

Question Bank
Course Name: International Business Economics
Course Code: 306
UNIT I
International Trade

Sr.no	Question Type	Question	Marks
1	REMEMBERING	What is Domestic Trade?	2
2	REMEMBERING	Define International Trade.	2
3	REMEMBERING	What do you mean by Free trade?	2
4	REMEMBERING	Who has given the theory of comparative advantage of international trade?	2
5	REMEMBERING	Who has given Factor endowment theory?	2
6	REMEMBERING	Write down one difference between domestic and International Trade	2
7	REMEMBERING	The presence of increasing returns to scale in an industry tends to give a _____ in that industry to large countries. (a. Absolute advantage (b. comparative advantage	
8	REMEMBERING	Write one factor of production.	2
1	UNDERSTANDING	Explain stages of internationalisation.	5
2	UNDERSTANDING	Explain the nature of international business.	5
3	UNDERSTANDING	Why is international business a crucial venture?	5
4	UNDERSTANDING	State the different approaches to international business.	5
5	UNDERSTANDING	What are the competitive advantages of international business?	5
6	UNDERSTANDING	State the absolute advantage in International Trade.	5
7	UNDERSTANDING	Review the arguments for trade protection. Comment on the arguments.	5
8	UNDERSTANDING	Explain and give an example about specialized factors pattern in Heckscher-Ohlin theory.	5
9	UNDERSTANDING	Discuss why a good cannot be both land-intensive and labour-intensive.	5
10	UNDERSTANDING	Explain the importance, nature, scope of International Business.	5
11	UNDERSTANDING	Explain the regionalism in international business	5
12	UNDERSTANDING	Explain the barriers for free trade in world.	5
13	UNDERSTANDING	Explain the influence of Govt of India in foreign trade	5
14	UNDERSTANDING	Explain risk & opportunities in globalization.	5

UNIT II

1	APPLY	How is international business broader in scope compared to international trade and international market?	10
2	APPLY	Why do business firms of a country go to other countries? Give your answer with International Business.	10
3	APPLY	Why is international business not a bed of roses? Elucidate your answer with suitable examples	10
4	APPLY	Based on the H-O assumptions, which good does CMU export	10
5	APPLY	What was the basis for trade and the pattern of trade according to: a. Adam Smith b. Ricardo c. Heckscher-Ohlin	10
6	APPLY	What are the benefits of using the theory of comparative advantage?	10
7	APPLY	Critically examine the barrier to international Trade.	10
1	ANALYSE	Summarize and critically analyse the pro and con points of free trade. Be sure to include an analysis which incorporates relevant points from the various trade theories we have examined in class	10
2	ANALYSE	Compare and contrast the assumptions underlying the Ricardian, and Heckscher-Ohlin models of international trade	10
3	ANALYSE	What were the mercantilists' views on trade? How do they relate to current proponents of protectionism?	10
4	ANALYSE	One of the commonly used assumptions in deriving the Heckscher-Ohlin model is that tastes are homothetic, or that if the per capita incomes were the same in two countries, the proportions of their expenditures allocated to each product would be the same as it is in the other country. Imagine that this assumption is false, and that in fact, the tastes in each country are strongly biased in favor of the product in which it has a comparative advantage. How would this affect the relationship between relative factor abundance between the two countries, and the nature (factor-intensity) of the product each export? What if the taste bias favoured the imported goods?	10
5	ANALYSE	Is there a relationship between a currency's value and its balance-of-trade?	10

Trade policies

Sr.no	Question Type	Question	Marks
1	REMEMBERING	What is WTO?	2
2	REMEMBERING	What are WTO functions?	2
3	REMEMBERING	How does WTO affect us?	2
4	REMEMBERING	What is the main religion in Uruguay	2
5	REMEMBERING	What is MFN in WTO.	2

6	REMEMBERING	Define GATT?	2
7	REMEMBERING	What is TRIMs?	2
8	REMEMBERING	What is TRIPs?	2
9	REMEMBERING	At present how many members are in the WTO	2
10	REMEMBERING	Where is the headquarter of the WTO?	2
1	UNDERSTANDING	Discuss how countries bargain within the World Trade Organization to liberalize trade.	5
2	UNDERSTANDING	What are the impacts on the agricultural sector rather than free trade? (from the trade liberalization perspective)	5
3	UNDERSTANDING	What is the difference between trade in goods and trade in services?	5
4	UNDERSTANDING	Explain different agreements in WTO.	5
5	UNDERSTANDING	Explain History of WTO	5
6	UNDERSTANDING	What do the following acronyms stand for, and what do they mean? a. OECD b. GATT	5
7	UNDERSTANDING	Explain the meaning of the following terms a. Tokyo Round b. Dispute Settlement Mechanism	5
8	UNDERSTANDING	What significant agreement was reached at the WTO Ministerial Meeting in Buenos Aires, Argentina, in December 2017	5
9	UNDERSTANDING	What is the Appellate Body, and why is it in trouble?	5
1	APPLY	Evaluate and critically examine the pros and cons of the Uruguay Round of GATT	10
2	APPLY	Why do developed countries get more benefits from multilateral rules under the WTO?	10
3	APPLY	Who gains and who loses from free trade among countries, and how do the gains compare to the losses?	10
4	APPLY	Suppose there are no terms of trade externalities between two nations. Under this circumstance, can WTO be useful?	10
1	ANALYSE	Evaluate the Clinton administration's trade negotiations with China. What are the key points of disagreement (include WTO and MFN in your discussion)? What resolutions have been proposed? What is the current status of the negotiations (include APEC and WTO)? Who are the key players in resolving trade relations? Is there momentum toward free trade? What are the economic and political ramifications for both the U.S. and China?	10
2	ANALYSE	With reference to GATT, from September 1994 to the present, comment on the political momentum and manoeuvrings in the U.S. Your essay should include arguments given in but not limited to the following articles authored by Bhagwati and Kusters.	10
1	EVALUATE	Which organization is more likely to propose policies that support the economic interests of transnational media corporations over social issues? UNESCO or the WTO? Explain why.	10

UNIT – III
Currency and International Finance

Sr.no	Question Type	Question	Marks
1	REMEMBERING	What is currency?	2
2	REMEMBERING	What is Spot rate?	2
3	REMEMBERING	Define Arbitrage.	2
4	REMEMBERING	Write short note on Quotation.	2
5	REMEMBERING	Define Foreign Exchange Market.	2
6	REMEMBERING	What is product market Approach?	2
1	UNDERSTANDING	What is the foreign exchange market? Discuss the structure and functions of foreign exchange markets.	5
2	UNDERSTANDING	Regulation and Growth of Foreign Exchange Market is must for International Trade. Elaborate.	5
3	UNDERSTANDING	Discuss the different transactions in the foreign exchange market. Discuss the different methods of quoting foreign exchange rates.	5
4	UNDERSTANDING	Discuss the purchasing power parity theory of exchange rate. Also explain the relative and absolute version of PPP theory.	5
5	UNDERSTANDING	Define the role of RBI in foreign exchange management.	5
6	UNDERSTANDING	State the Features and Provisions of Foreign Exchange Management Act 1999.	5
7	UNDERSTANDING	What factors would you consider before investing Equity Market?	5
8	UNDERSTANDING	Discuss the various functions rendered by stock exchange	5
9	UNDERSTANDING	State the meaning and importance of Brokers in stock exchange.	5
1	APPLY	How should an MNC reduce its foreign exchange risks?	10
2	APPLY	Who are the participants in foreign exchange market? Describe the role played by the participants in foreign exchange market.	10
3	APPLY	What is meant by speculation in foreign exchange market? Explain currency arbitrage	10
4	APPLY	Explain the role played by various participants of foreign exchange.	10
5	APPLY	Write short notes on I. Cross Rate II. Spot and Forward Rate	10
6	APPLY	Define the concept of deregulation. State its characteristics and factors causing deregulations.	10
7	APPLY	Write short notes on	10

		i) Securitizations ii) Globalization	
1	ANALYSE	Can a Company use the hedging techniques to protect itself against expected exchange rates changes? Explain	10
2	ANALYSE	Explain three important financial derivative instruments.	10
3	ANALYSE	Should an exporter use the spot rate or forward rates for Quotation? If yes, then explain.	10
4	ANALYSE	Differentiate between transaction and economic exposure.	10
5	ANALYSE	What are the different functions of the FEDAI?	10
1	EVALUATE	Explain the different phases in the Foreign Exchange Mechanism in India.	10
2	EVALUATE	What are the different types of Risks involved in the Foreign Exchange transactions?	10
3	EVALUATE	Discuss the Bretton wood system of Exchange rate system.	10
4	EVALUATE	What is flexible exchange rate system? What system is followed in India.	10
5.	EVALUATE	Discuss the role of major participants in forex markets.	
6	EVALUATE	Distinguish between call option and put option.	10
1	CREATE	What is exchange rate? Discuss the flexible exchange rate system. What are the factors affecting exchange rate?	10

UNIT IV
Exchange rate policies and macroeconomic management

Sr.no	Question Type	Questions	Marks
1	REMEMBERING	What is FDI?	2
2	REMEMBERING	What is FII?	2
3	REMEMBERING	Define fixed rate.	2
4	REMEMBERING	Define Flexible rate.	2
5	REMEMBERING	What do understand by exchange rate?	2
6	REMEMBERING	Define Exchange Regime.	2
1	UNDERSTANDING	What are the advantages of a fixed exchange rate regime	5
2	UNDERSTANDING	What are the disadvantages of a fixed exchange rate regime	5
	UNDERSTANDING	What are the advantages of a flexible exchange rate regime	5
3	UNDERSTANDING	What are the disadvantages of a flexible exchange rate regime	5
4	UNDERSTANDING	How to prevent financial crises?	5

UNIT V

5	UNDERSTANDING	How to mitigate their costs when crises take place?	5
6	UNDERSTANDING	What is global depository receipt?	5
1	APPLY	How can be linked exchange rate fluctuation to the expectation of price growth in housing market?	10
2	APPLY	How to regress exchange rate volatility on GDP growth?	10
3	APPLY	What are the main factors explaining financial crises?	10
4	APPLY	What are the major types of financial crises?	10
5	APPLY	What are the real and financial-sector implications of crises?	10
6	APPLY	Both foreign direct investment (FDI) and foreign institutional investment (FII) are related to investment in a country. Explain	10
7	APPLY	How government can support an overvalued currency in country?	10
1	ANALYSE	The Bretton Woods system was essentially a fixed exchange rate regime that failed partly because the U.S. dollar became severely overvalued. Explain	10
2	ANALYSE	Explain the role of FDI in development of India.	10
3	ANALYSE	Explain the role of FII in development of India.	10
4	ANALYSE	Define the economics factors under FDI and FII.	10
5	ANALYSE	Critically evaluate the objectives and role of FDI in developing countries.	10
1	EVALUATE	Explain the circumstances of Euro crises in the world.	10
2	EVALUATE	According to you which exchange determination approach is better market based approached or asset market approach?	10

International Banking:

Sr.no	Question Type	Question	Marks
1	REMEMBERING	Define SDR in IMF.	2
2	REMEMBERING	Write down one example of Foreign Bank in India.	2
3	REMEMBERING	Write down any 2 features of international Banking	2
4	REMEMBERING	<p>TRUE OR FALSE</p> <p>1. RBI deals with the general Public. a.True or b. False</p> <p>2. NEFT makes faster payment in compare to IMPS. a.True or b. False</p> <p>3. Petty Cash account is maintained for huge capital amount.</p>	2

		a. True or b. False 4. In banking the full form of ECS is Electronic Clearing Service. a. True or b. False	
5	REMEMBERING	What is International bank?	2
6	REMEMBERING	Differentiate international Banking with retail banking?	2
7	REMEMBERING	Define reserves in banking.	2
8	REMEMBERING	List out the one characteristic of Development Bank	2
9	REMEMBERING	Explain the importance of debt in international bank.	2
1	UNDERSTANDING	Explain the various functions involved in International Banking?	5
2	UNDERSTANDING	What are the different ways business or individual can operate accounts in international banking?	5
3	UNDERSTANDING	What is the IMF and Who can borrow from the IMF ?	5
4	UNDERSTANDING	What questions would typically be asked by bank manager during opening a bank account?	5
5	UNDERSTANDING	How does the IMF help the poor?	5
6	UNDERSTANDING	The value of Special Drawing Right (SDR) is determined by the basket of 5 currencies. Give detail of all currencies.	5
7	UNDERSTANDING	Which of the following currency has largest weightage in the determination of the value of the SDR?	5
8	UNDERSTANDING	Write note on: 1. RTGS 2. NEFT 3. IMPS 4. ATM	5
13	UNDERSTANDING	State briefly the function of foreign exchange banks	5
14	UNDERSTANDING	Describe the Electronic Clearing Service in banking.	5
1	APPLY	Explain the utility of the following in banking 1. MICR 2. OMR 3. OCR 4. Datatnet	10

2	APPLY	Differentiate between reserves and debt. How reserves and debts are considered the sources of income for the bank?	10
3	APPLY	Discuss the role of Indian international banking services in modern society.	10
1	ANALYSE	“RTGS, primarily meant for large value money transfers, is a payment system that enables instant transfer of funds.” Elucidate this statement with suitable example.	10
2	ANALYSE	“Interest Rate plays a crucial role in determining the income and expense faced by the bank”. Critically discuss this statement.	10
3	ANALYSE	What type of bank is in a foreign country and is used by your domestic bank to help their customers conduct business in the foreign country	10
4	ANALYSE	How does an affiliate bank and a subsidiary bank differ?	10
5	ANALYSE	Why would a business choose an Offshore Banking Center	10