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MBA

(SEM IV) THEORY EXAMINATION 2017-18

TRADING BLOCKS & FOREIGN TRADE FRAMEWORK

Time: 3 Hours ***Total Marks: 70***

Note: 1. Attempt all Sections. If require any missing data; then choose suitably.
2. Be precise in your answers.

SECTION A

1. Attempt *all* questions in brief. 2 x 7 = 14

a. What Are The Disadvantages Of Free Trade?
b. What do you think are the two main advantages and two main disadvantages of trading blocs?
c. Give and comment on some examples of Regional Trade Agreements (RTAs).
d. Write on the Association of Southeast Asian Nations (ASEAN)
e. Why do countries join Trading Blocs?
f. Nature and scope of Foreign Trade Policy of India.
g. Trends of FDI in recent years.

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SECTION B

2. Read the case study below and answer the questions at the end

7 x 3 = 21

Amazon, the on-line retail major, is aggressively expanding its presence 'in the Indian online retail market, lobbied on issues related to Indian FDI. The company launched operations in India in June last year with its marketplace model, under which Amazon does not sell products directly to customers but only provides a platform to sellers. Amazon's lobbying in the US on . India-focused issues came at a time when Indian government floated a discussion paper on allowing FDI into e-commerce retail business in the country. In November 2013, Amazon had said it is 'engaging' with the Indian government for relaxing of FDI norms in the e-commerce space, saying such a move would help it begin "retailing products" as well, in addition to its current 'marketplace business model.

On the other hand, Wal-Mart has halted its India-specific lobbying. Earlier, Wal-Mart had been lobbying very hard among· the US lawmakers for their support on its FDI plans for India. However, number of roadblocks including probes ordered by the Indian government seems to have tempered its ambitions for India, which has been projected as one of the biggest growth markets for the retail sector across the world. The roadblock relates to lobbying. While Lobbying is legally permitted in the US, it is not allowed in India. In US companies can lobby, provided they report about it .to the government. In case of Wal-Mart, Its report to US government about lobbying for India had snowballed into a major political controversy late in 2012. Indian government announced a probe into Wal-Mart's lobbying activities, but the inquiry remained inconclusive in absence of sufficient evidence for any wrongdoings.

Earlier this year, Wal-Mart CEO Doug Mc'Millon told PTI that the company would wait for further clarity on rules for entering the multi-brand retail business. Wal-Mart is currently present in India with its cash and carry business under its Best Price brand, but is yet to enter

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multi-brand retail business where the government has allowed 51% FDI despite huge political opposition.

While Wal-Mart is seeking further relaxation in FDI rules, a few states such as Delhi and Rajasthan have already reversed the approvals given for multi-brand FDI by their predecessors. These developments have added to the uncertainty regarding retail business FDI framework, while global giants are keenly watching the ongoing general elections in India on hopes that the new government would bring in some clarity on regulations.

Questions:

a) Examine the controversy over lobbying by foreign firms in India.
b) What are the problems faced by Wal-Mart?
c) What kinds of policy measures are needed to promote FDI in India?

SECTION C

3. Attempt any *one* part of the following: 7 x 1 = 7

(a) Outline the likely economic effects on the UK of a decision to withdraw from the EU.
(b) Why International Trade Is So Important? What Are The Characteristics Of International Trade? What Are The Problems Or Difficulties In International Trade?

4. Attempt any *one* part of the following: 7 x 1 = 7

(a) What is FTA and Custom Union? Distinguish between free trade areas (FTAs) and customs unions.
(b) How such measures of Trading Blocs to distort market forces and comparative costs? Explain in the context of Developed countries and Developing countries.

5. Attempt any *one* part of the following: 7 x 1 = 7

(a) Why do you think trading blocs have come to dominate world trade over the last 40 years?
(b) Write notes on –
  (i) TRIPs
  (ii) BRICS

6. Attempt any *one* part of the following: 7 x 1 = 7

(a) "Many LEDCs have significant environmental problems that slow down their development". Explain the statement in context of globalization.
(b) Explain the theory on balance of payment and balance of trade.

7. Attempt any *one* part of the following: 7 x 1 = 7

(a) What are the Key features of globalization? How India can contribute in it?
(b) What Is The Role Of WTO In International Trade? What are the objectives and functions of WTO?

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