

FREE SAMPLE SET | IGNOU GUESS PAPER | DECEMBER 2026 TEE

IBO-01 International Business Environment

Part A statements that keep coming back, model comments, two Part B answers solved, and plans for the rest

Course: IBO-01 International Business Environment, 6 credits (Common Prospectus July 2026); IGNOU also files it as IBO-001

Programme: M.Com (MCOM) and PGDIBO

December 2026 paper: Wednesday 2 December 2026, 10 AM to 1 PM (IGNOU tentative date sheet dated 21 September 2026)

Built from: IGNOU IBO-01 papers of June 2018, June 2024, December 2024 and June 2025, read on IGNOU's servers on 29 September 2026

STUDY REFERENCE

WRITE IN YOUR OWN WORDS

NOT AN IGNOU PUBLICATION

How IGNOU sets the IBO-01 paper

The IBO-01 paper runs 3 hours for 100 marks. The June 2018 paper prints "Weightage: 70%", and IGNOU's IBO-01 assignment booklets give assignments the other 30 percent.

The paper has two parts.

- **Part A (20 marks).** Question 1 asks you to comment on any four of six statements, 5 marks each, in about 100 words each (the wording on the June 2024 and December 2024 papers). Each comment should agree, disagree or qualify the statement and give a reason.
- **Part B (80 marks).** Answer any four questions of 20 marks each. Many are split, for example 7+7+6.

Search for your paper under both spellings. IGNOU printed IBO-01 on the 2018 and 2024 papers and IBO-001 on the June 2025 paper.

Repeat map: the Part A statements

Part A repeats almost word for word, which makes it the most predictable 20 marks in this paper. A tick means the statement or a close variant appeared.

Part A statement (or close variant)	Jun 2018	Jun 2024	Dec 2024	Jun 2025	Papers
"Free trade is always better than no trade."	(b)	none	(e)	(d)	3 of 4
International business is essentially the same as domestic business, or differs because of its environment	(a)	none	(a)	(a), (b)	3 of 4
"Trade policy is an important instrument to regulate foreign trade."	none	(a)	(c)	none	2 of 4
Countries with balance of payments deficits control foreign exchange outflows	none	none	(d)	(c)	2 of 4
Exchange rates and the current account; rupee appreciation	(e)	none	(f)	none	2 of 4
Trade in services is not as simple as trade in goods	(c)	Q3 (GATS)	none	none	2 of 4
Culture, and the global environment, shape business abroad	none	(c)	none	(b)	2 of 4

Part A statement (or close variant)	Jun 2018	Jun 2024	Dec 2024	Jun 2025	Papers
Comparative advantage; IPR; cross-border M&A; e-commerce; contract law; new technology	several	several	(b)	none	1 each

Part B questions were only partly visible to us. In June 2024 they included the role of the WTO (Q2) and trade in services under GATS (Q3), and both are solved below.

Part A: model comments on the repeat statements

Aim for about 100 words each. Take a clear position in the first line, then give the reason and one example.

"Free trade is always better than no trade." Largely true. By the theory of comparative advantage, each country gains by specialising and exchanging, and it can consume beyond what it could produce alone, so some trade beats no trade. But "always" needs a qualification. Gains are not shared equally inside a country, and industries that face import competition can lose jobs. A large country can sometimes gain from a moderate tariff that improves its terms of trade. Infant industries may need temporary protection. So free trade beats autarky, but the best policy may not be completely free trade.

"Basic functions of international business are essentially the same as those of domestic business." Partly true. Production, marketing, finance and personnel are needed in both. But international business works in a different environment: several currencies and exchange risk, different laws and contracts, political risk, cultural differences, trade barriers and longer logistics. The functions stay the same, but their complexity and risk rise sharply. The December 2024 statement, that environmental differences make international firms different, is the same point from the other side.

"Trade policy is an important instrument to regulate foreign trade." True. Through tariffs, quotas, licensing, subsidies and export incentives, a government shapes what is traded, how much, and with whom. It uses these tools to protect domestic industry, earn revenue, manage the balance of payments and pursue strategic goals. India's Foreign Trade Policy, announced periodically under the Foreign Trade (Development and Regulation) Act, 1992, is an example.

"Countries running deficits in their balance of payments generally impose controls on the movement of foreign exchange." Generally true, especially for developing countries with limited reserves. Controls ration scarce foreign exchange for essential imports and discourage capital flight. India's Foreign Exchange Regulation Act of 1973 was restrictive in this way. After the 1991 crisis, liberalisation led to the Foreign Exchange Management Act, 1999. Controls can protect reserves in the short run, but they can also discourage investment.

"Exchange rates do not influence the current account." False. When a currency depreciates, exports become cheaper for foreigners and imports dearer at home, so over time the trade balance tends to improve. The early effect can be a worsening before the improvement, the J-curve. An appreciating currency does the opposite. So the exchange rate is one of the main influences on the current account.

"The concept of trade in services is not as straightforward as that of trade in goods." True. Services are intangible, often produced and consumed at the same time, and frequently need the buyer and seller to be in the same place. They also cannot be stored or checked at a border as goods can. That is why GATS defines trade in services through four modes of supply rather than through movement across a customs frontier.

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Two Part B answers, solved

1. What role does the World Trade Organization play in international business? Is it helpful to trade or a hindrance?

Covers June 2024 Q2. Write about 500 words; give the second half a clear judgement.

Introduction. The World Trade Organization (WTO) came into being on 1 January 1995 under the Marrakesh Agreement that closed the Uruguay Round. It replaced the General Agreement on Tariffs and Trade (GATT) of 1947 as the institution for the rules of world trade. Unlike GATT, it covers services (GATS) and intellectual property (TRIPS) as well as goods.

Functions of the WTO.

1. *Administering trade agreements* on goods, services and intellectual property.
2. *A forum for negotiations* to reduce trade barriers, through ministerial conferences and negotiating rounds.
3. *Settling disputes* between members under the Dispute Settlement Understanding.
4. *Reviewing trade policies* of members through the Trade Policy Review Mechanism, which adds transparency.
5. *Technical assistance and training* for developing countries.
6. *Cooperation* with the IMF and the World Bank for coherence in global economic policy.

Principles.

- Non-discrimination: most-favoured-nation treatment and national treatment.
- Freer trade through negotiation.
- Predictability through bound tariffs.
- Fair competition.
- Special and differential treatment for developing countries.

Helpful to international trade. The WTO gives business a rules-based and predictable system. Bound tariffs, non-discrimination and transparency lower uncertainty and costs, and a firm can plan exports knowing the tariff ceiling it faces. Members can challenge unfair measures through dispute settlement instead of trade wars. Developing countries have used the system to open markets and have gained from lower barriers.

Criticisms, the "hindrance" side.

- The Doha Development Round launched in 2001 has not been concluded.
- Developing countries argue that agricultural subsidies in rich countries remain large while TRIPS raised the cost of technology and medicines.
- Since December 2019 the Appellate Body has been unable to hear appeals because appointments were blocked. This weakens dispute settlement.

- Decisions by consensus make reform slow.

Conclusion. On balance the WTO has helped international trade by giving it rules, transparency and a forum for disputes. Its weaknesses lie in slow negotiation and a damaged appeals system, not in the idea of multilateral rules. For a country like India, which depends on market access for goods and services, a working WTO remains more helpful than harmful.

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2. What is trade in services? Explain the four modes of supply and the benefits of GATS to India.

Covers June 2024 Q3 (7+7+6) and the June 2018 Part A statement on services.

Trade in services (7 marks). Trade in services is the international exchange of intangible economic activities such as software, banking, insurance, transport, tourism, education, health and consulting. Services are intangible, often produced and consumed together, and not storable, so they cross borders in ways different from goods. Services now form a large and growing share of world trade and of India's exports.

The four modes of supply under GATS (7 marks).

- **Mode 1, cross-border supply.** The service crosses the border while the supplier and consumer stay at home, as when an Indian firm delivers software or back-office work online to a client abroad.
- **Mode 2, consumption abroad.** The consumer moves to the supplier's country, as in tourism, study abroad or medical treatment in India for foreign patients.
- **Mode 3, commercial presence.** The supplier sets up a branch or subsidiary abroad, as when a bank or insurer opens an office in another country.
- **Mode 4, presence of natural persons.** Individuals move temporarily to supply a service, as when an Indian engineer or consultant works on a project abroad.

Salient features and benefits of GATS to India (6 marks). The General Agreement on Trade in Services, part of the WTO agreements of 1995, applies most-favoured-nation treatment and transparency to all members. Market access and national treatment apply only in the sectors a country schedules, with progressive liberalisation over time. For India the benefits are:

- stronger rules for its IT and business-services exports under Mode 1;
- a platform to press for easier movement of professionals under Mode 4;
- growth in tourism, education and medical services under Mode 2;
- inflows of foreign investment in services under Mode 3, which bring capital and skills.

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Answer plans for other likely Part B themes

Balance of payments (linked to the repeat Part A statements)

- The structure: current account, capital account, reserves.
- Causes of disequilibrium.
- Corrective measures: exchange-rate adjustment, monetary and fiscal policy, trade and exchange controls.
- End with why firms watch a market's balance of payments (IGNOU's 2025 IBO-01 assignment asks this).

Instruments of trade policy

- Tariff and non-tariff barriers: quotas, licensing, standards, subsidies, anti-dumping duty.
- Their effects on price, quantity and quality of trade.
- One Indian example.

Theory of comparative advantage

- Ricardo's example of two countries, two goods, with relative rather than absolute cost differences.
- The gains from trade.
- The assumptions and their limits.
- The Heckscher-Ohlin extension based on factor endowments.

Culture in international business

- Elements of culture: language, religion, values, customs, education.
- Their effect on products, marketing, negotiation and management.
- A cautionary example of a strategy that failed abroad, which answers the June 2024 statement that a strategy successful in one country will succeed everywhere.

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Practise these in your own words

These practice prompts are ours, written to match the repeat themes above. They are not IGNOU questions.

1. "A little protection can be better than completely free trade." Comment.
2. How does a depreciating rupee affect Indian exporters and importers?
3. Distinguish between tariff and non-tariff barriers with examples.
4. Why is Mode 4 of GATS important for India?
5. Explain the most-favoured-nation principle and its exceptions.

Use this set in the last three weeks

- **Week 3:** write all six Part A comments from memory in 100 words each, about 8 minutes each.
- **Week 2:** write the two solved Part B answers and one answer plan in full.
- **Final week:** practise a full Part A of four comments in 30 minutes.
- **Last two days:** read the December 2025 and June 2026 papers on ignou.ac.in, searching under IBO-01 and IBO-001.

What this free set is, and is not

This set covers the Part A statements that repeated across the four papers above and two Part B themes. The complete IBO-01 set, with every repeat statement and Part B theme solved, costs ₹49 as a PDF or ₹100 as a printed copy, plus a one-time ₹100 courier charge per printed order. Order on WhatsApp +91 93546 37830.

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