[Glossary]

[International Trade Theory (Part-2)]

Subject:	Business Economics
Course:	B.A., 5th Semester, Undergraduate
Paper No. & Title:	Paper – 541 International Economics
Unit No. & Title:	Unit – 1(One) International Trade Theory
Lecture No. & Title:	2(Two): International Trade Theory (Part-2)

Glossary:

(1) **Opportunity Cost:** The opportunity cost of a commodity is the amount of a second commodity that must be give up to release just enough resources to produce one additional unit of first commodity.

(2) **Production Possibility Frontier:** Production Possibility Frontier is a locus of various combinations of two commodities that can be produced by a nation with a given amount of resources and technology. Here all resources are fully utilized.

(3) **Marginal Rate of Transformation:** The slope of the production possibility frontier is known as Marginal Rate of Transformation (MRT).

(4) **Community indifference curve:** It shows the various combinations of two commodities that give equal level of utility to the nation.