UNIVERSITY OF PETROLEUM AND ENERGY STUDIES
End Semester Examination, December 2021

Course: International Business **Semester : V**
Program: BBA –AVM **Duration : 03 hrs.**
Course Code: INTB 3001 **Max. Marks: 100**
Instructions: This questions paper has four sections A, B, C & D. You are required to attempt all the sections. Please read the instructions given with the respective sections carefully.

Q.No.	Section A Attempt all the questions. Each question carries equal marks.	10Qx2M= 20Marks	COs

Q.1	A country will have comparative advantage in and should therefore export that good whose production is relatively intensive in the factor with which that country is relatively well endowed. Identify the applicable International Trade Theory from the following options:
	  a. Absolute Cost Advantage Theory
	  b. Comparative Cost Advantage Theory
	  c. Leontiff Paradox
	  d. Heckscher-Ohlin Theory
			CO1

Q.2	If the terms of trade 115, and 90 respectively, it means that the terms of trade
	  a. Favorable and unfavorable respectively
	  b. Unfavorable and favorable respectively
	  c. Either '1' or '2'
	  d. Neither '1' nor '2'		

Q.3	Which one of the following does not represent the character of the Growth stage under Product life cycle theory
	  a. Mass Production
	  b. Price Competition begin
	  c. Few Competitors
	  d. Increased export to high income countries		

Q.4	Which of the following statement is true with respect to Balassa Index
	  a. Tool to measure Revealed Comparative Advantage
	  b. It Measures the Relative Trade Performance Of Individual Countries in Particular Commodities
	  c. Ignores attainment of economic efficiency
	  d. All of them		

Q.5	Which export commodity in India showed maximum rise in January 2021 in comparison to January 2020
	  a. Petroleum Products
	  b. Drugs and Pharmaceuticals
	  c. Engineering Goods
	  d. Iron Ore		

Q.6	If BI of Clothing in India 3.09 and in China it is 3.46, it means that
	  a. China is less competent than India
	  b. India is less competent than China
	  c. China is more competent than India
	  d. Option 'b' and 'c' both		

Q.7	From HO theorem, Leontif expected that
	  a. The US would export capital-intensive goods and import labor-intensive goods
	  b. The US would export labour-intensive goods and import capital-intensive goods
	  c. The US would deal with capital-intensive goods only
	  d. The US would deal with labour-intensive goods only		

Q.8	Paper currency can be converted at a fixed rate into the paper currency of the country, if it is operating a gold standard, is called :
	
	    a. Gold Specie Standard
	    b. Gold Bullion Standard
	    c. Gold Exchange Standard
	    d. None of them		

Q.9	Under fixed exchange rate system, Bretton wood lasted:
	    a. From 1945 to 1971
	    b. From 1944 to 1971
	    c. From 1944 to 1970
	    d. From 1943 to 1971		

Q.10	In case of surplus Balance of Payment, identify the correct statement:
	    a. Demand for currency is less than the supply of currency
	    b. Allow currency value to increase
	    c. Allow currency value to decrease
	    d. Accumulate foreign reserves		

	Section B **Attempt all the questions. Each question carries equal marks.**	**4Qx5M= 20 Marks**	
Q.1	India's Income Terms of Trade (TOT) = 129, Net TOT = 79, Gross TOT = 87. Explain favorable and unfavorable terms of trade.		CO2
Q.2	Identify top three commodity groups (in terms of top increase and decrease) of India's Trade Composition of 2020 & 2021.		
Q.3	What is the two-way quotation of exchange rate? Discuss types of quotations with help of an example.		
Q.4	Explain International Product Life Cycle Theory with respect to high, medium and low-income countries.		
	Section C **Attempt all the questions. Each question carries equal marks.**	**3Qx10M=30 Marks**	
Q.1	Critically analyze Pegged Exchange Rate Systems.		CO3
Q.2	Explain the concept of currency depreciation and devaluation. If INR fell 0.59 % in comparison to USD on November 17, 2021. Can this phenomenon be classified as devaluation? Give Reasons. Also, discuss the situations in which currency value can be appreciated.		

Q.3	Explain Purchasing Power Parity Theory. How this theory is an improvement over mint par theory? As you know that McDonald is using Big Mac Index for measuring international parity of McDonald's products. Explain Big Mac Index and calculate Big Mac Index from the following information:
	    Big Mac Price in Local Currency = 12.5 Chinese Yuan
	    Big Mac Prices in US Dollar = 3.57
	    Implied PPP of USD = 3.50
	    Actual dollar exchange rate = 6.83		

	Section D Read, Analyze and Answer the Questions given at the end of the caselet	**2Qx15M= 30 Marks**	

Q	Bombay on London is quoted as under:				CO4
	Spot	$ 4.1430	$ 4.1475		
	1 month forward	1.5	2.0 dis.		
	2 months forward	1.75	2.25 dis.		
	3 months forward	2.75	2.25 dis.		

Q.1 Calculate 1 month, 2 months and 3 months forward rates.

Q.2 McDonald's Corporation expands internationally through strategies that account for the external factors in the industry environment. Assess the identifiable Five Forces of the business with the help of Porter's model.