

**JAIPURIA INSTITUTE OF MANAGEMENT NOIDA**  
**PGDM BATCH 2017 - 19**  
**TRIMESTER-III**  
**END – TERM REAPPEAR, April 2018**

Course Name	International Economics and Business	Course Code	ECO301
Max. Time	2 hour	Max. Marks	40

**INSTRUCTIONS: Attempt all questions**

**Q: 1     Change in FDI single brand retail policy will ease investment process: Retailers Association**

**Excerpts: ET January 10, 2018**

The Retailers Association of India (RAI) said allowing 100 per cent foreign direct investment (FDI) in single-brand retail through automatic route will ease the process for foreign and Indian brands interested in being part of the Indian retail story, CEO Kumar Rajagopalan said.

The apex industry body feels the reform would boost employment, bring in wide product choices for consumers and help grow the economy and country as a whole in the long run.

“We at RAI have always been supportive of relaxation of norms for FDI in retail. It is known that global companies take time to develop good suppliers as partners and hence the relaxed time frame for sourcing is conducive without compromising India's need to be a good sourcing hub for global brands,” Rajagopalan said.

The government on Tuesday approved 100% FDI in single brand retail trading under automatic route whereby retailers will not need any government approval. Till now, only 49% FDI was allowed under automatic route. Furthermore, local sourcing norms have been relaxed for a period of five years.

- A. The article spells a lot many advantages of FDI in Retail. Comment why then there remains a heated argument against FDI in retail? Has India completely opened up its retail sector for FDI? Discuss
- B. Highlight different routes through which FDI can enter our country.
- C. Comment upon the factors responsible to make Retail in India a lucrative destination for foreign investment?
- D. According to you, which is more promising for India's development FDI or FPI? Give suitable arguments to support your points.

**[3 + 2 + 2 + 3 = 10 Marks]**

**Q: 2** China has been constructing artificial islands in the disputed South China Sea, new satellite images show, a sign that Beijing is continuing to strengthen its military reach across the vital trade waterway.

Regional military attaches and experts believe the work shows China's determination to build up its network of reefs and islets, even if it is seeking to avoid a fresh confrontation with the new administration of U.S. President Donald Trump.

Discuss what controversies surround South China Sea and Why China is not ready to retreat despite receiving strict remarks from UN, US and other governments [10 Marks]

**Q: 3** "Economically, the SAARC region is one of the least integrated in the world, with very low levels of intra-regional trade and investment. Intra-regional trade is under 5 percent of total official trade as well as intra-regional foreign investments as a proportion of total investment figures are quite trivial." Highlight why SAARC region stands on shaky ground and why its achievements meagre and unconvincing. [5 Marks]

**Q: 4** How shall the current rise in crude oil prices affect:

- (i) Inflation in India
- (ii) BOP of India
- (iii) Indian Rupee
- (iv) Fiscal position of India
- (v) Gold Prices and Dollar

[5 Marks]

**Q: 5 A.** Discuss the meaning of a surplus (or deficit) on

- I. Merchandise Trade Balance
- II. Goods and Services Balance
- III. Current Account Balance

Also, differentiate between Balance of Trade and Balance of Payments? How does government finance the BOP in case of a deficit? [3 + 2 = 5 Marks]

**B.** Assess the impact of following information on dollar – rupee exchange rate. Give due justifications to support your answer.

- a. The Federal Reserve in US adopts a tight monetary policy that leads to increase in US interest rates to 1.75% as against 1.5%.
- b. India encounters severe inflation but price levels are stable in US.

[5 Marks]

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