

Code: BA1T4

I MBA-I Semester-Regular Examinations FEBRUARY 2015

BUSINESS ENVIRONMENT

Duration: 3hours

Max. Marks: 70

SECTION-A

1. Answer any FIVE of the following: 5 x 2 = 10 M

- a. Industrial policy.
- b. Five year plans.
- c. Public debt.
- d. Balance of payments.
- e. EXIM Bank
- f. Consumer protection Act 1986
- g. DIC
- h. Sickness in small scale industries.

SECTION – B

Answer the following: 5 x 10 = 50 M

2. a) What is International business environment? State the important dimensions of international business environment.

OR

b) Examine the need for introducing competition Act 2002 in India. How far it is useful?

3. a) Critically evaluate the recent fiscal policy of Government of India.

OR

b) What is Balance of Payments? Explain the reasons causing disequilibrium in BOP.

4. a) Discuss about the recent trends in India's international trade.

OR

b) Critically evaluate India's recent EXIM policy.

5. a) Discuss in brief about the existing environmental laws in India. Do you think that there is any need to bring some more laws to protect environment.

OR

b) Discuss about the steps taken by SEBI to protect the interests of investors in India.

6. a) What is Entrepreneurship? State the major institutions promoting Entrepreneurship in India.

OR

b) Explain the role played by Government in Promoting Entrepreneurship.

SECTION – C

7. Case Study

1 x 10 = 10 M

The public sector Indian Oil Corporation (IOC), the major oil refining and marketing company which was also the canalizing agency for oil imports and the only Indian company in the Fortune

500, in terms of sales, planned to make a foray in to the foreign market by acquiring a substantial stake 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 Iranian company for acquisition in October 1998, oil prices were at rock bottom (\$ 11 per barrel) and most refining companies were closing shop due to falling margins. Indeed, a number of good oil properties in the Middle East were up to 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 scrutinized by a special committee represented by the RBI (Reserve Bank of India) and the finance and commerce Ministries. By the time the government gave the clearance for 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 EIF of France had virtually taken 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.

Questions:

- i) Discuss internal, domestic and global environments of business revealed by this case.
- ii) Discuss whether it is the domestic or global environment that hinders the globalization of Indian business.
- iii) Even if EIF had not acquired Premier Oil, what would have been the impact of the delay in the clearance on IOC?