

## TEST PAPER 1

### NUCB GLOBAL BUSINESS AND Management of Multinational Corporations Final Exam- 2008-09

PART 1 – Objective Questions – Each Question Carries 1.5 Each. Total 18 Marks)

1. We all exchange messages through a host of nonverbal cues, which form a silent language (Culture based). These cues are  
a. Distance b. Body Language c. Words d. None of these e. a and b
2. Which of the following is not an argument in favor of WTO ?  
(a) The system helps promote peace.  
(b) Disputes are handled constructively.  
(c) Freer trade cuts the cost of living.  
(d) It provides more choice of products .  
(e) It is for free trade at any cost.
3. Modes used by Firms to enter the international market are  
a) exporting  
b) Licensing  
c) turnkey projects d) Franchising e) Joint Venture  
f) All the Above g) a, b, d and e only
4. Removal of Quantitative Restrictions on Imports means  
a. Duty Free Imports b. An item can be imported without import license or quotas.  
c. Both of these d. None of these
5. McDonalds uses the following entry strategy for global business access.  
a. Franchising b. Subsidiary c. Turnkey project d. None of these
6. The lowest level of commitment to international business which requires minimum effort and cost is  
a. FDI b. Joint Venture c. Exporting d. Subsidiary e. Acquisition
7. Which country is known for group harmony and collectivism.  
a. USA b. France c. Germany d. UK e. Japan
8. Which organization stands for removing import barriers?  
  
9. Depreciation of domestic currency is helpful for  
a. Importers b. Exporters c. Both d. MNCs
10. Name the currency of Switzerland
11. Specify the 3 letter Currency code for American (USA) Dollar
12. Name the central bank in Japan responsible for foreign exchange market

PART 2 - STATE True or False ( EACH QUESTION Carries one Mark each ie, 12 marks)

1. Green field investment generates cash flows in a shorter time than acquisition.
2. Invoice is prepared by the importer which gives an idea to the exporter about his requirement
3. Quantitative restrictions are imposed by countries primarily to limit imports.
4. Foreign Direct investment can occur through international acquisition or green field investment.
5. Singapore is a member of Association of South East Asian Nations
6. WTO was established in 1995 with the GATT as its basis.
7. As per TRIPS (WTO Agreement), a patent would be applicable for 20 years.
8. Bangladesh and Pakistan are members of SAARC.
9. China has attracted more FDI inflow, compared to other countries during 1995-2005.
10. A foreign subsidiary is considered as a separate entity for the purpose of taxation.
11. In licensing, the licensor earns in the form of royalty from the licensee.
12. Forward contract can be used as an Exchange rate risk management tool by exporters and importers

PART 111 (5 marks each. Choose 3 questions out of 4 questions. Total 15 marks)

1. Discuss the steps involved in exporting a product/raw material?
2. Name Five Multinational companies from Japan and USA respectively.
3. Distinguish between global market entry modes/strategies
4. Write a note on Globalization and its impact on business.

## TEST PAPER 2

### Management of Multinational Corporations – YEAR 2009-2010

PART 1 – Objective Questions –. Each Question Carries 1.5 Marks Each. Total Marks, 7 x 1.5 = 10.5)

1. Name the currency of France  
a. Euro b. French c. Dollar d. None of these
2. We all exchange messages through a host of nonverbal cues, which form a silent language (Culture based). These cues are  
a. Body Language b. Talking Each other c. Words d. None of these
3. 3<sup>rd</sup> February, 2006 is specified as 02/03/06 in  
a. UK b. France c. Australia d. USA e. None of these
4. The lowest level of commitment to international business, which requires minimum effort and cost is  
a. FDI b. Joint Venture c. Exporting d. Acquisition
5. Depreciation of Japanese currency is helpful for  
a. Japanese Importers b. Japanese Exporters c. Both d. None of these
6. Name the capital city of Thailand
7. Specify the 3 letter Currency code for Japanese Yen

PART 2 - STATE True or False ( EACH QUESTION Carries 1.5 Mark each ie, 9 x 1.5 marks = 14.5 marks)

1. Invoice is prepared by the exporter, which gives an idea to the exporter about his requirement
2. Import Duty (Tax) is imposed by governments primarily to limit imports.
3. Foreign Subsidiary of a company can be established through international acquisition or green field investment.
4. India is a member of SAARC.
5. A foreign subsidiary is considered as a separate entity for the purpose of taxation. Ie, They have to pay tax according to rules in that foreign country.
6. In franchising, the parent company earns in the form of royalty (profit share) from

the franchisee.

7. Forward contract can be used as an Exchange rate risk management tool by exporters and importers

8. California state is located on the west side of USA.

9. Forward contract can be booked by Exporters and Importers.

### PART III (Total 8 Marks)

1. Assume that the McDonalds USA has a scheme to offer foreign franchisee subject to 20% of profit from a franchisee as royalty every quarter. Foreign franchisee owner has to invest the money to be spent as Fixed cost and variable cost. The total variable cost (Total operating expenses) incurred as Operating for the first quarter of 2009 by Nagoya franchisee is 5000USD and the total revenue is 6000USD. Compute the royalty to be paid to the parent company by Nagoya franchisee. 2 mark

2. JPY/EUR Rate in the inter-bank market is = 125.54. Canon, being an exporter requests a bank to purchase an export bill for EUR 30,000. What rate should the bank quote to the exporter if the bank requires an exchange margin of 0.20%. 3 Mark

3. Sato Brothers , a trading company in Japan signs an import contract for food items from Malaysia On 1<sup>st</sup> June 2009 and the exchange rate on that day is 105 JPY = 1 USD. The total amount to be paid is 35,000USD and the due date is 15<sup>th</sup> September, 2009.

a. Calculate the amount to be paid, if the Yen appreciate to 94 yen = 1 USD.

b. Assume that Sato Brothers signs a forward contract for 102 yen = 1 USD, How much would be their liability ?

3 Mark

### PART IV (4 marks each. Choose 4 questions from this section. Total 12 marks)

5. Write a note on France and French companies?

6. Discuss the learnings from the Case AMES International .

3. Elucidate the learnings from the Case – GM in China

4. Write a note on Exchange rates and Foreign Exchange market with ref to the Case- Japanese Bet on Foreign Currencies

5. Discuss the steps in an Exporting Business with reference to Documentation & Logistics