MBA SEMESTER ~~III~~ I EXAMINATION, 2017

Paper – MBA–FG-104

International Business Environment

Time: 3 hours

Maximum marks: 75

Answer any five questions out of the following eight. Each question carries 15 marks

1. Various foreign companies operating in Russia, especially in the oil and gas exploration business, have had to face the vagaries of Russian legislation, which changes frequently, making it difficult to plan activities. Besides being heavily taxed, foreign firms have had to face a change in export duties of crude oil over a dozen times in the past few years. Yet most companies continue to negotiate for making investments worth billions of dollars. Discuss some of the possible reasons for the actions of these companies. Companies take various steps to manage political risk. If you were representing a company negotiating investments in Russia, what steps would you take to manage (and/or reduce) the political risk associated with these investments?

2. (a) What is the Leontief Paradox in reference to the H-O theorem? Present and discuss three explanations.
   (b) What were the mercantilists' views on trade? How do they relate to current proponents of protectionism?

3. With the same input, Royals Exports Ltd can produce 500 T-Shits or 800 socks and SUN Ltd. can produce 400 T-Shits or 600 socks
   (a) What is Royals opportunity cost for one T-shit in terms of socks given up?
   (b) What is SUNs opportunity cost for one Socks in terms of T-shirts given up?
   (c) Which company has absolute advantage in production of T-Shirt/Socks? Which company has comparative advantage in T-shirt/Socks?
   (d) Which company should produce T-Shirts/Socks? Give reason for your answer.

4. Discuss the levels of integration of Regional Economic Integrations? Briefly explain the NAFTA and reason for its emergence.

5. (a) What is the difference between IBRD and IDA?
   (b) Discuss the role tariff and non-tariff barriers in International Trade.

6. (a) What is the difference between cyclical and structural deficit in Balance of Payment?
   (b) Discuss devaluation and exchange control as measures of correcting deficit in Balance of Payment.

7. Why WTO was created? Briefly explain India's position at various WTO meetings.

8. (a) Discuss the Hofstede's Cultural dimension of International Business?
   (b) What is SDR? How the value of SDR is determined?