SHREE NARAYANA COLLEGE OF COMMERCE

AHMEDABAD

Name of the Department: **ECONOMICS**
Subject: **INTERNATIONAL TRADE – 1**
Subject code: **DSS-M-354**
Class & Semester: **B. COM. SEMESTER – V**
Faculty Name: **DR. JIGNESH KAUANGAL & DR. ASHUTOSH PANDEY**

ASSIGNMENT (2026 – 2027)

UNIT 1

1) Explain the main point of difference between Internal & International Trade.
2) Describe the factors affecting International Trade.
3) Explain the merits and demerits of International Trade.
4) Explain the Absolute Cost Advantage Theory of Adam Smith.
5) Explain Ricardo's Comparative Cost Advantage Theory of International Trade.
6) Critically discuss the Factor Endowment Theory of International Trade (Heckscher-Ohlin Theory).

UNIT 2

1) What do we mean by Terms of Trade? Examine the factors affecting the Terms of Trade.
2) Explain the types of Terms of Trade.
3) Discuss critically Mill's Theory of Reciprocal Demand.
4) Explain with the help of diagram Marshall's Theory of Offer Curve.

UNIT 3

1) Clarify the meaning of free trade. Discuss the argument for and against of Free trade.
2) What does Protection Policy mean? Critically discuss the Infant Industry Argument for Protection.
3) What does Exchange Rate mean? Explain how Exchange Rate is determined under the Gold Standard System?
4) Critically discuss the Purchasing Power Parity Theory of Exchange Rate.
5) Discuss the argument for and against Flexible Exchange Rate.

UNIT 4

1) Critically discuss about the following International Institutions:
    A) International Monetary Fund
    B) World Bank (IBRD)
    C) World Trade Organization (WTO)
    D) Asian Development Bank (ADB)

State True or False

1) Adam Smith propounded the Absolute cost advantage theory of International Trade.
2) International Trade facilitates international movements of various goods and services.
3) Heckscher and Ohlin developed factor endowment theory.
4) Tariffs do not affect the terms of trade of the two trading nations.
5) The reciprocal demand theory of international trade is not affected by demand elasticities of the two trading nations.

6) WTO aims to restrict world trade.
7) The IMF was established in 1951.
8) The World Bank is also known as ADB.
9) Gold parity rate is also known as the Mint Parity rate.
10) Robbins gave the concept of offer curves.

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