Name: **Enrolment No:**	UPES UNIVERSITY OF TOMORROW

UPES

End Semester Examination, December 2023

Program: **BBA FT** **Semester: III**

Course: **Managing Trade and Risk in International Business** **Time : 03 hrs.**

Course Code: INTB2002 **Max. Marks: 100**

INSTRUCTIONS:

- ***This is a CLOSED-BOOK EXAM. Only Non-scientific calculator is allowed.***
- ***Smart watches/ Earbuds / Cellphones / Tablets / Laptops / Books / Notes etc. are STRICTLY NOT allowed.***
- ***All questions are compulsory. Your answers must be "brief & to the point."***

SECTION A

10Qx2M=20Marks

S. No.		Marks	CO
Q 1	I. Which of the following has NOT been a major force increasing globalization in recent decades? A) liberalization of cross-border trade B) increase in and expansion of technology C) growing pressure from consumers D) decreasing prices of natural resources II. Free international trade maximizes world output through________. A. Countries reducing various taxes imposed. B. Countries specializing in production of goods they are best suited for. C. Perfect competition between countries and other special regions D. The diluting the international business laws & conditions between countries. III. Assume the following conditions: In the United States it takes 4 units of resources to produce a ton of potatoes and 5 to produce a ton of coal. In Canada it takes 6 units of resources to produce a ton of potatoes and 10 to produce a ton of coal. According to the theory of comparative advantage, ________. A) there would be no basis for trade	**10x2=20**	**CO1**

B) the United States should import potatoes from Canada and export coal to Canada
C) the United States should export both potatoes and coal to Canada
D) the United States should export potatoes to Canada and import coal from Canada

IV. _____ means selling the products at a price less than on going price in the market.

A. Quota
B. Tariff
C. Subsidy
D. Dumping

V. Which term refers to money denominated in the currency of another nation or group of nations?

A) foreign exchange
B) foreign subsidy
C) export tariff
D) quota

VI. Which of the following undesirable results will most likely occur for a country running a favorable balance of trade?

A) higher unemployment
B) higher domestic interest rates
C) fewer funds to invest abroad
D) granting credit that may be risky

VII. The investment in productive assets and participation in management as stake holders in business enterprises is

A. FDI
B. FII.
C. Balance of payment
D. SDR

VIII. Which type of exchange rate arrangement is based on supply and demand?

A) soft peg
B) hard peg
C) crawling
D) floating

	IX. Although globalization may bring economic growth, critics nevertheless contend that _________. A) the growth is too fast B) the inequality of gains puts some people in a relatively worse economic situation C) this growth is mainly for the future, thus ignoring present economic growth needs D) the cultural foundations of sovereignty are supported by globalization X. Which of the following has MOST influenced consumers to demand access to foreign-made products? A) Declining global affluence has caused consumers to seek out lower-priced products from abroad. B) Consumers have become more efficient in using media and technologies to compare prices worldwide. C) Fearing that their governments will enact restrictive policies on imports, consumers are stocking up on foreign products before restrictions are put in place. D) Expectations of rising prices of foreign products have caused consumers to seek foreign products before their prices become prohibitive.		
SECTION B **4Qx5M= 20 Marks**			
Q 2.	(i) What is currency and foreign exchange? Why are they so important to international trade?	**5**	**CO2**
	(ii) What are the Pre-shipment Finance and Post-shipment Finance?	**5**	**CO2**
	(iii) What is the role of Export Credit Guarantee Corporation of India in foreign trade?	**5**	**CO2**
	(iv) What are the different ways to combat or mitigate risks?	**5**	**CO2**
SECTION-C **3Qx10M=30 Marks**			
Q 3.	(i) How do political and legal factors impact international trade, giving suitable examples presuming that India and Canada are the trading partners?	**10**	**CO3**
	(ii) What is the difference between foreign direct investment and foreign portfolio investment, give suitable example of each one where India is the host country?	**10**	**CO3**

	(iii) What are the different ways (or "modes") of trade in services under GATS, give at least one example of each mode where India is the provider of the services?	**10**	**CO3**
SECTION-D **2Qx15M= 30 Marks**			
Q 4	Suppose you get a job at MobileTV, a small manufacturer of TV sets installed in cars and boats. Business has declined recently, foreign rivals from emerging markets are increasing competition, and management is worried. Because MobileTV does all its manufacturing in Canada and the United Kingdom, it lacks cost advantages, and its prices are relatively high. After studying the problem, you conclude that MobileTV should move much of its production to India, but senior management knows little about FDI. You have been asked to prepare a report to management detailing the advantages of establishing a production base in India and recommend which type of FDI MobileTV should use in India. Why should the firm be interested in foreign manufacturing? What advantages and disadvantages should the venture expect from manufacturing in India? Which type of FDI (100% subsidiary or a joint venture, greenfield or brown field, vertical or horizontal integration), MobileTV should use in India? *(5 marks for each question)*	**15**	**CO4**
Q 5.	In a free market, the price of any currency—that is, its exchange rate—is determined by supply and demand. Supply and demand adjust according to market forces. Exchange rates fluctuate constantly because the global market for most major currencies is free and active. In a free market, the levels of supply and demand for a currency vary inversely with its price. Thus, all else being equal, the greater the supply of a currency, the lower its price, the lower the supply of a currency, the higher its price, the greater the demand for a currency, the higher its price and the lower the demand for a currency, the lower its price. Four main factors influence the supply and demand for a currency: economic growth, inflation and interest rates, market psychology, and government action. As inflation rises, so do interest rates, usually accompanied by a decrease in currency value. A UPES business management graduate who has recently got placed in an MNC wants to buy a **BMW** after one year from Germany which is currently priced at **30,000 euros**. The present exchange rate of the euro to the Indian Rupee is **€1 = Rs90**. Suppose during this one-year period the rate of inflation in India is 6	**15**	**CO4**

	percent whereas in Germany it is only 3 percent, discuss how the exchange rate between Euro and Indian Rupee is likely to shift and what will be the price of the car after one year in Indian Rupees, assuming that the euro price of the BMW remains unchanged?		