

**MASTER OF BUSINESS ADMINISTRATION
(MBAEV)**

Term-End Examination

December, 2013

MCNE-063 : INTERNATIONAL ECONOMICS

Time : 3 hours

Maximum Marks : 100

Note : Answer any five questions. All questions carry equal marks.

1. Why do countries trade ? Bring out the main features of Heckscher - Ohlin model. 20
2. What is meant by comparative advantage ? What are the sources of comparative advantage ? 20
3. What is the rationale behind imposition of trade barriers ? Briefly outline the non-tariff barriers imposed by countries. 20
4. What is meant by balance of payments ? What are its important constituents ? Why is it said that "balance of payment always balances" ? 20
5. What are the factors that influence exchange rate in a flexible exchange rate system ? How do countries manage a flexible exchange rate ? 20

6. An economy with fixed exchange rate should pay more importance to fiscal policy than monetary policy for economic stability. Explain with the help of IS-LM-BP curves. 20
7. What are the factors that lead to formation of regional trade arrangements ? Briefly comment on the functioning of ASEAN. 20
8. Write notes on : 20
- (a) Global recession of 2007-2009
 - (b) Relevance of World Bank
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