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UNIVERSITY OF PETROLEUM AND ENERGY STUDIES

End Semester Examination, December 2018

Program: MA (Economics)
Course: Business Environment
Course Code: DSBA 7009
No. of page/s: 4

Semester : I
Max. Marks : 100
Duration : 3 Hrs

Section-A

All the questions are compulsory in this section.

[5*4=20]

Q. No.	Questions	CO
1.	Enumerate the components of "Macro Environment of Business".	CO1
2.	Why do business managers need to analyze the economic environment of a country?	CO1, CO2
3.	“High degrees of association happen between change in demographic structure and business decision”. Explain the statement.	CO1, CO2
4.	Outline the function of WTO.	CO1
5.	Explain the salient features of Consumer Protection Act of 1986.	CO1

Section-B

Attempt all the questions.

[3*10=30]

Q. No.	Questions	CO
6.	Explain the social responsibility of business towards shareholders, employees, government and the community.	CO1, CO2,
7.	Describe the various components of external environment that influence the business policy of an organization.	CO1, CO2
8.	Economic system defines the institutional framework, whereas the structure of economy defines the physical framework. Elaborate the statement.	CO1, CO2, CO3

Section-C
Attempt all the questions.

[2*15=30]

Q. No.	Questions	CO
9.	Critically explain the role of Government in business. What are the changes that have taken place in India after liberalization?	CO1, CO2,CO3
10.	What is the meaning of monetary policy? Critically describe the instruments of monetary policy in India.	CO1, CO2,CO3

Section-D
Attempt all the questions.

[1*20=20]

Q. No.	Questions	CO
11.	<p>Procter and Gamble (P&G), a global consumer products giant, “stormed the Japanese with American products, American managers, American sales methods and strategies. The result was disastrous until the company learnt how to adapt products and marketing style to Japanese culture. P&G which entered the Japanese market in 1973 lost money until 1987, but by 1991 it became its second largest foreign market.</p> <p>P&G, acclaimed as “the world’s most admired marketing machine”, entered India, which has been considered as one of the largest emerging markets, in 1985. It entered the Indian detergent marketing the early nineties with the Ariel brand through P&G India. P&G established P&G a home product, a 100 per cent subsidiary later (1993) and the Ariel was transferred to it. Besides soaps and detergents, P&G introduced later product portfolios like shampoos, medical products, and personal products.</p> <p>The Indian detergents and personal care products market was dominated by Hindustan Lever Ltd. (HLL). In some segments of the personal care products market, the multinational Johnson & Johnson has had a strong presence. Tata Group’s TOMCO, which had been in the red for some time, was sold to HLL. HLL, a subsidiary of P&G’s global competitor, has been in India for about a century. The takeover of TOMCO by HLL further increased its market</p>	CO1, CO2,CO3, CO4

dominance. In the low priced detergents segment, Nirma has established a very strong presence.

Over the period of about one-and-a-half decades since its entry in India, P&G invested several thousand crores. However, dissatisfied with its performance in India, it decided to restructure its operations, which in several respects meant a shrinking of activities-the manpower was drastically cut, and thousands of stockists were terminated. P&G, however holds that, it will continue to invest in India. According to Gary Cofer, the country manager, “it takes time to build a business category or brand in India. It is possible an even more demanding geography than others.”

China, on the other hand, with business worth several times than in India is less than 12 years, has emerged as a highly promising market for P&G. When the Chinese market was opened up, P&G was one of the first MNCS to enter. Prior to the liberalization, Chinese consumers had to content with shoddy products manufactured by government companies. Per capita income of China is substantially higher than India’s and the Chinese economy was growing faster than the Indian. Further, the success of the single child concept in China means higher disposable income.

Further, it is also pointed out that for a global company like P&G, understanding Chinese economy was far easier since the expat Chinese in the US was not very different from those back home whereas most Indians expats tended to adapt far more to the cultural nuances of the immigrant country.

Questions:

- (a) Discuss the reasons for the initial failure of P&G in Japan.
- (b) Where did P&G go wrong in the evaluation of the Indian market and its strategy?
- (c) Critically discuss the reasons for the differences in the performance of P&G in India and China.