

Name:

Enrolment No:



**UNIVERSITY OF PETROLEUM AND ENERGY STUDIES**  
**Final Examination, Dec.-2020**

Course: International Economics

Semester: III

Program: BA (Economics Hons)

Time: 03 hrs.  
Max. Marks: 100

Code: Econ 2015

Instructions:

There are three sections.

**SECTION A (Attempt all) :True and False**

S. No.		Marks	CO
Q 1	a)The Indian labor and land laws are barriers to FDI. b) Interests on domestic borrowings are included in the capital a/c of BOP a/c.	5	CO1
Q 2	a) Trade in services are included in trade a/c. b)India always has current a/c surplus.	5	CO1
Q 3	a) Portfolio investment is invested in real businesses . b) Negative inflation rate is a sign of good health of economy.	5	CO1
Q 4	a)Being member to UN gives assurances to foreign investors that the host country is disciplined . b) Trade-Related Intellectual Property Rights( TRIPs) ensures the protection about technology .	5	CO1
Q 5	a)FDI is made with long term commitments. b) As per absolute advantage theory, export should be discouraged and import should be encouraged.	5	CO1
Q 6	a) In fixed exchange rate , the finance ministry plays an important role. b) India currently has fixed exchange rate.	5	CO3

**SECTION B**

Q 1	Assume yourself as a manager of a company wishing to invest outside the domestic economy. Critically discuss all the factors you are going to consider before finalizing you decision.	10	CO1
Q2	Critically discuss the comparative advantage theory of international trade? With the help of below given matrix , calculate the relative prices and show whether it is profitable conduct trade for both countries. Also show with graph that after conducting trade , both countries would be better off with consuming more of both commodities. Assume both countries have 100 labor hours each.	10	CO2

	Productivity with 1 Labor Hours in	US	India		
	Cloth	0.3	0.8		
	Wheat	0.4	0.5		
Q3	Import quota has been a popular instrument for regulating trade. Critically discuss the economics of it with analyzing the various methods of distributing import licenses.			10	CO2
Q4	“Fixed exchange rate is initially good for economic development . However, if it is maintained for a long time, it diverges from the fundamental of the economy.” Discuss it critically and show graphically the functioning of the fixed exchange rate .			10	CO3
Q5	Critically discuss how you would ascertain the current health of the economy .			10	CO2
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<b>SECTION-C</b>					
Q 1	<p>a)“As per H-O Model of international trade , the developed countries should have minimum or no trade among themselves. However, the maximum trade is evidenced among them only empirically.” Critically discuss it in the light of new trade theories.</p> <p>b) “ COVID 19 pandemic started as a health crisis , which has turned now into economic crisis.” Critically discuss the statement with analyzing its impact sector-wise in India.</p>			20	C02