

**MBA in SIBFT Sem.-1 Examination**  
**IIS-FT-2**  
**International Economics & Trade Theories**  
**January-2024**

**Time : 2-30 Hours]**

**[Max. Marks : 70**

**Q1.** Explain the concept of comparative advantage and how it contributes to international trade. b. Provide examples illustrating the principle of comparative advantage. c. Discuss the implications of a country exploiting its comparative advantage in trade. **(14 Marks)**

**OR**

**Q1.** Summarize the key commitments made by nations in COP28 to address climate change. Discuss challenges that nations might face in implementing and achieving their COP28 commitments. Assess the potential economic impacts of COP28 commitments on both developed and developing countries. **(14 Marks)**

**Q2.** Describe the Heckscher-Ohlin model and its assumptions. b. Explain how factor endowments influence trade patterns according to the Heckscher-Ohlin model. c. Discuss criticisms and limitations of the Heckscher-Ohlin model. **(14 Marks)**

**OR**

**Q2.** Define food security and elaborate on its dimensions, including availability, access, utilization, and stability. Discuss the role of international trade in addressing food security challenges. Analyse the impact of climate change on global food security and propose strategies for mitigation. **(14 Marks)**

**Q3.** Define protectionism and explain its objectives. b. Discuss common trade barriers and their impact on international trade. c. Evaluate the economic consequences of protectionist policies. **(14 Marks)**

**OR**

**Q3.** Explain the role and significance of the G20 in international economic governance. Discuss India's key priorities and contributions within the G20 framework. Evaluate India's diplomatic and economic stance in the global context, considering its position in organizations like the United Nations and G20. **(14 Marks)**

**Q4.** Define trade liberalization and explain its benefits for participating countries. b. Discuss the different forms of economic integration, such as free trade areas and customs unions. Analyse the potential challenges and drawbacks associated with economic integration. **(14 Marks)**

**OR**

**Q4.** Elaborate on the economic benefits of international trade for nations. Discuss how international trade contributes to global economic growth and development. **(14 Marks)**

**Q5. Multiple Choice Questions: (Attempt any 7 out of 12 questions)**

**(14 Marks)**

1. How does trade liberalization contribute to global economic growth?

- a) By promoting protectionist trade policies
- b) By limiting access to international markets
- c) By fostering competition and increasing market efficiency
- d) By decreasing cooperation among nations

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2. How can government subsidies affect international trade?

- a) They encourage free trade and reduce trade imbalances.
- b) They can distort trade by favouring domestic industries.
- c) They have no impact on international trade.
- d) They lead to decreased global economic growth.

3. What is a potential consequence of protectionist trade policies on the global economy?

- a) Increased economic growth.
- b) Enhanced international cooperation.
- c) Economic stagnation and reduced efficiency
- d) Improved income equality

4. Which international organization plays a significant role in shaping global trade policies and settling trade disputes?

- a) United Nations (UN)
- b) International Monetary Fund (IMF)
- c) World Trade Organization (WTO)
- d) World Bank (WB)

5. Free trade agreements (FTAs) aim to:

- a) Restrict international trade and protect domestic industries.
- b) Promote barriers to trade.
- c) Reduce or eliminate trade barriers between participating countries.
- d) Impose tariffs and taxes on all imported goods.

6. How do capital controls influence international trade and investment?

- a) They encourage foreign investment in a country.
- b) They restrict the flow of funds across national borders.
- c) They have no impact on international trade.
- d) They promote the free movement of capital across borders.

7. The "Most Favoured Nation" (MFN) principle, a concept in international trade, means that:

- a) A nation can have a special trade relationship with only one other country.
- b) A nation should give preferential treatment to its most favoured trading partners.
- c) All trading partners are treated equally in terms of tariffs and trade policies.
- d) A nation should impose higher tariffs on its favoured trading partners.

8. In the context of the G20, what role does international trade play in addressing global economic challenges?

- a) It exacerbates economic issues.
- b) It is irrelevant to G20 discussions.
- c) It facilitates economic cooperation and growth.
- d) It only benefits developed nations.

9. How can international trade contribute to achieving the environmental goals outlined in COP28?
- a) By promoting energy-intensive industries
  - b) By discouraging the exchange of eco-friendly technologies
  - c) By fostering the exchange of green technologies and promoting sustainable practices
  - d) By limiting access to renewable energy sources
10. What role does international trade play in fostering cultural exchange and understanding?
- a) It has no impact on cultural exchange.
  - b) It promotes cultural homogenization.
  - c) It facilitates the exchange of goods and ideas, fostering cultural diversity.
  - d) It restricts cultural interactions between nations.
11. In the context of international trade, what is the significance of the World Trade Organization (WTO)?
- a) To promote isolationist trade policies
  - b) To regulate and facilitate international trade, ensuring fair practices.
  - c) To discourage nations from participating in global markets
  - d) To establish protectionist trade barriers
12. How does international trade contribute to technological innovation?
- a) By promoting closed innovation systems
  - b) By restricting the flow of technology between nations
  - c) By encouraging the exchange of ideas, knowledge, and technology
  - d) By discouraging research and development activities
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