

**Internal assessment**  
**Shivaji College**  
**Class test**  
**International economics**

**Attempt any two questions**

**Marks: 20**  
**Time: 40mins**

Q1. In what way was Ricardo's law of comparative advantage superior to Smith's theory of absolute advantage. How do gains from trade arise with comparative advantage? (10)

Q2. What is the basis for and gains from trade under increasing cost? Why is there incomplete specialization? (10)

Q3. How is the equilibrium -relative commodity price with trade determined with demand and supply curves? (10)

Q4. Write short notes (any two). (10)

- (a) Mercantilism
- (b) Offer curve
- (c) Terms of trade

*Reetika Jain*