

**2025**

**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) What is foreign direct investment? How does it differ from foreign portfolio investment?  
(b) What are the activities that create demand for foreign currency in a country?  
(c) In India, on a given date, the demand for foreign currency increases by \$ 35 billion by the primary users, while the supply of foreign currency increases by \$ 25 billion by the primary users. Assuming all other factors remain unchanged, show graphically how the exchange rate will be affected.  
(2+3)+3+2
2. (a) Discuss briefly the 'narrow and wide band of fluctuation' exchange rate system for determination of exchange rate.  
(b) During the financial year 2024-25, the international transactions of India are as follows :
  - Export of merchandise : \$ 437.42 billion
  - Import of merchandise : \$ 720.24 billion
  - Import of services : \$ 194.95 billion
  - Export of services : \$ 387.54 billion
  - Unilateral transfers (F←H) : \$ 115.1 billion
  - Unilateral transfers (H←F) : \$ 29.56 billionCalculate the following :  
(i) Balance of Trade; (ii) Balance of Invisible Trade; (iii) Current Account Balance.  
(c) Which type of trader feels panicky over the possibility of stronger domestic currency *vis-à-vis* a foreign currency? How does the operator seek for security, provided operator does not have adequate cash or loan facility? When does the operator become frustrated? 4+3+3

**Please Turn Over**

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3. (a) If the exchange rate changes from \$1 = ₹ 89.50 to \$1 = ₹ 92.10 within a period of three months, determine whether the value of the Indian rupee has appreciated or depreciated in comparison to the US dollar. Also, calculate the annualized percentage change in the value of the rupee relative to the dollar.
- (b) Examine the inherent disadvantages faced by a Multinational Company (MNC) while setting up enterprises abroad. Discuss the ownership advantage in the Dunning's OLI framework with suitable examples. (1+2)+(4+3)
4. (a) What is the objective of crawling peg mechanism?
- (b) Argue with reasons whether the following statements are correct or incorrect :
- (i) Export is considered as direct means of doing international business.
- (ii) There is no difference between arbitrage and speculation.
- (iii) The Balance of Payments is always in equilibrium.
- (iv) When a Japanese citizen residing in Tokyo buys a debenture of an Indian firm in Kolkata, this is a direct investment of Japan. 2+(2+2+2+2)

### Module - II

Answer *any two* questions.

5. (a) Explain the role of the Government in Porter's Diamond model of national competitiveness.
- (b) Match the type of globalization driver with its key component :

List A	List B
1. Market Driver	A. Economies of Scale and Scope.
2. Cost Driver	B. High Exports and Imports; Globalised Competitors.
3. Government Driver	C. Common Customer Needs and Tastes.
4. Competitive Driver	D. Compatible Technical Standards and Trade Policies.

- (c) Fill in the blanks for the 3D Template :

The 3D Template assesses three dimensions : Country Factors, Organisation Competence and Individual Talent. The ideal state is Octant \_\_\_\_\_ (H,H,H), leading to national prosperity. India in the mid-1970s was in Octant \_\_\_\_\_ (L,L,H), characterized by \_\_\_\_\_. By the mid-1990s, it moved to Octant \_\_\_\_\_ (L,H,H), with isolated cases of excellence like Infosys. The model strongly argues against \_\_\_\_\_ policies as a long-term solution.

- (d) How can Research and Development (R&D) create value for a firm? (State two ways)
- (e) How does the 'similarity of political and economic interests' act as a foundation for trade partnerships? Give an example.
- (f) Name inner core elements of the 10-P model of global strategic management.

1½+2+2½+2+(½+½)+1

6. (a) What are the two main competitive pressures that firms face in international markets?  
 (b) According to Stopford and Wells, which two variables determine the choice of organizational structure in MNEs?  
 (c) What is the simplest type of formal integrating mechanism? What is a major drawback of relying solely on formal integrating mechanisms?  
 (d) Differentiate between personal controls and bureaucratic controls.  
 (e) Describe the key features of a Worldwide Area Structure.  
 (f) Explain the term 'Performance Ambiguity' with example. 1+1+(1/2+1/2)+2+2+3
7. (a) AromaBrew Pvt. Ltd., an Indian FMCG company known for its packaged tea and coffee products, has achieved strong brand recognition in the domestic market. Encouraged by rising overseas demand for ethnic and premium beverages, the company plans to enter international markets, beginning with Germany and Indonesia.

Market research reveals the following :

- German consumers prefer premium quality, sustainable packaging and organic certification, but are highly price-sensitive due to intense competition.
- Indonesian consumers value affordability, strong flavour and small pack sizes, with purchasing decisions influenced heavily by local distributors and retailers.
- Advertising regulations in Germany are strict, especially regarding health claims, while Indonesia allows relatively flexible promotional strategies.
- Distribution infrastructure in Germany is well-developed, whereas Indonesia relies significantly on traditional retail channels.

Should AromaBrew adopt a standardised or adapted marketing strategy for these two markets? Justify your answer.

- (b) What are first-mover advantages? Explain any two with reference to international market entry. 5+5
8. (a) CoCa Cola sells its core product with the same taste, formula, packaging and branding across most countries— Can this be regarded as product standardisation? What benefits do this strategy offer?  
 (b) Give examples of successful joint ventures in Indian markets. How did the joint venture between Maruti Udyog Limited (India) and Suzuki Motor Corporation (Japan) contribute towards development of advanced automobile technology and management expertise? (1+3)+(2+4)