H.T.No. | | | | | | | | | | |

Code No: BA1904 **GEC-R14**

MBA I Semester Supplementary Examinations, May 2017

BUSINESS ENVIRONMENT

(Master of Business Administration)

Time : 3 Hrs. **Max. Marks : 60**

Note:Answer All Sections of Questions.
All Questions from Section-A are to be answered at one place.

SECTION-A

6 × 2 = 12M

1. What is the classification of industry in Industrial Policy 1948?
2. Define Economic reforms.
3. What are TRIMS?
4. Define Monetary Policy?
5. What is meant by Public Revenue?
6. What are the objectives of BIFR?

SECTION-B

3 × 12 = 36M

1. a) Explain Internal and External Factors effecting Business Enterprise.

(OR)

b) Explain briefly Economic systems and Disinvestment.

2. a) Critically evaluate recent Fiscal Policy of Government of INDIA.

(OR)

b) More than 50% of Indian small scale units are sick-explain reasons and how to revive sick units.

3. a) Nature and role of Stock Exchanges in India.

(OR)

b) Explain Special features of SICA Act and Consumer Protection act.

SECTION-C

1 × 12 = 12M

CASE STUDY

Question:

Toyota UK

Toyota's origins can be traced back to the early twentieth century when the inventor of Japan's first automatic loom, Sakidu Toyoda, established a spinning and weaving company. By the 1930s, using funds from selling patent rights to a British machine maker, the company had begun to invest in automotive technology research and soon produced its first prototype passenger vehicle. In August 1937, Kiichiro Toyoda, the son of the original owner, established the Toyota Motor Company, beginning mass production at its Koromo plant in 1938, just before the outbreak of the Second World War.

Despite experiencing considerable difficulties in the post-war period, Toyota recommenced production and began to build up a sales network to market its vehicles. In 1950, the company was split into two parts – production and sales – with the Toyota Motor Company the manufacturing arm of the organisation. Using techniques which have subsequently been emulated by other large companies (e.g. total quality control, just-in-time), Toyota began to increase its output and sales and was beginning to make significant inroads into overseas markets by the mid-1960s. By 1982, when the sales and manufacturing arms of the organisation merged to form the Toyota Motor Corporation, export sales of vehicles had exceeded domestic registrations and Toyota had grown into a large multinational corporation with a range of interests in various parts of the world.

For much of the early post-war period, Toyota focused its attention on the American market and established sales facilities in California in 1957, to be followed by a design base in 1973 and a joint production venture with General Motors in 1984. Less than two years later, the Corporation established its first wholly owned production plant at Georgetown in Kentucky, from which the first of many US-built Toyotas emerged in 1988.

Toyota's development in post-war Europe proceeded along broadly similar lines, with the company establishing local sales and distribution networks, followed by design and production facilities. Initially, production took place under license (e.g. in Portugal in 1968) or through joint ventures (e.g. with Volkswagen in 1989) and was restricted to commercial vehicles and fork-lift trucks. By the late 1980s, however, the company had signaled its intention of establishing a passenger vehicle manufacturing facility in Europe, as part of its programme of overseas market development. This plant was opened in mid-1992 at Burnaston near Derby and was followed by the opening of an engine plant at Deeside, North Wales, some months later. Toyota's decision to establish production facilities in Europe is best understood against the political and economic realities of the period. Japan's post-war success in export markets had, by the 1980s, given rise to a huge Japanese balance of payments surplus that was bitterly resented by US and European governments and became the focus of attention in numerous meetings of the G7 countries. As part of this success, the Japanese car industry was under pressure from US and European car manufacturers and their governments to restrain exports, and this ultimately culminated in a system of agreed voluntary restraints (known as VERs) by Japanese Case study: Toyota UK car producers, for fear of more draconian measures. Since these restraints did not apply to vehicles produced by Japanese factories overseas ('transplants'), establishing a manufacturing presence outside Japan made sound commercial and political sense. This was particularly true in western Europe, where the EU's Common External Tariff made cars imported from Japan more expensive to consumers and hence relatively less competitive than locally produced vehicles. The EU's decision to establish a 'single market' within the Union added a further impetus to the decision by Japanese car manufacturers (and others) to seek a European presence. The fact that the United Kingdom was a favoured location for Toyota – and for many other Japanese companies – is not difficult to explain. Apart from providing direct access to the largest single market for motor vehicles in the world, the United Kingdom had a substantial market in its own right and a developed vehicle manufacturing industry with a significant parts and component sector. Added to this, the favourable response given to direct foreign investment by United Kingdom national and local government – including the use of financial and other inducements – made the United Kingdom an attractive proposition and a location of minimal risk for investing multinational corporations. As far as the choice of Burnaston was concerned, this seems to have been dictated by economic and commercial rather than political factors, although Derbyshire County Council actively lobbied the parent company and offered it a number of inducements to locate in the Midlands. Being centrally placed in Britain and close to the M1, Burnaston offered direct access to all parts of the country and a relatively quick route to the Continent, via the ports and the Channel Tunnel.

It also boasted a highly skilled local workforce, a developed infrastructure and a large site with room for further expansion.

There is no doubt that the multi-million Toyota development in Derbyshire has had a considerable impact on the local economy. Apart from the jobs created in building and operating the car plant, further employment has been created directly among local component suppliers and indirectly amongst those involved in providing services and materials and from the extra spending resulting from the growth of jobs. The area has also benefited from the prestige of having attracted a famous company to invest and this is expected to encourage investment by other overseas organisations. How far these gains will ultimately be at the expense of the other car-producing areas of Britain still remains to be seen, but economic analysis suggests they may prove significant.

Question:

1) What do you think the key factors which have made the UK an attractive location for direct?

2) To what extent do you think the expansion of the European Union will affect future inward investment decisions?

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