

Walmart, 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 Walmart's lobbying activities, but the inquiry remained inconclusive in absence of sufficient evidence for any wrongdoings.

Earlier this year, Walmart CEO Doug McMillon told PTI that the company would wait for further clarity on rules for entering the multi-brand retail business. Walmart is currently present in India with its cash and carry business under its Best Price brand, but is yet to enter multi-brand retail business where the government has allowed 51% FDI despite huge political opposition.

While Walmart 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 Walmart?
- (c) What kind of policy measures are needed to promote FDI in India?

MBIB 4002

M.B.A. DEGREE EXAMINATION,
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Fourth Semester

International Business

FOREIGN TRADE POLICY

(2012 – 13 Batch Onwards)

Time : Three hours

Maximum : 100 marks

PART A — (5 × 6 = 30 marks)

Answer any FIVE questions out of the following.

1. Describe the problems associated with international trade.
2. What do you mean by terms of trade? What does they indicate?
3. List the major items of India's exports and the destinations.
4. Describe the direction of India's foreign trade.
5. What is dumping? How is it countered?
6. What is counter trade arrangement? How does it help promote trade?
7. Explain the purpose of Export Promotion Capital Goods (EPCG) Scheme in India.
8. What is the rationale behind foreign direct investment policy?

PART B — (5 × 10 = 50 marks)

Answer any FIVE questions out of the following.

9. Examine the recent trends in India's balance of payments. What are the factors responsible for this trend?
10. Explain in brief the theories of international trade.
11. Explain the role of tariffs in international trade.
12. Highlight the special focus initiatives and programmes for assistance envisaged for infrastructure and marketing in India's EXIM policy.
13. Explain the export promotion measures initiated by the Government of India to improve export performance of the country.
14. What are the objectives of Export Processing Zones? Explain the benefits and facilities enjoyed by the units located in these zones.
15. Explain the progress in foreign direct investment in India.
16. Discuss the types of foreign collaborations and their contribution to foreign trade.

PART C — (1 × 20 = 20 marks)

Compulsory.

17. Case Study

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 in does not sell products directly to customers but only provides a platform to sellers. Amazon's lobbying in the US on India-focussed 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, Walmart has halted its India-specific lobbying. Earlier, Walmart had been lobbying very hard among the US lawmakers for their support on its FDI plans for India. However, a number of roadblocks including probes ordered by the Indian government seem 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