrate your answer.
3. Explain fixed exchange rate mechanism under the Bretton Woods system. Why was there a shift to floating exchange rate system ?
4. Critically examine the case for trade protection. Explain the difference in the impact of the use of tariff and that of a quota.

## SECTION B

Answer any **five** questions from this section.

5×12=60

5. What is Leontief paradox ? How does it challenge the overall applicability of the factor-endowment model ?
  6. Discuss the Marshall-Lerner conditions.
  7. Explain the trade diversion effect of a regional trading block.
  8. What does capital account convertibility imply ? Why has India been slow in adopting capital account convertibility ?
  9. Critically evaluate the Foreign Direct Investment flows in India during the last two decades.
  10. What is dumping ? Why do countries impose anti-dumping duties ?
  11. What do you understand by Prebisch-Singer thesis ? Have the terms-of-trade deteriorated for developing nations in the post-Second World War period ? Critically discuss.
  12. Explain the following :
    - (a) Rybczynski Theorem
    - (b) Gravity Model of Trade
-