

Roll No.

[illegible]

Total No. of Questions : 15

MBA / MBA(IB) (2012 & onward) (Sem.-2)

BUSINESS ENVIRONMENT

Subject Code : MBA-201

Paper ID : [C0246]

Time : 3 Hrs.

Max. Marks : 60

INSTRUCTION TO CANDIDATES :

- 1. SECTION-A contains SIX questions carrying FIVE marks each and students has to attempt any FOUR questions.**
- 2. SECTIONS-B consists of FOUR Subsections : Units-I, II, III & IV. Each Subsection contains TWO questions each carrying EIGHT marks each and student has to attempt any ONE question from each Subsection.**
- 3. SECTION-C is COMPULSORY and consist of ONE Case Study carrying EIGHT marks.**

SECTION-A

1. Explain the concept of business cycle.
2. Outline the components of macro business environment.
3. What is the significance of public sector for the Indian economy?
4. What is competition act? Explain.
5. What is the significance of cross cultural business environment?
6. What are special economic zones?

SECTION-B

Unit-I

7. Outline the political dimensions of doing business in India. What is the role of judiciary and legislature in the smooth functioning of the business environment for a country like India? Discuss.
8. What is Environment Scanning? Outline the various techniques of environment scanning and their advantages and disadvantages for the business.

Unit-II

9. What is the significance of monetary policy and the fiscal policy in the economic planning of a country? Discuss.
10. The legal environment in India is not conducive to the growth of the corporate sector today. Do you agree? What steps have been initiated by the new government to meet the challenges in the legal environment of India?

Unit-III

11. Disinvestment in the public sector and privatization is the cure of most of the problems of the Indian economy. Do you agree? What are the constraints involved in this? Discuss.
12. What is the role of the joint sector and the cooperative sector in the growth of the Indian business? Explain with the help of examples or a case study to justify your stance.

Unit-IV

13. What is the significance of foreign direct investment in the growth of any economy? Discuss its importance and limitations in the context of the Indian economy.
14. Critically evaluate the role and functions of WTO especially for India. Do you think the policies and regulations of WTO are biased towards developing countries, explain with examples.

SECTION-C : CASE STUDY

15. Case : Lucent in the Era of Economic Reforms

History of Lucent

The merger of various AT&T subsidiaries, including the Bell Labs, a leader in the innovations in telecom industry, formed Lucent in the early 1990s, in the U.S. After this, Lucent became a major player in the telecom sector. AT&T had already been operating in India since 1980s in the form of joint ventures with various Indian conglomerates, including the Tatas in manufacturing and setting up of Network Access Systems, and with Birlas in Cellular services. They also had a joint venture with Finolex cables to manufacture Optic Fiber cables. Later on, when AT&T subsidiaries combined to become Lucent in 1996, Lucent consolidated its business with its partners in India also.

Telecom Policy in India

The Indian telecom sector in India, prior to the National Telecom Policy of 1994, was the monopoly of the Department of Telecom, a government body. The NTP of 1994 concluded that private investment and involvement would be required to bridge the gap in resources for the telecom infrastructure, needed for the economic development. But the policy had many shortfalls. The policy allocated licenses on the basis of the highest bid resulting in unrealistic bids by the private service providers. The targets of NTP 1994 could not be achieved, as the shortfalls in the policy slowed down the private sector entry.

Indian Telecom Scenario

The Indian economy grew rapidly at an average rate of 7 percent during the last decade. Meanwhile, the telecom service providers were not able to provide the required infrastructure to facilitate this surge in the Indian economy. The IT industry in India has been consistently growing at the rate of over 30 percent in the past few years. IT spending, as a percentage of GDP in India, as compared to the developed nations, was very low. Hence, the scope for domestic demand for IT services was also very high. Nearly a quarter of the Fortune 1000 companies were outsourcing their software requirements to Indian companies. Lucent had strengthened its position in the broad-band networking in the recent years.

The Indian government introduced various reforms through the new industrial policy of 1991. These had strengthened through subsequent reforms through the last decade. By the year 2000, they had reached a stage where they could contribute significantly to India's economic performance.

In the later 1980s, the fiscal deficit of the Indian Government was very high, which was a cause for concern. The health of India's financial sector was also weak. The non-performing assets constituted a large percentage of bank's portfolios in India. During the same period, India was involved in various frictions with Pakistan.

However, the telecom infrastructure was choking under the new requirements of the IT industry. The bandwidth and international gateway capacity were also bottlenecks. The fixed-line penetration in India was one of the lowest in the world, at 2.69 percent. The presence of a huge waiting list for telephone connections in the many Indian towns, along with an expected GDP growth of near to 7.5 percent per annum in the long run, led to a huge requirement in the telecom services sector. The cellular subscriber base in India was amongst the fastest growing in the world, at the rate of 6 percent per month. With further growth in income, this was expected to grow at a faster rate in the future. Till 1998, VSNL was the only ISP in India. This restricted the growth of internet subscriber base in India. After 1998, the subscriber base had grown 5 times to 7,50,000. This is expected to grow at similar rate in the near future. All these are expected to fuel growth for Lucent products in India.

Prospects for Lucent in India

Lucent is looking towards capturing the huge Indian telecom market. Out of the five private basic telecom providers, four became Lucent customers. In addition, Lucent is also supplying equipments to the Department of Telecom. The growing cellular market offers additional opportunities to the Lucent's operations in India. The Indian economy as a whole, was slated to grow at a very high rate; also the thrust on infrastructure in the reforms had increased, leading to an increase in investment in telecom sector. The growing IT industry needed better telecom services for its outsourcing operations, which needed high bandwidth as well. Lucent, with its expertise in the area of telecom innovations, had been able to capture a large chunk of the telecom products market. The availability of high quality workforce also contributed to establishment of its Bell labs in Bangalore in India. It had the

opportunity to tie up with Indian Institutes of Technology. The Bangalore facility has developed software for various multimedia-messaging platforms. They also developed the 3-G mobile network platform. India has emerged as a software hub for many of the fortune 500 organisations. Lucent has been able to leverage this advantage due to its presence in India.

The Road Ahead

There has been a marked slowdown in the U.S. telecom industry and as such, India represents an opportunity for Lucent to keep growing at an increased pace. Also, India gives it an opportunity to hire low cost competitive workforce. This will help the company compete effectively in the international markets, at the same time keeping the cost of its products low. Even though the current political situation is not favourable, the benefits of investments in India far outweigh the costs.

Question

Discuss the business opportunities for a foreign company like Lucent in India, based on the present scenario in Indian economy and telecom industry.