

Code: BA1T4

PVP 12

I MBA - I Semester- Regular Examinations - DECEMBER 2015

BUSINESS ENVIRONMENT

Duration: 3hours

Max. Marks: 70

SECTION-A

1. Answer any FIVE of the following:

5 x 2 = 10 M

- a) Business Ecology
- b) EXIM Policy
- c) Essential Commodities Act 1955
- d) Core of the Social System
- e) Global Village
- f) SICA (Special Provisions) 1985
- g) Role of Entrepreneurship
- h) Competition Act 2002

SECTION – B

Answer the following:

5 x 10 = 50 M

2. a) Enumerate the general economic conditions which affect business? Why is economic analysis essential in planning of business organization?

(OR)

- b) Explain the economic roles of Government? Explain each role with hypothetical examples.

3. a) Critically examine the recent Fiscal Policy of the Government of India. Does the measures taken under Fiscal initiatives, in your opinion, promote a conducive environment for business growth?
- (OR)**
- b) What are the causes of disequilibrium in balance of payments position of our country. Do you suggest any solution for these problems.
4. a) What are the special features of the recent Foreign Trade Policy announced by the Government? Does the incentives provided therein help improve our balance of payment position?
- (OR)**
- b) Examine the impact of WTO on various aspects of Indian economy.
5. a) What are the monetary control measures adopted by the Reserve Bank of India? Are these measures helpful in promoting overall growth resulting in achieving the targeted GDP growth?
- (OR)**
- b) What are the general causes of industrial sickness? Examine the role of price control and price policy measures in arresting industrial sickness in our Country.
6. a) Enumerate the steps initiated by Government of India in promoting entrepreneurship development. Does the

developmental financial institutions play their expected role in tune with the government policy?

(OR)

- b) What is the role of SIDBI in promoting the Small and Medium Enterprises growth in India? Do you think SIDBI is playing its role effectively?

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 into the foreign market by acquiring a substantial stake in 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 shop 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 scrutinized by a special committee represented by the Reserve Bank

of India and the finance and commerce ministries. 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 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) What in your opinion hinders the globalization of Indian business.
- iii) Even if Elf has not acquired Premier Oil, what would have been the impact of the delay in the clearance on IOC?
- iv) What would have been the significance of the foreign acquisition to IOC?
- v) What in your opinion is the cause of failure of the acquisition by IOC in this case.