

(Following Paper ID and Roll No. to be filled in your Answer Book)

PAPER ID : 7110

Roll No.

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M. B. A.

(Second Semester) Theory Examination, 2010-11

BUSINESS ENVIRONMENT

Time : 3 Hours]

[Maximum Marks : 100

Note : Attempt all questions.

Section-A

1. State whether true or false/fill in the blanks :

1×20=20

- (a) Printing of securities and Minting in India is the responsibility of RBI.
- (b) Political environment refers to the legal system of obtaining in a country.
- (c) New Bank of India has been acquired by PNB.
- (d) Natural Environment may not be a part of Business Environment.
- (e) National culture is the dominant culture within the political boundaries.

- (f) Narsimhan Committee was constituted for financial reforms.
- (g) (Pt. Jawahar Lal Nehru/Shyama Prasad Mukherjee).....is known as the father of Indian Industrial Policy.
- (h) RBI is the largest public sector bank in the country.
- (i) SBI has the monopoly in the note issue in the country.
- (j) Scheduled commercial bank(Do not include/include) the foreign banks also.
- (k) Social actions can influence both the size and quality of the local market.
- (l) Social Responsibility of business is known as corporate social responsibility.
- (m) Technologies that equal or surpass the competitors are known as(Core technologies/state-of-the art technologies).
- (n) The business community occupied a significant place in ancient Indian society.
- (o) The level of domestic savings and investment is one of the indicators of a country's potential to attract FDI.

Professionally, the HR aspect of working in India has been most interesting, 'a learning curve' for him. "Coming out of the West, one was used to giving direct feedback. But in India, you have to be very careful about that. Constructive criticism has to be applied very carefully."

Another interesting observation he made was regarding performance appraisal. People here equate hard work with high performance. Just because you spent as many hours, it does not make you a high achiever."

Pickney himself works almost every Saturday, if he is in town and dislikes taking work home to his lovely house in the plush Sainik Farms locality in the outskirts of Delhi. While both husband and wife tend to stay in more, dining out with friends is one of the few entertainment options available in India. He has got more Indian friends than expats mostly people he met through business, like Kanwar Bhutani of Tupperware.

Both however, try to find time to play golf at the ITC Golf Course in Gurgaon. It's a game Mrs. Pickney took up in India, since she found free time on her hands for the first time in her life. A certified chartered accountant, Mrs. Pickney used to run her own business in Australia. Some of that time has been used to learn to cook typical Indian fare, butter chicken, aloo palak, rogan josh and dal makhani.

It's no wonder then that half their meals are Indian. They've adjusted to the spice factor in Indian food. What was hot when they first came is nothing compared to hot today. "When we travel abroad, we really miss the spice."

After all this time in India, they still find it striking that irrespective of which part of the country they are in, there's a positive spirit about people of India. "People have hope, optimism, and are generally happy." The respect Indians have for their culture and beliefs is another factor that the Pickneys appreciate.

"Family ties are much stronger here, as is respect for elders and their wisdom. For instance, girls in our office who talk and dress in a Western way, have no problems accepting arranged marriages", says Pickney, whose daughter is getting married in Australia in November this year. Papa Pickney is planning to throw an Indian reception after the Australian wedding, including traditional attire for the bride and the groom.

"Yet another occasion to break a coconut, Mr. Pickney?" We wonder.

Case of Question No. 2 (a)

The Incredible Journey of Google

In its history of 10 years, what the US based technology firm has achieved is incredible. Few firms have risen like Google, from total obscurity to being part of many people's lives and also their vocabulary. The company's search engine has become the prime tool for most people seeking information on any topic. In July 2006, over 49 percent of all Internet searches were conducted on Google, as against less than 25 percent for its nearest rival, Yahoo. From a turnover of \$ 6.1 billion in 2005, the revenues shot up to \$ 21.7 billion in 2008.

Google Inc. (the name is a play on the mathematical name for 1 followed by 100 zeros) came into being in 1998, as the fruit of a project by two computer science Ph. D students at Stanford University, Sergei Brin and Lawrence Page. The search engines in use at that time were not good at understanding user queries and the answers they delivered typically included many irrelevant links. Users either had to shift through pages of results to find what they really wanted to be skilled in putting together sophisticated queries to limit the volume of responses. Brin and Page's (the duo are still 'on leave' from the Stanford PhD Programme) PageRank algorithm,

however, prioritised the results of an enquiry according to how many other sites linked to them, allowing web users to vote for sites that had the most useful content.

As Google's website proudly claims, 'Democracy on the web works' : Google users are typically able to locate what they want amongst the first few results of a search.

Online advertising, which generates 96 percent of the firm's revenue, is kept separate from the search results. The 'sponsored search' allows the customer to click on sites related to the particular search-advertisers pay for each 'click' that the consumers make on their websites. The price is determined by advertisers bidding against each other in real-time online auction for the privilege of having their message displayed when certain key words are entered in the search engine.

Google has its presence in India but revenue contribution from Indian operations was a measly \$ 200 million in 2008. However, Google pins great hopes on India. With a head count of 1000 people, its second largest employee base globally after the U.S, Google is of the view that it is sitting on top of a veritable goldmine of online advertising.

With only 6.6 million broadband users, this goldmine might seem a long way off. But Google's numbers in India are actually not too shabby. Its social network, Orkut, has an estimated 13 million active monthly users as of May, 2009. Along with the search page, video service You Tube and its free e-mail (Gmail,) Google India claims to have four of the five leading web properties in India (the fifth being Rediff). With an active Internet base estimated to be around 50-60 million users, recent price cuts on broadband offering as well as cheaper mobile-data access plans have given connectivity a big boost. Auctions for next-generation data-rich 3G -mobile networks and Broadband Wireless Access expected by the end of the year will improve things further. Not surprisingly, global research firm Forrester Research estimates that India will be the world's third largest broadband Internet base by 2013. This is the market the Google is gunning for.

The business of selling ad space to companies can only thrive as long as Internet users keep flocking to Google's sites. To retain and attract new users, the company has been integrating services like railway information, bus schedules, local business listings, movies, reviews, and geographic information into their search.

Google also provides language support for people who use Gmail and Google's blogging service, Blogger. This service allows users to write a passage in the Roman script and the software created by Google will convert it into Hindi and seven other Indian languages.

Google takes great care while hiring people. The company has fancy for puzzles and the prospective hires are subject to series of puzzle tests. Those who survive will find entry into the company. There is a flourishing entrepreneurial environment in the company. Employees are allowed to bring their pets and kids to the office. They are encouraged to innovate and be creative all the time.

Googlies on the Way

Google may be sitting pretty as of now. But it must bat firmly as there are googlies on the way. Microsoft's new search engine Bing has entered the market already and is poised to cut into Google's market. Second the company has launched too many products, not all profitable. Further, such proliferation has dented the image of Google as a company known for focus and simplicity. Third, some products are released unfinished. While some are explicitly under the Google Labs umbrella, as new ideas that users

are invited to help the company develop, more mature one (such as Froogle) may spend three or more years as 'beta' products. the industry's term for unfinished software that users are helping to refine for final release.

Fourth, Google has not always anticipated how others might view its projects. A plan announced in 2004, but conceived much earlier to digitise books in the collection of major libraries encountered serious opposition from publishers and authors concerned about infringement of copyrights.

Fifth, a serious concern is that the growing internationalisation of the Internet makes it more difficult for the one-size fits-all search engine to satisfy consumers. Google's international advertising revenues are a growing proportion of its total revenues. This reflects the fact that more than half its user traffic is outside the US. The number of internet user's outside the US is estimated to grow at 13 percent per annum, twice the rate of growth within the US. While Google's service is provided in 97 languages worldwide, the growth in international usage offers opportunities for internet start-ups to provide services in local markets which the 'one-size-fits-all' approach cannot satisfy.

All things considered, Google's strength cannot be underestimated. It has an excellent team of executives comprising Eric Schmidt, Larry Page, Sergey Brin and Nikesh Arora guiding the destiny of Google. The company has a treasure trove of trial and error lessons learnt from world across over time. At least in India, Google has unique strength to rule over the market. The fact is that Google has excelled in devising products for one category likely to soar above others in India namely the mobile phone simultaneously with PC. This is sure to attract even more consumers to its sites for some more time to come and continue Google's reign as the well entrenched king of the Indian Internet domain.

Google's top brass is proactive. Having remained a private limited company for seven years, Google went public in 2005. The company has huge financial resources at its command. In the US market, Google's share of video sharing fell behind the leader -You Tube. Google decided to acquire You Tube for \$ 1.65 billion.

Questions :

- (i) Analyse Google's architecture. How well is it suited to the company's present competitive situation ?
- (ii) What is Google's expectation from India ? Why is it pinning so much hope on India ?
- (iii) What are the weaknesses of Google ? What are its strengths ?

Case of Question No. 2 (b)

Seventh Heaven

If there is one thing William H. Pickney, Managing Director and CEO, Amway India has mastered during his seven year stay in India, it's the art of breaking the coconut in one go. He has had enough practice at the opening of every new branch office, and during the annual Diwali puja in office, which is an Indian tradition followed religiously at Amway.

From wearing a Kurta Pyjama to, eating local food, Pickney has taken to India and things Indian. Even his office has shades of Indian influence, including a bronze Ganesh statue. "My wife and I had always talked about an adventure, and to us, India was the ultimate adventure," says Pickney.

The Pickney affair with India started in late 1997, when Amway sent them for a typical look-see, to decide whether they could contemplate living here for some two-odd years. They spent a week in Delhi just 'getting a feel for living in the capital city'.

"Before I came here, I had heard a lot of stories, and none of them were good." What didn't help matters was the number of vaccinations he had to take before coming to India; "I had never had as many shots in my life before," says the only expat on the rolls of the Rs. 600-crore Indian operations of Amway.

Cleanliness and health were two issues the Pickneys were concerned about. But, to their immense relief, it turned out to be far better. "We have not taken any malaria pills in the last five years."

People were the first thing Pickney noticed on his arrival in India. "In Sydney, you don't find people on the roads just outside the city. Here, they are everywhere." What's impressed him most about Indians is the level of education, dedication and commitment, which he says is 'the best and the highest in the world'.

- (p) Trade policy refers to all the procedures and practices that have a bearing on the trade movement of a country.
- (q) WTO was created by Dunkel Proposal.
- (r) SBI group has 8 banks in it.
- (s) There are(23/25) approved stock exchanges in India.
- (t) Narsimhan Committee submitted its report in 1991.

Section-B

2. Attempt any *one* of the following : 30

- (a) Read the following case carefully and answer the questions given at the end of the same (Enclosed).
- (b) Read the following case and answer the questions at the end of the same (Enclosed).

Section-C

3. Give a detailed account of technological developments in Indian Banking. 12½

Or

What is depositary system ? How it came to India ? Explain prominent features of it.

4. Differentiate between fiscal and monetary policy with suitable illustrations. 12½

Or

Describe the Consumer Protection Act in detail.

5. Bring out the salient features of FEMA and differentiate them with those of FERA. 12½

Or

Explain the concept of different types of economies.

6. What is MRTP ? How is it helpful in preventing RTPs and UTPs ? 12½

Or

Write notes on the following :

- (a) EMI
- (b) EFT
- (c) ATM
- (d) Globalization.

Questions :

- (i) How could William H. Pickney acculturate himself in India ?
- (ii) What lessons can Pickney convey to similar other expatriates ?