

School of Business

Department of Business
Mid Term Examination

Exam Date: 04 Oct 2023

Time : 90 Minutes

Marks : 50

Sem IX - MSB21T5010 - International Trade and Policy

Your answer should be specific to the question asked

Draw neat labeled diagrams wherever necessary

- 1) Illustrate three factors that can influence a country's decision to import goods from another country. K2 (2)
- 2) What is the main premise of the "New Trade Theory"? K1 (3)
- 3) Compare and explain the reasons why the tariff rates on agricultural products are higher than tariff rates on manufactured products or services. K2 (4)
- 4) Outline one potential benefit and one potential risk that Country B might face as a result of receiving foreign direct investment from Country A. K2 (6)
- 5) Identify India's foreign trade composition and direction over last few years. K3 (6)
- 6) Identify the main factors that influence Foreign Direct Investment (FDI) decisions by multinational corporations. Discuss how political stability, market size, and technological capabilities of the host country can impact FDI inflows. Provide relevant real-world examples. K3 (9)
- 7) Examine the Comparative Cost Advantage theory of international trade. List its key assumptions, analyze does it contribute to understanding trade patterns between countries? K4 (8)

8) **Read the case study and give the answers of the questions given below.**

K4 (12)

Indian leather export, an important foreign exchange earner for the country, has been reportedly hit hard by the some major US reatail chains like Eddie Bauer, LL Bean, Timberland and Casual Corner, and a German company Bader to boycott leather good from India in protest against the ill-treatment of animals here. This move came shortly after a decision by global retail chains Gap, Marks & L. Spencer, Liz. Claiborne and J. Crew not to buy Indian leather goods. This development has a lot to do with lobbying by the US-based animal rights group People for Ethical Treatment of Animals (PETA) for a ban on leather goods from India by documenting evidence of 'Cruelty to animals killed for making leather. It has been reported that the overseas firms have officially communicated to the indian outfit of PETA that they will not be sourcing leather products from India until there is strict enforcement of animal protection laws. Following this, the Mumbai-based Teja Industries, the Official supplier of leather goods for Marks and Spencer in India, started outsourcing leather from other countries to manufacture products for the global chain.

Questions:

- (1) Examine the implications of social activist groups for business.
- (2) With reference to this case, Analyze the failure of the governments, council for leather exports, and the leather industry and the lessons of this case.
- (3) Plan the role of government's council for leather exports and the leather industry do to overcome the problems?

OR

Analyze the benefits and challenges faced by developing countries in their participation in the World Trade Organization (WTO). Discuss how the WTO addresses the concerns of developing nations to ensure they can effectively integrate into the global trading system.

K4 (12)