



Q.1. Answer the following short questions: (5x6=30)

1. What is trade diversion?
2. Explain the concept of voluntary export restrictions.
3. Discuss any four major trade rules of WTO.
4. Briefly discuss the advantages of foreign direct investment.
5. What is meant by optimal tariff? Explain.

Answer the following questions. (3x10=30)

- Q.2** Explain the Ricardian model of international trade and also discuss the gains from trade under this model.
- Q.3** What does factor price equalization theorem postulate? Explain this theorem using suitable diagrams.
- Q.4** Discuss the product cycle theory of international trade. How does it explain the pattern of trade under dynamic comparative advantage?