

Seat No: - _____

Enrollment No: - _____

**PARUL UNIVERSITY
FACULTY OF ARTS**

B. Arts Midterm Examination 2022–23

Semester: - V

Date: 30/07/2022

Subject Code: - 15101304

Time: 2 hours

Subject Name: - International Economics-I

Total Marks: 40

Instructions:

1. All questions are compulsory.
2. Figures to the right indicate full marks.
3. Make suitable assumptions wherever necessary.
4. Start new question on new page.

		Marks
Q.1	Do As Directed.	06
1	Theory of absolute advantage is propagated by.....	
	(A) Philip Kotler	(B) Adam Smith
	(C) Peter Drucker	(D) David Ricardo
2stresses on the 'relative cost difference' rather than 'absolute cost difference' between the goods as the basis for carrying out trade.	
	(A) Theory of absolute advantage	(B) Theory of comparative advantage
	(C) Hecksher Ohlin Theory	(D) Theory of Mercantilism
3	Factor endowments theory of international trade is also known as.....	
	(A) Theory of absolute advantage	(B) Theory of comparative advantage
	(C) Hecksher Ohlin Theory	(D) Theory of Mercantilism
4	International product life cycle theory was given by.....	
	(A) Raymond Vernon	(B) David Ricardo
	(C) Michael Porter	(D) Adam Smith
5	International trade and domestic trade differ because of:	
	(A) Different government policies	(B) Immobility of factors
	(C) Trade restrictions	(D) All of the above
6	Dumping refers to:	
	(A) Reducing tariffs	(B) Sale of goods abroad at a lower price, below their cost and price in their home market
	(C) Buying goods at low prices abroad and selling at higher price locally	(D) Expensive goods selling for low prices
7	Government policy about export and import is called:	
	(A) Commercial policy	(B) Fiscal policy
	(C) Monetary policy	(D) Finance policy
8	Which of the following is international trade?	
	(A) Trade between countries	(B) Trade between regions
	(C) Trade between provinces	(D) Both (b) and (c)
9	Market in which currencies are bought and sold and their prices settle on is called the	
	(A) International bond market	(B) International capital market
	(C) Foreign exchange market	(D) Eurocurrency market

10	Posner referred the integration of innovation and imitation lag as.....			
	(A)	Dynamism	(B)	Static
	(C)	Any of the above options	(D)	None of the above
11	Offshoring is:			
	(A)	Substituting foreign for domestic labor	(B)	Subcontracting a part of production to another firm
	(C)	Exporting	(D)	Importing
12	Economies of scale means:			
	(A)	Cost on all products	(B)	Reduced per unit cost
	(C)	Higher per unit cost	(D)	None of these
B. Terms / Short Notes / Case Study / Charts / Graphs/ Tables, etc. (Each of 01 mark)				(04)
1	What do you mean by factor abundance?			
2	What is intra-industry?			
3	What is opportunity cost?			
4	What is internal trade?			
Q.2	Answer the following.			
1	Define the lags given in technology gap model.			(04)
2	What is offshoring and outsourcing?			(04)
OR				
2	What do you mean by increasing returns to scale?			(04)
Q.3	Answer the following.			
1	What are the merits of international trade?			(05)
2	Explain the view point of mercantilism and liberalism.			(05)
OR				
2	Country	Wine (per unit cost in labor hours)	Cloth (per unit cost in labor hours)	(05)
	Australia	80	90	
	England	120	100	
From the table given above, tell that Australia and England have comparative advantage in production of which commodity?				
Q.4	Answer the following.			
1	Define H-O theorem. What are its assumptions?			(06)
2	Explain product cycle model.			(06)
OR				
2	Explain the concept of absolute advantage theory of international trade.			(06)

*****All the Best*****