

Seat No.: _____

Enrolment No. _____

GUJARAT TECHNOLOGICAL UNIVERSITY
MBA – SEMESTER 3 – EXAMINATION – SUMMER 2019

Subject Code: 3539203

Date: 04/05/2019

Subject Name: International Business

Time: 02:30 PM To 05:30 PM

Total Marks: 70

Instructions:

1. Attempt all questions.
2. Make suitable assumptions wherever necessary.
3. Figures to the right indicate full marks.

Q.1 Answer of the following questions. 14

- a) Define Import and Export.
- b) What do you mean by Geocentric approach?
- c) Define Offshore Financing.
- d) What is Letter of Credit in International Trade?
- e) Explain direct and indirect quote for currency with example.
- f) Explain Forward Market.
- g) Define counter trade with example.

Q.2 (a) In recent time, the pace of Globalisation has accelerated than before. Discuss 07
in detail the factors that contributed to this phenomenon.

Q.2 (b) Swastik corporation is in to production and sales of Jute Bags. It wants to 07
explore the possibility of exporting the product to France. Which different
modes of international business operations can the company explore? Explain
them in detail.

OR

Q.2 (b) Diva Fashion Pvt. Ltd. is in to making of designer party-wear. The company is 07
doing business domestically at present. It wants to consider the possibility of
starting international operations for which the company is actively looking out
for different countries where it can enter. The company needs your help in how
to select the country for doing business internationally. Kindly suggest the
systematic process for country selection.

Q.3 (a) The value of India's currency "Rupee" is continuously falling against US dollar. 07
According to you, which factors are contributing to the fall in rupee? Explain in
detail.

Q.3 (b) Write a note on European Union and NAFTA. 07

OR

Q.3 (a) Mr. Prasad, the HR Manager of Krupa Ltd., wants to select two members out of 07
a team of 20, for working on an international assignment as expatriates. How
should he select and train these two members to ensure that they do not return
home premature.

Q.3 (b) How E-Commerce affects international business? Discuss in detail. 07

Q 4 (a) Mr. Naveen, based in India, wants to start exporting but does not know the 07
procedure for export. Give him an overview of the export procedure.

Q 4 (b) Explain the INCO Terms: FOB, CIF and Ex-Works 07

OR

Q 4 (a) Explain the role of DGFT, Export Promotion Council and Commodity Boards 07
in promoting the foreign trade.

Q 4 (b) Give an overview of the documents required for exporting.

07

Q.5 **Case Study: Walmart's entry in to India**

India is one of the most attractive retail markets in the world, given its size and growth rate. When Walmart first announced its entry into India in 2007, it had grand plans to have its huge stores across India. The Indian government does not allow foreign multi-brand giants like Walmart to open front-end stores in the country on their own. That is why the American retailer had entered into a joint venture with telecom major Bharti Enterprises in 2007 to create Bharti-Walmart. In 2009, Bharti-Walmart's first store came up in the northern India city of Amritsar. And over the next eight years, Walmart added some 20 more stores here. But foreign retailers are still not allowed to fully invest in opening supermarkets in India. Foreign investors are, however, allowed to invest in India's e-commerce marketplaces that sell goods from various sellers.

The partnership between Bharti Enterprises and Walmart has been dissolved. The Indian government requires retailers to source 30 percent from small suppliers which is difficult for Walmart to comply with. Walmart entered into the partnership with Bharti in hopes of achieving a liberalization of the Indian market. This hope was not fulfilled and as a result the relationship with Bharti was no longer desirable and hence the partnership ended in 2013.

However, Walmart again tried to enter Indian retail market. On May 09, 2018, Walmart announced that it has acquired a 77% stake in India's largest e-commerce firm, Flipkart, for \$16 billion. The deal will give the American retailer a direct link to a market that is expected to be worth \$200 billion by 2026. Walmart's investment in Flipkart comes at a time when India's e-commerce industry is growing rapidly. By 2026, online retail is expected to account for 12% of the country's overall retail market, from just 2% in 2016, as per Morgan Stanley. Its intention to focus on India is made even clearer by decisions to reduce existing operations in the U.K. and Brazil.

Walmart, a \$500 billion American behemoth, has a reputation of killing small businesses with ultra-low prices. The small suppliers have fear that Walmart might bring in its own private labels via Flipkart to the Indian consumers, adding to competitive pressures. War between an empowered Flipkart and Amazon will shrink the space for smaller players because it will ensure that prices, quality and delivery remain highly competitive. The war between Flipkart and Amazon will not only create a vast infrastructure of supply chain but also a large number of jobs.

It is impossible to say whether the Walmart-Flipkart combination will succeed in the face of tough competition from U.S. ecommerce giant Amazon, which has already established a strong foothold in India. But it is clear that the landscape will change and almost certainly for the benefit of India's consumers.

From the above mentioned case facts, answer the following questions:

Q.5 (a) Which trade barriers are mentioned in the above case for Walmart's entry in to Indian Market and How did Walmart entered in to Indian retail Market? Relate

07

the Protectionism Policy of Indian Government with the case facts. Bring out the positive and negative aspect of this policy in context of India.

Q.5 (b) Each country is unique for doing business and so is India. If you are the CEO of Walmart, which political, economic and cultural factors would you consider that would affect Walmart's business operations in India? **07**

OR

Q.5 (a) What will be the positive and negative impact of Walmart's entry in to India's retail market? **07**

Q.5 (b) If you are the CEO of Walmart India, what would be your strategic approach for managing the Customers' and Suppliers' relationship? **07**
