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OR

(c) "The impact of an open capital account on the economy is determined by the nature of the exchange rate mechanism". Explain. (10)

(d) Write short notes on the following:

(i) NAFTA

(ii) UNCTAD (10)

(600)

[This question paper contains 4 printed pages.]

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Your Roll No.

M.Com. : SEMESTER IV

E

PAPER No. 6401

International Business

Time : 3 Hours

Maximum Marks : 100

*(Write your Roll No. on the top immediately
on receipt of this question paper.)*

Attempt all questions.

All questions carry equal marks.

1. (a) Distinguish between the theory of absolute advantage and the theory of comparative advantage. How useful are these theories in explaining international trade? (20)

OR

(b) "Porter's theory of National Competitive Advantage is a hybrid theory which blends the traditional country-based theories that emphasize factor endowments with the firm-based theories that focus on the action of individual firms. Discuss the statement". (20)

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2. (a) "A firm's success in an international market depends on its successful adaptation of the political and legal environment." Critically examine the statement. (10)
- (b) "IMF and World Bank serve the interests of industrialized nations rather than those of the developing countries." Discuss. (10)

OR

- (c) "International business is more complex, and works in greater diversity and operational complexity than domestic business". Elucidate. (10)

- (d) Describe the recent trends in FDI flows with underlying reasons for the same. Is it necessary to have a comprehensive multilateral framework to facilitate growth of FDI? Give your arguments. (10)

3. (a) Define balance of payments. What is meant by balance of payments disequilibrium? Give a brief account of the important causes of the BOP disequilibrium and measures to correct the disequilibrium. (20)

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- (b) Evaluate the trade related mode of entry in international business. Give examples. (10)
- (c) Differentiate between international licensing and international franchising? Give suitable examples. (10)
4. (a) Why do countries opt for Regional Economic Integration? Examine the levels of economic integration. Evaluate the European Union and its success story as the epitome of Regional Economic Integration. (20)

OR

- (b) Distinguish between tariff and non-tariff barriers to trade between nations. (10)
- (c) Examine the functions and role of the World Bank. (10)

5. (a) What are the various types of international strategic alliances? How do companies gain from these alliances? (10)
- (b) What is the basic rationale of trade intervention by the Government? Using various examples, explain the effect of different kinds of intervention. (10)

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