

Name:

Enrolment No:



UNIVERSITY OF PETROLEUM AND ENERGY STUDIES
End Semester Examination, May 2019

Course: International Trade

Semester: IV

Programme: BA (Hon.,EE)

Time: 03 hrs.

Max. Marks: 100

Instructions:

- a) There are four sections. All sections are Compulsory.
- b) Use hypothetical examples and graphs wherever necessary.

SECTION A


S. No.		Marks	CO
Q 1	True and False		
a.	Portfolio investment is done in real business for short- run purpose.	2	CO1
b.	With the appreciation of domestic currency, export is encouraged. .	2	CO1
c.	Regional Trading bloc is allowed under WTO..	2	CO1,3
d.	As per mercantilism theory, export should be encouraged and import should be discouraged.	2	CO1
e.	The shrinking industry's prominent factor of production experiences increase in real income as per comparative advantage theory.	2	CO1

SECTION B

Q	Short questions		
a.	Terms of trade	6	CO1
b.	Common market	6	CO1,3
c.	BOP a/c	6	CO1
d.	Absolute advantage theory	6	CO1
e.	Fixed Exchange Rate Regime	6	CO2

SECTION-C

Q	Analytical Questions		
a.	Critically explain the advantages and disadvantages of the fixed exchange rate and flexible exchange rate regimes. Analyze the functioning of fixed exchange rate through graphical presentation.	15	CO2
b.	Critically explain the economics of import quota. Which method would you recommend to distribute the licenses for import? Analyze.	15	CO1
SECTION-D			
Q	Long question		
a.	Critically explain the static and dynamic effects of regional trading bloc. Which route would you recommend for globalization for a country like India- regional route under regional trading bloc or multilateral route under WTO? Critically discuss	30	CO3

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SECTION A

S. No.	Question	Marks	CO
Q 1	True and False		
a.	FDI is done in real business for long- run purpose.	2	CO1
b.	With the depreciation of domestic currency, import is encouraged. .	2	CO1
c.	Regional Trading bloc is allowed under IMF.	2	CO1,3
d.	As per mercantilism theory, import should be encouraged .	2	CO1
e.	The shrinking industry's prominent factor of production experiences decrease in real income as per comparative advantage theory.	2	CO1

SECTION B

Q	Short questions		
a.	Current a/c	6	CO1
b.	Economic Union	6	CO1,3
c.	Remittances	6	CO1
d.	Absolute advantage theory	6	CO1
e.	Flexible Exchange Rate Regime	6	CO2

SECTION-C

Q	Analytical Questions											
a.	<p>As per the below- given information, calculate the relative price of both the commodities and ascertain whether conducting trade is beneficial for both countries or not. Also show graphically through the production possibility curve and trade line that conducting trade would enhance the welfare of both countries (assume both the countries have 100 labor hours each and exchange rate is 0.1 kg wheat = 1 yard cloth).</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Productivity</td> <td style="width: 25%; text-align: center;">US</td> <td style="width: 25%; text-align: center;">India</td> </tr> <tr> <td>One Labor- hour can produce Kg Wheat</td> <td style="text-align: center;">0.20</td> <td style="text-align: center;">0.50</td> </tr> <tr> <td>One Labor- hour can produce yard of cloth</td> <td style="text-align: center;">0.40</td> <td style="text-align: center;">0.67</td> </tr> </table>	Productivity	US	India	One Labor- hour can produce Kg Wheat	0.20	0.50	One Labor- hour can produce yard of cloth	0.40	0.67	15	CO2
Productivity	US	India										
One Labor- hour can produce Kg Wheat	0.20	0.50										
One Labor- hour can produce yard of cloth	0.40	0.67										
b.	Critically explain the economics of Voluntary Export Restraint. Which method would you recommend to distribute the licenses for import? Analyze.	15	CO1									

SECTION-D

Q	Long question		
a.	Critically explain the static and dynamic effects of regional trading bloc. Which route would you recommend for globalization for a country like India- regional route under regional trading bloc or multilateral route under WTO? Critically discuss	30	CO3