

Roll No



**PRESIDENCY UNIVERSITY
BENGALURU**

**SCHOOL OF COMMERCE
MID TERM EXAMINATION - APR 2023**

Semester : Semester IV - 2021

Course Code : BSE1014

Course Name : Sem IV - BSE1014 - International Economics

Program : BSE

Date : 13-APR-2023

Time : 9.30AM - 11.00AM

Max Marks : 50

Weightage : 25%

Instructions:

- (i) Read all questions carefully and answer accordingly.
- (ii) Question paper consists of 3 parts.
- (iii) Scientific and non-programmable calculator are permitted.
- (iv) Do not write any information on the question paper other than Roll Number.

PART A

ANSWER ALL THE FIVE QUESTIONS

(5 X 2=10M)

1. Explain how international trade affect global economic growth
(CO1) [Knowledge]
2. Distinguish between Internal and International trade
(CO1) [Knowledge]
3. According the Immersion growth theory, what is the consequence of Decreasing Terms of trade?
(CO1) [Knowledge]
4. Considering a country importing 2000 units of coffee priced at Rs5 per unit and importing 1200 units of cotton priced at Rs3 per unit. It Exports 1000 units of rice priced at Rs10 per unit. calculate Net barter terms of trade and conclude if the country has favorable or unfavorable terms of trade.
(CO2) [Knowledge]
5. Absolute Advantage theory was developed by
 - a. David Ricardo
 - b. Adam Smith
 - c. Alfred Marshall
 - d. J B Says
(CO2) [Knowledge]

PART B

ANSWER ALL THE TWO QUESTIONS

(2 X 10 = 20M)

6. State the assumptions considered under the absolute cost advantage theory. Draw inference on how the theory works with few example. Also elucidate on the criticisms of the theory. (CO1) [Knowledge]
- 7.a) Leontief had mentioned the problem that the HO theory contains with the help of empirical study. Detail regarding that and also the solution he proposed for the same criticism
- b) Illustrate the J S Mill's Reciprocal demand with the offer curve (CO2) [Comprehension]

PART C

ANSWER THE ONE QUESTION

(1 X 20 = 20M)

- 8.a) How has the development of the new trade theory challenged the assumptions of traditional trade theories, such as the Heckscher-Ohlin Theory and the Theory of Comparative advantage?
- b) Elaborate on the Immiserizing growth theory given by Jagadish Bhagawati. Also give real world example for such consequences. (CO1) [Application]

