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Second Semester MBA Degree Examination, December 2011
Indian Business Environment

Time: 3 hrs.

Max. Marks:100

Note:1. Answer any Four full questions from Q.No.1 to Q.No.7**2. Question No. 8 is compulsory**

- 1 a. What is Ad-Hoc scanning? (03 Marks)
b. Explain the features of industrial policy of 1991. (07 Marks)
c. What is Globalization? Explain major issues of global environment, which are affecting on Indian business environment. (10 Marks)
- 2 a. What is progressive tax? Give examples. (03 Marks)
b. What is environmental scanning? Explain the different stages of environmental scanning. (07 Marks)
c. Explain the different sources of revenue of the central government. (10 Marks)
- 3 a. What is budget? Write the different types of budget. (03 Marks)
b. What is monetary policy? Explain the objectives of Indian monetary policy. (07 Marks)
c. Explain the different economic and non-economic factors that determine the Indian economic development. (10 Marks)
- 4 a. What is gift-edged security market? (03 Marks)
b. What is national income accounting? Explain the methods of national income accounting (estimation). (07 Marks)
c. Explain the recent growth of Indian tertiary sector. (10 Marks)
- 5 a. Distinguish between Narrow money (M_1) and Broad money (M_3). (03 Marks)
b. Is India benefitted by joining the W.T.O? Critically evaluate by the SWOT analysis. (07 Marks)
c. Discuss the role of private sector in India and its problems. (10 Marks)
- 6 a. What are options? Distinguish between call options and put options. (03 Marks)
b. Critically examine the functions of SEBI. (07 Marks)
c. Discuss the contributions of the IT sector to the Indian economy. (10 Marks)
- 7 a. Mention the non-conventional sources of energy. (03 Marks)
b. Discuss the banking reforms with reference to the Narasiman committee reports. (07 Marks)
c. Examine the role of infrastructure in economic development of India. (10 Marks)

important Note : 1. On completing your answers, compulsorily draw diagonal cross lines on the remaining blank pages.
2. Any revealing of identification, appeal to evaluator and /or equations written eg, 42+8 = 50, will be treated as malpractice.

8 CASE STUDY:

In February 2001, India's largest public sector bank, the SBI faced severe opposition from its employees over a VRS (Voluntary Retirement Scheme). The VRS, which was approved by SBI board in December 2000, was in response to Federation of Indian chambers of commerce and industry's (FICCI) report on the banking industry. The report stated that the Indian banking industry was overstaffed by 35%. In order to trim the work force and reduce staff cost, the government announced that it would be reducing its man power. Following this, the Indian Banks Association (IBA) formulated a VRS package for the PSB's (Public Sector Banks), which was approved by the Finance Ministry.

Though SBI promoted the VRS as a 'Golden Hand Shake', its employee unions perceived it to be a retrenchment scheme. They said that the VRS was completely unnecessary, and that the real problems, which plagued the bank were NPA's (Non Performing Assets). The unions argued that the VRS might force the closure of rural branches due to acute man power shortage. This was expected to affect SBI's aim to improve economic conditions by providing necessary financial assistance to rural areas. The unions also alleged that the VRS decision was taken without proper manpower planning.

In February 2001, the SBI issued a director altering the eligibility criteria for VRS for the officers by stating that only those officers who had crossed the age of 55 would be granted VRS. Consequently, applications of around 12000 officers were rejected. The officers who were denied the chance to opt for the VRS formed an association SBI VRS opted officers association to oppose this SBI directive. The association claimed that the management was adopting discriminatory policies in granting the VRS.

The average estimated cost per head for implementation of VRS for SBI and its seven associated banks worked out to Rs.0.65 million and Rs.0.57 million respectively. As a result of the VRS, SBI's net profit decreased from Rs.25 billion in 1999-00 to Rs.16 billion in 2000-01.

- a. Analyse internal and external environmental factors that influenced on Post-SBI-VRS scenario. (05 Marks)
- b. The results of the SBI-VRS were not as per the expectations of management. Comment. (05 Marks)
- c. As an environmental analysis, what strategy you would have recommended for proper staff cost reduction of SBI? (05 Marks)
- d. What lessons of environmental scanning you have learnt from this case? (05 Marks)

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