



Uva Wellassa University
Faculty of Science and Technology

Degree of Bachelor of Technology in Industrial Information Technology

3rd YEAR 1st SEMESTER EXAMINATION – FEBRUARY/MARCH 2011

IIT 351-2- International Business





Part C- Essay Questions

Answer only **two** questions including **question number 1**.

1. The following is a quotation from an article published by World Bank on the topic of India: Foreign Trade Policy.

India: Foreign Trade Policy

Although India has steadily opened up its economy, its tariffs continue to be high when compared with other countries, and its investment norms are still restrictive. This leads some to see India as a 'rapid globalizer' while others still see it as a 'highly protectionist' economy.....

.....India however retains its right to protect when need arises. Agricultural tariffs average between 30-40 percent, anti-dumping measures have been liberally used to protect trade, and the country is among the few in the world that continue to ban foreign investment in retail trade. Although this policy has been somewhat relaxed recently, it remains considerably restrictive.....

Nonetheless, in recent years, the government's stand on trade and investment policy has displayed a marked shift from protecting 'producers' to benefiting 'consumers'. This is reflected in its Foreign Trade Policy for 2004/09 which states that, "For India to become a major player in world trade ...we have also to facilitate those imports which are required to stimulate our economy.".....

- a)
- i) In accordance with the above case, why Indian government **should intervene and should not intervene** in international business activities? (12 marks)
 - ii) What kind of trade controls would be used by Indian government? (05 marks)
- b)
- i) Briefly explain two (02) fixed exchange rate systems and floating exchange rate systems. (06 marks)
 - ii) Explain how foreign exchange rates are determined in a floating regime. (07 marks)
 - iii) Briefly explain how exchange rate changes influence business decisions. (05 marks)

2. Cultural attitudes and values affect business practices. It means those attitudes and values affect everything from decisions about what products to sell to decisions about organizing, financing and controlling operations. An international manager has to cope with all these issues.

You are required to:

Explain how cultural differences influence work ethics, relationship preferences, risk taking behaviors and communication in the international context. Provide examples whenever necessary. (15 marks)

3. Assume that you are a business owner and wants to enter into global market.

You are required to:

- a) Briefly explain the factors you would consider in case of selecting a market to enter. (05 marks)
- b) Explain the four major strategies which would guide how you will enter and compete in the international environment. (10 marks)

4. "Globalization enables us to get more variety, better quality or lower prices. Our daily meals, for instance, contains spices that are not grown domestically...."

-Daniels J.D. et.al (2009)-

You are required to:

- a) Define the term Globalization. (03 marks)
- b) Briefly explain what drives globalization. (06 marks)
- c) Explain how globalization can create negative results to a country. (06 marks)