

**B.V. Patel Institute of Business Management, Computer & Information Technology,
Uka Tarsadia University**

1st Internal Examination – BBA (IB) 5th Semester

030030527 - DSE1 International Trade: Policy & Strategy

Max. Marks: 50

Date: 28/08/2017

Time: 2 hrs.

Q: 1 Answer the following (any five) [10]

1. What is domestic inter regional trade?
2. What is international trade theory?
3. Write the assumptions of absolute advantage theory.
4. What are the deficiencies of Haberler's trade theory of opportunity cost?
5. What is meant by free trade?
6. What are the kinds of rate based tariffs?

Q: 2 Answer the following (any two) [20]

1. 'The uneven distribution of resources provides the basis of foreign trade'. Explain
2. Suppose there are two countries, A and B, producing two goods X and Y. by using their total labor supply, country A can produce 12 units of X and 20 units of Y country B can produce 4 units of X and 12 units of Y. what country should specialize in what commodities? Would specialization and trade between the two countries benefit them?
3. 'Increasing the total availability of goods and services will raise the standard of living'- discuss the statement with suitable example.

Q: 3 Answer the following (any two) [20]

1. How is international economics different from the economics of the domestic economy? What is the subject matter of international economy?
2. What is a social indifference curve? What purpose does it serve in the theory of international trade? What are its limitations?
3. Explain the economics effects of tariffs in partial equilibrium analysis.