Name: **Enrolment No:**	

UNIVERSITY OF PETROLEUM AND ENERGY STUDIES
End Semester Examination, December 2019

Course: International Trade & Finance **Semester: V**
Program: BBA FT **Time: 03 Hours**
Course code: INTB3003 **Max. Marks: 100**

Instructions: Answer all the questions in group A, B and D. Answer any two questions from group C.

Q1.	Distinguish between tariff and non tariff barriers to trade between nations.	CO1
Q2	Mention two variants of the classical approach theory to explain differences in trade structure between nations.	**CO1**
Q3	Explain the factors which led to the creation of the GATT.	**CO2**
Q4	What are the three main advantages of international trade ?	**CO1**
Q5	According to Adam Smith, the trade between countries should happen – a) naturally according to the market forces /or b) under Govt regulation/ or c) using factors that are available / or d) only when a country has an advantage- Point out the appropriate reason.	**CO1**
Q6	What are the functions of ECGC Scheme?	**CO3**
Q7	What is forward rate in foreign exchange?	**CO4**
Q8	What does convertibility of rupee mean?	**CO4**
Q9	What is the Net Present Value (NPV) decision rule?	**CO5**
Q10	What are capital budgeting decisions?	**CO5**
	SECTION B **5 X 4 = 20 Marks**	
Q1	What is foreign exchange risk? How is it different from foreign exchange exposure?	**CO5**

Q2	Write short notes on – a) International capital market and b) International money market.	**CO4**
Q3	Write short note on - ‘Export incentives in Indian trade’.	**CO3**
Q4	Distinguish between ‘Greenfield’ and ‘Brownfield’ investments.	**CO3**
	SECTION-C **15 X 2 = 30 Marks**	
Q1	With changes in policy since the 1990s, the Indian economy has contributed to both change in nature and magnitude of capital flows. Further, Indian Outward Foreign Direct Investment (OFDI) has increased substantially with Indian firms emerging as Global giants.	**CO3**
Q2	Distinguish between the fixed and floating exchange rate regime. Which system do you think is suitable in the current international business scenario?	**CO4**
Q3	What are the major risks associated with doing business internationally? Why is ‘Risk Analysis’ so important to ‘Capital Investment’ decisions?	**CO5**
	SECTION-D **1 X 30 = 30 Marks**	
	In a country A, the initial entry of FDI can be considered from the time of establishment of East India Company by Britain during the colonial era in the 17th century. Along with them, the British brought on the Industrial revolution which led to development of transportation (Railways and Roadways) and communication systems albeit for their benefits. The new innovations and inventions happening around the European countries were also got introduced. After the Second World War, many Japanese companies entered the market and enhanced their trade with A country. After Independence, the policy makers of ‘New A country’ realized the need of an intense foreign investment for development and designed Foreign Direct Investment (FDI) policies aiming it as a medium for bringing in advanced technologies and gaining valuable foreign exchange resources. With time, there have been changes in the FDI policy. The industrial policy of the ‘A country’ allowed MNCs to venture through technical collaboration in the country. The major sectors that attracted FDI are services, telecommunication, construction activities and computer software and hardware. FDI under sectors is permitted either through automatic route or Govt route. In the period, 1999-2004, the country received US $ 25 billion of foreign investment. In the period, 2004-09, foreign investment in the country touched US$ 125 billion, further increasing to US $ 185 billion between 2009-Sept 2013. The highest ever FDI inflow of $ 70 billion during the fiscal ended March 2019. The highest FDI equity inflows came from Singapore ($ 20 billion followed by Mauritius ($10 billion), Netherlands ($5 billion), US ($4 billion) and Japan ($3	

	billion). Today, the country is among the top 10 destinations for foreign direct investment (FDI) in the World.	
Q1.	Analyze the FDI's role in the country and suggest an ideal 'Road Map', as a provider of development, finance and technology based on above case let.	**CO4**