

MIB / I Sem.

A

Course 516 – INTERNATIONAL BUSINESS ENVIRONMENT

(Admissions of 2004 and onwards)

Time : 3 hours

Maximum Marks : 70

(Write your Roll No. on the top immediately on receipt of this question paper.)

Attempt all questions. All questions carry equal marks.

1. (a) Briefly explain the following terms with suitable examples: 9X1=9marks
- (i) Direct Exporting
 - (ii) Turnkey and Subcontracting
 - (iii) Buyback
 - (iv) International Franchising
 - (v) International Licensing
 - (vi) Wholly Owned Subsidiary Company
 - (vii) Umbrella Holding Company
 - (viii) International leasing
 - (ix) Chaebols

- (b) Whether big or small, all the firms want to go global. Why? 5marks
- OR

What is culture? Briefly describe different elements of culture and how do they impact upon marketplace and workplace? 14 marks

2. "Protection barriers are to economies, what steroids are to athletes – a temporary fix and a long-term disaster."

Robert Allen, Chairman, AT&T

Explain the above statement and discuss the kinds of trade barriers. 14 marks

OR

What do you mean by discrepancies in international transactions? If you happen to be an international business manager, what care will you take to avoid them? 14 marks

3. (a) There are many types of international institutions to regulate international business. To understand their role it would be better to classify them. Briefly enlist them under various categories. 10 marks
- (b) What is the need to study international institutional environment? 4 marks
- OR

- (a) What are the trends in Regional Economic Cooperation? 7marks
- (b) What is the Political Economy of Regional Economic Integration? 7marks

4. 'Everyone is crazy for FDI. However the recent discussion paper by DIPP on increase in FDI limits in retail sector has been welcome by FICCI and Organised Retailers but not by Mom-and-Pop Stores, farmers and politicians (including the British MP).'
What is this discussion Paper? Why Is it a matter of such great concern? 14

OR

Write short notes on the following:

- (i) IT as the Driver of International Business 14
- (ii) Doha Round
- (iii) Most Favoured Nation Treatment
- (iv) Corporate Governance and MNEs

- 5 . Read the following case and answer the questions given at the end: 14

India is the second largest market outside China for Huawei (and ZTE) -- annual revenue from India at \$ 170 million in 2005 reached to \$ 2.3 billion in 2009. Since February 2010 the Centre has rejected 109 equipment contracts signed by local firms such as - Uninor, Tata Tele, Airtel, Idea, Spice, Vodafone and Aircel -- with Chinese vendors.

The Intelligence Bureau and Ministry of Defence have said that state-owned BSNL should not award telecom equipment contracts to Chinese equipment majors Huawei and ZTE in the interest of national security. BSNL had short-listed Huawei, along with Ericsson for its mega 93 million-line GSM expansion project worth around Rs. 30,000 crore, in what is the single --largest telecom contract in the world. Ericsson was short-listed as the lowest bidder for north and east zones while Huawei was selected for the west, east and south zones. BSNL and the Department of Telecom suggested that Huawei could be awarded the contract in south India since the region did not share sensitive borders with Pakistan, China and Bangladesh. Since 2005, the Union Home Ministry has warned many times that the foreign telecom equipment vendors, especially Chinese, have the capability of installing spyware and malware that can monitor voice and data traffic and disable networks. The security agencies believe that Huawei has links with China's people's Liberation Army, but the company says it is owned by its employees. Tata Telecommunications has asked the Government to clarify the position with regard to Western vendors who have production facilities in China.

It has offered to reveal the source code for its telecommunications systems to persuade the Indian govt that its gear did not pose a security threat. It is also open to third party audit of its telecommunications and facilities in India or any other part of the world. To convince India, Huawei has revealed of its shareholding to the Indian government in what it said was an unprecedented disclosure. Government of India wants not just the details of its ownership, but also clients and operations within and outside China. The company told the government that it is restructuring operations so that the chairman and the board of directors of the local arm will all be Indian residents. Huawei executives from China are now having Indian names like Rahul and Chetan. The Company has pleaded for independent audit to clear allegations that some parts of its R&D centre in Bangalore are off limits for Indian employees. It employs 300 Chinese engineers and 2000 Indian engineers in the R&D Centre in Bangalore.

Of late China's Commerce Minister has asked government of India to not to discriminate between Chinese telecom manufacturers and the Western ones. Finally government of

India has allowed the Chinese telecom manufacturers and the responsibility for security related issues has been imposed upon the local operators. HOWEVER IN July 2010, Government of India has changed its strategy of targeting vendors, the telecom gear-makers, regarding security concerns on imported equipment. Now all telcos have to submit within 30 days their organizational policy on security management of their networks. The networks of India's largest firms – Bharti Airtel, Reliance Communication, Vodafone, Tata Tele and Idea – are being managed by Ericsson, Nokia Siemens, Huawei or Alcatel-Lucent. Earlier this year the Centre asked in a directive to all vendors to employ Indian engineers to maintain and run the networks of operators. According to new guidelines, the mobile phone operators must enter into legal agreements with all outside personnel who have access to their networks. It will also be the responsibility of the service providers to ensure that all vendors put their source codes and all other relevant data in an escrow account so that both security agencies as well as operators themselves can access the same. In nutshell, the onus on ensuring the implementation of rules lies with service providers. The new rules will allow the Centre to lift the temporary ban on 26 foreign equipment vendors.

QUESTIONS:

- (i) Is Geo-politics involved in the case?
- (ii) Why did government of India ban the Chinese telecom manufacturers?
- (iii) What strategy did Chinese telecom manufacturers adopt to overcome GOI objections?
- (iv) What is the competitive scenario in telecom manufacturers and service providers?