

**Jagan Institute of Management Studies**  
**End-Term Examination, September, 2016**  
**Trimester I – PGDM (IB) 2016-18**

***Global Business Environment***  
***ET\_IB\_GBE\_3009***

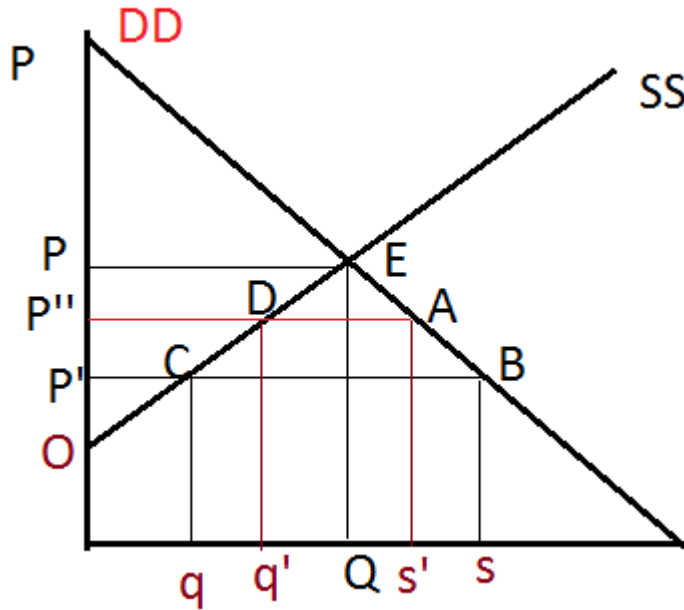
Time: 3 Hrs.

M. Marks: 70

***INSTRUCTIONS: Attempt any FIVE questions including Q1 & Q7 which are compulsory.***

- Q 1** Attempt any **FOUR** of the following question.
- a) What is the difference between current account and capital account convertibility?
  - b) What is the difference between Tariff and non-Tariff barriers?
  - c) What are the different components of current account?
  - d) What is a turnkey project?
  - e) What is the difference between depreciation and appreciation of a currency? **16**
- Q 2** a) What are the different modes through which a Firm can enter a foreign market? Compare wholly owned subsidiary to Strategic Alliance. **12**
- Q 3** a) What is the difference between absolute and comparative advantage theory.
- b) Explain comparative advantage theory with an example. **12**
- Q 4** a) What are the different components of Balance of Payment? How do transactions in the two components determine the currency reserves in our country?
- b) What is the difference between current account and capital account convertibly? **12**
- Q 5** a) What are the main international organizations that came up after the second world war and what are their essential functions.
- b) Why gold standard failed to live up the expectations of the world. **12**
- Q 6** a) What are the different types of economic system an economy can have. How the economic system of an economy does is related to its Political Ideology.
- b) If the interest rate in India is 10% and in US it is 2%. The spot exchange rate is Rs50/\$. What should be the forward rate of RS/\$ so that no arbitrage can take place. **12**

**Q7** Read the diagram carefully and answer the question given at the end. The answers are supported by appropriate diagram.



The above diagram for DD and SS is given for smart phones in India. The equilibrium price in a closed economy is P and equilibrium quantity is Q. The International prices for the smart phones are P'.

**Questions:**

- a) How does opening of the economy effects consumer and producers surplus.
- b) Once tariff are imposed the price rises to P''. What is the new consumer and producer surplus?

**18**

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