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ISLAMIC UNIVERSITY OF TECHNOLOGY (IUT)
ORGANISATION OF ISLAMIC COOPERATION (OIC)

DEPARTMENT OF BUSINESS AND TECHNOLOGY MANAGEMENT

Mid-Semester Examination

Summer Semester, A. Y. 2022-2023

Course No. : BTM 4605

Time : 1.5 Hours

Course Title : International Business Environment

Full Marks : 75

Answer all the 3 (three) questions below. All questions carry equal marks. Marks of each question and corresponding CO and PO are written in the right margin with brackets.

1. a) "A perfectly free market can exist in theory, but doesn't exist in the real world." 07 (CO1)
Analyze the statement with example. (PO1)
- b) International trade acts as job killers. Do you agree with this statement? Give your 05 (CO2)
opinion. (PO6)
- c) What do you mean by GATT, GATS, TRIPS? What are the main purposes of these 06 (CO1)
agreements? (PO1)
- d) Write short note on the following concepts. 07 (CO1)
i. Economies of scale and economies of scope (PO1)
ii. First mover advantage
iii. Comparative advantage
2. a) Foreign direct investment (FDI) in Bangladesh went up by 20.16% to \$3.48 billion in 18 (CO2)
2022, according to a UN agency report. In 2021, the FDI flows were \$2.89 billion (PO6)
where outward FDI from Bangladesh, however, declined by 42.7% to \$53 million in
2022 against \$92 million in 2021, according to the World Investment Report 2023 of
the United Nations Conference on Trade and Development (Unctad) published on July
5. However, in South Asia, FDI flows to India rose by 10% to \$49 billion as the country
became the third-largest host country in terms of green field project announcements
and the second-largest for international project finance deals. The top five FDI
recipient countries are Ethiopia, Cambodia, Bangladesh, Senegal and Mozambique,
accounting for about 70% of the total.

Answer the following questions:

- i. What do you mean by foreign direct investment? Why do so many firms 07 (CO2)
apparently prefer FDI over exporting and licensing? (PO6)
- ii. Describe the benefits of foreign direct investment in terms of resource transfer
effect, employment effect and economic growth effect for the host country.
- b) How can you measure the balance of payment of a country? Do you think the Current 07 (CO2)
Account Deficit Matters? Justify. (PO6)

3. a) Define merger and acquisition. Write down several successful incidents of merger and acquisition for both international and Bangladesh. 05 (CO1) (PO1)
- b) Assume that Ghana & South Korea, both countries have 200 units of resources to produce cocoa and rice and Ghana is more efficient in the production of both cocoa and rice. Resource required to produce 1 ton of cocoa and rice: 20 (CO2) (PO6)

	Cocoa	Rice
Ghana	10	13.33
South Korea	40	20

Without trade they use half of their total resource to produce each item. Now, both countries want to go for specialization such that: Ghana uses 150 units of resource for cocoa and South Korea uses all its resources to produce Rice. Then the countries trade 4 ton of their specialized item against others for more consumption.

Now identify the following using PPF:

- Production and consumption without trade
- Production with specialization
- Consumption after trade
- Increase/decrease in consumption as a result of specialization and trade.
- Whether this trade after specialization is beneficial or not in terms of total production and consumption?