analyze factors affecting MNC's operation.

5. Explain in detail about WTO.

4. State the importance of International Business.


2. What are the elements of Culture?

1. All questions carry equal marks.

Answer any FIVE questions.

PART A — (5 x 6 = 30 marks)

Maximum: 100 marks

Time: Three hours

(2012-13 Batch onwards)

INTERNATIONAL BUSINESS ENVIRONMENT

International Business

Third Semester

M.B.A. Degree Examination, June 2014

MBIB 3001
7. What is FDI? Explain its advantages.

8. What is capital flow?

PART B — (5 × 10 = 50 marks)

Answer any FIVE questions.

All questions carry equal marks.


10. Discuss the functions of world bank for developing the under developed countries.

11. What are the functions of IMF?

12. Explain the advantages of MNC’s for Home Country.

13. Discuss the nature of International Business Environment.


15. Explain the various theories of foreign investment.

16. Elucidate in detail about the legal environment.
consider investing in the country. Strength and mullinationists are now beginning to
recent years, the economy has gained some relative
income in recent years has been around $400 billion. In
is approximately $115 billion and per capita
on agriculture, fishing, mining, and services. GDP
on agriculture, fishing, mining, and services. The
percentage is where the economy depends heavily
rest of the population is mixed and a small
rest of the population is mixed and a small
the famous Inca, who built a great empire. The
were the ancestors of Peru’s Indians were
than in any other country in the Western
than in any other country in the Western
Indians (one half of the population) live in Peru
of which about 70% live in Lima, the capital. More
forest. Peru has approximately 7 million people, a
parking grass-covered plateaus, and think that
the lowland snow-capped Andes mountains.
contrasts with a desert (other than the Sahara)
size of the United States. The land has enormous
500,000 square miles (about 14% of the
continent (after Brazil and Argentina), and covers
the nation of South America. It is the third largest nation of the
Peru is located on the west coast of South
PART C — (20 marks)

Case study: Compulsory

Questions:

(a) Would the bank be better off negotiating the

(b) What type of intergovernmental and protecive and

(c) Describe them.

(d) Describe the

(e) What is the climate for doing business in

(f) What are some current issues facing Peru?
One of these potential investors is a large New York based bank that is considering a $25 million loan to the owner of a Peruvian fishing fleet. The owner wants to refurbish the fleet and add one more ship.

During 1970's the Peruvian government nationalized a number of industries and factories and began running them for the profit of the state. In most cases, these state-run ventures became disasters. In the late 1970's the fishing fleet owner was given back his ships and allowed to operate his business as before. Since then, he has managed to remain profitable, but the biggest problem is that his ships are getting old and he needs an influx of capital to make repairs and add new technology. As he explained it to the New York banker: "Fishing is no longer just an art. There is a great deal of technology involved. And to keep costs low and be competitive on the world market, you have to have the latest equipment for both locating as well as catching and then loading and unloading the fish".

Having reviewed the fleet owner's operation, the large multinational bank believes that the loan is justified. The financial institution is concerned, however, that the Peruvian government might step in during the next couple of years and again take over the business. If this were to happen, it might take an additional decade for the loan to be repaid. If the government were to allow the fleet owner to operate the fleet the way he has over the last decade, the loan could be repaid within seven years.

Right now, the bank is deciding on the specific terms of the agreement. Once these have been worked out, either a loan officer will fly down to Lima and close to the deal or the owner will be asked to come to New York for the signing. Whichever approach is used, the bank realizes that final adjustments in the agreement will have to be made on the spot. Therefore, if the bank sends a representative to Lima, the individual will have to have the authority to commit the bank to specific terms. These final matters should be worked out within the next ten days.