

Total No. of Questions: 6

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Enrollment No.....



Faculty of Commerce
End Sem (Even) Examination May-2018
CM3EG07 International Trade

Programme: B.Com (Hons.)

Branch/Specialisation: Commerce

Duration: 3 Hrs.

Maximum Marks: 60

Note: All questions are compulsory. Internal choices, if any, are indicated. Answers of Q.1 (MCQs) should be written in full instead of only a, b, c or d.

- Q.1 i. Which of the following is international trade: **1**
(a) Trade between provinces (b) Trade between regions
(c) Trade between countries (d) Both (b) and (c)
- ii. Which is NOT an advantage of international trade: **1**
(a) Export of surplus production
(b) Import of defence material
(c) Dependence on foreign countries
(d) Availability of cheap raw materials
- iii. Theory of absolute advantage was presented by: **1**
(a) Adam Smith (b) Ricardo
(c) Hicks (d) Arshad
- iv. Modern theory of international trade is based on the views of: **1**
(a) Robbins and Ricardo (b) Adam Smith and Marshall
(c) Heckscher and Ohlin (d) Saleem and Kareem
- v. Trade between two countries can be useful if cost ratios of goods are: **1**
(a) Equal (b) Different (c) Undetermined (d) Decreasing
- vi. Terms of trade of developing countries are generally unfavourable **1**
because:
(a) They export primary goods
(b) They import value added goods
(c) They export few goods
(d) Both (a) and (b)

P.T.O.

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- vii. Dumping refers to: **1**
(a) Buying goods at low prices abroad and selling at higher prices locally
(b) Expensive goods selling for low prices
(c) Reducing tariffs
(d) Sale of goods abroad at low a price, below their cost and price in home market
- viii. The _____ is summary record of a nation's goods and invisibles transactions with the rest of the world **1**
(a) Current account (b) Capital account
(c) Unilateral transfer account (d) Official reserve account
- ix. Theory which considers change in exchange rate with fluctuations in inflation rates is classified as **1**
(a) Liquidated power parity (b) Purchasing power parity
(c) Selling power parity (d) Volatile power parity
- x. The euro is: **1**
(a) The currency of EU member countries.
(b) A weighted average of the currencies of EU member countries.
(c) A currency that is only traded offshore.
(d) A currency, the value of which is determined by demand and supply.

- Q.2 Attempt any two:
i. What is International Business? Explain the scope of it. **5**
ii. What are the factors influences International Business? Explain. **5**
iii. Compare and contrast International Business with Domestic Business. **5**
- Q.3 i. What is Absolute Advantage Theory? **2**
ii. Explain the Comparative Advantage Theory with real life example. **8**
- OR iii. India has advantage in export of Software. Explain using concept of H-O Model. **8**
- Q.4 i. Explain Terms of Trade. **2**
ii. What is Devaluation? Explain its impact on export and import with suitable example. **8**

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- OR iii. Compare and contrast Free Trade Vs Protectionism. **8**
- Q.5 Attempt any two:
i. What is Balance of Payment? Explain its impact on a Nation. **5**
ii. What are the methods of correction of Balance of Payment? Explain **5**
iii. What is Dumping? Measure its impact on a country. **5**
- Q.6 Attempt any two:
i. Discuss mint parity theory. **5**
ii. Explain various factors which affect foreign exchange. **5**
iii. Explain the functions of Foreign Exchange Market. **5**

Marking Scheme

CM3EG07 International Trade

Q.1	i. Which of the following is international trade: (c) Trade between countries	1			
	ii. Which is NOT an advantage of international trade: (c) Dependence on foreign countries	1			
	iii. Theory of absolute advantage was presented by: (a) Adam Smith	1			
	iv. Modern theory of international trade is based on the views of: (c) Heckscher and Ohlin	1			
	v. Trade between two countries can be useful if cost ratios of goods are: (b) Different	1			
	vi. Terms of trade of developing countries are generally unfavourable because: (d) Both (a) and (b)	1			
	vii. Dumping refers to: (d) Sale of goods abroad at low a price, below their cost and price in home market	1			
	viii. The _____ is summary record of a nation's goods and invisibles transactions with the rest of the world (a) Current account	1			
	ix. Theory which considers change in exchange rate with fluctuations in inflation rates is classified as (b) Purchasing power parity	1			
	x. The euro is: (a) The currency of EU member countries.	1			
Q.2	Attempt any two: i. International Business	2 marks	5		
	Scope of International Business	3 marks			
	ii. Factors influences International Business		5		
	Each factor 1 mark	(1 mark * 5)			
	iii. International Business with Domestic Business.		5		
	2.5 marks each	(2.5 marks * 2)			

	Q.3	i. Absolute Advantage Theory point wise explanation ii. Comparative Advantage Theory Real life example.	6 marks	2 8	
	OR	iii. Advantage in export of Software Concept of H-O Model	4 marks 4 marks	8	
	Q.4	i. Terms of Trade. ii. Devaluation Its impact on export with example Its impact on import with example	2 marks 2 marks 3 marks 3 marks	2 8	
	OR	iii. Free Trade Protectionism.	4 marks 4 marks	8	
	Q.5	Attempt any two: i. Balance of Payment Its impact on a Nation ii. Methods of correction of Balance of Payment Each methods 1 mark iii. Dumping Impact on a country	2.5 marks 2.5 marks 2.5 marks (1 mark * 5) 2.5 marks 2.5 marks	5 5 5	
	Q.6	Attempt any two: i. Discuss mint parity theory. ii. Factors which affect foreign exchange. Each factor 1 mark iii. Functions of Foreign Exchange Market. Each function 1 mark	(1 mark * 5) (1 mark * 5)	5 5 5	