



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

## POST GRADUATE DIPLOMA IN MANAGEMENT (2019 -2021) MID TERM EXAMINATIONS (TERM - II)

Subject Name: **International Business Environment**  
Sub. Code: **PG11**

Time: **01.30 hrs**  
Max Marks: **20**

### 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, B & C. Section A carries 1 Case Study of 8 marks. Section B carries 3 questions of 2 marks each and Section C carries 2 questions of 3 marks each.

### SECTION - A

**04+04 = 08 Marks**

Q. 1: Case Study:

#### **“The Shock of Brexit”**

Most “uncertainty shocks” throughout history – like the 9/11 attacks, the 1973 OPEC oil price shock, or the assassination of President John F. Kennedy – generate a surge in uncertainty which subsides reasonably quickly. Markets learn about what has happened and typically gain more confidence over time.

Brexit has been different. It started with a sharp jump in uncertainty after the UK voted to leave the European Union in June 2016. That uncertainty has persisted, and as more time has passed without a deal on the terms of the UK’s withdrawal, firms have become more uncertain about whether a deal will happen at all, what the terms of that deal might be, and whether there will be a second public referendum. The clearest historical parallel that led to such an extended period of uncertainty is the Great Depression, which started with the stock market crash of 1929 and generated continued uncertainty until 1932. Brexit was also essentially a political shock versus an economic one, and one that was largely unexpected. As has been widely discussed, in the weeks leading up to the vote, betting odds suggested that the probability of Brexit averaged around only 30% and was never higher than 40%.

A third way that Brexit is an unusual type of uncertainty shock is that there are many unknown factors that are difficult for businesses to quantify. For example there is uncertainty around the terms on which the UK will leave the EU, what the UK’s longer-term relationship with the EU will look like, how the UK will transition to this end state, what this means for market access, the availability of migrant labor and product regulation and then what all of this will imply for the prospects of individual businesses.

Commonly used uncertainty metrics provide conflicting messages about what has happened to uncertainty since the EU referendum. Media-report-based measures rose to unprecedented levels whilst there was very little increase in other measures such as stock market volatility. This, together with the unique nature of the Brexit uncertainty shock, means that new approaches are likely to be required.

To help better understand the uncertainties created by Brexit, the team from the Bank of England, University of Nottingham, and Stanford University has been running the Decision Maker Panel, a survey of around 7,500 business executives in the UK. The survey collects data on how companies say that they are being affected by Brexit and on variables such as sales, prices, investment and employment. It runs monthly, helping to track businesses’ views in almost real time, and it can be used to help assess the impact of Brexit and associated uncertainty by comparing the performance of businesses that are more and less affected by Brexit.

It is found that Brexit has been an important source of uncertainty for many UK businesses. It is estimated that this led to a 6% reduction in investment in the first two years after the referendum, with employment also around 1.5% lower. And Brexit is likely to reduce future UK productivity by around half a percentage point via a batting average effect of output being reallocated away from higher productivity firms toward lower productivity ones. The majority of businesses anticipate that Brexit will eventually reduce sales and increase costs.

- (i) Discuss the impact of Brexit on the economic growth of United Kingdom.
- (ii) What can be the probable impact of Brexit on India?

**SECTION - B**

**02×03 = 06 Marks**

- Q. 2: Discuss how the ban on Single-use plastic items in India impacts “business growth”?
- Q. 3: Critically examine the concept of “Five Year plans” in present context. Suggest the alternative way to achieve Inclusive growth of Indian economy.
- Q. 4: Suggest at least 2 ways to increase the government revenue, without increasing the rate of taxes.

**SECTION - C**

**03×02 = 06 Marks**

- Q. 5. Explain at least 4 measures adopted to fight inflation in economy. Give examples.
- Q. 6. Indian automobile sector is going through a rough patch indicated by declining sales, job cuts and temporary closure of units.  
In your opinion, what are the reasons behind this and what will be its long term impact on economy.