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10MBA22

**Second Semester MBA Degree Examination, June/July 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 number 8 is compulsory.**

- 1 a. What do you mean by economic environment? (03 Marks)  
b. What are the objectives of fiscal policy? (07 Marks)  
c. Explain briefly the economic and non-economic factors of business environment. (10 Marks)
- 2 a. What do you mean by recession? (03 Marks)  
b. Describe the features of Indian economy. (07 Marks)  
c. What is a business cycle? Explain different phases of business cycle. (10 Marks)
- 3 a. What do you mean by GDP? (03 Marks)  
b. Write a note on Depository System in India. (07 Marks)  
c. Define national income. Explain the difficulties in measuring national income. (10 Marks)
- 4 a. What do you mean by trade policy? (03 Marks)  
b. What are the objectives of Industrial policy 1991? (07 Marks)  
c. What are the objectives of monetary policy? Explain briefly the different instruments of monetary policy. (10 Marks)
- 5 a. Distinguish between internal and external environment of business. (03 Marks)  
b. Mention the importance of E-Banking in India. (07 Marks)  
c. What do you mean by SEBI? Explain the powers and functions of SEBI. (10 Marks)
- 6 a. What is meant by MNC's? (03 Marks)  
b. Write a note on capital market in India. (07 Marks)  
c. Explain the functions and structure of WTO. (10 Marks)
- 7 a. What do you mean by VAT? (03 Marks)  
b. Is population an asset to Indian economy? Justify. (07 Marks)  
c. What is disinvestment in PSUs? What are the strategies and issues of disinvestment? (10 Marks)

**8 CASE STUDY**

The Japanese are observed with cleanliness. Young people in Tokyo, wash their hair almost every day. Because of fear of germs, marketers sell pens that dispense antiseptics and bicycles with handle grips fixed resists germs.

Cash is favored form of wedding gift. Any self respecting Japanese will give only virgin money at a wedding. In case that a person doesnot have time to get to the bank (before it closes), the second best thing is the clean ATMs. There ATMs sanitize and press bills/ currencies before disbussing them to customer. Money deposited in these machines is fed through a roller, heated to 392 degree and cleaned of 95% of certain staphylococcus bacteria.

In Japan the ideogeam for the number 4 (four) can also be read as death. Therefore consumer goods shipped to Japan in packages of four have experienced limited sales. On the other hand 3 and 5 are considered luckier. Japanese ladies are not comfortable with the word diet and do not admit that they are dieting by drinking something.

- i) Assume you own a company at Japan. How the above information affect your business?
- ii) If your company is producing Bicycles both in India and Japan what adjustments you have to do at Japan market in your business strategies?
- iii) Discuss the impact of environmental issues on business based on the facts of the case.
- iv) If your company produces bicycles for Indian market what social factors need to be considered?

**(20 Marks)**

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10MBA27

**Second Semester MBA Degree Examination, June/July 2011**  
**International Business Management**

Time: 3 hrs.

Max. Marks:100

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

- 1 a. What are the factors covered in globalization? (03 Marks)  
b. Discuss the arguments for and against globalization. (07 Marks)  
c. Explain different modes and entry strategies, to enter in to international business. (10 Marks)
- 2 a. Define International Business Environment. (03 Marks)  
b. What are the ethical issues involved in international business? (07 Marks)  
c. Explain the elements involved in cultural environment and its implications on international business. (10 Marks)
- 3 a. Point out the salient features of mercantalism. (03 Marks)  
b. Explain Hecksher – Ohlin Theory. What are the comments of critics on this theory? (07 Marks)  
c. Discuss product life cycle theory and its implications on international business. (10 Marks)
- 4 a. What do you mean by ‘local content requirement’? (03 Marks)  
b. Explain ‘Dumping’ and antidumping measures. (07 Marks)  
c. Is Government intervention required in international business? Discuss the arguments from political and economic angles. (10 Marks)
- 5 a. What is ‘ANDEAN PACT’? (03 Marks)  
b. Write in detail about the formation and function of WTO. (07 Marks)  
c. Discuss various levels of economic integration between nations. (10 Marks)
- 6 a. What are the functions of foreign exchange market? (03 Marks)  
b. Discuss the factors that determine exchange rate. (07 Marks)  
c. Explain the design and structure of multinational corporations. (10 Marks)
- 7 Write short notes on :  
a. NAFTA. (05 Marks)  
b. IMF. (05 Marks)  
c. EU. (05 Marks)  
d. MERCOSUR. (05 Marks)

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

8 CASE STUDY :Free Trade and REI

Recreational Equipment Inc. (REI) is a buyer's co-operative that has grown in to one of the major suppliers of outdoor equipment in United States and has a rapidly growing international business.

REI operated a single store in Seattle in 1938. But in 1975, the co-operative started opening stores in other cities. Today REI has become a \$ 800 million – a – year business with 76 stores, 6500 employees and a revenue growth of 6 to 8 percent annually.

Despite the growth. REI still running as a co-operative with 1.7 million active members. All members receive a dividend cheque at end of each year that amounts to about 10 percent of the value of their purchases during the year.

To supply some of its own needs, REI since long had a manufacturing subsidiary, Thaw, which supplied REI with range of tents, backpacks , sleeping bags and clothing since 33 years. In 1990, Thaw concentrated on producing fleece clothing items for REI.

Following the North American Free Trade Agreement (NAFTA) in 1993, all tariffs on trade in textiles between US and Mexico were dropped. In following years, an increasing number of textile operators shut down in US and moved to Mexico, for cheaper labor costs. Wage rates for Textile workers in Mexico run about US \$ 5 to 10 a day, compared to US \$ 8 to 10 an hour at Thaw's operations. For a labor – intensive operation such as garment production, these wage differentials are significant.

Given these economics, in mid – 2000, REI announced that it would be closing its Thaw subsidiary and will source its products from Mexico. Through this, REI expected to reduce its cost of fleece items by 20 percent. This means lower prices for REI members and bigger profits for REI, in other words, larger dividend cheques for REI's members. It also means that Thaw employees will be out of job.

The events at Thaw are being repeated across the country. According to Industry data, employment in apparel manufacturing in US has fallen from 9,29,000 in 1990 to just 3,16,000 in June 2003. It is painful for textile workers but US consumer has gained from lower prices.

Thus, while a strong case can be made that NAFTA has benefited the majority of US citizens and Mexicans alike, it has inflicted pain on some groups such as Textile workers and forced some companies like REI, to take difficult managerial decisions.

**Questions :**

- a. What are the products handled by REI?
- b. Throw light on financial position of the company.
- c. How NAFTA agreement in 1993 affected REI's Thaw clothing business?
- d. What are your views on the implementation of NAFTA agreement? Discuss with the backdrop of REI.

(20 Marks)

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**Second Semester MBA Degree Examination, June/July 2011**  
**International Business Management**

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 are the implications of New Trade theory? (03 Marks)  
b. Bring out the impact of integration between countries. (07 Marks)  
c. Briefly explain the objectives and functions of W.T.O. (10 Marks)
- 2 a. What is "Exchange rate mechanism"? (03 Marks)  
b. Compare and contrast the international business, with domestic business. (07 Marks)  
c. What do you mean by legal environment? Describe the different legal systems prevailing in the international scenario. (10 Marks)
- 3 a. What is a turn-key project? (03 Marks)  
b. What are the implications of multi cultural environment for international business?(07 Marks)  
c. What are the different modes of entry to international business? (10 Marks)
- 4 a. Define "TRIM" (Trade related investment measures). (03 Marks)  
b. Explain the environment of 'foreign exchange market'. (07 Marks)  
c. State and explain the various issues related to a multinational organization's 'design'. (10 Marks)
- 5 a. Define "expatriate" and "impatriate". (03 Marks)  
b. Narrate the anti-dumping measures of an importing nation. (07 Marks)  
c. Explain the theory of "absolute cost advantage" and its implications. (10 Marks)
- 6 a. What is international business environment? (03 Marks)  
b. Explain the Porter's diamond model. (07 Marks)  
c. Explain the different kinds of economic integration and its advantages. (10 Marks)
- 7 a. What is convertible and non-convertible currency? (03 Marks)  
b. Why is ethics important to international business? (07 Marks)  
c. What are the reasons for creating the famous twins I.M.F. and World Bank? Bring out the main responsibilities of I.M.F. (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:**

Mahindra & Mahindra (M&M) is a major player in the tractor and certain segments of automobile market in India. After an impressive growth for a few years, the tractor market in India has been stagnating.

M&M has been selling its tractors and utility vehicles in foreign markets including USA. Some of the components for its products have been sourced from abroad. M&M has 100% subsidiary in USA, Mahindra USA, with a strong network of 100 dealers. Mahindra has 5% market share in the US market in the 28-30 horse power (HP) range.

As a part of the strategy aimed at building a global supply chain, Mahindra USA has signed a memorandum of understanding (MOU) with the Korean tractor major Tong Yang, a part of the \$2 bn Tong Yang Moolsam group, according to which Mahindra will source high horse power (mostly 25-40 HP) range and sell them around the world under the M&M brand name. To start with, the premium range of tractors will be sold in US.

M&M's current tractor range is more utility oriented and lacks the aesthetic appeal that Tong Yang's tractors have, a must for a strong presence in the US market.

**Questions :**

- a. What are the advantages and disadvantages of global sourcing? **(05 Marks)**
- b. How will the foreign market expansion help M&M? **(05 Marks)**
- c. How does the strategic alliance with Tong Yang benefit M&M? **(05 Marks)**
- d. What are the possible risks of the alliance? How can they be overcome/minimized? **(05 Marks)**

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