

JAIPURIA INSTITUTE OF MANAGEMENT, NOIDA
PGDM
FIFTH TRIMESTER (Batch 2017-19)
END TERM EXAMINATIONS, DECEMBER 2018

Course Name	International Business	Course Code	IB501
Max. Time	2 hours	Max. Marks	40 MM

INSTRUCTIONS: Attempt all questions.

Q.1. What are the different modes of International business expansion? Explain the important role FDI is playing in international business expansion. (5 Marks)

Q.2. (a) Recently, US decided to raise tariffs on at least \$ 50 Bn Chinese Imports. This move is a warning to both India and China. Analyse the given scenario and suggest the way forward to India with the help of theoretical understanding of International Trade theories. Also present a story on international trade theories developed by Adam Smith, Ricardo, Heckscher Ohlin to Leontief. (5+5 Marks)

(b) Illustrate the concept of Commodity Terms of Trade and Income Terms of Trade. A base period index of export and import price is 100. Thus, TOT for the base year is 100. Suppose, export price index rises to 140 and import price index rises to 110. What will be the TOT and its interpretation? (5 Marks)

Q.3. Define and explain Regional Economic Integration with example. Explain any one of India's Free Trade Agreements and its implication on trade. (5 Marks)

Q.4. Bombay on London is quoted as under:

Case 1

Spot	£ 5.2530 – 5.2575
1 month forward	2.5 – 2.0 pm
2 months forward	2.75 – 2.25 pm
3 months forward	3.25 – 2.75 pm

Case 2

Spot	£ 5.2530 – 5.2575
1 month forward	2.0 – 2.5 dis
2 months forward	2.25 – 2.75 dis
3 months forward	2.75 – 3.25 pm

(a) Calculate 1 month, 2 months and 3 months forward rates. (3 Marks)

(b) Explain the maxim Buy High, Sell Low (3 Marks)

Q.5. Explain Purchasing Power Parity Theory. How this theory is an improvement over mint par theory? As you know that McDonald is using Big Mac Index for measuring international parity of McDonald's products. Explain Big Mac Index and calculate Big Mac Index from the following information:

Big Mac Price in Local Currency = 12.5 Chinese Yuan

Big Mac Prices in US Dollar = 3.57

Implied PPP of USD = 3.50

Actual dollar exchange rate = 6.83

(3+3+3 Marks)