

**UNIVERSITY OF PETROLEUM & ENERGY STUDIES**  
**DEHRADUN**

**End Semester Examination –May, 2018**

**Name of the Program: BBA (Core)**

**Semester – IV**

**Subject Name : International Business**

**Max. Marks : 100**

**Subject Code :**

**Duration : 3 hrs**

**This question paper has 02 page(s).**

**Section – A (5\*6 =30 Marks)**

1. Answer the following questions:

- a) Definition of Custom Union
- b) Key milestones of GATT
- c) Spot Rate and Forward Rate
- d) Concept of Terms of Trade
- e) KOF Index of globalization
- f) Chain rule concept with the help of an example.
- g) Concept of Special Drawing Rights (SDRs)
- h) Define Premium and Discount explain with the help of an example.

**Section - B (08\*5=40 Marks)**

**Answer Any Five Questions.**

2. Explain the concept of “**Buy High and Sell Low**” with the help of an example.
3. Share your views on international trade theory given by Adam Smith, Ricardo, Heckscher Ohlin to Leontief. Also discuss on the relevance of these theories in the current scenario.
4. Clarify with reason that which regional economic groupings comparable with form of economic groupings and why:

<b>Sr. No.</b>	<b>Regional Economic Groupings</b>	<b>Form of Economic Groupings</b>
01	European Union	FTA/ Custom Unions/Common Markets/Economic Unions
02	NAFTA	FTA/ Custom Unions/Common Markets/Economic Unions
03	ASEAN	FTA/ Custom Unions/Common Markets/Economic Unions
04	CARICOM	FTA/ Custom Unions/Common Markets/Economic Unions

5. Explain the concept of Business Model with the help of an example of your choice.
6. Why any business firm would prefer to go internationally, explain with reasons.
7. Illustrate the concept of Commodity Terms of Trade and Income Terms of Trade. A base period index of export and import price is 100. Thus, TOT for the base year is 100.

Suppose, export price index rises to 140 and import price index rises to 110. What will be the TOT and its interpretation?

8. Describe institutional framework in India to promote and facilitate international trade along with its shortcomings.

**Section - C (2\*15=30 marks)**

**Attempt Any Two Questions:**

9. Discuss the following exchange rate theories:

- a. Mint Par Theory
- b. Balance of Payment Theory
- c. Purchasing Power Parity Theory

10. Bombay on London is quoted as under:

<b>Spot</b>	£ 5.2530 – 5.2575
1 month forward	2.5 – 2.0 pm
2 months forward	2.75 – 2.25 pm
3 months forward	3.25 – 2.75 pm

<b>Spot</b>	£ 5.2530 – 5.2575
1 month forward	2.0 – 2.5 dis
2 months forward	2.25 – 2.75 dis
3 months forward	2.75 – 3.25 pm

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

11. Recently, US decided to raise tariffs on at least \$ 50 Bn Chinese Imports. This move is a warning to both India and China. Give your analysis on the given issue of global trade wars with the help of facts and figures.