

Seat No.: _____

Enrolment No. _____

GUJARAT TECHNOLOGICAL UNIVERSITY
MBA (International Business) – SEMESTER 1– EXAMINATION – SUMMER 2019

Subject Code: 1519303

Date: 11/05/2019

Subject Name: International Economic Environment

Time: 02:30 PM To 05:30 PM

Total Marks: 70

Instructions:

1. Attempt all questions.
2. Make suitable assumptions wherever necessary.
3. Figures to the right indicate full marks.

Q. No.		Marks
Q.1	Explain following terms (a) Demand (b) Elasticity (c) Closed economy (d) Consumer surplus (e) Monopoly (f) WTO (g) Monetary policy	14
Q.2	(a) Explain what is demand, also list down factors which shift in demand curve of the consumer.	07
	(b) Explain what is open economy. List down the benefits and limitations of globalization.	07
OR		
	(b) What is elasticity of demand and types of price elasticity?	07
Q.3	(a) Explain concept of Outsourcing. What are the merits and demerits of Outsourcing?	07
	(b) Explain what is tariffs? Also explain tariff Escalation, Avoidance and Evasion in brief.	07
OR		
Q.3	(a) What is GDP. Explain four components of GDP.	07
	(b) Write a note on Dumping and Anti-dumping duties.	07
Q.4	CASE STUDY: There are four components of GDP (Govt. Purchase (G), Investment (I), Consumption (C) & Net Export (NX)) What components of GDP (if any) would each of the following transaction affect? 1. A family buys a new mixture grinder 2. Your uncle buys agriculture land. 3. You buys a pizza 4. Government repaves Highway 101 5. Your friends buys a bottle of French wine.	14

6. Mercedes Benz sells cars from its inventory to India
7. Tata expands its factory in Chicago.

OR

- Q.4** If a Japanese car cost 5,00,000 yens while a similar American car cost \$10,000.
 Price between Japanese yens and American dollars (\$1 = 100 Japanese yens)
- (A) Calculate from the given information what are the Nominal exchange rates and real exchange rates? **14**
- (B) If a Japanese car cost is 5,50,000 yens and American car cost remains same what is Nominal and Real exchange rates?

Q.5 CASE STUDY:

1. Below are some data from country of sportsville:

Year	Price of football	Quantity of football	Price of basket ball	Quantity of basket ball
2006	\$10	200	\$8	75
2007	\$14	200	\$10	75
2008	\$14	350	\$10	125

- (a) Calculate Nominal GDP, Real GFP and GDP deflator for each year using 2006 as base year. **07**
- (b) Calculate percentage change in Nominal GDP, Real GDP and GDP deflator. **07**

OR

- Q.5** (a) **Consider the above Table** **07**
 If in year 2006 Price of football will be \$12 and price of baseball will be \$9. Calculate Nominal, Real and GDP deflator
- (b) Consider new price of football and basketball r Re-calculate percentage change in Nominal GDP, Real GDP and GDP deflator. **07**
