

Name:

Enrolment No:



**UNIVERSITY OF PETROLEUM AND ENERGY STUDIES**  
**Final Examination, May-2021**

Course: International Trade I

Semester: IV

Program: BA (Economics, Hon.)

Time: 03 hrs.  
Max. Marks: 100

Code: INTB 2010

Instructions:

There are three sections.

**SECTION A (Attempt all) : True and False : Write reasons also in two- three lines**

S. No.		Marks	CO
Q 1	The Indian labor laws are very stringent.	5	CO1
Q 2	India always has Trade a/c deficit.	5	CO1
Q 3	Moderate inflation rate is a sign of good health of economy.	5	CO1
Q 4	Prices of factors of production have tendency to converge across countries along with globalization.	5	CO1
Q 5	As per comparative advantage theory, a country should export a commodity it is producing with least opportunity cost.	5	CO1
Q 6	India currently has flexible exchange rate.	5	CO1

**SECTION B**

Q 1	What are the bases of intra-industry trade? Critically explain the role of internal economies of scale and product differentiation in intra-industry trade.	10	CO1
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Q2	<p>What are the bases of trade as per H-O model? With the below- given information , calculate the relative prices and ascertain whether conducting trade is beneficial or not .</p> <table border="1"> <tr> <td>Productivity Per Labor Hour</td> <td>US</td> <td>India</td> </tr> <tr> <td>Cloth</td> <td>0.4</td> <td>0.8</td> </tr> <tr> <td>Wheat</td> <td>0.5</td> <td>0.6</td> </tr> </table>	Productivity Per Labor Hour	US	India	Cloth	0.4	0.8	Wheat	0.5	0.6	10	CO2
Productivity Per Labor Hour	US	India										
Cloth	0.4	0.8										
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Q3	Critically explain the Rybczynski Theorem ? How does it change the growth path?	10	CO2									
Q4	What are the sources of external economies of scale ? How do they play important role in clusters in the context of international trade?	10	CO2									
Q5	Critically explain three implications of international trade on factors of production market as per H-O model.	10	CO3									
<b>SECTION-C</b>												
Q 1	“Voluntary Export Restraint ( VER) is politically convenient but economically expensive instrument to protect domestic industry .” Critically explain this statement and also discuss the economics of VER along with methods of distributing export licenses .	20	C03									