TUTOR MARKED ASSIGNMENT (TMA)

Course Code	**:**	**BMP-003**
Course Title	**:**	**International Business Environment**
Assignment Code	**:**	**BMP-003/TMA/2026**
Coverage	**:**	**All Blocks**

Maximum Marks: 100

Attempt all the questions.

(A) Short Type Questions

1. a) Define international business. Briefly explain the reasons for entering into international business. **(10+10)**

b) What do you mean by international business environment? Discuss the Opportunities and Challenges in the International Business Environment for Business Firms.

2. Define International Investment. Explain its implications in achieving higher economic growth in India. Discuss the advantages and disadvantages of Foreign Direct Investment to both home and host country. **(4+8+8)**

3. a) Explain the need for international business negotiations. Why do companies engage in negotiations while entering foreign markets? **(10+10)**

b) What is Triple Bottom Line (Planet, People, Profit) framework. How does this model help international firms evaluate sustainability performance across global markets?

4. Distinguish between the following: **(4x5)**

a) Joint Ventures and Strategic Alliance

b) Mercantilism and Absolute Advantage

c) Consumer's surplus and Producer's surplus

d) Micro environment and Macro environment

5. Write short notes on the following: **(4x5)**

a) Law of Comparative Advantage

b) Economic Environment

c) WTO

d) International Business Negotiations

1. a) Define international business. Briefly explain the reasons for entering into international business. (10+10)

Answer

International business means commercial activities carried out between individuals, firms or governments located in two or more countries. It includes the international movement of goods, services, capital, technology, knowledge and business skills. For example, an Indian company selling medicines in Africa is engaged in exporting, while a Japanese car manufacturer setting up a plant in India is making a foreign direct investment. International business is wider than international trade because it also covers licensing, franchising, contract manufacturing, joint ventures and overseas investment.

Unlike domestic business, international business takes place across national boundaries. The company must deal with foreign customers, exchange rates, customs procedures, different laws and cultural expectations. It may earn revenue in several currencies and face political or transport risks which are not common in a purely local market. In spite of these difficulties, firms enter international markets because doing so may provide opportunities that are not available at home.

Reasons for entering international business

1. **Expansion of market:** A firm may have limited customers in its home country. Selling abroad increases the potential size of the market. An Indian textile producer, for instance, can sell to customers in Europe, the Gulf and other Asian countries instead of depending only on local demand.
2. **Higher sales and profits:** Overseas markets can increase the quantity sold and help a company spread its fixed costs over greater production. Some customers may also be willing to pay more for a product with special quality or design. However, profit depends on transport cost, taxes and competition, not just selling price.
3. **Better use of production capacity:** A factory sometimes has machinery and workers that are not fully utilised. Export orders make better use of these resources, reduce average production cost and may create additional employment.
4. **Access to raw materials and resources:** Countries do not have equal supplies of minerals, oil, agricultural products or specialised components. International operations help firms purchase suitable inputs at competitive prices or establish activities near the sources of these materials.