

PARUL UNIVERSITY
FACULTY OF MANAGEMENT
BBA Winter 2018 - 19 Examination

Semester: 5
Subject Code: 06101338
Subject Name: Advance International Business- I

Date: 30/10/2018
Time: 2:00 pm to 4:30pm
Total Marks: 60

Instructions

1. All questions are compulsory.
2. Figures to the right indicate full marks.
3. Make suitable assumptions wherever necessary.
4. Start new question on new page.

Q.1 Do as Directed.**A). Multiple choice type questions/Fill in the blanks. (Each of 1 mark) (05)**

- 1) The overall goal of _____ is to achieve global competitiveness through recognizing cross-border market similarities and differences and to link the capabilities of the organization across national boundaries.

a) A joint venture	c) Multinational Organization
b) Transnational Organization	d) A merger
- 2) Microsoft acquired which of the following software firm in 2018-

a) Github	c) Recruit holdings
b) Roche	d) Ring
- 3) Bharti Airtel has merged with which company in 2018-

a) Idea	c) Tata Teleservices
b) Vodafone	d) BSNL
- 4) Write Full form of ICSID _____.
- 5) IDA complements IBRD in World Bank. (True/False).

B). Match Institutions in List I to their founding year in List II. (Each of 1 mark) (05)

- | List I | List II |
|-----------|---------|
| 1) IBRD | a) 1947 |
| 2) UNCTAD | b) 1995 |
| 3) GATT | c) 1945 |
| 4) IFC | d) 1944 |
| 5) WTO | e) 1963 |
| | f) 1956 |
| | g) 1964 |

C). Direct questions. (Each of 1 mark) (05)

- 1) What is regiocentric approach in international business?
- 2) What is transit tariff duty?
- 3) What is compound duty?
- 4) What is PESTEL?
- 5) What is Management contract as mode of entry?

Q.2 Answer the following questions.

- A). Explain exporting. Write about different international intermediaries. **(07)**
- B). Explain Balance of Payment. Write its components. Why BOP equilibrium is desired by nations? **(08)**

Q.3 Answer the following questions.

- A). Explain Investment modes of entry in foreign markets. **(07)**
- B). Define Trade barriers. What are different types of non-tariff trade barriers? **(08)**

Q.4 Attempt any two questions. (Each of 7.5 mark)

(15)

1) Write in detail about various corrective measures of BOP disequilibrium.

2)



The Foreign exchange reserves of India are India's holdings of cash, bank deposits, bonds, and other financial assets denominated in currencies other than India's national currency. The reserves are managed by the Reserve Bank of India for the Indian government and the main component is foreign currency assets.

Foreign exchange reserves act as the first line of defense for India in case of economic slowdown, but acquisition of reserves has its own costs. Foreign exchange reserves facilitate external trade and payment and promote orderly development and maintenance of foreign exchange market in India.

Question: Based on the information and chart above, explain why Foreign reserves were low in August, 2018.

3) **First Time In 20 Years, China's Imports Exceed Its Exports (Reported in Aug, 2018)**

Amid the trade war with the US, China has reported a current account deficit of \$28.3 billion in the first half of this year, which is the first in 20 years for the world's second largest economy.

China also recorded its first quarterly current account deficit in nearly 17 years this year, ending its dream run of accumulating trade surplus as top exporter for years and the deficit carried on to the first half of this year.

The deficit in the current account stood at \$28.3 billion in the January-June period, down from \$34.1 billion in the first quarter, the State Administration of Foreign Exchange (SAFE) said in a statement.

China's service trade posted a deficit of \$147.3 billion up from \$73.6 billion three months earlier. The spending on trips, transport, and intellectual property rights contributed to the bulk of the deficit, state-run Xinhua news agency reported.

China however saw a goods trade surplus of \$155.9 billion in H1 2018. This is the first half-year deficit in 20 years as spending on overseas services continued rising and outpaced income generated from the sale of goods by the world's largest exporter, Caixin magazine reported.

The country's current account surplus has been steadily shrinking since the 2008 economic crisis as it moved towards increasing domestic consumption to reduce dependence on declining exports, which were the mainstay of its economic growth. The world's second largest economy posted 6.9 per cent GDP last year and the government has fixed 6.5 per cent as this year's growth target.

China's overall trade and current account surpluses have fallen significantly as a percentage of its GDP since 2007.

Its current account surplus declined from 9.9 per cent of GDP in 2007 to 1.3 per cent in 2017, according to the data of SAFE.

Analysts forecast a narrowing surplus or more frequent current account deficits against the backdrop of trade tensions between China and the US.

Caixin quoted Zhang Ming, chief economist at Ping An Securities as saying that as goods trade comes under pressure and as service trade continues expanding, China may see more current account deficits.

Zhang said the deficit also reflects a falling domestic saving rate, which may be partly because of the aging population.

The current account deficit for China came amid the intensifying trade tariff war with the US as President Donald Trump continue to pile pressure on Beijing by threatening to impose tariffs on Chinese products to reduce the trade deficit which amounted to over USD 375 billion last year in the total bilateral trade of about USD 636 billion.

Though concerned about the impact on its exports to the US, China too has threatened retaliation to protect its interests.

Question: Based on the article write about trade deficit of China and impact of trade relations of two nations on each other's economy?

4) Centre Hikes Import Duty On Jet Fuel, ACs, Refrigerators, 16 Other Items (Reported in Sept, 2018)

The government a hike in customs duty on select items to curb "non-essential imports" and narrow the current account deficit. The move will be applicable to 19 items, including aviation turbine fuel (ATF), and consumer appliances such as television, refrigerator, air conditioner and speakers. The revision in customs duty tariffs - or taxes applicable to imports - will take effect from midnight, an official statement said. The move is in line with the government's aim to bring down non-essential imports to contain the current account deficit and capital outflows.

The total value of imports of these items stood at Rs.86,000 crore in 2017-18, the Ministry of Finance noted.

The import duty was doubled to 20 per cent on ACs, refrigerators, and washing machines of less than 10 kilograms, according to the official statement.

It also announced hikes to the tune of 50 per cent on basic customs duty applicable to speakers, radial car tyres, trunks, suitcases, travel bags, and household items such as shower bath, sink, tableware and kitchenware made of plastic.

The government introduced a basic customs duty on import of ATF or jet fuel. A basic customs duty of 5 per cent will be applicable on jet fuel, according to the release.

The current account deficit - the difference between inflow and outflow of foreign exchange - widened to 2.4 per cent of GDP in the April-June quarter.

Crude oil prices at new four-year highs along with prevailing weakness in the rupee - which is down more than 13 per cent so far this year - led to widening of the current account deficit.

Question: Explain the reasons of hiking duties by government on the above mentioned commodities only, as per the article.