



Online PGDM

First Year, Trimester II, September 2023

Course Name : GLOBAL BUSINESS ENVIRONMENT

Max Marks : 70

Course Code : 2104

Max Time : 2 hrs

Instructions for Students: Be precise and to the point while writing the answer.

Section A : Objective Type Questions

Max. Marks-20

1 . Fiscal policy primarily involves the government's decisions regarding:

- a) Monetary supply and interest rates
- b) Taxation and government spending
- c) Exchange rate management
- d) Inflation targeting

2 . What is the primary goal of monetary policy?

- a) To control fiscal deficits
- b) To influence the supply of money and credit in the economy
- c) To regulate international trade
- d) To manage government spending

3. When a central bank tightens monetary policy to combat high inflation, it is likely to:

- a) Lower interest rates
- b) Raise interest rates
- c) Increase government spending
- d) Implement expansionary fiscal policy

4. What is the primary objective of trade protectionism?

- a) To encourage international cooperation
- b) To promote free trade
- c) To protect domestic industries from foreign competition
- d) To reduce government intervention in trade

5. Which international organization is primarily responsible for setting and enforcing trade rules and agreements among its member countries?

- a) United Nations (UN)
- b) International Monetary Fund (IMF)
- c) World Bank
- d) World Trade Organization (WTO)

6. The term "trade deficit" refers to a situation in which:

- a) A country's exports exceed its imports
- b) A country's imports exceed its exports
- c) A country has balanced trade
- d) A country experiences high inflation

7. Which of the following is not a component of GDP in the expenditure approach?

- a) Government spending
- b) Net exports
- c) Investment
- d) Intermediate goods

8. Inflation can be defined as:

- a) A decrease in the general price level.
- b) The rate at which the economy is growing.
- c) An increase in the general price level over time.
- d) The total value of goods and services produced in a country.

9. The capital account of the balance of payments includes:

- a) International trade in goods and services
- b) Foreign investment in domestic assets
- c) Exports and imports of financial services
- d) Government fiscal deficit

10. In the context of FDI, what does the term "greenfield investment" refer to?

- a) Investment in environmentally friendly projects
- b) The purchase of existing businesses in a foreign country
- c) Investment in new facilities or operations in a foreign country
- d) Investments made with the intention of preserving natural resources

11. What is the nominal GDP of a country?

- a) GDP adjusted for inflation
- b) GDP measured in current market prices
- c) GDP adjusted for population
- d) GDP measured in constant prices

12. Which of the following is NOT a component of GDP or GVA in India?

- a) Private Consumption
- b) Government Spending
- c) Imports
- d) Net Exports

13. What is the relationship between GVA at basic prices and GDP at market prices in India's national income accounts?

- a) GVA at basic prices is equal to GDP at market prices.
- b) GVA at basic prices is greater than GDP at market prices.
- c) GVA at basic prices is less than GDP at market prices.
- d) GVA at basic prices and GDP at market prices are unrelated.

14. The "One Belt, One Road" initiative, launched by China, aims to:

- a) Create a military alliance in Southeast Asia
- b) Promote cultural exchange in South America
- c) Improve infrastructure and connectivity across Asia, Europe, and Africa
- d) Establish a new global currency

15. What term is often used to describe the process by which the United Kingdom formally left the European Union on January 31, 2020?

- a) Brexodus
- b) Brexiteer
- c) Brexit
- d) Brexamination

16. What is the India – Middle East – Europe Economic Corridor (IMEC)?

- a) Network of transport corridors comprising railway lines and sea-lanes to promote economic integration between Asia, the Arabian Gulf, and Europe.
- b) Network of communication lines integrating India, Arabian Gulf and Europe
- c) Shipping network between Asia, Europe and Middle East

d) Railway lines between Asia, Europe and Middle East

17. The term "business environment" encompasses:

- a) Only the internal factors that affect a company's operations
- b) The economic, social, political, and technological factors that influence business operations
- c) Only the regulatory framework within a country
- d) The financial performance of a company

18. What is the primary characteristic of a market economic system?

- a) Centralized government control of resources and production
- b) Private ownership of resources and production decisions driven by supply and demand
- c) Equal distribution of wealth among citizens
- d) Absence of currency and monetary transactions

19. In a command economic system, such as socialism or communism, who typically makes decisions about resource allocation and production?

- a) Private individuals and businesses
- b) Central government authorities
- c) Consumers through market forces
- d) Trade unions and labor organizations

20 Which of the following is included in the CPI (Consumer Price Index) basket of goods and services?

- a) Only essential items like food and rent
- b) All goods and services produced in the economy
- c) A representative sample of goods and services purchased by a typical urban/rural consumer
- d) Only luxury items like high-end electronics and designer clothing

Section B: Subjective Type Questions (Short Answer Questions)

Max. Marks-10

Instructions: (Attempt any Two Questions)

Max.Marks- 5*2= 10

Q1.What are the main causes of inflation. How does hyperinflation differ from moderate inflation, and what are its consequences on an economy?

Q2. Discuss the relationship between GDP and economic well-being. What are the limitations of using GDP as a measure of a country's economic health? Provide examples.

Q3 Describe the difference between tariff and non-tariff barriers to trade, and provide examples of each.

Section C: Subjective Type Questions (Long Answer Questions)

Instructions: (Attempt any Two Questions)

Max.Marks- 20*2=40

Q1. The central bank of a developing country is facing a dilemma. The country is experiencing high inflation and low economic growth. Discuss the monetary policy options available to the central bank to address these issues and their potential consequences.

Q2. How do trade tensions and geopolitical conflicts influence global economic stability? Provide examples of recent geopolitical events affecting international trade.

Q3. India has experienced a significant increase in foreign direct investment (FDI) inflows in recent years. Examine the drivers behind this influx of FDI, including government policies and global economic trends. Evaluate the potential economic benefits and challenges associated with the surge in FDI, both in the short term and the long term. Consider the impact on the country's balance of payments and its overall economic development.

Q4 Explain the various tools and strategies that a government can employ as part of its fiscal policy to achieve economic stabilization and growth. Provide specific examples of expansionary and contractionary fiscal policies and discuss their potential impacts on key economic indicators.