MMS - III (Common University Paper)
International Business.

13: 2nd Half-Exam.-11 mina (a).

Con. 5913-11. (OLD & REVISED COURSE) EN-3442

28.11.2011.

(FURTHER REVISED COURSE)

(3 Hours) [Total Marks : 60

N.B. : (1) Question No. 10 is compulsory and carry 20 marks.
(2) Attempt any Five questions including Question no. 10 which is compulsory.
(3) All other Four questions carry 10 marks each.

Paper I

1. Define Globalisation. Explain with examples, the driving and restraining forces of globalization.

2. Peter Drucker observes that while the international economy is regulated by national government, the transnational economy is a borderless world economy regulated by global institutions. Comment.

3. Export or physical movement of goods and services alone can't justify international business. Describe various other market entry strategies with examples.

4. Why is FDI important for host and home country? Discuss the FDI environment in India. Also suggest how to increase inward FDI for the quicker economic development.

5. How can the Porter's Diamond model of national competitive advantage be used to assess strategic advantage for India in agro based products?

6. "WTO aims at removing non tariff barriers and reducing tariff barriers." If so, critically evaluate achievements and problem areas which WTO has to encounter in order to succeed in the above objective.

7. Discuss any two of the international issues:-

   a. Intellectual property rights
   b. Current trends and application of purchase power parity theory.
   c. Product Life Cycle theory in international trade.
   d. G 20 and its impact on India's foreign trade.
   e. Most Favoured Nation (MFN) status, boon or bane?

8. "Revolution in international logistics have shrunk the world into a global village." Comment.

9. Examine opportunities for Indian business houses to prosper in African bloc.

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10. **Case Study (Compulsory)**

The public sector Indian Oil Corporation (IOC), the major oil refining and marketing company which was also the canalising agency for oil imports and the highest ranked Indian company in the Fortune 500, in terms of sales, planned to make foray into the foreign market by acquiring a substantial stake in the Balal Oil field in Iran of the Premier oil. The project was estimated to have recoverable oil reserves of about 11 million tonnes and IOC was supposed to get nearly four million tonnes.

When IOC started talking to the Iranian company for the acquisition in October 1998, oil prices were at rock bottom (US$ 11 per barrel) and most refining companies were closing shop due to falling margins. Indeed, a number of good oil properties in the Middle East were up for sale. Using this opportunity, several developing countries "made a killing by acquiring oil equities abroad."

IOC, being a public sector company, needed Government's permission to invest abroad. Application by Indian company for investing abroad is to be scrutinised by a special committee represented by the Reserve Bank of India and the Finance and Commerce ministries. By the time the government gave the clearance for the acquisition in December 1999 (i.e. more than a year after the application was made), the prices had bounced back to US $ 24 per barrel. And the Elf of France had virtually took away the deal from under IOC's nose by acquiring the Premier Oil.

The RBI, which gave IOC approval for US $ 15 million investment, took more than a year for clearing the deal because the structure for such investments were not in place, it was reported.

1. **Discuss internal, domestic and global environments of business revealed by this case.**
2. **How Elf, France could acquire Premier Oil in time? Even if Elf would not have acquired, what would have been the impact of the delay in the clearance on IOC?**
3. **What are the major issues confronting the domestic governments in concluding the overseas investments of similar nature? Please list out your solutions in this regard.**
4. **What are the lessons to be learned of this case?**