Name: **Enrolment No:**	UPES

UPES

End-Semester Examination, May 2025

Program Name: BA_LLB/ALL **Semester: 6th**
Course Name: Introduction to International Economics **Time: 03 Hrs**
Course Code: ECON3023 **Max. Marks: 100**
No. of page (s): 2

SECTION A
(2*5 = 10 Marks)

S. No.		Marks	CO
Q1	Define Reciprocal Tarriff.	2	CO1
Q2	What is the opportunity cost theory in international trade?	2	CO1
Q3	List two functions of the World Bank.	2	CO1
Q4	What is meant by a Free Trade Area?	2	CO1
Q5	Name two recent challenges faced by the IMF.	2	CO1

SECTION B
(5*4 = 20 Marks)

Q6	Explain the advantages and disadvantages of floating and managed exchange rate regimes.	5	CO2
Q7	Describe the role and impact of international organizations like the World Bank on global trade.	5	CO2
Q8	Define a dirty float (managed float) exchange rate system and explain its main features.	5	CO2
Q9	Compare the dirty float system with both fixed and clean float systems in terms of market efficiency and economic stability.	5	CO2

SECTION C
(10* 2 = 20 Marks)

Q10	Explain the role of tariffs in international trade. With reference to the 26% U.S. tariff on select Indian imports, discuss its impact on trade flows, production, and consumer welfare. Suggest policy measures India can adopt to reduce the negative effects on its export competitiveness.	10	CO3
Q11	Compare the structure and functions of the IMF and the World Bank. How do they differ in terms of mandate and operations?	10	CO3

SECTION D
(25*2=50 Marks)

Q12	**Read the following case and answer the questions:** In April 2023, India unveiled its Foreign Trade Policy (FTP) 2023 with the vision of achieving $2 trillion in exports by 2030. Unlike earlier policies, FTP 2023 moved away from a fixed five-year cycle and adopted a flexible, responsive approach aimed at adapting to evolving global trade dynamics. One of the standouts features of this policy is its strong focus on e-commerce exports and digitalization of trade processes. The policy simplifies compliance through paperless filing systems, digitized certification, and streamlined customs procedures, especially for MSMEs and start-ups participating in global trade. Specific measures include creating designated hubs for e-commerce exports, simplified export rules for online sellers, and developing a district-level export promotion framework. FTP 2023 also builds on major schemes like the Remission of Duties and Taxes on Exported Products (RoDTEP) and Advance Authorization	25	CO4

	Scheme, while shifting attention toward promoting green technology exports, trade facilitation through digital means, and reducing transaction costs. However, challenges remain. Infrastructure gaps, fluctuating global demand, regulatory delays, and unequal digital readiness across regions pose hurdles to smooth implementation. Nonetheless, the policy marks a bold step in aligning India’s trade framework with global standards, fostering both resilience and competitiveness. **Answer the following:** Outline the major objectives and schemes under India’s Foreign Trade Policy 2023. How does the policy differ from previous versions in its approach to export promotion? Evaluate the potential impact of FTP 2023 on India’s ease of doing business and global trade competitiveness. What sectors are likely to benefit the most?		
Q13	**Managed Float (Dirty Float) Exchange Rate System** Country Y follows a dirty float exchange rate system. While officially claiming a floating currency, the central bank frequently intervenes to prevent excessive appreciation or depreciation. During a global economic slowdown in 2023, the domestic currency faced downward pressure due to declining exports and foreign investment outflows. In response, the central bank sold foreign reserves and altered interest rates to stabilize the currency. Critics argue that this lack of transparency distorts market signals, while proponents claim it helps prevent economic shocks. Meanwhile, international agencies raised concerns over the unpredictability of Country Y’s monetary policy. **Answer the following:** Evaluate the reasons for central bank interventions in a managed float system using Country Y's situation. Analyze the potential macroeconomic consequences of such interventions on inflation, interest rates, and investor confidence. Suggest a policy framework that ensures both flexibility and transparency in exchange rate management for Country Y.	**25**	**CO4**