

**Note: - Pl. start your question paper from next page**



<b>Name:</b>	
<b>Enrolment No:</b>	

**UPES**  
**End Semester Examination, December 2024**

<b>Course: Global Context of Business</b>	<b>Semester: III</b>
<b>Program: BBA All</b>	<b>Time: 03 hrs.</b>
<b>Course Code: INTB2020</b>	<b>Max. Marks: 100</b>

- Instructions:**
- **This is a CLOSE BOOK exam.**
  - **All questions are mandatory.**
  - **The use of laptops, internet access, mobile phones, and other electronic devices is strictly prohibited during the exam**
  - **Use of unfair means will result in immediate disciplinary action.**
  - **Please ensure that you do not change the question number when writing your answers.**

**SECTION A**  
**10Qx2M=20Marks**

S. No.		Marks	CO
Q 1	Which of the following best describes mercantilism?  a) A policy focusing on free trade and minimal government intervention. b) An economic theory emphasizes the accumulation of wealth through a favorable balance of trade. c) A system where countries prioritize technological innovation over trade. d) A policy that encourages international trade without any restrictions.	2	CO1
Q2	According to the theory of absolute advantage, a country should specialize in producing goods: a) In which it has the highest opportunity cost. b) In which it can produce more efficiently than other countries. c) That requires the least amount of resources globally. d) That it imports from other countries.	2	
Q3	Absolute advantage theory assumes that: a) Countries will trade only if both have an absolute advantage in some goods. b) Trade can occur even if one country is less efficient in producing all goods. c) Trade barriers do not exist, and resources are fully mobile. d) Technological differences do not affect trade patterns.	2	
Q4	If Country A can produce 100 units of wheat using 50 labor hours, and Country B can produce 80 units of wheat using 50 labor hours, then: a) Country B has an absolute advantage in wheat production. b) Country A has an absolute advantage in wheat production. c) Neither country has an absolute advantage in wheat production. d) Both countries should avoid trading wheat	2	

Q5	Which of the following policies is most consistent with mercantilism? a) Removing tariffs to encourage free trade. b) Imposing high tariffs on imported goods to protect domestic industries. c) Reducing government involvement in economic activities. d) d) Promoting equal trade relationships with other countries	2	
Q6	An example of the Product Life Cycle Theory is: a) A smartphone initially produced in the U.S. and later manufactured in Asia. b) A commodity that is traded globally without innovation. c) A product that remains in the introduction stage indefinitely. d) d) A service that is localized and never exported.	2	
Q7	According to the Product Life Cycle Theory, which type of country is most likely to import the product during the decline stage? a) High-income countries b) Developing countries c) Innovating countries d) Neighboring countries of the innovating country	2	
Q8	Which statement aligns with mercantilist principles? a) Trade is a zero-sum game where one country's gain is another's loss. b) A country benefits by importing more than it exports. c) Wealth can be created through cooperation between nations. d) d) The economy operates best with minimal government regulation	2	
Q9Q	Which of the following factors contributes to the shift in production to developing countries during the maturity stage? a) Increased demand in the home country b) Declining production costs in the innovating country c) Cost advantages in developing countries d) d) Lack of competition in the global market	2	
Q10	Which of the following is NOT a stage in the Product Life Cycle Theory? a) Introduction b) Growth c) Maturity d) d) Deindustrialization	2	
<b>SECTION B</b> <b>4Qx5M= 20 Marks</b>			
Q 11	Illustrate Foreign Direct Investment (FDI). Explain how FDI acts as a significant driver of globalization.	5	CO2
Q 12	Country A can produce 100 tons of rice using fewer resources compared to Country B, while Country B can produce 200 tons of steel more efficiently than Country A. State the principle of absolute advantage. Explain how these two countries can benefit from trade based on the principle of absolute advantage.  A local Indian textile company decided to expand its business internationally after trade barriers were reduced due to globalization. Explain the potential benefits and risks the company may face as it enters international markets. Support your answer by utilizing the PESTEL framework.	5	CO2
Q 13	Explain Licensing, Franchising, and Joint Ventures. Provide examples of companies to support your answer.	5	CO2
Q 14	Explain the concept of a global supply chain and its key components.	5	CO2

**SECTION-C**  
**3Qx10M=30 Marks**

Q 15	<p>Country A is efficient in the production of both commodities (cars and computers) as compared to Country B.</p> <p>a) Develop your numerical example and identify the products (cars and computers) having more (or less) comparative advantages and disadvantages.</p> <p>b) Explain how this trade scenario would be mutually beneficial by utilizing the concept of comparative advantage.</p>	<b>10</b>	<b>CO3</b>
Q 16	Explain the tariff and non-tariff barriers of trade that are relevant for the global business firm.	<b>10</b>	<b>CO3</b>
Q 17	Explain global financial markets. Briefly discuss the types of financial markets (foreign exchange markets, equity markets, and debt markets).	<b>10</b>	<b>CO3</b>

**SECTION-D**  
**2Qx15M= 30 Marks**

Q 18	<p>A small Indian electronics manufacturer is struggling to compete with global giants like Samsung and Apple after the influx of foreign products due to globalization.</p> <p>(a). State briefly the predominant risks faced by an international business firm.</p> <p>(b). Describe the strategies that this company may adopt to remain competitive in the global market.</p>	<b>15</b>	<b>CO4</b>
Q 19	<p>Factor endowments and factor intensities are the determinants of countries' international trade according to the Heckscher-Ohlin theorem.</p> <p>Consider the following scenario: Two countries, P and Q, produce two goods: food and machinery. Country P has 400 units of capital and 200 units of labor, while Country Q has 200 units of capital and 400 units of labor. Producing food requires 3 units of labor and 1 unit of capital while producing machinery requires 1 unit of labor and 3 units of capital.</p> <p>a. Comment on the factor intensities and factor endowments (abundance) of products in both countries.</p> <p>b. Based on the Heckscher-Ohlin theorem, describe which country will export food, and which will export machinery.</p> <p>c. Discuss how trade will benefit both countries according to the Heckscher-Ohlin theorem.</p>	<b>15</b>	<b>CO4</b>