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PRESIDENCY UNIVERSITY

BENGALURU

End - Term Examinations –MAY 2025

Date: 26-05-2025

Time: 01:00 pm – 04:00 pm

School: SOC	Program: B.Sc. Economics	
Course Code : BSE2043	Course Name: International Economics	
Semester: IV	Max Marks: 100	Weightage: 50%

CO - Levels	C01	C02	C03	C04	C05
Marks	18	31	33	35	33

Instructions:

- (i) Read all questions carefully and answer accordingly.
- (ii) Do not write anything on the question paper other than roll number.

Part A

Answer ALL the Questions. Each question carries 2 marks.

10Q x 2M=20M

1.	Define cost differences as a basis of trade.	2 Marks	L	C01
2.	Explain shifting patterns in world trade with one example.	2 Marks	L	C01
3.	State any two assumptions of Haberler's Opportunity Cost Theory.	2 Marks	L	C02
4.	Write a short note on Stolper-Samuelson theorem.	2 Marks	L	C02
5.	What is meant by heterogeneous firms in international trade?	2 Marks	L	C03
6.	Distinguish between monetary and fiscal policy effects on BoP with an example each.	2 Marks	L	C03
7.	Define intra-industry trade and its significance for developing economies.	2 Marks	L	C04
8.	Calculate G Lloyd index: Gross Barter Terms of Trade: Export of machineries = 140 million , Import of machineries = 120 million.	2 Marks	L	C04
9.	What are non-tariff trade barriers? Give one example.	2 Marks	L	C05
10.	Mention two objectives of the WTO.	2 Marks	L	C05

Part B

Answer ALL the Questions. Each question carries 7 Marks.

Total Marks 35M

11.	a.	Explain the Absolute Advantage Theory with a numerical illustration involving two countries and two goods.	07 Marks	L	CO 2
Or					
12.	a.	Analyze the Leontief Paradox and how it challenged the Heckscher-Ohlin theory.	07 Marks	L	CO 2

13.	a.	Calculate: Export Price Index = 140; Import Price Index = 120; Productivity Index of exports = 110; Productivity Index of imports = 105. a) Calculate the Net Barter Terms of Trade (NBTT). b) Calculate the Gross Barter Terms of Trade (GBTT). c) Interpret the result.	07 Marks	L	CO 3
Or					
14.	a.	Explain the effects of labor migration on the home and host nations' economies.	07 Marks	L	CO 3

15.	a.	Discuss the importance of environmental regulation in altering global trade patterns.	07 Marks	L	CO 1
Or					
16.	a.	Explain with examples how cost differences lead to international trade.	07 Marks	L	CO 1

17.	a.	Examine the impact of international capital flows on the Balance of Payments of a developing country.	07 Marks	L	CO 4
Or					
18.	a.	How does currency valuation affect the BoP position? Give real-world examples.	07 Marks	L	CO 4

19.	a.	Define economic integration. Discuss different forms of economic integration with examples.	07 Marks	L	CO 5
Or					
20.	a.	Explain the concept of New Protectionism with current examples.	07 Marks	L	CO 5

Part C

Answer any Three Questions. Each question carries 15 marks

3Q x 15M=45M

21.	a.	Distinguish between Internal and International trade with examples for each reason why both are distinct.	15 Marks	L	CO 2
22.	a.	Examine the impact of exchange rate fluctuations on Balance of Payments stability. Illustrate with real-world country examples.	15 Marks	L	CO 3

23.	a.	<p>Vietnam has emerged as one of the leading exporters of electronics and machinery over the past decade. Government investment in education and skill development led to a significant increase in skilled labor availability. Major global companies like Samsung and Intel set up large manufacturing units in the country, leveraging Vietnam's cost-effective and skilled workforce. As the manufacturing sector expanded, traditional sectors like agriculture and textiles saw a slower growth rate. Economists noted that Vietnam's trade pattern shifted from simple goods to more technology-intensive exports. At the same time, Vietnam's trade data showed a rising share of intra-industry trade (IIT) — exporting and importing similar types of goods — particularly in electronics components and parts.</p> <p>Question:</p> <ul style="list-style-type: none"> • Apply the Rybczynski Theorem to explain the sectoral shifts observed in Vietnam's economy. • Discuss how dynamic factors like changes in labor skills and technology influence the emergence of trade. • Explain how rising intra-industry trade can help Vietnam integrate more deeply into global value chains. 	15 Marks	L	CO 4
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24.	a.	<p>India has been negotiating new Free Trade Agreements (FTAs) with ASEAN countries to strengthen its role in regional value chains. However, concerns remain about rising imports hurting small-scale industries.</p> <p>Q:</p> <ul style="list-style-type: none"> • Analyze how economic integration through trade blocs affects both exports and imports. • Discuss how intra-industry trade can mitigate the adverse effects. • Explain the role of policy reforms in preparing India for deeper integration. 	15 Marks	L	CO5
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