AUTUMN END SEMESTER EXAMINATION-2024
5th Semester B.Tech

INTERNATIONAL ECONOMIC COOPERATION
HS20122

(For 2023 (L.E), 2022 & Previous Admitted Batches)

Time: 2 Hours 30 Minutes   Full Marks: 50

Answer any FIVE questions.
Question paper consists of two SECTIONS i.e. A and B.
Section A is compulsory.
Attempt any Four question from Sections B.
The figures in the margin indicate full marks.
Candidates are required to give their answers in their own words as far as practicable
and <u>all parts of a question should be answered at one place only</u>.

SECTION-A

1.   Answer the following questions.   [1 × 10]

(a) If today the recorded exchange rate is 1 INR = 0.01189 USD, how much is 1 USD to INR today?

(b) Calculate the value of imports when the balance of trade (merchandise) is (-) Rs 800 crores and the value of exports is Rs 500 crores.

(c) What is mean by Mint Parity?

(d) Briefly describe any two features of the FOREX market.

(e) Mention the major cause behind the collapse of the Breton Woods Monetary system.

(f) What is the Special Drawing Rights(SDR)?

(g) How does appreciation of the domestic currency affects the imports of the country?

(h) Recently Iran has agreed to accept the payment of the export of oil and petroleum to India in terms of rupees, instead of dollars or any other currency. How can this be beneficial to India? Explain in brief.

(i) If India is a net receiver of remittances from foreign countries, what will be the effect on its remittances if there is a depreciation of the Indian rupee?

(j) What is the relevance of the Intellectual Property Right (IPR) policy in world trade? What do you mean by the GI tag and what is its relevance?

SECTION-B

2. (a) What are the components of the Current account of the BOP. Give two examples of each. [5]

(b) In China an iPad costs ¥2500 (Chinese Yuan). The same iPad costs £300 in the UK. Given that the current exchange rate is, £1=¥8.85, where is the iPad cheaper and by how much? [5]

3. (a) Describe the role of the United States in the creation and termination of the Breton Woods Monetary system. [5]

(b) Sindra has an amount of US$ to convert into GBP for her upcoming trip. The exchange rate currently stands at USD/GBP is 0.73. If the amount of money she has in GBP is £547.50, how much USD has she converted? What is the rate of GBP/USD? [5]

4. (a) Fill the blanks in the given table marked in bold with??:   [5]

Credits (+), Debits (-)	$m (2022)	
	Current account	
1	**Exports of goods**	**??**
2	Imports of goods	-425
3	Balance of trade in goods	-40
4	Exports of services	165
5	Imports of services	-185
6	**Balance of trade in services**	**??**
7	Income receipts (investment income)	190
8	**Income payments (investment income)**	**??**
9	Net income receipts (investment income)	15
10	Current transfers (net)	-50
11	**Net income flows**	**??**
12	**Current account balance**	**??**
	Capital account	
13	Capital account transactions (net)	40
	Financial account	
14	Direct investment, net	65
15	Portfolio investment, net	-50
16	Reserve assets funding	20
17	Errors and omissions	20
18	**Capital and financial account balance**	**??**

(b) With respect to the BOP table in question 4 (a), analyse the findings of the balances with respect to: [5]

I. Current account balance

II. Capital account balance

III. BOP balance

5. (a) Describe the effect of inflation on domestic currency's exchange rates (appreciation and depreciation) as well as trade balances. [5]

(b) Differentiate between fixed and flexible exchange rates with adequate diagrams. [5]

6. (a) The Uruguay Round of GATT was a milestone in the World Trade System. Explain the truth of this statement in context to the WTO. [5]

(b) Suppose an American visits a particular market in India. The visitor bought 25 cupcakes for ₹250. If he claims that on average, 25 such cupcakes cost $6 in America, answer the following questions. [5]

I. Calculate the purchasing power parity of India w.r.t U.S. based on the given information.

II. Where are the cupcakes cheaper (India or America as per this question)? Explain your answer.

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