

Code: BA4T1

II MBA - II Semester - Regular Examinations JULY 2014

INTERNATIONAL BUSINESS

Duration: 3 hours

Max. Marks: 70 M

SECTION-A

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

- a) Cultural diffusion
- b) Current account deficit
- c) IMF
- d) Strategic alliance
- e) Competitive advantage
- f) Predatory pricing
- g) GATT
- h) Licensing agreement

SECTION – B

Answer the following: 5 x 10 = 50 M

2. a) Briefly describe the various framework for analysing International business environment.

OR

b) Explain with suitable examples, the significance of analysing the economic environment of a country before entering for business.

3. a) Which are the various International economic Institutions and agreements that facilitates International trade? Briefly explain each one of them.

OR

- b) What are 'regional free trade zones'? What is their significance in context of International business. Illustrate with an example.

4. a) What is the significance of pricing policy in context of International business? Explain pricing regulations with few examples.

OR

- b) What is strategic alliance? What is its importance in International business? Provide one example in support of your answer.

5. a) Explain the various strategic decisions involved while investing in a foreign country. What are the major barriers to any foreign investment.

OR

- b) Explain the benefits of FDI considering FDI in any one Industry of your choice from Indian context.

6. a) List out and briefly explain the recent emerging developments in International business.

OR

- b) How does Information Technology influence International Business. List five points and explain briefly.

SECTION – C

7. Case Study

1 x 10 = 10 M

This case is about the split between the Hero Group and Honda Motor Company. Hero Honda Motors Ltd. (Hero Honda), a joint venture between Hero Cycles of India and Honda of Japan, came into existence in 1984 as a motorcycle and scooter manufacturer in India. In 2001, Hero Honda became the largest two wheeler manufacturing company in India with over a million units produced as well as the 'World's number one' company in terms of the unit volume sales for the calendar year. The technology for manufacturing the bikes was provided by Honda whereas Hero was strong in its distribution and service network spread across the country.

In August 1999, Honda Motor Company announced the setting up of Honda Motorcycle and Scooter India (HMSI) for making scooters and later motorcycles as well. After this, the stock of Hero Honda fell by 30%. Subsequently, HMSI started producing motorcycles, competing directly with Hero Honda. Hero felt that its ambition to go international was being hampered by the joint venture. Both the companies decided to end the joint venture and signed their parting agreement on December 16, 2010. With the split, the erstwhile partners became competitors. Both the companies have several opportunities ahead of them and are likely to face challenges to gain and consolidate their position in the Indian two wheeler market.

*"The timing of the end of the joint venture is advantageous in terms of the fact that the overall market is expanding and specifically it has ended uncertainty within the two companies. The termination of the joint venture opens up the opportunity for Hero to become a global player which was a constraint during the joint venture."*¹

-Rakesh Batra, partner and national leader of the automotive practice at Ernst and Young, in 2010.

*"On the face of it, one would assume that with this change there would be greater competitive activity both for the export markets where one should expect Hero to be more active and also in the domestic market place one could expect more action from Honda."*²

-Rajiv Bajaj, MD, Bajaj Auto Ltd. in 2010

- a) Analyse the case to find out who would benefit from the split, Hero or Honda?
- b) Analyse the impact of this split on consumers and competitors.