

TEST PAPER 1 – Prepared by Dr Justin Paul

NUCB Graduate School, Japan International Business Final Exam- Total Marks 50 (2008)

Duration of the Exam – 100 minutes

PART 1 – Objective Questions – 25 Questions . Each Question Carries One Mark Each. Answer the Objective Questions on this sheet itself.

1. 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

2. Which one of the following documents will not be submitted by the exporter to customs authorities at the port of clearance?
 - a. Shipping Bill
 - b. Inspection Certificate
 - c. Invoice
 - d. Letter of Credit
 - e. None of the Above

3. 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 and qualities.
 - (e) It is for free trade at any cost.

4. The characteristic features of an import letter of credit is:
 - (a) It is an undertaking of a bank
 - (b) It is an undertaking to make payment
 - (c) It is an undertaken given on behalf of an importer
 - (d) None of the Above
 - e) a, b and c

5. Bata -Shoe Organization, is considered as a local company everywhere it operates, that is because it follows:
 - a. International strategy
 - b. Multi domestic strategy
 - c. Global Strategy
 - d. Transnational strategy

6. Which of the following is not an advantage of subsidiaries.
 - (a) No risk of losing technical competence to a competitor.
 - (b) Tight control of operations.
 - (c) Can earn a return on knowledge asset.
 - (d) Realize learning curve and location economies.
 - (e) None of the Above

7. Two forms of Vertical FDI are
 - (a) Backward Vertical FDI
 - (b) Forward Vertical FDI
 - (c) Both (a) & (b)
 - (d) Horizontal Vertical FDI

8. Firms that maintain that the flow of skills and product offerings should not be all one way from home firm to foreign subsidiary and maintain flow of competencies from foreign subsidiaries to home country follow: -

- (a) Global strategy
- (b) Trans-national Strategy
- (c) Multi-domestic strategy
- (d) International Strategy

9. \$780 per tonne, FoB, New York means

- (a) The export costs only \$780 to board goods to New York for an exporter
- (b) The importer should pay the insurance coverage to the goods being loaded in addition to \$780
- (c) None of these
- (d) a and b

10. When the exporter has agreed to give credit to the foreign buyer, he draws Bills of exchange called

- (a) Usance Draft
- (b) Sight Draft
- (c) Bill of lading
- (d) Demand Draft

11. 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

12. Greet Hofstede's cultural analysis does not include.

- (a) power distance index
- (b) Individualism
- (c) Masculinity
- (d) Privacy

13. Which document specifies the name of the country where goods are produced

- a. Shipping bill
- b. Packing note
- c. Customs Invoice
- d. Certificate of Origin
- d. None of the above

14. Contractual forms of Global market entry include

a. Licensing. b. Franchising. c. Both the above.

d. None of the above.

STATE True or False

15. Special Import License and Open General license for imports are of same nomenclature.

16. Green field investment generates cash flows in a shorter time than acquisition.

17. Invoice is prepared by the importer which gives an idea to the exporter about his requirement

18. Quantitative restrictions are imposed by countries primarily to limit imports.
19. Foreign Direct investment can occur through international acquisition or green field investment.
20. Advance payment is the safest method from the importer's side.
21. In the business of exports and imports failure to comply with documentary requirements may lead to financial loss.
22. There are different types of containers ie, Dry Container, Reefer Container (for frozen food) and Tank container (to carry liquids).
23. An ordinary container makes a 20 foot container one piece and a unit is called TEU that stands for Twenty Foot Equivalent Unit.
24. Singapore is a member of Association of South East Asian Nations
- 25- Invoice is prepared by the importer which gives an idea to the exporter about his requirement.

PART 2

(Attempt 5 out of 6 questions. Total 25 Marks . 5 Marks Each)

1. An importer in Japan, asks for a quotation for 5000 kg Almond. You are an exporter in Dubai. You have to take decision on the amount to be quoted. Assume that the unit price is \$2 per kg, the total price for 5000 kg Almond would be \$10000 for the goods alone. The other particulars are given below.

FOB Free on board	
Cost of the Items plus Dock dues, loading goods on board ship. Preparing shipping documents	10100
Sea freight to Japan from Dubai	875
Marine insurance (port to port)	100

- a. How much you would quote if importer is insisting on c & f quote (Cost and Freight)?
- b. How much you would quote as an exporter if importer is asking for c.i.f quote ?

2. Specify the decision you would have taken , if you were in Mr.Rana Talwar's position in City Bank ? Discuss the learnings from the Case?
3. Discuss the steps involved in exporting a product/raw material?
4. List out the entry modes/ strategies, RANBAXY has relied upon for international expansion ? Critically examine these entry modes and analyse their appropriateness.
5. Formulate the import business plan for ABC Ltd, based on the case – Free Trade Agreement, Country Analysis and International Sourcing of ABC Ltd.
6. Discuss the key learnings from the Video Case- Gasoline Dispute between Venezuela and USA ? How did this dispute get settle?

NUMERICAL QUESTIONS

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. 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. Suzuki Brothers , a trading company in Japan signs an import contract for food items from Malaysia On 1st 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 15th September, 2009.
 - a. Calculate the amount to be paid, if the Yen appreciate to 94 yen = 1 USD.
 - b. Assume that Suzuki signs a forward contract for 102 yen = 1 USD, How much would be their liability ?

(Refer INTERNATIONAL BUSINESS by Justin Paul for answers / discussing the answers to these questions. Full Text is available on www.drjustinpaul.com . It can also be purchased on Amazon, eBay etc sites . See Buy Books section on the website.)

- MID TERM EXAM QUESTION PAPER (Total 20 MARKS)

State whether the following are True or False (1 mark each)

1. Global Business facilitate trade flows as smoothly, predictably and freely as possible.
2. Foreign Direct Investment can occur through international acquisition or Green Field Investment.
3. UK is a member of common currency EURO.
4. Indonesia is a member of ASEAN (Association of South East Asian Nations)
5. Purchasing Power Parity Theory holds true when the exchange rate equalize purchasing power in 2 countries.

Fill in the Blanks /Objective Questions (1 mark each)

1. The Currency of China is
2. Name the member countries of NAFTA?

Multiple Choice Questions (1 mark each)

1. Which of the following is not an argument in favor of Globalization?
 - A. Globalization process helps multinational enterprises
 - B. Facilitates more choice of products for consumers
 - c. Small Scale industries are growing at a faster rate, because of globalization forces
2. 3rd February, 2006 is specified as 02/03/06 in
 - a. UK b. France c. Australia d. USA e. None of these
3. Global integration does not occur through
 - a. Foreign Trade b. Taxation c. International Migration d. International Money Flows

Descriptive Questions (Choose 2 questions. 5 marks each)

1. Write a summary of the Case study GM in China
2. Discuss various aspects of cross- cultural differences in the world.
3. Discuss the learning's from the Case study titled Country Analysis & International Market Research for Info beans.
4. Write a note on McDonalds' international business strategy