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NEW SCHEME

Second Semester M. B.A. Degree Examination, July 2006
Master of Business Administration
Economic Environment

[Max. Marks: 100]

Time: 3 hrs.]

Note: 1. Answer any FIVE full questions.
2. Question No. 8 is compulsory.

- 1
 - a. What is a dualistic economy? (03 Marks)
 - b. What are the constituents of the political system? Explain. (07 Marks)
 - c. Discuss the extent to which cultural factors affect the Business Environment. (10 Marks)

- 2
 - a. What do you mean by environmental scanning? (03 Marks)
 - b. What are the changes brought out by the "Economic Constitution of India"? (07 Marks)
 - c. Explain the measures of control imposed by the RBI to regulate the monetary system in India. Focus on current issues. (10 Marks)

- 3
 - a. Define Stagflation. (03 Marks)
 - b. "Though India is an under developed economy, it is called a developing economy". Do you agree, substantiate your answer with valid arguments. (07 Marks)
 - c. Discuss the industrial development that had taken place in our country under different plan periods. (10 Marks)

- 4
 - a. Differentiate between Revenue Budget and Capital Budget. (03 Marks)
 - b. What are the difficulties in measuring National Income? Explain. (07 Marks)
 - c. Present the salient features of the Budget 2006 – 2007. (10 Marks)

- 5
 - a. What are the functions of Estimates Committee? (03 Marks)
 - b. Discuss the cost push factors causing Inflation. (07 Marks)
 - c. Present the current status of PSUS in India. State the recommendations of the Rangarajan Committee on Disinvestment. (10 Marks)

- 6
 - a. Differentiate between money and capital market. (03 Marks)
 - b. Discuss the various functions performed by the Comptroller and Auditor General. (07 Marks)
 - c. Enumerate the features of the SSI policy of 1991. State the recommendations of the Abid Hussain committee for development of SSI. (10 Marks)

- 7
 - a. What is the current status of Public Debt in India? (03 Marks)
 - b. What are the functions of IFCI? (07 Marks)
 - c. Are Economic Indicators still useful tools in predicting Business cycle in India. Explain the Business cycle phases and measures to minimize the impact of Business cycle on the business and the economy. (10 Marks)

Contd...2

8 CASE STUDY – COMPULSORY.

Everytime the bird Phoenix rose from its ashes, it signified its immortal character. Like wise Tata Steel has always defied the odds, be it the steel downturn of the 90s or Russi Modi, who left the company during turbulent years. But the new decades brings threat from global steel manufacturers like Mittal Steel and Posco in front of whom Tata Steel seems lesser than even half a match. Would Tata Steel be able to fight their might? In reality will Tata Steel even survive?

Tata Steel did not follow old paternalism and refrained from antique management practices. The almost challenges were to hold people together and to streamline business processes. It was named the Best Steel Company by world Steel Dynamics in 2006 for the third time. It has an unquestionable credit to itself that it is amongst the lowest cost producers of steel in the world.

Mittal Steel, which rules the global steel industry has already announced plans to set up a 12 million tonne steel plant in Jharkhand. Total steel production of Tata is only 8% of Mittal Steel. Moreover Posco the world's fifth largest steel company is set to pump in \$ 12 billion into its steel plant in Orissa.

It is not only the competition that is haunting Tata Steel, but also the threat posed by global steel industry. The global steel industry has a production, consumption mismatch resulting in overcapacity, which along with other factors like raw materials shortage would aggravate injuries to global steel sector. Another problem is the dominance of China's Steel industry with Chinese Government as majority stake holder with a steel production of 39.1 metric million tones pa where India lags far behind.

Tata Steel is planning to be a major player in 2015 through acquisitions. It is also currently introducing brands and brand positioning.

Answer the following Questions :

- a. Perform SWOT analysis for Tata Steel. (10 Marks)
- b. Is branding the right strategy for Tata Steel now ? Substantiate your answer. (05 Marks)
- c. What are the strategies the company should follow now to achieve its plan for 2015? (05 Marks)

NEW SCHEME

Second Semester MBA Degree Examination, Dec. 06 / Jan. 07
Business Administration
Economic Environment

Time: 3 hrs.]

[Max. Marks:100

Note: 1. Answer any FOUR full questions out of Q.No.1 to 7.
2. Question No.8 is compulsory.

- 1 a. What do you understand by internal and external environment? (03 Marks)
b. Do MNC's play an important role in economic development? If so, give reasons. (07 Marks)
c. Mention the characteristics of an underdeveloped country. Is India underdeveloped? (10 Marks)
- 2 a. Differentiate between money market and capital market. (03 Marks)
b. What is fiscal policy? What are its objectives? (07 Marks)
c. Briefly explain the main tools used by the RBI to control credit. (10 Marks)
- 3 a. What is a budget? (03 Marks)
b. Explain the various phases of business cycle. (07 Marks)
c. Discuss the salient features of EXIM policy 02 – 07. (10 Marks)
- 4 a. State 3 functions of Estimates Committee. (03 Marks)
b. Discuss the changes brought about by the reforms of 1991. (07 Marks)
c. Explain in detail the main functions of IDBI. (10 Marks)
- 5 a. Differentiate between BOT and BOP. (03 Marks)
b. Briefly explain the various methods of measuring national income. (07 Marks)
c. What are the causes of inflation? How can it be controlled? (10 Marks)
- 6 a. What is a budget deficit? (03 Marks)
b. What are the main objectives of the monetary policy of the RBI? (07 Marks)
c. What are the sources of revenue of the Union and State Governments? (10 Marks)
- 7 a. What is a joint sector? (03 Marks)
b. Examine the main features of SSI policy of 1991. (07 Marks)
c. Discuss the national Common Minimum Programs of the Government of India. (10 Marks)

8 **Case Study:**

During his visit to S.Arabia in 1998 Mr. Mohan was surprised to note that a matchbox cost one Riyal (equal to Rs.10) and the matchbox in India cost 0.50p. He had an idea.

- he prepared a feasibility report for establishing a factory in S.Arabia
- importing necessary machinery from India
- obtaining necessary permission
- selecting the market intermediaries in S.Arabia
- establishing the matchbox factory in Riyadh or Jeddah

He approached a consultant who arranged to get all the permissions. By 2000 the factory was established. Mr. Mohan conducted another market survey and fixed the price at 0.50 Riyal. He released the first batch of matchboxes into the market in March 2000. The first batch of matchboxes were sold like hot cakes. He released the second batch of matchboxes into the market. Unfortunately he could not sell even a single match box. The same was the case of the subsequent batches. Ultimately Mr. Mohan was forced to close the factory.

Questions:

- a. What were the factors for the highly positive response for the first batch of products?
- b. What were the reasons for the poor response for the second batch?
- c. Why did Mr. Mohan fail in his project?
- d. What would you have done to revive the factory? (20 Marks)



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SRINIVAS INSTITUTE OF TECHNOLOGY
LIBRARY, MANGALORE

NEW SCHEME

Second Semester MBA Degree Examination, July 2007
Business Administration
Economic Environment

Time: 3 hrs.]

[Max. Marks:100

Note :1. Answer any FIVE full questions.
2. Question No.8 is compulsory.

- 1 a. What do you mean by environmental scanning? (03 Marks)
b. Explain briefly the industrial development under five year plans. (07 Marks)
c. Illustrate and explain the importance of circular flow of income. (10 Marks)
- 2 a. Distinguish between direct and indirect taxes. Give examples. (03 Marks)
b. Write a brief note on disinvestments programmes in India. (07 Marks)
c. Examine the major recommendations of the Narasimhan committee on banking reforms. (10 Marks)
- 3 a. Define 'dualistic economy'. (03 Marks)
b. What is National Income? Explain the difficulties in measuring it? (07 Marks)
c. Discuss the salient features of the union budget 2007-08. (10 Marks)
- 4 a. Distinguish between money and capital market. (03 Marks)
b. Explain the role of private sector in India's economic development. (07 Marks)
c. Critically examine the centre – state financial relations. (10 Marks)
- 5 a. What are the measures of monetary aggregates? (03 Marks)
b. Explain the major determinants of economic development of India. (07 Marks)
c. Highlight the salient features of the new foreign trade policy 2004-09. (10 Marks)
- 6 a. What are the lead, lag and coincidental indicators? (03 Marks)
b. Explain briefly the role played by SSI in the economic development of India. (07 Marks)
c. Discuss the advantages and disadvantages of MNCs in India. (10 Marks)
- 7 a. Mention any three functions of the public accounts committee. (03 Marks)
b. List the important recommendations of the 12th finance commission. (07 Marks)
c. Write short notes on any two of the following:
i) Fiscal policy.
ii) Joint sector.
iii) Political environment.
iv) VAT. (10 Marks)

8 Case Study :

The (IOC), Indian Oil Corporation, the major oil refining and marketing company which was also the canalating agency for oil imports and the only Indian company in the fortune 500, in terms of sales, planned to make a foray into the foreign market by acquiring a substantial state in the Balal oil field in Iran of the premier oil. The project was estimated to have recoverable oil reserves of about 11 million tones and IOC was supposed to get nearly four million tones.

When IOC started talking to the Iranian company for the acquisition in October 1998, oil prices were at rock bottom (\$11 per barrel) and most refining companies were closing due to falling margins. Indeed, a number of good oil properties in the middle east were up for sale. Using this opportunity, several developing countries “made a killing by acquiring oil equities abroad.”

IOC needed government’s permission to invest abroad. Application by Indian company for investing abroad is to be serutinised by a special committee represented by the RBI and Ministries of finance and commerce. By the time the government gave the clearance for the acquisition in December 1999. (i.e. more than a year after the application was made) the prices had bounced back to \$ 24 per barrel. And the Elf of France had virtually took away the deal from under IOC’s nose by acquiring the premier oil.

The RBI, which gave IOC the approval for \$15 million investment, took more than a year for clearing the deal because the structure for such investments were not in place, it was reported.

- a. Analyse internal and external environmental factors influencing the business.
- b. Explain the factors hindering the globalisation of Indian business.
- c. Discuss the significance of the foreign acquisition to IOC.
- d. What lessons have we learnt from this case on “the costs of delay”?

(20 Marks)

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05MBA22

Second Semester MBA Degree Examination, June / July 08
Economic Environment

Time: 3 hrs.

Max. Marks:100

Note : 1. Answer any FIVE full questions.
2. Question No. 8 is compulsory.

- 1 a. What are the benefits of environmental scanning? (03 Marks)
 b. How does technological environment affect the business? (07 Marks)
 c. Explain the major issues of economic development of India. (10 Marks)
- 2 a. What do you mean by 'coincidental indicator'? (03 Marks)
 b. What is a 'business cycle'? Explain briefly the various phases of business cycle. (07 Marks)
 c. Discuss briefly the arguments for and against nationalization of Indian commercial Banks. (10 Marks)
- 3 a. Mention the three methods of measuring national income. (03 Marks)
 b. Distinguish between Finance commission and planning commission. (07 Marks)
 c. Discuss the highlights of union budget 2008 – 09. (10 Marks)
- 4 a. What are the components of New Economic policy? (03 Marks)
 b. Explain the features of New Foreign Trade policy. (07 Marks)
 c. Explain briefly the functions of Public Accounts committee. (10 Marks)
- 5 a. What are the major causes of inflation? (03 Marks)
 b. Explain briefly the features of 1980 Industrial policy. (07 Marks)
 c. What is joint sector? Explain briefly its advantages. (10 Marks)
- 6 a. Define 'circular flow of income'. (03 Marks)
 b. What are the implications of mixed economy on Indian business? (07 Marks)
 c. Write a note on 'Central – state financial relations'. (10 Marks)
- 7 a. What are the measures of 'money supply'? (03 Marks)
 b. Explain briefly the structure of Indian financial system. (07 Marks)
 c. "Is India a developing economy"? Substantiate. (10 Marks)

8 Case Study :

India's problem is not lack of resources, it is the inability and / or unwillingness to mobilize resources into the public sector. The Indian economy is confronting a fiscal crisis. The reasons for this are the steady decline over the years in the share of direct taxes in spite of the fact that both incomes and savings of the top 10 percent of the households in the country have been steadily increasing. The government does not appear committed to placing greater reliance on direct taxes to mobilize resources. It is unwilling to tax the rich and therefore has no option except to fall back on indirect taxes and rely more than ever on borrowing from those who expect interest and tax concessions from temporarily parting with their resources to enable the government to continue its "development programmes". Grave inter – sectoral imbalances also exist in India's tax structure because agricultural incomes are tax free. The Raj committee had recommended the introduction of agricultural tax to remove this inequality, but the state governments did nothing to implement the recommendation. The long term fiscal policy also did nothing to eliminate this inter – sectoral imbalances.

Public sector enterprises failed to generate the untemplated reinvertible surplus and the small surplus that became available from these enterprises was not attributable to improved efficiency. The fiscal deficit thus reflects the total resource gap, which equals the excess of total government expenditure over the government revenue and grants. The fiscal deficit thus, fully indicates the indebtedness of the government.

QUESTIONS :

- a. What is fiscal policy? And what are its components?
- b. Distinguish between direct and indirect taxes.
- c. Explain briefly the reasons for fiscal deficit.
- d. Suggest remedies for the new fiscal policy to combat fiscal crisis.

(20 Marks)

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Second Semester MBA Degree Examination, Dec.08 / Jan.09
Economic Environment

Time: 3 hrs.

Max. Marks:100

Note : Answer any FOUR questions from Q-1 to Q-7; and Q-8 is compulsory.

1. a) What is business environment? State its salient features. (3 Marks)
 b) Write a short note on recommendation of Twelfth Finance Commission. (7 Marks)
 c) Explain the main features of business cycle. What are the different phases of business cycle? (10 Marks)
2. a) What is fiscal policy? What are its major components? (3 Marks)
 b) Explain the functions of Reserve Bank of India. (7 Marks)
 c) What are the methods of measuring national income? Explain the difficulties in its measurement. (10 Marks)
3. a) Give three characteristics of MNC's. (3 Marks)
 b) Comment on the Union Budget 2008-09. (7 Marks)
 c) What constitute internal environment of business? How is this environment affected by non-economic environment? (10 Marks)
4. a) Give the differences between economic growth and economic development. (3 Marks)
 b) Discuss the objectives and special features of EXIM policy 2002-07. (7 Marks)
 c) Discuss various types of money market. What are the features and defects of money market? (10 Marks)
5. a) Give three major functions of Public Account Committee. (3 Marks)
 b) Explain the major issues in the development of an economy. (7 Marks)
 c) Bring out major factors that have brought changes in India's industrialization pattern over the last decade. What has been the impact of economic reforms on the industrialization process? (10 Marks)
6. a) What are the main constituents of Public sector? (3 Marks)
 b) Explain the concept of environmental scanning. (7 Marks)
 c) Explain circular flow of income, outflow and expenditure in an economy. How is the flow affected by the transaction with the rest of economy? What is the role of product, factor and finance markets? (10 Marks)

7. a) What are the responsibilities of CAG? (3 Marks)
b) What are the objectives and functions of IDBI? (7 Marks)
c) Explain Narashimham committee recommendations on banking sector reforms. (10 Marks)

8. CASE STUDY: The Indian Economy: Dealing with Inflation

In early 2007, in India, the inflation rate, as measured by the wholesale price index (WPI), was around 6 to 6.8 percent, well above the level of 5 to 5.5 percent that would have been acceptable to the Reserve Bank of India. On February 15, 2007, the inflation rate reached a two-year high of 6.73 percent.

In the past, the main cause of high inflation in India used to be rises in global oil prices. However, in early 2007, the chief component of the inflation was the increase in the prices of food articles - caused by increased demand as well as supply constraints. According to analysts, the increased demand was due to high economic growth and increased money supply, while stagnant agricultural productivity was behind the supply constraints. Apart from the rise in prices of food articles, fuel and cement prices too recorded high increases.

The Government of India, together with the RBI, took several measures to contain inflation. E.g. the RBI increased the Cash Reserve Ratio (CRR) and Repo rates in an effort to check money supply; the Government reduced import duties on several food products and cut the price of diesel and petrol.

Questions:

- a. What is the concept of inflation? (3 Marks)
b. What are the causes responsible for the inflation in this case study? (5 Marks)
c. Critically analyse the various initiatives taken by the Indian government and the RBI to address inflation. (6 Marks)
d. Analyse the significance of Government and Central Bank in controlling inflation and the possible effect of their initiatives on the economy. (6 Marks)

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Second Semester MBA Degree Examination, June-July 2009
Economic Environment

Time: 3 hrs.

Max. Marks:100

Note : 1. Answer any FOUR full questions from question 1 to 7.
2. Question No. 8 is compulsory.

- 1 a. What is Mixed Economy? (03 Marks)
b. Explain the various phases of Business cycle. (07 Marks)
c. What are the different methods of measuring National Income? Explain briefly what are the difficulties in measuring National Income. (10 Marks)

- 2 a. Differentiate between direct and indirect taxes. (03 Marks)
b. Explain the various tools of credit control used by RBI. (07 Marks)
c. Explain briefly the socio – culture factors affecting business. (10 Marks)

- 3 a. What are the causes of Inflation? (03 Marks)
b. Explain the main features and objectives of fiscal policy. (07 Marks)
c. Discuss briefly the different instruments available in Indian money market to raise funds. (10 Marks)

- 4 a. Define the Industrial policy. Mention any three components of it. (03 Marks)
b. Write a note on the functions of RBI. (07 Marks)
c. Critically examine the role of MNC's in Indian Economic development. (10 Marks)

- 5 a. What do you understand by political environment? (03 Marks)
b. Write a note on New Industrial Policy of 1991. (07 Marks)
c. Explain the main features of Indian Economy. (10 Marks)

- 6 a. State the non – economic factors affecting business. (03 Marks)
b. Explain the role of private sector. Discuss the problem faced by private sector in India. (07 Marks)
c. What is SEBI? Discuss the various reforms and development that took place in Indian Capital Market. (10 Marks)

- 7 a. What is deficit financing? (03 Marks)
b. Discuss how political and legal environment influences the Indian business. (07 Marks)
c. Discuss the major objectives of Economic planning in India. (10 Marks)

8 CASE STUDY :

Analyse the case and answer the questions given below :

DIFFERENT FOR GAMBLE

Proctor and Gamble (P&G), a global consumer product giant “stormed Japanese Market with American product, American Managers, American sales methods and strategies. The result was disastrous until the company learnt how to adapt products and marketing style to Japanese culture. P&G, which entered the Japanese market in 1973, lost money until 1987, but by 1991 it became the second largest foreign market.

P&G entered India in 1965 in detergent marketing in Ariel brand through P&G India. P&G established P&G Home Products a 100 percent subsidiary later (1993) and the Ariel brand was transferred to it. Besides Soaps and Detergents, P&G introduced later in its product portfolio Shampoos, Medical products (Vicks range, Clearasil and Medicare) and personnel products.

HLL (a global competitor for P&G) has been in India for about a century dominated the Indian market for detergents and personal products. And in some cases Johnson and Johnson has had a strong presence. The takeover of Tomco by HLL further increased its market dominance. In the low priced detergents segment “Nirma” has established a strong presence. P&G invested a few thousand crores, but was dissatisfied with its performance in India. It decided to restructure its operations in India and continue investments in India.

When Chinese market, an emerging market was opened up P&G entered China market, prior to the liberalization. Chinese consumer had to content with shoddy products manufactured by Government companies. P&G understood Chinese culture was for easier since expats Chinese in the US was not very different from those back home.

One of the P&G big bets in India was compact technology premium detergent brand Ariel. After an initial show, Ariel failed to generate enough sales. Consumer seems to have gone by their per kilo cost than the cost per wash propagated by the promotion. P&G hoped that Indian consumers would buy in to the low – cost per wash story. But selling their story through advertising was particularly different especially since Indian consumer’s behavior that the washing wasn’t over unless the bar had been used for scrubbing.

Questions:

- a. Discuss the reasons for the initial failure of P&G in Japan. (05 Marks)
- b. When did P&G go wrong (if it did) in the evaluation of Indian Market? (05 Marks)
- c. Discuss the reasons for the differences in the performance of P&G India and China. (05 Marks)
- d. What strategy you would like to suggest MNC’s to operate successfully in overseas market. (05 Marks)

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Second Semester MBA Degree Examination, June – July 2009
Indian Business Environment

Time: 3 hrs.

Max. Marks:100

Note: Answer any FIVE full questions.

- 1
 - a. What is Malice Scanning? (03 Marks)
 - b. How does business affect the natural environment? (07 Marks)
 - c. Describe the external environment of Indian business. (10 Marks)
- 2
 - a. What is reverse Rapo-rate? (03 Marks)
 - b. Discuss the recent Foreign trade policy. (07 Marks)
 - c. Critically evaluate 1991 industrial policy. (10 Marks)
- 3
 - a. What is Hindu rate of growth? (03 Marks)
 - b. Discuss the phases of business cycles (07 Marks)
 - c. Describe the characteristics of Indian economy. (10 Marks)
- 4
 - a. What is value added method? (03 Marks)
 - b. Discuss the different concepts of national income. (07 Marks)
 - c. Give details about the difficulties in measuring national income. (10 Marks)
- 5
 - a. What do you mean by 'y' concept? (03 Marks)
 - b. Write a note on contributions of private sector– in India (07 Marks)
 - c. Critically evaluate the assistance of world trade organization. (10 Marks)
- 6
 - a. What do you mean by monetary aggregates? (03 Marks)
 - b. Discuss the role of FDI in economic development. (07 Marks)
 - c. Portray the functions of SEBI. (10 Marks)
- 7
 - a. Mention the functions of RBI as a Banker's bank. (03 Marks)
 - b. Explain the recommendations of Narasimhan committee (07 Marks)
 - c. Describe the recent technological developments in– Indian Banking. (10 Marks)

8 CASE STUDY :

Virgin mobile USA has reason to believe some people will cut back on food before they give up their cell phones. In talking with thousands of their customers who are part of a special online panel, virgin mobile found that 68% of their customers say they are keeping their cell phones, but are cutting back in other ways, for example, 88% are dining out less frequently and 79% are deffering big ticket purchases.

The information from the panel warranted a press release. Press is a high priority for building awareness about the company and its prepaid value; customers who join the panel are asked if they are willing to talk to the media. When the Chicago Tribune expressed interest in the story, virgin mobile directed the newspaper to (suzame) Suzanne peace to talk about her experience as a customer. She used to spend \$ 109 per month on her cell phone with sprint. She switched to no-contract with virgin mobile USA to pay by the minute and has never looked back.

Questions :

- a. What is the impact of global recession on telecommunication industry? (05 Marks)
- b. Will virgin mobile able to survive in the present crisis? (05 Marks)
- c. Give some remedies to tackle the global recession. (05 Marks)
- e. How do you deal with the unemployment problem during the recession? (05 Marks)

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08MBA22

Second Semester MBA Degree Examination, Dec.09-Jan.10
Indian Business Environment

Time: 3 hrs.

Max. Marks:100

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

- 1 a. What do you mean by environmental scanning? State the objectives of environmental scanning. (03 Marks)
b. Explain the nature and characteristics of Modern business. (07 Marks)
c. What is 'business cycle'? Discuss the various phases of business cycle and its characteristics. (10 Marks)
- 2 a. Distinguish between economic growth and economic development. (03 Marks)
b. What are the difficulties in measuring national income? Explain. (07 Marks)
c. Explain the major issues of economic development of India. (10 Marks)
- 3 a. Differentiate between Micro and Macro environment of business. (03 Marks)
b. Discuss the objectives and salient features of Exim policy 2002-07. (07 Marks)
c. Briefly explain the credit control tools used by Central Bank of our country in order to regulate credit in the economy. (10 Marks)
- 4 a. What do you mean by disinvestments? State the objectives of disinvestments programmes in Indian public sector. (03 Marks)
b. Explain the objectives and initiatives of recent Foreign trade policy of 2004-09. (07 Marks)
c. Explain the role of FDI in economic development of Indian economy. (10 Marks)
- 5 a. What are the characteristics of MNC's? (03 Marks)
b. What is GATT? What are the objectives and functions of WTO? (07 Marks)
c. Explain the SWOT analysis of Indian economy. (10 Marks)
- 6 a. What is E-Banking? State the difference between Debit and Credit cards. (03 Marks)
b. Define the term HRD. Explain the importance of Human Resources Development. (07 Marks)
c. Discuss the functions and achievements of SEBI. (10 Marks)
- 7 a. Distinguish between money market and capital market. (03 Marks)
b. Explain the role and functions of RBI. (07 Marks)
c. Discuss the development and contributions of IT sector 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 information, appeal to evaluator and/or equations written 42+8=50, will be treated as malpractice.

8 **CASE-STUDY :**

Campa-cola Ltd. is a great Indian company producing and distributing cold drinks in India. The company has been in existence for the last 15 years. It has a large manufacturing plant in Delhi and a fleet of trucks for the purpose of controlled and efficient distribution of cold drinks in the neighbouring states as well employees working in the company are fully satisfied with the service conditions. Promotional avenues and welfare schemes launched by the company for them. Customers also feel comfortable and satisfied with the drink both in terms of quality and price. But after the entry of two big multinational companies, Coca-cola and Pepsi, the entire situation has changed. Campa-cola has lost 90% of its market to these companies and it has become very difficult to compete with them. After initiation of many economic reforms during 1991, the business environment in the country has changed a lot. India's economy is going through a radical change. We have definitely moved towards a free market economy.

As a result of this, many new opportunities have been credited and at the same time new challenges and threats have also risen. There were more than half a dozen organizations engaged in the production and distribution of cola drinks under different names, when two great multinationals, namely coca-cola and Pepsi-cola entered the Indian market. The existence and survival of domestic organizations came into Jeopardy because of the cut-throat competition. Indian company Campa-cold business situation was very critical and lost major market to these companies.

Questions :

- a. Make out a SWOT analysis of Campa-cola limited. (05 Marks)
- b. Suggest a suitable strategy to maintain the survival and profitability of Campa-cola in the light of competition from MNC's. (05 Marks)
- c. How can Campa-cola utilize its strengths to regain its lost market share? (05 Marks)
- d. How can domestic organizations cope with the changing business environment? Suggest suitable strategies. (05 Marks)

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08MBA22

Second Semester MBA Degree Examination, May/June 2010
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 do you mean by FDI? What are the modes of FDI in India? (03 Marks)
b. Explain the various tools of audit control used by Reserve Bank of India. (07 Marks)
c. Examine the recommendations of the Narasimhan committee on banking structure reforms. (10 Marks)
2. a. State the reasons for disinvestment of Indian public sector units. (03 Marks)
b. What are the measures which can be taken, to control the inflation? (07 Marks)
c. Define the term HRD. Explain the importance of Human Resource Development. (10 Marks)
3. a. State the characteristic features of Indian economy. (03 Marks)
b. Bring the functions of RBI. (07 Marks)
c. Discuss the factors contributing to the growth of capital market in India. (10 Marks)
4. a. Distinguish between budgetary deficit and fiscal deficit. (03 Marks)
b. Present a SWOT analysis of Indian economy. (07 Marks)
c. Critically examine the tax reforms and recent developments in the taxation policy of the Government of India. (10 Marks)
5. a. What is meant by reserve "requirements" by banks? (03 Marks)
b. Explain the difficulties in measuring the national income. (07 Marks)
c. Define the fiscal policy. What are its objectives? Examine the instruments of fiscal policy. (10 Marks)
6. a. Write a note on the sources of environmental scanning. (03 Marks)
b. Explain the main features of a business cycle. What are the different phases of business cycle? (07 Marks)
c. Explain briefly the structure of Indian financial system. (10 Marks)
7. a. Explain the concept of national income. (03 Marks)
b. What are securities markets? Explain the various functions performed by securities markets. (07 Marks)
c. Discuss in detail, the impact of economic environment on the business. (10 Marks)

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

8 CASE STUDY :

Hero Honda is considered to be the single largest manufacturer of two – wheelers in the world market. Their best selling model, “splendour” is the world’s largest selling motor cycle brand at present.

The domestic motor cycle market has expanded in the past few years due to easy availability of loans and fall in interest rates. Its net profit increased by 25% and market share in motor cycles increased by 4% to 48% in 2003 – 04, compared to the previous year.

However, the company faces huge challenges. The motor cycle market in India has become extremely competitive with the technology evolving constantly. Motor cycle manufacturers have been launching a variety of models across all segments and product launches are often accompanied by heavy discounts. The company finds it is increasingly difficult to withstand this onslaught, without cutting prices; a difficult proposition given that the input costs are rising. Competition is also expected to intensify with the entry of foreign companies. But the future is not that gloomy for Hero Honda. It is the market leader by a wide margin and has a very good distribution network. The company also has a large cash hoard to face competition.

Questions :

- a. Discuss the performance of Hero Honda in the domestic market and the factors contributing for the success. (05 Marks)
- b. Make out a SWOT analysis of Hero Honda. (05 Marks)
- c. Do you think that Hero Honda would remain as market leader in the motor cycle market? (05 Marks)
- d. Why is it said that the future is not that gloomy for Hero Honda? (05 Marks)
