


<b>Name:</b>	 <b>UPES</b> <small>UNIVERSITY OF TOMORROW</small>
<b>Enrolment No:</b>	

**UNIVERSITY OF PETROLEUM AND ENERGY STUDIES**  
**End Semester Examination, December 2022**  
**Course: International Business Course Code: INTB 7007 Semester: I**  
**Programme: MBA -IB**  
**Time: 03 hrs. Max. Marks: 100**  
**Instructions: Read carefully all the instructions in all sections before you answer**

**SECTION A**  
**Answer all questions**

S. No.		Marks	CO
Q 1	Mention two needs of the International Business	2	CO1
Q2	What are the two important International Business questions	2	CO1
Q3	Define Globalization	2	CO1
Q4	Define Acculturation	2	CO1
Q5	What do you mean by change agent	2	CO1
Q6	What is the Indian share in global trade?	2	CO1
Q7	What is the meaning of “At the end of the day” in US and UK	2	CO1
Q8	Mention two material elements of culture	2	CO1
Q9	Why sanctions are imposed	2	CO1
Q10	Mention two non-tariff barriers	2	CO1

**SECTION B**  
**Answer any four**

Q 1	Discuss the material elements of culture	5	CO2
Q2	Analyse different types of risks in International Business	5	CO2
Q3	Distinguish between proactive and reactive motivations of International Business	5	CO2

Q4	What are the costs and benefits of Licensing	5	CO2
Q5	Distinguish between High context and low-context culture with examples	5	CO2
<b>SECTION-C</b>			
Q 1	Critically analyse the international entry strategy	10	CO3
Q2	Discuss the modern theory of international trade with suitable examples	10	CO2
Q3	Distinguish between goods and services. What is the role of the services industry in international business? Explain	10	CO3
<b>SECTION-D</b>			
Q1	In light of the below case let analyze the opportunities for developing countries in service trade	15	CO4
Q2	Analyze India's position in services trade in the global service industry India's percentage India's GDP is derived from the service sector.	15	CO4

### **Five Main Advantages of the Service Sector**

1. **No Inventory:** In the service sector, there is no need to built-up a reserve of inventory that needs to be stored in a warehouse. Because the product that you are selling is your skills and expertise wherein you will only need to have the necessary equipment required to perform the required services, no warehouse full of inventory is needed.
2. **Easy to start up:** In comparison to other business industries, starting a business in the service sector is relatively easy. Because business in the service sector requires little more than a license, a phone, and a person with the required skills and expertise to get up and going. This not only makes it quite easier but also very affordable to get started.
3. **Flexible hours:** Working in the service sector provides flexibility in the working hours, which in turn allows you to get an opportunity to further increase your skill and education and to accomplish other important tasks at times you might not otherwise be able to.
4. **Greater adaptability to changes:** The service sector companies are able to adapt to the changes in customer needs much more easily and quickly in comparison to product-based companies.
5. **Provides jobs even during economic crisis:** During an economic dip, when people are cutting down their expenditures and are only paying for basic necessities, the service sector helps to keep the job and bring in revenue as service sector experts are always in demand.

### **Significance of the Service Sector**

Gross Value Added (GVA) at current prices for the services sector is estimated at 96.54 lakh crore INR in 2020-21 and accounts for 53.89% of total India's GVA of 179.15 lakh crore Indian rupees. Thus, **holds the highest share of the country's Net National Product.**

**2. Promotes industrialization:** The service sector provides various facilities such as transportation, banking, electricity, repair, or communication in support of the distribution of manufactured goods, which directly affects the development of an industry in a country. For example-transport systems helps to carry labourer, raw material and finished goods to their destination, communication networks are required to make a market for the product and for the industries to prosper, we require banking and electricity. Moreover, the feedback from the marketplace, fast delivery as well as the ability to customize products are all-dependent on the service industry.

According to World Bank data in the year 2017, **India has become the 6th largest economy** with a GDP of 2.59 trillion USD, demoting France to the 7th position, allowing for the growth of the service sector in the country.

**4. Growth of Agriculture:** By providing network facilities, service sectors help in the development of agricultural products such as helping in the transport of raw materials and finished goods from one place to another.

**5. Increase in the productivity of the goods:** The service sector helps in providing appropriate technical knowledge/education to the workers as well as providing them with proper medical facilities. Moreover, the service sector also facilitates an organized network of communication and transport systems, which helps in increasing mobility and information among the workers. This results in an increase in the productivity

**6. Provides Good Quality Life:** By providing better services in the field of education and health, banking and insurance as well as communication and transportation, the service sector has helped in increasing the quality of life in the country and thus helping in raising the country's human development index (HDI),

**7. Growth of Market:** This sector provides various services catering to the needs of both primary and secondary sectors and thus helps in providing a market for the finished goods as well as raw materials or semi-finished goods for both i.e. agriculture and industries.

**8. Increase in international trade:** India's trade in services recorded substantial growth as the country became globally competitive in ICT services, which increased exports manifold and led to an increase in India's trade surplus. Service exports have contributed to the inclusive economic processes by increasing the amount of well-paid jobs and by reallocating labor to a high-productivity sector.

**9. Removes regional disparities:** The service sector has made it possible to connect every small town and village through a well-organized system of communication and transport. Moreover, the expansion of education, medical as well as banking services in various backward areas of the country has helped in removing the regional imbalances and disparities throughout the nation.

#### **Some Contributions of the Service Sector to the Indian Economy**

The service sector is the largest recipient of FDI in India with an inflow of 83.14 billion USD between April 2000 and June 2020. Some of the services under the umbrella of the service sector are listed below:

**1. Research and Development services:** In the Global Innovation Index of 2020, India ranks 48 among the top 50 countries. This sector presents a significant opportunity for multinational corporations across the world due to the highly trained Indian work force available at competitive costs and the intellectual capital available in the Indian market. For that reason, in recent years, several MNCs have shifted or are shifting their research and development part to India. It helps those MNCs to either develop new innovative products to serve the local market or help the

parent company to deliver products faster to the world markets. India's expenditure on R&D is targeted to be about 2% of the country's total GDP by the year 2022.

**2. Telecom services:** According to FY20 by TRAI, India has an average wireless data usage of about 11 GB per month per subscriber, which is expected to reach 18 GB by 2024. Thus, making India one of the biggest consumers of data worldwide.

**3. IT Enabled Services (ITES):** Owing to the socio-economic conditions of India and rapidly changing business, as well as the proliferation of the internet, the Indian ITES industry is now day by day increasing its area and has become a tough competitor for the world market. India's success in software and IT-enabled serviced exports has made it a major exporter of services with a share in *world service exports rising from 0.6% to 3.3% from the year 1990 to 2013*.

**4. Tourism services:** Due to historical heritage, variety in ecology, terrains, the rich culture, and places of natural beauty spread across the country, the Indian tourism and hospitality industry has emerged as one of the important services sectors in India. Thus, Tourism is a significant source of foreign exchange for our country. During 2019, the total contribution of travel & tourism to GDP was 6.8% of the total economy, and in the financial year 2020, the tourism sector in India accounted for 8 percent of the total employment in the country. It is expected that about 53 million jobs will be created in the Indian market by 2029.

#### ***Conclusion:***

The service sector in India has the highest employment generation among all sectors. So it has the potential for great growth and the capability to provide highly productive jobs, thus resulting in revenue generation. In order to overcome the problem of job creation, the Skill India program aims to provide market-relevant skills to about 40 crores of people by 2022. It aims to do this mainly by adopting private sector initiatives in skill development programs, and by providing them with the necessary funding. Similarly, the Make in India program aims to boost the manufacturing sector in the country and thus, will cause a multiplier effect in adding to the portfolio of the Service Sector. In these circumstances, the Startup India initiative is a key enabler for both the manufacturing as well as service industry in India by offering to support innovative start-ups. Thus, we can say that the service sector is going to play a major role in shaping the future of the country in the coming years.