

ST. PHILOMENA'S COLLEGE (AUTONOMOUS), MYSORE
PG DEPARTMENT OF COMMERCE

QUESTION BANK (Revised Curriculum 2018-20)

SECOND YEAR- THIRD SEMESTER (2018-20 Batch)

Sub: Code- C0220 COURSE TITLE (PAPER TITLE): INTERNATIONAL BUSINESS QP Code: 53202

UNIT	Sl. No.	QUESTIONS	MARKS
1	1.	Define the term 'International Business? Compare international business with domestic business.	5
1	2.	Define international trade? Mention and explain its inward looking and outward looking dimensions?	5
1	3.	State and briefly explain the different approaches to International Business.	5
1	4.	Define mercantilism? How does it explain cross border business transactions?	5
1	5.	Briefly explain the stages of Internationalization?	5
1	6.	Briefly explain the relative factor Endowment Theory of International Trade?	5
1	7.	Briefly explain the Push and Pull Factors of Internationalization?	5
1	8.	Write a note on Ethnocentric Approach.	5
1	9.	Explain briefly EPRG framework?	5
1	10.	Briefly explain the Endowment theory of International Trade?	5
1	11.	Briefly Explain the various promotion strategies adopted by an international business?	5
2	12.	Define political risk assessment? How do MNC's manage political risks?	5
2	13.	Define international business environment?	5
2	14.	Define legal environment? Describe the different legal systems	5
2	15.	Define culture? Describe the levels of culture.	5
2	16.	Define technology? How does it differ from science?	5
3	17.	Define MNC and explain the salient features of MNC.	5
3	18.	Define the commodity agreements and their role in promoting world trade.	5
3	19.	Define the term Dumping? Briefly explain the anti-dumping measures?	5
3	20.	State the objectives of IMF.	5
3	21.	Differentiate Between WTO and GATT.	5
3	22.	Explain the functions of WTO.	5
3	23.	Bring out the impact of integration between countries.	5
3	24.	Why do countries form themselves into regional trading block?	5
3	25.	Write short notes on a) Free trade area b). Customs union .	5
3	26.	Write short notes on a) Common Market b) Economic Union.	5
3	27.	Write short notes on a) Preferential trade area b) Political union	
3	28.	Write a Note on MNC's code of conduct.	5
3	29.	Why have MNC's been criticized by developing countries.	5
3	30.	Briefly explain the code of conduct for MNC.	5
3	31.	Explain the following concepts a. Tariffs b. Quotas c. Subsidies.	5
3	32.	Briefly explain how international trade disputes resolved.	5
3	33.	Analyze the reasons for the growing dominance of MNC's	5
4	34.	Define Domestic and International Marketing.	5
4	35.	Write a note on Brand Positioning	5
4	36.	Write a note on Brand Name	5
4	37.	Write a note on Brand Sponsorship	5
4	38.	Write a note on Brand Development	5
4	39.	Briefly explain the status holders from EXIM Policy	5
1	40.	Why do firms enter international market? Explain the different modes of entry to	10

	international business?	
1	41. Explain the assumptions and implications of Theory of Absolute Cost Advantage proposed by Adam Smith?	10
1	42. Explain the entry strategies of International Business?	10
1	43. Bring out the routes of going global. Which route, according to you, is most appropriate for India?	10
1	44. Trace the evolution of International Business.	10
1	45. According to you what makes foreign business activities more complex than purely domestic ones?	10
1	46. Mention and explain the importance of international Business?	10
1	47. Explain the different pricing strategies of an international business?	10
1	48. Bring out the distribution strategies of an international business?	10
1	49. Explain the theory of absolute advantage for world trade?	10
1	50. Explain the comparative advantage theory for world trade?	10
1	51. Explain the following a. Factor proportions theory b. . Product life cycle theory	10
1	52. Bring out Porter's diamond theory. How far is it relevant to a developing country?	10
1	53. What lessons do trade theories carry for today's governments and policy makers?	10
1	54. How do the theories of absolute advantage and comparative advantage differ from each other? Give Examples.	10
1	55. Critically examine the impact of product life cycle theory on international trade?	10
1	56. Mention and explain the four elements of Porter's diamond? Critically comment on each?	10
1	57. Using the comparative advantage trade theory, outline the case for free trade.	10
1	58. "Brazil is gifted with several natural resources but Brazil's economy remains an economic basket case." How do trade theories account for this paradox?	10
1	59. Explain the internalization and the stages of internalization?	10
1	60. Explain the international orientations?	10
1	61. Do you think Indian firms should go global? Why not they remain content with domestic market, which is vast?	
1	62. "The study of international business is fine if you are going to work in an MNC, but it has no relevance for individuals who are going to work in small firms" Evaluate the statement.	
2	63. Describe the different phases of Technology management.	10
2	64. Bring out the impact of technology on (a) society (b) economy and (c)a plant	10
2	65. Define technology transfer? Briefly explain the directions of such transfer?	10
2	66. Bring out the stages in technology transfer.	10
2	67. Explain the issues involved in international technology.	10
2	68. State and explain a recipient country' strategies for importing technology	10
2	69. One of the major issues in technology transfer relates to the mode of acquisition. Evaluate this statement.	10
2	70. Impact of technology has been a subject of immense discussion why?	10
2	71. Define economic environment? How is the economic environment of host country important for an international manager?	10
2	72. Define diversity? How to manage it? What are the benefits of managing diversity?	10
2	73. Mention the challenges faced by international manager in managing multiculturalism.	10
2	74. Explain Hofstede's Cultural Classification.	10
2	75. Explain the Trompenaars' Cultural Classification.	10
2	76. Explain the Other Cross-cultural Classifications.	10
2	77. Explain EPRG Approaches for Cultural Orientation in International Business.	10

2	78.	Explain the key economic issues that affect the International Business.	10
2	79.	Briefly explain the impacts of dumping by China and the East Asian Countries on Indian Industry and Agriculture?	10
3	80.	Explain the objectives and Organization Structure of APEC	10
3	81.	Explain the role of WTO in Indian Socio-Economic Development	10
3	82.	Explain the role of NAFTA in promoting trade among its member countries	10
3	83.	Define Economic Integration? Explain the different kinds of Economic Integration.	10
3	84.	Bring out the differences in roles and functioning of world bank and IMF	10
3	85.	Explain in brief the different approaches to organization structure of MNC's.	10
3	86.	How does the MNC's contribute towards the development of developing countries?	10
3	87.	We have a chain of enforcement agencies to ensure better governance. Yet frauds do occur.	10
3	88.	Write short notes on UNCTAD	10
3	89.	Write a note on EFTA	10
3	90.	Write a note on APEC	10
3	91.	Write a note on ASEAN	10
3	92.	Explain the objectives and functions of ILO	10
3	93.	Explain the objectives and functions of IMF	10
3	94.	Explain the objectives and functions of World Bank	10
3	95.	Write a short note on SDG	10
4	96.	Explain the differences between Domestic and International Marketing	10
4	97.	Explain any two brand decisions	10
4	98.	Briefly explain the Highlights of EXIM Policy-2015-2020	10
4	99.	Explain the Boost to Make in India as per EXIM Policy 2015-2020	10
4	100.	Explain the trade facilitation and ease doing business as per EXIM Policy 2015-2020	10
4	101.	Explain the other new incentives as per EXIM Policy 2015-2020	10
4	102.	Explain the Simplification & Merger of Reward Schemes as per EXIM Policy 2015-2020	10

	103.	American Motor Corporation for years been America's Fourth largest producer of automotive vehicles. It dropped to fifth position when Volkswagen began producing X Cars in US, after joining with Renault of France in 1980. It began producing and selling Renault's designed cars instead of its own. It was also the world's largest producer of four wheelers since its acquisition of jeep from Kaiser in 1870. Joining with Renault did not threaten the viability of American Motor Corporation's jeep line because Renault had no four wheelers. In fact, Renault became exclusive distributor for jeeps in France and elsewhere.	15
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By 1980, worldwide sales of jeep were over 2,00,000 per year with ¾ of that in the US and Canada, which represented the domestic business. The international sales in 1981 including communist countries were 45000. Until the fall of Shah, Iran was the biggest market. Among four wheelers, jeep was the largest seller. Its competitors were Toyota, Nissan and Land Rover. Jeep was the most global competitors with manufacturing, assembly and on licensing in over 20 countries. In contrast, Toyota has most of its assembly operations in Indonesia and Venezuela. Most of the jeeps were produced from Ohia. However, American Motor Corporation jeep had limited manufacturing units in a few foreign markets with assemble and licensing in many others. American Motor Corporation jeep had equity in plants in Australia, Egypt etc., Altogether, 2 assembly plants in Africa, 3 in Middle East, 12 in Asia Pacific and 4 Latin America. Most of the local manufacturing is done to meet local content.

Jeep Sales outside US and Canada are the responsibility of a firm based on Michigan. The concern has 185 employees of which 25 are living in foreign countries, 25 are American expatriates. Jeep vehicles have enjoyed universal recognition and appeal due to their use in the Second World War by US. In developed countries, Jeeps are promoted as recreational vehicles while multipurpose in developing countries. Jeeps are sold in substantial number in the world markets and in countries with different economic, environmental and use conditions.

QUESTIONS

1. To what degree should jeep vehicles be adopted for world market?
 2. Should Jeeps have uniform international brands in world market?
 3. According to you what should be the service and promotion strategy for world market?
104. Toyota Motor Company was founded in 1937 by the Toyoda family. Business was relatively unsuccessful until Fuji Toyoda introduced the method of lean production after studying Ford's Rouge plant in Detroit in 1950. This lean production method became known as the Toyota Production System. The production executive, Taiichi Ohno, successfully helped Toyoda improve his company using this new production method and mode of thinking. 15

The Cultural environment of the company was like community where the employment was lifetime, access to company facilities, seniority-based wages (in return for 1/3 work force layoff in 1946) as a return, employees must be more flexible and actively promote interests of company.

The Economic conditions of the Toyota after Post-war conditions put Japan into a country lacking significant capital, so that Japan had to rely mostly on producing its own technology.

The Political conditions of the company was that the Ministry of International Trade and Industry (MITI) encouraged Japanese firms to enter the automobile industry despite established competitors from the West by imposing high tariffs discouraging imports and prohibiting foreign ownership. The Japan's work force, under Western influence after World War II, grew more powerful and more demanding, thus limiting producers' efforts to reduce labor costs.

The Demographical status was the domestic market was very small and un-uniform. Thus, goods had to be very tailored to specific consumer taste. E.g. luxury cars for officials, small cars for city residents, etc.

The Technological environment was Commitment to innovation and improvement, Large skilled-labor pool to draw from Social and Commitment by employees to work.

The Organizational Structure consist of Primarily network structure with Network of suppliers, Network of dealers/distributors and Frequent interaction between all levels of the organization.

The company's Final assembly plant was Moved from "move the metal" mentality to *kaizen* which was Introduced with an idea of stopping assembly lines to correct

problems before continuing as a result, quality improved and yields were close to 100%.

The Product development and engineering focused on leaders that knew all steps of a process rather than those with highly specialized knowledge and skill-building. More emphasis on proactive thinking by employees which increased productivity, product quality, and responsiveness to changing consumer demand and “quality circles”

The four areas of Success factors were Leadership, Teamwork, Communication and Simultaneous Development. The company focused on building a sales network modeled after Toyota’s supplier network. The Distributors with a “shared destiny”: wholly owned companies or ones in which Toyota held equity. Did “aggressive selling”, promoted long-term relationship between assembler, dealer, and buyers. Direct calls to households with large database of households and buying preferences. Focus on repeat buyers and focus on brand loyalty. They had 5 distribution channels in Japan: Toyota, Toyopet, Auto, Vista, and Corolla. They had Focus on customer-specified order, Door-to-door selling/very customized, Emphasis on “pull” marketing: giving consumers what they want, Tight relationship with previous buyers to keep clients, Sales personnel received intensive training before starting their jobs and Up-to-date and detailed database of consumers helps keep track of trends, interests, and tastes

QUESTIONS

1. Explain the marketing strategies.
 2. Mention and explain the Competitive advantages?
 3. What are the obstacles faced by the Toyota Company?
105. Basmati is aromatic rice grown in Northern India and Pakistan. In September 1997, Rice Tec, a small food technology Company based in Texas, US was granted a patent by the US patent office to call an aromatic rice variety developed in USA as “Basmati” India challenged the case stating that Basmati is a unique aromatic rice grown in Northern India and the US Company called Rice Tec could not claim for a patent as only in-ventures can be patented. 15
- The US patent office accepted India’s basic position and Rice Tec must drop 15 out of the 20 claims that it had made. Of the remaining claims, Rice Tec managed to evolve three new varieties of rice for which it got a patent from US patent and trademarks office (USPTO), as India had not objected to these. The ruling has not handed over the Rice Tec, the “Basmati”
- The US ruling provides it a patent for superior three strains of Basmati developed by cross breeding Pakistani Basmati with a semi dwarf American variety. According to the WTO Agreement, geographical indication of Goods Bill was introduced in Indian Parliament in 1999, even at the end of 2001, it had not become an Act.

QUESTIONS

1. Can any of the following, namely turmeric, neem and the name Basmati, be patented?
 2. Evaluate the role played by the Government of India in preventing the misuse of the name Basmati.
 3. What are the latest measures by the Government of India towards Intellectual Property Rights Patents and Copyrights Act?
106. Mr. Gurmeet Taneja and Mr. Rahul Khatri are partners of M/S Taneja exports, Mumbai. Both qualified from IIFT, New Delhi in the year 2002. They declined 15

lucrative corporate job offers, since they have decided to plunge into the world of international business. M/S Taneja Exports is registered as a partnership firm, with Mr. Gurmeet Taneja and Mr. Rahul Khatri sharing the profits in the ratio of 60: 40.

Mr. Gurmeet concentrated on marketing of the cotton and hosiery apparels abroad and Mr. Rahul ensured on the procurement of the raw materials and timely execution of shipments. The firm could achieve steady improvement in export sales due to the stringent quality control measures and timely execution of shipment schedules.

The following were the credit facilities enjoyed from M/S International Bank of India, Fort branch, Mumbai. Towards the security of the credit facilities, the firm had mortgaged the residential house, valued at Rs 85 lakhs, belonging to Mr. Vikram Taneja, father of Mr. Gurmeet Taneja, and stocks valued at Rs 15 lakhs was also hypothecated to the Bank. Mr. Vikram Taneja stood guarantee for the facilities sanctioned to the firm. M/S Taneja exports used to avail the export packing credit facility from International Bank of India and adjust the same by purchase or negotiation of the export bills drawn on their European buyers. Generally, the bills carried a tenor period of 60 days.

Most of the export bills were drawn and send for collection through international Bank of India, Mumbai Fort Branch, to the foreign buyer's bankers, based on the confirmed purchase order of the buyer. The bills were paid on the due dates and the conduct of the account on the bank's books was quite satisfactory.

Based on the history and the increase in sales turnover achieved by the firm, the bankers were happy to increase the credit limits from Rs 7 lakhs to Rs 17 lakhs. The firm submitted an export document to International Bank of India, Fort Branch, for Euro 53000.00, drawn on M/s St Lourn Fashions, Paris. The merchandise under the export were ladies' garments in cotton and hosiery. In the covering letter of the firm to the bank, they had instructed the bank to present the documents to St Lourn, Paris, through their bankers viz, Credit Lyonnais, Paris.

The exporter had submitted bills of exchange, bills of lading, commercial invoice, packing list, inspection certificate, certificate of origin and in the bill of exchange it was typed as 'to be co-accepted by credit Lyonnais'. The International Bank of India took the documents in its books and sent the documents for collection to Credit Lyonnais, Paris.

Taneja Exports informed the bankers that they are yet to receive the payment of the bill for Euro 53000.00 in their books. The bank sent a swift message enquiring about the fate and payment of the bill. Two days later the bank received a message from Credit Lyonnais saying that the importer, St Lourn, had become bankrupt and they were unable to pay the bill. International Bank of India informed the same to Taneja Exports. They argued with the bank that they had clearly mentioned in the bills of exchange that the documents were to be released against the co-acceptance of the French bank only. Immediately the Indian bank send a message to Credit Lyonnais that since the bill of exchange contained the co-acceptance clause by the French bank, they are liable to pay even though the importer had become bankrupt.

The French bank refuted the claim of the Indian Bank and intimated that the bank's

collection instruction did not contain any co-acceptance clause by the French bank and they had acted as per the provisions in the uniform rules for collection in the ICC publication No 522.

Taneja Exports filed a suit with the National Consumer Forum, New Delhi for deficiency of services by International Bank of India. They put forth the argument that the bank was deficient in not mentioning about the co-acceptance clause in their covering letter to the French bank and in case of non-acceptance by the French bank they would have returned the documents to India and the exporter could have arranged for an alternate buyer or re import of the merchandise. This negligence on the part of the bank had caused them total economic loss.

After hearing the arguments of both the parties, The National Consumer Forum gave the judgement that the International Bank of India was deficient and negligent in their services and ordered them to compensate the value of the export bill of Euro 53000.00 (approx. Rs 24 lakhs) along with 15% interest, till the date of payment. The bank went on appeal against the order of the consumer forum in the Supreme Court.

After hearing the counsels of both sides, the Supreme Court gave the judgement that since the original agreement between the exporter and importer do not have any co-acceptance clause by the importer's banker, the co-acceptance clause on the bill of exchange cannot be binding on the French Bank as well as on the Indian Bank. The bankruptcy of the importer is the reason for loss to the exporter and not the deficiency of service by the bank. The Supreme Court set aside the judgement of the National consumer forum and passed the judgement in favor of the bank, with costs.

QUESTIONS

1. Advise the firm about the precautions they should have taken to avoid such a colossal business loss.
2. Discuss the remedial measures the bank in India should take to avoid such damaging judgements by the consumer forums.
3. Elaborate the Supreme Court judgement in the context of the International Bank rules and practices as guided by The ICC publications.

Note: The attached question paper is to be taken as a model question paper and all the M. Com III semester Question papers will have the similar pattern.

Q.P Code:53202

St. Philomena's College (Autonomous) Mysore
III Semester M.Com - Final Examination November- 2019

Subject: COMMERCE

Title: International Business (HC)



PART –C

14. **Case Study: (Compulsory)**

1×15=15

Mr. Shankar 53, was selected as a regional manager by Bata Shoe Organisation in 2006 and was appointed in Bombay. He and his family members were very happy for his quick promotions in Bata. Mrs. Ranjita, Mr.Shankar's wife, strongly believed in Indian culture, she was typically Indian housewife. A big chatter box who spend much of her time in chit chatting with her friends. Mr. Shankar had been innovative in formulating a number of performance appraisal programmes, cross – cultural training and compensation packages. The Management of the company was impressed with his skills and abilities and he was promoted and transferred to its headquarters at Toronto, Canada.

Mr. Shankar and his family were very happy to take up the new assignment they landed in Canada in February 2013. The company provided housing, Medical and conveyance facilities to Mr.Shankar and his family. Mr.Shankar liked his new job as it was highly challenging and rewarding. In addition he got a number of opportunities to interact with top executives coming from different countries. He and his family were very much excited with the facilities given by the company. Mr. Shankar became very busy and had little time for his family. Consequently, his wife was forced to spend most of her time in isolation. Since, unlike in India no one in Canada spends their time with their neighbors. She could not adjust with this aspect of the western culture in her late 42's she suffered from severe depression, and forced her husband to leave the job and the country.

Questions:

- a) Discuss the differences in culture in different countries.
- b) How cultural factors does affects the international business?
- c) What are the correlates of culture?

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