GL BAJAJ Institute of Management & Research
Approved by A.I.C.T.E., Ministry of HRD, Govt. of India

Roll No…………

Plot No. 2, Knowledge Park-III, Greater Noida (U.P.) –201306

# POST GRADUATE DIPLOMA IN MANAGEMENT (2019-21)
# END TERM EXAMINATION (TERM -II)

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|---|---|
| Subject Name International Business Environment | Time: **02.30 hrs** |
| Sub. Code PG-11 | Max Marks: **60** |

**Note:**

**1. Writing anything except Roll Number on question paper will be deemed as an act of indulging in unfair means and action shall be taken as per rules.**

**2. All questions are compulsory in Section A& C. Section A carries 8 questions of 2.5 marks each, Section B carries 5 questions of 04 marks each and Section C carries 1 Case Study of 20 marks.**

## SECTION - A

Attempt all questions. All questions are compulsory. **2.5×08 = 20 Marks**

Q. 1 (A): GST is proving to be a boon for small businesses in India. Mention the reasons for the same.
Q. 1 (B): How do Fiscal and Monetary policies affect Aggregate demand?
Q. 1 (C):Modi government's "Make in India" failed to take off. Critically examine the given statement.
Q. 1 (D): Technology plays great role as a disruptor for business and economy. Support the given statement by citing relevant examples.
Q. 1 (E) What is the difference between Balance of Trade and Balance of Payment?
Q. 1 (F):FIIs flows to Indian stocks hit record in 2019 as FIIs pumped in more than Rs 1 lakh crore in Indian stocks during 2019. What can be the reasons for such huge investments?
Q. 1 (G): Does Brexit matters to Multinationals? Discuss.
Q. 1 (H): Discuss how the Economic system of a country affects its business environment. Give examples.

## SECTION – B

Attempt any five out of six questions **04×05 = 20 Marks**

Q. 2: As per the report, "India can explore USD 82 billion export potential in 20 products in China". Discuss the various measures through which India can explore such untapped export potential in China.
Q. 3: The Sustainable Development Goals are the only way to achieve Inclusive Economic Growth of a India. Discuss the above statement by citing appropriate business strategies to achieve the main objective.
Q. 4: India's current account deficit (CAD) narrowed sharply to 0.9 per of GDP in July-September (Q2) of FY 2019- 20 from 2.9 per cent in the year ago period. Mention the probable reasons for the same.
Q. 5: What do you mean by Regional Economic Integration (REI)? What role REI's play in promotion of foreign trade and fund raising? Elaborate.
Q. 6: Discuss the impact of Business cycle fluctuations with reference to Tourism sector.
Q. 7: Discuss the impact of WTO on Indian Business and its growth.

## SECTION – C

Read the case and answer the questions **10×02=20 Marks**

Q. 8: Case Study: **Eyes on Budget 2020 for Tax relief and Economic growth**

The common man has his eyes set on Finance Minister Nirmala Sitharaman's second Budget next month for relief in income tax, but an economic slowdown and a sharp reduction in corporate tax rates hint that she has very little flexibility to dispense out a big generosity.

Facing criticism for not doing enough to revive a slowing economy in maiden Budget presented on July 5, 2019, Sitharaman in September sprang a surprise by cutting tax paid by companies on profits they earn to their lowest. This dented the Centre's tax kitty by as much as Rs 1.45 lakh crore. Alongside, the Goods and Services Tax (GST) rates were lowered many times in 2019 on several items including housing, electric vehicle, hotel accommodation, diamond job work, and outdoor catering. The twin impact of tax rate cuts and a slowdown in collections due to shrinking consumption in a sagging economy may reflect in unachieved revenue targets.

Unmindful of this, the common man expects the Modi-2.0 government to dole out some relief to them as well and the key to that holds in Sitharaman's Budget for 2020-21 to be presented on February 1.

Four meetings of GST Council headed by the finance minister were held in 2019 with the last one in December amid a shortfall in revenue collection due to the economic slowdown. The GDP growth rate hit over a 6-year low of 4.5 per cent in the second quarter forcing the government to take various measures to boost the economy. Battling a six-year low economic growth and a 45-year high unemployment rate, the government slashed corporate tax rates by almost 10 per cent to 25.17 per cent to bring them at par with Asian rivals such as China and South Korea.

Two-and-half-months after presenting maiden Budget that was hailed as “development-friendly and future-oriented", Sitharaman in September announced fiscal measures that will cost the government Rs 1.45 lakh crore in revenue annually and may potentially derail the country's fiscal deficit roadmap. The government cut base corporate tax rate for existing companies to 22 per cent from current 30 per cent; and for new manufacturing firms, incorporated after October 1, 2019 and starting operations before March 31, 2023, to 15 per cent from 25 per cent.

Companies in China, South Korea and Indonesia pay 25 per cent tax, while those in Malaysia pay 24 per cent. Only Japan has a higher tax rate than India at 30.6 per cent. Hong Kong has the lowest corporate tax rate of 16.5 per cent while Singapore has 17 per cent rate and Thailand and Vietnam levy 20 per cent tax on companies.

Giving in to the demands of overseas investors, Sitharaman rolled back enhanced surcharge on foreign portfolio investors levied in the Budget in July. Surcharge on long and short term capital gains arising from the transfer of equity shares was withdrawn. Following the increase in surcharge in the Budget, the effective income tax rate for individuals with a taxable income of Rs 2-5 crore went up to 39 per cent from 35.88 per cent and for those above Rs 5 crore to 42.7 per cent.

To mitigate the genuine difficulties of startups and their investors, it was decided to do away with the so-called ‘angel tax' for entities registered with the Department for Promotion of Industry and Internal Trade (DPIIT). Responding to Prime Minister Narendra Modi's clarion call that wealth creators should not be eyed with suspicion and that they should be respected, the tax department adopted a more friendly approach in its dealings with the tax assessees.

In order to address complaints of harassment on account of the issue of notices, summons, orders etc by certain income-tax authorities, it was decided that all these orders shall be issued through a centralized computer system and will contain a computer generated unique Document Identification Number from October 1. Following the sharp cut in the corporate tax rate, there has been a clamour for relief in the personal income tax. There is a widespread expectation that there could be some relief on this front during the Budget for boosting consumption.

Although there was some relief given in the interim Budget in February, it primarily benefited only those whose income was below Rs 5 lakh. It was announced that there will be no tax liability if the net taxable income does not exceed Rs 5 lakh. Another relief for the salaried class was the hike in standard deduction by Rs 10,000 to Rs 50,000 per year. The standard deduction of Rs 40,000 was introduced in Budget 2018 in lieu of medical reimbursement and conveyance allowance.

With regard to indirect tax, GST remains a matter of concern for various reasons. The Central GST collection fell short of the Budget Estimate by nearly 40 per cent during April-November, 2019-20, according to government data. The actual CGST collection during April-November stood at Rs 3,28,365 crore, while the Budget Estimate is of Rs 5,26,000 crore for these months. In another first, the GST Council resorted to voting to decide whether a uniform tax on lotteries should be levied or a two-rate system be followed.

Decisions in the previous 37 meetings of the GST Council, headed by the Union Finance Minister and comprising representatives of all states and UTs, had been taken unanimously. These included the fixing of tax rates on dozens of goods and services but never had voting been done to decide on the issue. The new GST return filing system will come into effect from April 1, 2020. GST Council may tweak the law and rules to accommodate the new returns in RET-1 or RET-2 or RET-3. The unique Invoice Reference Number assigned to every invoice will help in tracking the goods tagged to such invoice document.

**Questions**

Q 8(A): In your opinion, what should be the main highlights/offerings of Budget 2020 in order to promote economic growth of the country as well as increase in the government revenue? Discuss.

Q8(B):Discuss the impact of Goods and Service Tax on the business community of India and what measures can be taken by Ministry of Finance to increase GST collection in coming year.

| **Question Number** | **CLO** |
|---|---|
| Q. 1 | **CL01**, **CL02, CL03** |
| Q. 2 | **CL02** |
| Q. 3 | **CL01** |
| Q. 4 | **CL02** |
| Q. 5 | **CL04** |
| Q. 6 | **CL01** |
| Q. 7 | **CL04** |
| Q. 8 | **CL03** |

**Note:** Font: Times New Roman, Font size: 12.

**CL01**: Identify and understand the external environmental factors affecting business in India.
**CL02**: Evaluate the financial health of an economy using Balance of Payments information.
**CL03**: Critically assess and analyze the impact of FDP, FPI, Monetary and Fiscal Policy of the government on Businesses.
**CL04**: Propose and manage the effective strategies for Fund raising from Global Financial Markets.