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Even Semester Examination - July 2023
MBA-IV Semester
MBA-GE-IB-09

International Trade

Duration: 3 Hour Max.Marks -75

(15X5=75)

Note: Attempt any Five Questions, All questions carry equal marks

Q1: Critically analyze the India's trade pattern of last five year, with special focus on top 10 import and export items and India's biggest export destinations.

Q2: Each table below shows the amounts of labor required to produce one unit of each of two goods, X and Y, in two countries, A and B. In each case, identify & justify which country has a comparative advantage in good X.

a.

	Country	
Good	A	B
X	1	6
Y	4	8

b.

	Country	
Good	A	B
X	3	6
Y	4	12

c.

	Country	
Good	A	B
X	8	6
Y	4	2

Q3: Suppose when Russia opens to trade, it imports automobiles, a capital-intensive good.
a. According to the Heckscher-Ohlin theorem, is Russia capital abundant or labor abundant? Briefly explain.
b. What is the impact of opening trade on the real wage in Russia?
c. What is the impact of opening trade on the real rental on capital?
d. Which group (capital owner or labor) would support policies to limit free trade? Briefly explain

Q4: What is Factor Prize equalization theorem? Discuss it in context of H-O-S model.

and

Q5: An economy can produce good 1 using labor and capital and good 2 using labor andland. The total supply of labor is 100 units. Given the supply of capital, the output of the two goods depend on labor input as follows

Labor Input to Good 1	Output of Good 1	Labor Input to Good 2	Output of Good 2
0	0.0	0	0.0
10	25.1	10	39.8
20	38.1	20	52.5
30	48.6	30	61.8
40	57.7	40	69.3
50	66.0	50	75.8
60	73.6	60	81.5
70	80.7	70	86.7
80	87.4	80	91.4
90	93.9	90	95.9
100	100	100	100

Table 1: Production functions

A. Graph production function for good 1 & 2.
B. Graph the production possibility frontier. Why is it curved?

Q6: Discuss the implications of terms of trade effects. Who win and who loses from trade?

Q7: Discuss Trade barriers. Should Countries Create Trade Barriers that Limit Trade?

Q8: Japan primarily exports manufactured goods, while importing raw materials such as food and oil. Analyze the impact on Japan's terms of trade of the following events:

- A war in the Middle East disrupts oil supply.
- Korea develops the ability to produce automobiles that it can sell in Canada and the United States.
- U.S. engineers develop a fusion reactor that replaces fossil fuel electricity plants.
- A harvest failure in Russia.
- A reduction in Japan's tariffs on imported beef and citrus fruit