



I Semester M.B.A. Degree Examination, January/February 2015
(2007-08 Scheme)

Management
Paper – 1.7 : BUSINESS PERSPECTIVES

Time : 3 Hours

Max. Marks : 75

SECTION – A

1. Answer **any six** sub-questions. **Each** carries 2 marks. **(6×2=12)**

- a) Define business Ethics.
- b) What is GOP ?
- c) What is a repo rate ?
- d) What is exchange rates ?
- e) What do you mean by exim policy ?
- f) Define monetary policy.
- g) Define Corporate Governance.
- h) What do you mean international business risk ?

SECTION – B

Note : Answer **any three** of the following. **Each** question 8 marks. **(3×8=24)**

2. What is business ? How does business of today differ from that of four to five decades ago ?
3. Briefly explain factors influencing globalization.
4. What is fiscal policy ? What are its objectives ?
5. Define industrial sickness. What are the causes for sickness ?
6. Briefly explain the social responsibility of business.

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SECTION – C

Note : Answer **any two** of the following. **Each** question carries **12** marks. (2×12=24)

7. State and explain the mechanisms of corporate governance.
8. Explain the Industrial Policy 1948.
9. Explain the concept of MNCs and TNCs.

SECTION – D

10.Note : Answer the following case study, this question is **compulsory**. (1×15=15)

Case – Water Thief

Kerala gets the highest rainfall in the country. It receives two monsoons – Summer and Winter – every year. No other Indian state is so lucky with rains. But, the state's environmental groups would rather allow the rainwater to flow down into the sea rather than use it to generate hydroelectric power project that could destroy rainforests, flora and fauna. Some 30 years ago, the government planned to set up a giant hydroelectric power project and would harness this heavy flow of rainwater. Popularly known as the 'Silent Valley Project', it was meant to export electricity to neighbouring power and water-starved states like Tamil Nadu and Karnataka. But it never saw the light of the day in the face of strong resistance from environmental groups and their persistent legal action. If Coke had done its homework well, it would have avoided Plachimada.

It was a huge mistake. Coke soon found itself locked in a bitter battle with Plachimada's 'water warriors'. The recriminations flew between the village Panchayat (a local self-government), a symbol of India's grass root democracy and Coke, and threw up several basic questions. Firstly, what was the social and economic utility of water guzzlers like Coke in a country precariously short for freshwater resource ? Next should there be a strong regulatory framework to discipline water-based non-essential industries like soft drinks and monitor their menacing operations in water-starved locations ? Should India encourage companies like Coke to indulge in reckless commercial exploitation of groundwater, depriving millions of people of their right to clean drinking water. India faces a massive shortage of clean potable water for its people; it is a universal problem faced by mega- cities like Delhi, Mumbai and Chennai as well as several hundreds of thousands of villages like Kerala's Plachimada.



There have been several geophysical studies on the earth's proven reserves of freshwater. Coke's own study of global 'water situation' says that by 2025, two-thirds of humanity is likely to suffer from a moderate to severe shortage of water. It says that in India, the per capita water availability is only 1,967 cubic metres as against 10,230 cubic metres in the USA. The 'stress factor' applies when the per capita water supplies drop below 1,700 cubic metres. With 2.45 percent of the earth's land mass and over 17 percent of its population, India accounts for only 4 percent of the earth's freshwater resources. By 2025, the freshwater availability in India per head will fall to 1,600 cubic metres.

In such circumstances, it may be interesting to assess the future of water guzzling companies like Coke and how they can avoid compounding the misery of the country's teeming millions, who are thirsty and unclean for want of water. How many people consume soft drink in India? According to the industry, it is close to 200 million or less than 20 percent of its total population. A production of 550 million cases of carbonated water by Coke and Pepsi in 2004 would mean the production of over 3,000 million litres of soft drinks. Going by Coke's claim that it consumes 4 litres of water to make 1 litre of soft drinks, this means that the two soft drinks makers would have consumed 12,000 million litres of freshwater during 2004. Coke's soft drinks business grew at a phenomenal rate of 27 percent in 2002. Inclusive of its bottled drinking water, the business growth that year was nearly 40 percent. Despite the pesticides controversy, Coke's volume growth in 2003 was claimed to be 22 percent. The bottled water business is fast catching up with the soft drinks business in India. The size of the bottled water business (retail packs) in 2001 was estimated at 185 million unit cases or 1,052 million litres. This business is growing at an exponential rate of 40-50 percent a year. The introduction of highly popular bulk packs of bottled water, each containing 20 to 25 litres, for in-home as well as institutional consumption will further boost the business in the coming years. It is no wonder that Coke's Indian operations have come under increasing attack from local communities, especially around its plants that have been accused of exploiting millions of litres of groundwater everyday and fouling the environment as well.

Questions :

- 1) Do you think that Coke and Pepsi, have harmed the interests of India than benefiting.
 - 2) What can be done to check harmful effects of MNCs operating in India ?
 - 3) Why was Coke allowed to do what it wanted to freely in India ?
 - 4) In spite of all the hassles, Coke continues to stay in India and is growing. How could the soft drink gaint face the challenges ?
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