

2017

Management Studies

PAPER : 3.1

International Business

FULL MARKS:70

Time :3 hours

{ The figures in the margin indicate full marks for the questions. }

Section - A

A. Answer any 5 questions :

2 x5=10

1. What is economic integration in international business?
2. What do you mean by import?
3. What is red clause letter of credit ?
4. What do you mean by dumping in international business ?
5. What are the objectives of IMF ?
6. What is the advantage of greenfield investment ?

Section - B

B. Answer any 6 questions :

6 x5=30

1. What are the functions of EXIM Bank ?
2. Explain licencing as a mode of entry in international market?
3. Explain the concept of mercantilism ?
4. What is the difference between post shipment and pre shipment in trade finance ?
5. Discuss the implications for the globalisation of production?
6. Explain comparative cost theory in detail?
7. What is the full form of SAARC ? Explain in detail ?
8. Explain in detail foreign exchange risk management programme ?

Section - C

C. Answer all the questions :

(20 Marks)

1. What do you mean by attractiveness of market ? Why it is important to consider timing of entry to enter into international market once attractive markets have been identified?
4+6=10
2. Free flow of capital along with the technology enable the developing countries to boost -up industrialisation in their countries . This ultimately increases global industrialisation. Define globalisation and discuss the statement in details?
2+8=10

PTO

Section - D

D. Case study

(10 Marks)

Virgin Group Limited is a United Kingdom-based holding company similar to Berkshire Hathaway in the United States and was incorporated by Richard Branson in 1989. The conglomerate specializes in the travel and entertainment industries but has group diversified into 200 different businesses ranging from the financial services industry to wineries. Branson retains complete control of the Virgin Brand, and in effect, his name has become synonymous with the brand to the point of Virgin becoming a reflection of his own personal ideologies.

Economically, Virgin Travel is a segment that highly involves consumer consumption. High debt levels and low job security are keeping the brakes on consumer spending for this business segment. Business travel budgets also remain weak but are currently on the rise. Currently, good sales of premium seats have shown rising sales of first and business-class seats. Virgin Travel has tried to analyze its load factors, or its industry index calculated as a ratio between passenger miles flown and seat miles available, to better allocate these premium seats. These load factors have remained strong thanks to Virgin's rigorous price-cutting strategy. Governments too are not supporting airlines' environmental efforts, nor responding to them fast in terms of regulatory change. Markets need to be liberalized and barriers removed to allow the airline industry to focus as a commercial industry. Yet, governments are unwilling to provide the right incentives for research into biofuels and are too fast to apply green taxes. Virgin Travel has tried to solve these issues with fuel hedging, or issuing a contract that commits an airline to paying a pre-determined price for future jet fuel purchases. Virgin Travel bought two years of fuel in advance insulating the company from the worst excesses of oil price rises. By selling off much of the hedge book since then, the group also hopes to avoid being hit by subsequent falls that could affect the company long-term. The gas price fluctuation rates should highly be taken into consideration due to its effect on both Virgin's total cost and buyer willingness to choose different modes of transportation.

Questions.

1. Virgin travels is focused on what kind of market segmentation ? 3
2. What kind of business challenges -the virgin airlines is facing in global market? 3
3. Explain the importance of "buyer's willingness to choose " in airlines industry ? 4
