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Roll No.........................

Time allowed : 3 hours *Maximum marks : 100*

Total number of questions : 8 *Total number of printed pages : 7*

NOTE : *Answer SIX questions including Question No.1 which is compulsory.*

1. Comment on *any four* of the following :

   (i) The Competition Act, 2002 imparts an extra jurisdiction to the Competition Commission of India.

   (ii) SAARC has been more of a political than economic forum for the member countries.

   (iii) At present, 'no world patents' or 'international patents' exist.

   (iv) There are several potential points of friction arising out of WTO commitments made by India.

   (v) Predatory pricing is such type of dumping that gives rise to an economic rationale for anti-dumping laws.

   (vi) Permanent court of arbitration is neither permanent nor a court.

   (5 marks each)

2. (a) Gaurav is importing/exporting goods from/to Myanmar through Indo-Myanmar border areas and CIF value of a single consignment does not exceed Indian Rs.25,000. Is 'Import-Export Code' (IEC) Number essential for him ? Explain.

   (4 marks)

   (b) In December, 2001, the European Union introduced a revised scheme of generalised tariff preferences for the period from 1st January, 2002 to

31st December, 2004, whereby 12 developing countries, excluding India, were to receive preferential market access by way of incentives for *inter alia* combating drug production and trafficking. India challenged the matter in WTO. Both the panel as well as the Appellate body of WTO's dispute settlement mechanism held the decision in India's favour. Enlist the grounds of challenge.

(6 marks)

(c) Explain the four 'modes of supply' as recognised by GATS with suitable examples. In which mode both developed and developing countries are interested ?

(6 marks)

3. (a) State the role of 'World Intellectual Property Organisation' (WIPO).

(4 marks)

(b) Explain the main features of 'trade related aspects of intellectual property rights' (TRIPs) agreement.

(6 marks)

(c) Describe the problems associated with technology transfer.

(6 marks)

4. (a) If an arbitration award is in conflict with the public policy of India, it is invalid. Define the term 'public policy'.

(4 marks)

(b) What do you understand by 'international commercial arbitration' ? Describe the advantages of alternative dispute resolution.

(6 marks)

(c) Make a critical assessment of WTO's contributions to world trade.

(6 marks)

5. Attempt the following :

(a) (i) Prior to WTO's Agreement on Textiles and Clothing (ATC), under which agreement trade in textiles and clothing was governed ?

(1 mark)

(ii) What were the two reasons responsible for a modest growth of 5% in textiles and clothing world trade in 2005 ?

(1 mark)

(iii) Did the prices face downside impact in post-quota period in textiles and clothing world exports ?

(1 mark)

(iv) Which of the two exporting nations recorded highest export growth in post-quota period ?

(1 mark)

(b) (i) Why the trade in textiles and clothing is important in world economy ?

(2 marks)

(ii) Before 2005, which three countries/regions had imposed quota restrictions ?

(2 marks)

(iii) China, a member of WTO, still faces quota restrictions. Why and how long will these continue ?

(2 marks)

(c) (i) Recently Indian corporates, like, Zodiac (Shirts) and Ambattur (Trousers) have set-up base in Gulf; Raymond and TCNs in Bangladesh; and JCT has acquired a garment facility in Senegal (Africa). What are the reasons behind these moves ?

(3 marks)

(ii) Currently India's share in global exports of textiles and clothing is only 4% and 5% respectively, as against China's 18% and 15% respectively. List out the key weaknesses of Indian textiles and clothing sector.

(3 marks)

6. (a) Which law governs 'Special Economic Zones' (SEZs) in India ?

(1 mark)

(b) While notifying an area as an SEZ, what guidelines should be considered by the Central Government ?

(3 marks)

(c) When can the Board of Approvals suspend the letter of approval and transfer of SEZ ?

(3 marks)

(d) What special fiscal provisions every developer and entrepreneur in an SEZ would be entitled to ?

(3 marks)

(e) SEZ programme in India looks like a success story. But presently it is mired with many controversies and problems. Enumerate them.

(6 marks)

7. Write notes on *any four* of the following :

(i) Institutionalisation of international trade

(ii) Dumping

(iii) Prohibited subsidies and actionable subsidies

(iv) Software Technology Park (STP)

(v) Modes of joint venture.

(4 marks each)

8. Read the following case and answer the questions given at the end :

RPG Enterprises set-up the Food World (FW) chain of supermarkets in the early 1990s. FW outlets sold food and grocery items in a clean and air-conditioned stores and provided a quality shopping experience.

DFI was established by a Scottish surgeon with five Hong Kong businessmen in 1886 to provide the expatriate Europeans in Hong Kong with uncontaminated cow's milk at reasonable price. It forayed into new retail formats, like, hypermarkets, health & beauty stores, *etc*. As of early 2006, DFI operated 3,160 retail outlets (supermarkets, hypermarkets, convenience stores, health & beauty stores, home furnishing and restaurants) across various countries in Asia with a total sales amounting to US $5.5 billion.

In August, 1999, RPG entered into a joint venture with DFI. RPG hived off its FW division as Food World Supermarkets Ltd. (FWSL) with 49% stake being held by DFI and 51% stake by RPG. DFI also obtained 49% stake in RPG Guardian Ltd. which owned the health and glow stores. By the year 2000, there were 38 FW stores across different cities in Southern India, and 12 health and glow stores in Chennai and Bangalore.

In June, 2000, both the partners reportedly planned to enter into a new joint venture to open hypermarkets in India and to set up a company called Great Wholesale Club Ltd. (GWCL) with 49% stake-holding by DFI and 51% by RPG. DFI was not permitted to make additional investment in retail sector in India. But, Government of India allowed both partners to enter into an agreement for 'cash and carry' wholesale trading. In June, 2001, the partners cancelled the agreement for wholesale business. RPG set up GWCL as a wholly-owned subsidiary of Spencer's (an RPG group company) and opened GIANT, the first hypermarket in India in Hyderabad. Although government rules did not permit DFI to enter into a new joint venture with RPG, DFI thought RPG had committed a breach of trust by opening its own hypermarket.

The GIANT, with an area of 50,000 sq. ft. offered a wide range of products at low prices in an air-conditioned and clean environment. It was thought by analysts that it will eat into FWSL business. However, according to RPG, FW targeted neighbourhood customers looking for convenience, whereas GIANT's target customers were institutions and small retailers, wedding contractors, who looked for value through bulk buying.

After RPG opened the GIANT, there were more reports that the relationship between RPG and DFI had become strained. By 2003, there were 89 FW outlets but there was little expansion between 2003 and 2005. It was reported that there was poor understanding between the partners and that they were fighting over issues of control.

In 2004, DFI bought a stand-alone supermarket that too was called GIANT from an entrepreneur based in NOIDA. (This entrepreneur had previously sued RPG for violation of the GIANT trademark. To this, Raghu Pillai, President, RPG's retail business, responded by saying — "Nobody can claim trade mark rights on a generic name like GIANT. They can only claim copyrights on the logo.") Later in 2004, DFI filed a suit against RPG for infringement of the brand name GIANT.

After the controversy over the name GIANT, RPG decided to change the name of its hypermarkets to 'Spencer's Hypermarkets'. Raghu Pillai said — "There were many claimants for GIANT brand name in India. While our logo styling for GIANT is copy righted in India to us, we decided that we would concentrate on building the business rather than fight battles in court...".

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In May, 2005, RPG and DFI announced their decision to split. RPG got 49 of 93 FW outlets. DFI got 44 DFI stores, rights to "Food World" brand name, and corporate identity of the FW stores. DFI also got control of 30 health and glow stores owned by RPG Guardian Ltd.

After the split DFI had to find a local partner who would buy-out RPG's stake in joint venture, if it wanted to retain its presence in the Indian retail sector.

Answer the following questions :

(a) (i) What was the type of this joint venture ?

(ii) What is the meaning of the term 'cash and carry' ?

(iii) In your opinion, what strained the relationship between RPG and DFI ?

(1 mark each)

(b) (i) What do you think of the cultural differences between the two entities ?

(ii) What do you mean by the term 'generic' brand name ?

(iii) What was the reason for DFI to look for a local partner after split from RPG venture ?

(iv) What is the meaning of 'automatic route' to FDI ? To what extent FDI is allowed under automatic route in the hotel industry and telecom sector.

(2 marks each)

(c) While drafting a foreign collaboration agreement, what factors should be kept in mind ?

(5 marks)

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