Reg. No: 23BCE0463

H/E/TX

Final Assessment Test – May 2024

VIT
Vellore Institute of Technology

Course: BHUM206L - International Economics

Class NBR(s): 5149 Slot: B1+TB1

Time: Three Hours Max. Marks: 100

> KEEPING MOBILE PHONE/ELECTRONIC DEVICES EVEN IN 'OFF' POSITION IS TREATED AS EXAM MALPRACTICE
> DON'T WRITE ANYTHING ON THE QUESTION PAPER

General Instructions:

Avoid bullet points, Draw the graphs wherever necessary and label the axis properly

Answer any TEN Questions

(10 X 10 = 100 Marks)

1. What were the key components of New Economic Policy of India during 1990s? [10]

2. Classify the world into different types of economies based on the per capita income and the level of development. [10]

3. Discuss the concept of terms of trade. What will happen to the commodity terms of trade and income terms of trade of a nation if its Qx (export volume index) rose from 100 in 2010 (base year) to 190 in 2024 and PX (price index of exports) fell by 20 percent (to 80), while its PM(price index of imports) rose by 10 percent (to 110) over the same period? [3+7]

4. What is foreign debt? What are the various reasons for burgeoning foreign debt of developing countries? [3+7]

5. From the following table explain the pattern of trade between U.S and India. Also explain the gains from trade for each country if exchange ratio was 6W=6C. [10]

	US	India
Wheat (bushels/hour)	6	1
Cloth (yards/hour)	4	2

6. Illustrate graphically how Heckshher –Ohlin trade theory predicts trade pattern between countries with different factor endowments. Also, explain how the two countries gain after trading with each other. [7+3]

7. What do you mean by export promotion? Discuss various types of export subsidies in detail with suitable examples. [3+7]

8. Explain various types of import quotas? After the imposition of 100% advalorem tariff on commodity Y by the importing country, domestic price of Y increases from Rs.1 to 2, domestic production increases from 10 to 30 units and total consumption decreases from 70 to 50 units. Calculate the gain in producer surplus, tariff revenue, dead weight loss and loss of consumer surplus due to the imposition of tariff. [5+5]

9. How is FDI differing from FPI? Trace the evolution of FDI reforms in India post 1991. [4+6]

10. Explain the concept of IMF's SDRs. Discuss important functions of IMF. [10]

11. Discuss various exchange rate regimes in detail. [10]

12. What is balance of trade? Explain various measures for correcting disequilibrium in balance of payments of a country. [3+7]

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