

Name:	
Enrolment No:	

University of Petroleum & Energy Studies (UPES)
School of Business (SoB)
End-Semester Examination - May 2023

Program: Integrated BBA - MBA
Subject / Course: Global Economics & Its Impacts
Course Code: ECON 2034

Semester: IV
Maximum Marks: 100
Duration: 03 Hours

INSTRUCTIONS:

- This is a **CLOSED-BOOK EXAM**. Only Non-scientific calculator is allowed.
- Cellphones / Tablets / Laptops / Books / Notes etc. are **NOT** allowed.
- All questions are compulsory. If Choice is there, it is *indicated within the question as* OR.
- Your answers must be “brief & to the point.”

Q. No.	Questions	Marks	COs
SECTION A			
10Q x 2M = 20 Marks			
Q 1.	What is known as <i>autarky</i> ?	2	CO1
Q 2.	What is known as <i>opportunity cost</i> ?	2	CO1
Q 3.	Which economists are regarded as having developed the theory of (a) absolute advantage, and (b) comparative advantage?	2	CO1
Q 4.	Define <i>absolute advantage</i> .	2	CO1
Q 5.	Define <i>comparative advantage</i> .	2	CO1
Q 6.	Define <i>national competitive advantage</i> .	2	CO1
Q 7.	“Norway & Switzerland are members of the European Free Trade Association (EFTA) but NOT of the European Union (EU)” - TRUE or, FALSE?	2	CO1
Q 8.	Why <i>Starbucks</i> failed in Australia?	2	CO1
Q 9.	Define <i>Foreign Direct Investment (FDI)</i> .	2	CO1
Q 10.	Define <i>Foreign Institutional Investment (FII)</i> .	2	CO1

Please Turn Over

SECTION B
4Q x 5M = 20 Marks

Q 11.	Assume that Japan and India each has 80 labour hours available. For producing 1 bottle of Beer, Japan takes 5 labour hours, whereas India takes 4 labour hours. On contrary, Japan can make 1 Robot in 2 hours, and India can make the same in 1 hour. If each country divides its time (labour hours/hours) equally between the production of Robots and Beers, then what is the TOTAL production of Beer and Robots?	5	CO2
Q 12.	Shahrukh has only a few hours to prepare for two different exams this afternoon. Depending on how he uses his study time, three (3) possible score combinations may happen: (1) 94 on the Global Economics (GE) & 76 on the Business Law (BL); (2) 87 on the GE & 84 on the BL; and (3) 77 on the GE & 91 on the BL. What is Shahrukh's opportunity cost of scoring a 94 on the Global Economics exam rather than a 77?	5	CO2
Q 13.	BUZZ - the Communication Society of SoB, UPES has organized a fundraiser and received a lumpsum donation of Rs. 7,22,520/-. BUZZ can spend it <u>today for organizing a conference on Artificial Intelligence (AI)</u> or, it can use the money for an <u>Industrial Visit scheduled next year</u> . If BUZZ puts the money in a savings account for 1 year and, it will earn 2.70% interest. What is the opportunity cost of spending all money on the <i>AI conference</i> , in terms of what it could have spent on the <i>Industrial Visit</i> next year?	5	CO2
Q 14.	Discuss a few limitations of Michael Porter's ' Diamond Model ' of <i>National Competitive Advantage</i> . <u>You may use relevant examples in case that helps.</u>	5	CO2

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SECTION C

3Q x 10M = 30 Marks

Q 15.	<p>(a) Briefly discuss the following political ideologies behind the <i>Foreign Direct Investment (FDI)</i>: [2 x 3 = 6 points]</p> <ol style="list-style-type: none"> 1. <i>Radical views</i> 2. <i>Free market views</i> 3. <i>Pragmatic nationalism</i> <p>(b) Suppose you are an IES (<i>Indian Economic Service</i>) officer working for the G20 Summit 2023 to be held in New Delhi. <i>India's Chief Economic Advisor</i>, Dr. V.A. Nageswaran asks you to prepare a presentation on India's FDI strategies in welcoming foreign investors. With the campaign "Make in India" already in place, which political ideology would you portray in your presentation? Justify, why? [4 points]</p>	10	CO3
Q 16.	<p>Using a free-hand indicative set of diagrams and a relevant example, briefly explain how a product matures and declines <i>because of internationalization?</i></p> <p><i>Hint: You may want to use Raymond Vernon's theory of International Product Life Cycle.</i></p>	10	CO3
Q 17.	<p>Is a "stronger" Euro (€) as compared to US Dollar (\$) good for the European Union (EU)? Briefly discuss (<i>with explanation</i>) from the point of views (POVs) of the following stakeholders of global economics: [2 points each]</p> <ol style="list-style-type: none"> 1. Tesla, the <i>American</i> auto, exporting electric vehicles to <i>Belgium</i>. 2. Heineken, the <i>Dutch</i> alcohol brand, exporting beers to <i>California</i>. 3. Taylor Swift, the <i>American</i> musician, buying a <i>European</i> stock. 4. Thomas Müller, the <i>German</i> footballer, investing at the <i>NYSE</i>. 5. Emmanuel Macron, the <i>French</i> President, holidaying in <i>Las Vegas</i>. 	10	CO3

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SECTION D

2Q x 15M = 30 Marks

Q 15.

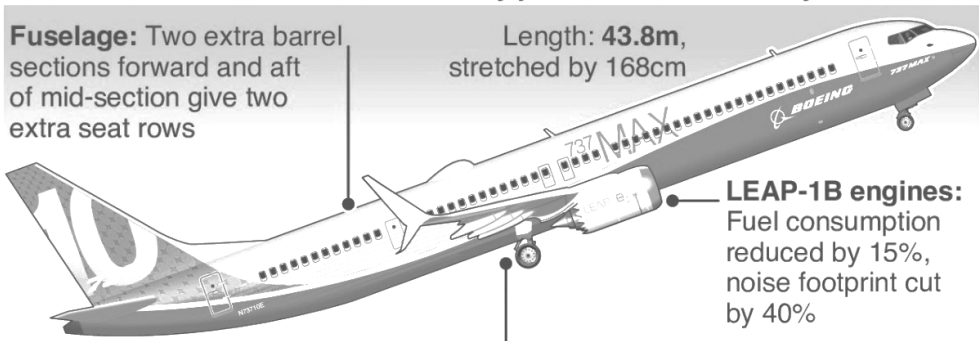
CASE STUDY: Please read the snippet below and discuss (using the international economics theories/explanations) how the ongoing battle between Boeing & Airbus might have similar *and/or* differential impacts on the airlines industries in the 'global north' vis-à-vis in the 'global south.'

15

CO4

Boeing brings battle to Airbus

Boeing has launched a new 737 single-aisle workhorse – the MAX 10 – to counter strong sales of the Airbus A321neo. Boeing forecasts global demand for 28,000 narrow-body jets worth \$2 trillion by 2035

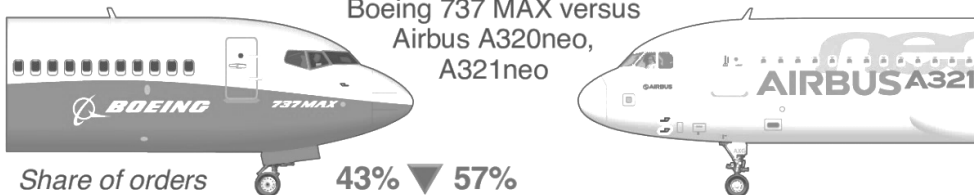


Passengers: Single-class capacity up to 230, two-class capacity of 189
Operating cost: Claim of 5% lower costs per seat than A321neo

Main landing gear: Telescopic – to avoid striking runway with tail during rotation on takeoff – contracts to fit into existing wheel well

Orders (prior to Paris Air Show)

Boeing 737 MAX versus Airbus A320neo, A321neo



Firm orders	2,931	1,121	1,074	4,414	Firm orders
Value*	\$267.5bn			\$453.1bn	Value
	MoU [†] 185	Options [‡]	Options	MoU 146	

Paris Air Show deals

Boeing	Aircraft	Value (est.)	Airbus	Aircraft	Value (est.)
MAX 8	129	\$12.6bn	A320neo	100	\$10.8bn
MAX 10	120	\$15.0bn	A321neo	12	\$1.5bn
787 Dreamliner	38	\$10.3bn			
Totals	287	\$37.9bn		112	\$12.3bn

*List price. †Memorandum of understanding. ‡Airline can buy future aircraft at agreed price

Sources: Airwise, Aviation Week, Leeham News, pdxlight.com

© GRAPHIC NEWS

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Q 16.

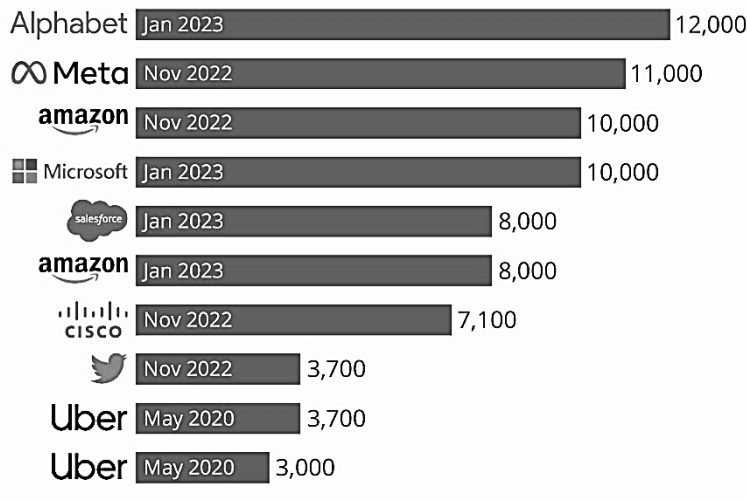
CRITICAL THINKING: Please go through the infographics below and discuss (using the international economics theories/explanations) how the ongoing layoffs in the USA might have similar *and/or* differential impacts on the aircraft businesses in the 'global north' vis-à-vis in the 'global south.'

15

CO4

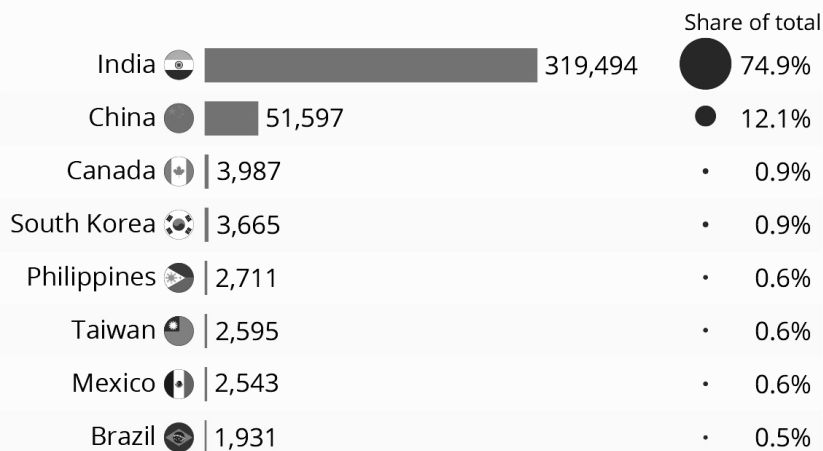
The Largest Tech Layoffs

Estimated number of global job cuts in the largest layoffs by U.S. tech companies since 2020



© statista

Origin countries of H-1B visa recipients in FY 2020*



© statista

* The H-1B visa is a non-immigrant work visa that allows American employers to hire foreign workers with specialized skills.

Note: For both Q 15. & 16. Please refer the 'global north' as the more developed economies/countries, and 'global south' as less developed/developing economies/countries.