

had bounced back to \$24 per barrel. And the elf of France had virtually took Airway the deal from under IOC's nose by acquiring the premiere oil. The RBI which gave IOC the approval for \$15 million investment, took more than a year for clearing the deal because the structure for such investments were not in place, it was reported.

Questions :

- (a) Discuss whether it is the domestic or global environment that hinders the globalization of Indian Business.
- (b) Even if it had not acquired premier oil, what would have been the impact of the delay in the clearance of IOC?
- (c) What are the lessons of this case?

MBIB 4002

M.B.A. DEGREE EXAMINATION, JUNE 2014.

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.

1. Discuss the features that differentiate domestic trade from international trade.
2. What are the benefits of international trade?
3. Critically examine Adam Smith's theory of absolute cost.
4. Explain tariff barriers with suitable examples.
5. Write short notes on the following:
 - (a) Anti-dumping duty.
 - (b) Countervailing duty.

6. Discuss the objectives of EXIM policy.

7. What are deemed exports? How they are categorized?

8. Discuss the instruments of export promotion.

PART B — (5 × 10 = 50 marks)

Answer any FIVE questions.

9. Discuss the significance of foreign trade in detail.

10. Discuss the Heckscher-Ohlin's of international trade.

11. Briefly explain the balance of payments statement. What are its implications and uses?

12. Explain the terms of trade in detail.

13. Explain the meaning, objectives and methods of exchange control.

14. Elaborate the various functions of Export Promotion Councils.

15. Elucidate the incentives and facilities provided to SEZ.

16. Define 'Foreign Direct Investment'? Discuss the significance of Foreign Investment (FDI). What are the alternative modes of market entry?

PART C — (1 × 20 = 20 marks)

17. Case study: Compulsory

The Public Sector Indian Oil Corporation (IOC), the major oil refining and marketing company which was also the canalizing agency for oil imports and the only Indian company in the Fortune 500, in terms of sale, planned to make a foray into the foreign market by acquiring a substantial stake in the Balal Oil fields in Iran of the Premier oil. The project was estimated to have recoverable oil reserves of about 11 million tons.

When IOC started talking to the Iranian Company for the acquisition in October 1998, oil prices were at rock bottom (\$11 per barrel) and most refining companies were closing shop due to falling margins. Indeed a number of good oil properties in the Middle East were up for sale. Using this opportunity, several developing countries "made a killing by acquiring oil equities abroad.

IOC needed Government's permission to invest abroad. Application by Indian Company for investing abroad is to be scrutinized by a special committee represented by the RBI and the Finance and Commerce Ministries. By the time, the government gave the clearance for the acquisition in December 1999 (i.e. more than a year after the application was made) the prices