

**GUJARAT TECHNOLOGICAL UNIVERSITY**  
**MBA – SEMESTER 3 – EXAMINATION – WINTER 2018**

**Subject Code:3539245****Date:13/12/2018****Subject Name: International Economics (IE)****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 Answer following terms in brief. 14**
- (a) International Trade
  - (b) Economies of Scale
  - (c) Imperfect Competition
  - (d) EXIM policy
  - (e) Counter Trade
  - (f) Balance of Payment
  - (g) SDR
- Q.2 (a) Absolute Advantage theory favors trade amongst countries. Discuss 07**
- (b) Discuss how country doesn't have any advantage can participate in international trade according to Comparative advantage theory. 07**
- OR**
- (b) Discuss how factor endowments with country push the international trade. 07**
- Q.3 (a) Discuss various trade barriers adopted by countries to protect their economy. 07**
- (b) Developing nations are more leaned towards regional trade blocs. Discuss 07**
- OR**
- Q.3 (a) Discuss various arguments made by developing countries to opt for trade constraints. 07**
- (b) Political sentiments make heavy impact on trade activities across the globe. Discuss 07**
- Q.4 (a) Explain how National Income Accounting and the Balance of Payments computed and used in determination of exchange rate of country. 07**
- (b) Discuss the working of Foreign Exchange Market across globe. 07**

**OR**

- Q.4** (a) Define Foreign Exchange Market and describe various member of foreign exchange market. **07**
- (b) Discuss role of IMF in managing world economy. **07**
- Q.5** **CASE STUDY: ILL TREATMENT**

Indian leather exports, an important foreign exchange earner for the country has been reportedly hit hard by the decision of some major US retail chains like Eddie Bauer, LL Bean, Timberland and a German Company Bader to boycott leather goods from India in protest against the ill treatment of animals. This move came shortly after a decision by Global retail chains Gap, Marks & L. Spencer, etc not to buy Indian leather goods. This development has a lot to do with the lobbying by the US-based animal rights group “People for Ethical Treatment of Animals (PETA)” for a ban on leather goods from India by documenting evidence of “cruelty to animals” killed for making leather. It has been reported that the overseas firms have officially communicated to the Indian outfit of PETA that they will not be sourcing leather products from India until there is strict enforcement of animal protection laws. Following this, the Mumbai based Teja Industries, the Official supplier of leather goods for Mark & Spencer in India, started out-sourcing leather from other countries to manufacture products for the Global Chain.

- (a) Discuss how political and Global Environment affects the international trade. **07**
- (b) Suggest what steps Indian Government should take. **07**

**OR**

- Q.5** (a) Discuss that lobbying of such nature should be allowed or not? Why? **07**
- (b) What actions should be taken against PETA by developing countries? Discuss. **07**

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