**Q1. Under Globalization and WTO the main beneficiary has been the Developed Country and not Developing Countries such as India”. Critically analyze the given**

**statement and give your views.**

**Ans.** Economists have different opinions regarding the international trade and its beneficiaries. Nations with less developed industrial base and low human development index is classified as developing country. Whereas, a developed nation is with high economic value and technological infrastructure. Most common criteria of calculating the economic growth is the GDP.

Few economist said international trade has brought unfavourable changes in economic and financial scenarios of developing countries as gains from trade have gone mostly to the developed nations of the world, with the introduction of :

1. Liberalised trade policies
2. Tariff Reductions
3. Globalisation

The domestic market of developing countries have been adversely affected as many small scale production houses have shut down their operations because of pressure of competition and many industries operating under government protection could not bear high competition.

Negative effects:

1. The growth of international trade is exacerbating income inequalities, both between and within industrialized and less industrialized nations.
2. Global commerce is increasingly dominated by transnational corporations which seek to maximize profits without regard for the development needs of individual countries or the local populations.
3. The volume and volatility of capital flows increases the risks of banking andcurrency crises, especially in countries with weak financial institution.

**Q.2 ”Various Export Promotion Agencies has been established by Government of India? However they have been unsuccessful in helping India in International Business” Do you agree/disagree with the given statement. Support your opinion with 2 or 3 examples.**

**Ans.** India is majoring in exports with engineering goods, chemicals and pharmaceuticals products, gems, jewellery, agricultural and allied products and textile and clothing. Main export partners of India are United States, United Arab Emirates, Singapore, China, Hong Kong and Netherlands. The various export promotion agencies has been established by government of India to promote and help organisations in export processes and documentation. Some of them are:

1. Trade fair Authority of India
2. Indian Institute of Foreign Trade
3. Export promotion council
4. Export credit guarantee corporation
5. Export houses

The impact is clearly visible from the fact that since 2011, India's exports have hovered between $300 billion to $312 billion in 2013-14 as against a target of $325 billion.

Export body Federation of Indian Export Organisations (FIEO) in December 2014 said that the body doesn't expect any 'drastic' increase in exports next year (2015-16) as the situation is getting worse in Europe, Japan and Russia.

Exports from India declined from US $306 bn in FY 2012, to US $262 bn in FY 2016.

Most of the product groups are showing a positive growth of exports. However it is difficult to measure the result, which is the outcome of EPCs promotional activities

quantitatively as multiple organizations are involved in promoting exports. There is no mechanism to quantify the contribution of individual EPCs.

Currently, majority of the EPCs are not system oriented, it is more event oriented and also not proactive. Hence there are rooms for improvement for majority of the EPCs to become best practice organisations. From analysis it was found that the various services such as Export Support Services, Marketing Support, Market Research and Publications of EPCs scored high percentage of satisfaction level.

EPCs act as a catalyst to promote exports from the Country. However, from the self appraisal questionnaire collected from the EPCs and also from the evaluation made by the exporters, the facility at EPCs is not adequate enough to satisfy the requirement

of exporters.

Examples: Few of the EPCs are not having library, meeting rooms. Responses received for the open ended questions inviting suggestions from the exporters on their expectations from EPCs were very poor.

*Conclusions and Recommendations:*

EPCs should take more initiative to help exporters to penetrate new markets for

the Indian products keeping in view of the policy announcements and also ensure that the incentives for the special focus initiative as per the policy for both focused products and focused markets are made available to all the eligible exporters.

**Q.3. “In International Business, it is not possible to define one single Market Entry Strategy for all developing countries because of the following reasons”:**

1. **Cultural Differences**
2. **Economic Differences.**

**Illustrate the above with suitable examples and cases.**

**Ans.**

**(A) Cultural Differences:** Culture is a root element of a geographic area, a marketer must have deep insights of regional cultural values to interact and generate bond with people **.** Culture includes language, religion, education, technology. In international market culture plays a vital role for business expansion. Let’s take an example:

Hindustan Unilever Limited 1975, launched its product fair and lovely in india. The product was a big hit while HUL faced criticism against it from All india Democratic WOmen’s Association and National Human rights commision because of the advertisement displaying racism in a bright and dark girl.

From the incident it is pretty clear that people are conservative and are concerned about their intellectual and physical properties. Indians being mostly black toned faced dishonoured and hence boycotted HUL.

Another example that can be considered for more understanding is the government policies, different geographies have policies according to its government which influences its trade and business in general they are political stability and economic stability. Europe is considered to the safest place to carry out business activities by MNC. Gujarat is another example where trade policies are favourable.

**(B) Economic Differences:** Economy is the key factor while evaluating a geography for business expansion. Geography economy calculates the income of the residing population, standard of living and demographics. On behalf of calculated factors, a businessman initiate its business process.

For example: A product of high price range will not be successful in a low economic geography whereas, a low priced product may capture a good market.

Inflation, interest rates, and the borrowing costs of companies also contribute to a country's attractiveness. If a country has a high rate of inflation, its central banks will raise the interest rate, which increases the cost of borrowing for firms. High inflation also makes the value of the revenue in domestic currency fall, and this exposes firms to foreign exchange risks. It is even worse if firms produce in countries of high inflation and then sell products to countries of low inflation, since the input costs are on the rise while the revenue stays stable.

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