



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

**Course: International Business**

**Semester : III**

**Program: BBA –AVM**

**Duration : 03 hrs.**

**Course Code: INTB 2013**

**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	<p align="center"><b>Section A</b>  <b>Attempt all the questions. Each question carries equal marks.</b></p>	<p align="center"><b>10Qx2M=</b>  <b>20Marks</b></p>	<p align="center"><b>COs</b></p>
Q.1	<p>Which of the following is applicable to comparative cost advantage theory</p> <ol style="list-style-type: none"> <li>One country is more efficient in one commodity</li> <li>One country is more efficient in both commodity</li> <li>Other country is more efficient in both commodity</li> <li>All of them</li> </ol>		CO1
Q.2	<p>The statement principle of commodity terms of trade is based on export and import quantity indices. Such type of terms of trade called:</p> <ol style="list-style-type: none"> <li>Net Barter Terms of Trade</li> <li>Gross Barter Terms of Trade</li> <li>Income Terms of Trade</li> <li>Two Factoral Terms of Trade</li> </ol>		
Q.3	<p>“Why does a nation achieve international success in a particular industry?” This statement refers to which of the following international trade theories:</p> <ol style="list-style-type: none"> <li>Factor endowment theory</li> <li>Comparative cost Advantage theory</li> <li>International Product Life Cycle Theory</li> <li>Porter’s Five Forces Model</li> </ol>		
Q.4	<p>Which of the following statement is true with respect to Balassa Index</p> <ol style="list-style-type: none"> <li>Tool to measure Revealed Comparative Advantage</li> <li>It Measures the Relative Trade Performance Of Individual Countries in Particular Commodities</li> <li>Ignores attainment of economic efficiency</li> <li>All of them</li> </ol>		
Q.5	<p>Which export commodity in India showed maximum fall in January 2021</p> <ol style="list-style-type: none"> <li>Petroleum Products</li> <li>Transport equipment</li> <li>Iron Ore</li> <li>Gold</li> </ol>		
Q.6	<p>If BI in chemicals in China 0.42 and in US it is 1.18, what would advise to China and USA</p> <ol style="list-style-type: none"> <li>US should import to China</li> <li>China should export from USA</li> <li>Both</li> <li>Neither 1 nor 2</li> </ol>		
Q.7	<p>Which of the following statement does represent the Leontief Paradox:</p> <ol style="list-style-type: none"> <li>Capital intensive country should export capital intensive goods,</li> <li>Capital intensive country should export labor intensive goods,</li> <li>Either '1' or '2',</li> <li>Neither '1' nor '2'</li> </ol>		
Q.8	<p>The gold standard in which the currency in circulation consists of gold coins and fixed gold content is called:</p> <ol style="list-style-type: none"> <li>Gold Specie Standard</li> <li>Gold Bullion Standard</li> <li>Gold Exchange Standard</li> </ol>		

Q.9	d. None of them Currency Board Arrangements refer to a monetary regime based on an explicit legislative commitment to exchange domestic currency for a specified foreign currency at a fixed exchange rate, is called: a. Crowling Peg b. Soft Peg c. Hard Peg d. Crowling Bands		
Q.10	Theory States the rate of exchange is determined by the forces of demand and supply for the currency in the foreign exchange market is called: a. Mint Par Theory b. Purchasing Par Parity Theory c. Balance of Payment Theory d. Fisher Effect Theory		
<b>Section B</b> <b>Attempt all the questions. Each question carries equal marks.</b>		<b>4Qx5M= 20</b> <b>Marks</b>	
Q.1	India's Income Terms of Trade (TOT) = 129, Net TOT = 79, Gross TOT = 87. How will you interpret them?		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	Discuss the floating exchange rate system. Which is the most prevailing currency in the world and what is it percentage?		
Q.4	If \$ 1 = Rs. 74.20 – Rs. 74.23, discuss the concept of Bid, offer and spread in the quote.		
<b>Section C</b> <b>Attempt all the questions. Each question carries equal marks.</b>		<b>3Qx10M=30</b> <b>Marks</b>	
Q.1	Critically analyze fixed and floating 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		
<b>Section D</b> Read, Analyze and Answer the Questions given at the end of the caselet		<b>2Qx15M=</b> <b>30 Marks</b>	
Q	Bombay on London is quoted as under:		CO4
	Spot	\$ 4.1430      \$ 4.1475	
	1 month forward	2.0              1.5 pm	

2 months forward	2.25	1.75 pm			
3 months forward	2.75	2.25 pm			
<p>Q.1 Calculate 1 month, 2 months and 3 months forward rates.</p> <p>Q.2 Netflix is a US-based internet streaming media provider founded by Reed Hastings and Marc Randolph in 1997. It originally started with providing DVD-by-mail service in North America and now provides digital streaming with services available worldwide. Although Netflix is the most popular online subscription service for streaming entertainment in the world, there are some issues which threaten the long-term viability of their business model. Assess the Netflix using Porter's Five Forces Model to determine how market forces may affect the company's business.</p>					