9. What are the various ways to scan international business and risks? Give the various models of evaluating country risk. 10

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Roll No. ____________

MS-3087

M.B.A. (Second Semester) Examination, 2015

International Environment & Management

[CP – 208]

Time Allowed : Three Hours] ***[Maximum Marks : 70***

Note : Attempt five questions in all. Question No. 1 is compulsory. Attempt one question from each unit.

1. Read the following article on India and China and answer the question that follow :

economists and analysts have constantly derided India's inability to attract FDI. This single-minded obsession with FDI is as strange as it is harmful. Academic studies have not produced convincing evidence that FDI is the best path to economic development when compared with responsible economic policies, investments in education, and *sound* legal and financial institutions. In fact, one can easily think of counter-examples. Brazil was a darling of foreign investors in the 1960s but ultimately let them down. Japan, Korea, and Taiwan received little FDI in the 1960s and 1970s but emerged among the world's most successful economies.

The litmus test for a country's economy is not its ability to attract a lot of FDI but whether it has a business environment that nurtures entrepreeneurship, supports healthy competition, and is relatively free of heavy-handed political Intervention. In this regard, India has done a better job than China. A group of world-class companies have emerged from India ranging from Infosys in the field of software, Ranbaxy in pharmaceuticals, Bajaj Auto in automobile components, and Mahindra and Mahindra in car assembly. This did not happen by accident.

Although it has many flaws, India's financial system did not discriminate against small private Companies the way the Chinese financial system did. Many companies, such as Infosys benefited from this system. Infosys was founded by seven entrepreneurs with few political connections who, nevertheless, managed without significant hard

5. Give a detailed note on conflicts between the host and transnational companies. 10

Unit - III

6. Write short notes on: 2½×4

(a) International Franchising

(b) International Licensing

(c) Turnkey Projects

(d) Joint Venture

7. How has the global capital market grown so rapidly in the recent decadas? Do you think this will continue throughout the next decade also? give reasons. 10

Unit - IV

8. How should an International information technology chain providing services to small offices configure its value chain in order to align International business oprations? 10

resources. The 'China miracle' happened not because China had glittering skyscrapers and modern highways but because bold economic liberalization and institutional reforms—especially agricultural reforms in the early 1980s—created competition and nurtured private entrepreneurship.

For both China and India, there is a hidden downside in the obsession with building world-class infrastructure. As developing countries, if they invest more in infrastructure, they invest less in other areas. Typically, basic education, especially in rural areas, falls victim to massive investment projects, which produce tangible and immediate results. China made a costly mistake in the 1990s when it created many world-class facilities, but badly under-invested in education. Research from China revealed that during the country's economic rise, a staggering percentage of rural children could not finish secondary education. India, meanwhile, has quietly but persistently improved its provision for education, especially in the rural areas. For sustainable economic development, the quality and quantity of human capital will matter more than physical capital. India seems to have the right

policy priorities and if China does not invest in rural education soon, it may lose its true competitive edge over India—a well-educated and skilled workforce that drives manufacturing success. China was several light years ahead of India in economic liberalization in the 1980s. Today it lags behind in critical aspects, such as reforms that would permit more foreign investment and domestic private entry in the financial sector.

Unless China embarks on bold institutional reforms, India may very well outperform it is the next 20 years. But, hopefully, he biggest beneficiary of the rise of India will be China itself. It will be forced to examine the impetrations of its own economic model and to abandon its sense of complacency acquired in the 1990s.

(a) How has F.D.I. supported economic development in India and china. are F.D.I. incentives in china diffrent from the one offred in india. 10

(b) Does F.D.I really develop the economy of the host country in the short as will as long run. Analyse critically. 10

(c) Discuss the implication of the statement under china embarks on bold institutional reforms, India may very well out perform it in the next 20 years. but hopefully the biggest beneficiary of the rise of India will be china itself? 10

Unit-I

2. Discuss the theory of comparative cost advantage. What are its assumptions and explain the grounds on which it is criticised. 10

3. Describe how political stability leads to international bussiness development.

Unit-II

4. How does economic integration influences business operations? Explain various kinds of economic integration.

assets, to obtain capital from Indian banks and the stock market in the early 1990s. It is unimaginable that a Chinese bank would lend to a Chinese equivalent of an Infosys.

With few exceptions, the world-class Manufacturing facilities for which China is famous are results of FDI and not investment from idigenous Chinese companies. Though, ‘Made in China’ labels are still more ubiquitous than their 'Made in India' counterparts; but what is 'Made in China' is not necessarily ‘Made by China’. Soon, ‘’Made in India’ will be synonymous with ‘Made by India’ and an Indian will not just get the wage benefits of globalization but will also keep its profits—unlike so many cases in China.

Pessimism about India has often been proved wrong. For example, the view that India lacks the level of infrastructure that China has and, therefore, cannot compete with China. This is another ‘China myth’—that the country grew, thanks largely to its heavy investment in infrastructure. This is a fundamentally flawed reading of China’s growth story. In the 1980s, China had poor infrastructure but turned in a superb economis performance. China built its infrastructure after—rather than before—many years of economic growth and accumulation of financial