

**2018**

**COMMERCE**

**Paper : GE-105**

**(International Business)**

**Full Marks : 40**

*The figures in the margin indicate full marks.*

*Candidates are required to give their answers in their own words  
as far as practicable.*

**Module-I**

Answer *any two* questions.

1. (a) Who are the primary users of the foreign currency in the foreign exchange market?  
(b) If exchange rate changes from \$1 = ₹ 70.48 on 15th September, 2018 to \$1 = ₹ 72.18 on 15th December, 2018, then which currency has become weaker with respect to other currency and to what extent?  
(c) Which type of operators in a foreign exchange market apprehends a strong domestic currency vis-à-vis any particular foreign currency? How does he ensure security against this apprehension when the operator does not have any loan facility or adequate cash possession? 4+(1+2)+(1+2)
2. (a) State when arbitrage process is possible in foreign exchange market.  
(b) Examine briefly the mechanism of narrow and wide band of fluctuations in exchange rate system.  
(c) Define Balance of Payments. In what sense does it always balance? When is it in equilibrium? 2+3+(1+2+2)
3. (a) What are the inherent disadvantages faced by a Multinational Company (MNC) while setting up enterprises abroad? How does it overcome those disadvantages?  
(b) State the objectives of SAARC. (3+4)+3
4. Argue with reasons whether the following statements are true or false. 2×5  
(a) If a depreciation of Turkish Lira against US \$ is expected in a big way, a Turkish importer of goods invoiced in US \$ will show a lead behaviour.  
(b) The supply curve of foreign exchange is necessarily upward sloping.  
(c) It is possible for a country to experience deficit trade balance despite surplus current accounts balance.  
(d) Increase in exchange rate makes domestic goods costlier to foreign customer.  
(e) FDI is considered as indirect means of doing international business.

**Please Turn Over**

**Module-II**

Answer **any two** questions of the following.

5. (a) Explain the term 'intra-industry trade' with example in the context of Linder's country similarity theory. Explain with example from the nations how does political similarity affect international trade.
- (b) Explain the role of 'Related and Supporting Industries' in determining the national competitive advantage with reference to Michael Porter's diamond model.
- (c) Elucidate the significance of 'Positioning' or 'Partnership' in the 10-P framework of global strategic management.
- (d) State the outcomes and / or responses associated with the following scenario against the background of the 3-D Theory of Global Competitiveness Alignment :  
Low country factors, high organizational competence, and low individuals talent and skill.  
 $(1\frac{1}{2}+1\frac{1}{2})+2+3+2$
6. (a) Explain the 'Market Driver' with three examples as per Yip's Globalization Drivers Framework.
- (b) How 'Research and Development' can act as value creation activity of a firm operating in an international business domain?
- (c) Explain two advantages and two disadvantages associated with an international firm that enters a foreign market before other foreign firms.
- (d) Mention two problems associated with global matrix structure.  $3+2+4+1$
7. Examine the *validity* of the following statements :  $2\times 5$
- (a) The need for coordination (and hence integrating mechanism) is the highest for the firm adhering to international strategy.
- (b) Bureaucratic Control is envisaged through direct sanction of behaviours of immediate subordinate of a subunit in an MNC.
- (c) Worldwide area structure is favoured by firms with low degree of diversification and a domestic structure based on product division.
- (d) Licensing does not have access to local knowledge.
- (e) When both foreign sales as percentage of total sales and foreign product diversity are high, MNEs move to international division structures.
8. Write short notes on **any two** of the following :  $5\times 2$
- (a) Relationship between strategy, structure, and control systems in international business
- (b) Global Human Resource Management (HRM)
- (c) Factors determining the choice of entry in a foreign market and the scale of entry
- (d) Types of integrating mechanisms as a means of achieving coordination.