

MAY 2016

**P/ID 77578/  
PMBX2/PMSI2**

Time : Three hours

Maximum : 100 marks

PART A — (5 × 6 = 30 marks)

Answer any FIVE questions.

1. When a country's balance of payment said to be surplus?
2. Write briefly on EXIM policy.
3. Explain the functions of EPZ.
4. What is effective tariff?
5. What are the alternative modes of foreign market entry other than FDI?
6. Critically examine Adam Smit theory of absolute cost.
7. Discuss briefly about Quantitative Restrictions.
8. Discuss the significance of foreign trade in detail.

PART B — (5 × 10 = 50 marks)

Answer any FIVE questions.

9. Examine the recent trends in India's balance of payments. What are the factors responsible for this trend?
10. Explain the various functions of export promotion council.

11. Discuss the features and importance of EPCG scheme.
12. Explain the progress in foreign direct investment in India.
13. Explain the major policies on foreign collaboration and counter trade arrangements.
14. What are the objective of EOU? Explain the benefits and facilities enjoyed by the units located in these zones.
15. Analyse the role of EXIM bank in promoting foreign trade in India.
16. Give a detailed description of foreign trade and economic growth.

PART C — (1 × 20 = 20 marks)

(Compulsory)

17. Amazon, the online retail major, is aggressively expanding its presence in the India online retail market, lobbied on issues related to Indian FDI.

The company launched operations in India in June Last year with its market place model, under which Amazon it does not sell products directly to customers but only provides platform to sellers.

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Amazon lobbying in the US on India focussed issue came at a time when Indian government floated a discussion paper on allowing FDI into e-commerce retail business in the country. In November 2013, Amazon had said it is engaging with Indian government for relaxing of FDI norms in the e-commerce space, saying such a move would help it begin “retailing products” as well, in addition to its current market place business model.

On the other hand, Walmart has halted its India-specific lobbying. Earlier, Walmart had been lobbying very hard among the US law makers for their support on its FDI plans for India. However, a number of road blocks including probes ordered by Indian government seem to have tempered its ambitions for India, which has been projected as one of the biggest growth markets for the retail sector across the world.

The road block relates to lobbying. While lobbying is legally permitted in the US, it is not allowed in India. In US, company can lobby, provided they report about it to the government. In case of walmart, its report to US government about lobbying for India had snowballed into a major political controversy late in 2012. Indian government announced a probe into walmerts lobbying activities, but the inquiry remained inconclusive in absence of sufficient evidence for any wrong doings.

Earlier this year, walmart CEO Doug Mcmillion told PTI that the company would wait for further clarity unrules for entering the multibrand retail business walmart is currently present in India with its cash and carry business under its best price brand, but is yet to enter multibrand retail business where the government has allowed 51% FDI despite huge political opposition.

While walmart is seeking further relaxation in FDI rules, a few states such as Delhi and Rajasthan have already reversed the approvals given for multi-brand FDI by their predecessors. These developments have added to uncertainty regarding retail business FDI frame work, while global gaints are keenley watching the ungoing general elections in India on hopes that the new government bring some clarity on regulations.

Questions:

- (a) Examine the controversy over lobbying by foreign firms in India.
  - (b) What are the problems faced by Walmart?
  - (c) What kind of policy measures will needed to promote FDI in India?
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