

GUJARAT TECHNOLOGICAL UNIVERSITY
MBA (TM) – SEMESTER – (10) EXAMINATION – SUMMER 2016

Subject Code: 4210106**Date: 17/05/2016****Subject Name: International Economics****Time: 10:30 am to 01:30 pm****Total Marks: 70****Instructions:**

1. Attempt all questions.
2. Make suitable assumptions wherever necessary.
3. Figures to the right indicate full marks.

- Q.1** (a) Explain the theory of comparative cost advantage theory with suitable example? **07**
(b) What is the role of mercantilist theory in the development of the Brittan expansion in 17th and 18th century? **07**
- Q.2** (a) Briefly explain the Heckscherr- Ohlin theory with suitable example. **07**
(b) Explain role of barrier in the International Trade. **07**
- OR**
- (b) What is the importance of the Free Trade Area and the Economic Union in the international Trade? **07**
- Q.3** (a) Explain Balance of Payment. Also list and explain the factors that are related with the BOP. **07**
(b) What are the factors related for deficit in BOP? **07**
- OR**
- Q.3** (a) Promotion of export is the key for positive or surplus of BOP? Agreed or not? Why? **07**
(b) Do FII, FDI and FPI make any impact on BOP? How? **07**
- Q.4** (a) Differentiate the Fixed exchange rate and Floating Exchange rate? **07**
(b) What are the major economic issues faced by the developing countries in International Trade? **07**
- OR**
- Q.4** (a) What are the reasons for adopting the floating exchange rate in 70's by US and India both? **07**
(b) What is the Price mechanism of BOP adjustment? Briefly explain. **07**
- Q.5** (a) Why governments intervene in International trade? **07**
(b) BOP must always balance, The BOP shows the deficit" Reconcile the two statements made with respect to the same statements? **07**
- OR**
- Q.5** (a) What is the monetary approach available for the BOP settlement? **07**
(b) The US is more productive than Thailand in producing both computers and corn, so there is nothing to be gained from international trade between the two countries. True or false? Why? **07**
