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MBA
MBA 206

Second Semester Examination – 2013

BUSINESS ENVIRONMENT AND SUSTAINABLE DEVELOPMENT

QUESTION CODE : A465

Full Marks – 70

Time : 3 Hours

*Answer Question No. 1 & 2 which are compulsory and any **four** from the rest.*

The figures in the right-hand margin indicate marks.

1. Answer the following questions : 2 × 10

- (a) How does competition benefit rival firms ?
- (b) Why Globalization is fast becoming imperative for Modern business ?
- (c) Why only Government should produce socially desirable goods ?
- (d) Why India followed Economic planning ?
- (e) Into which categories India's trade policy can be aggregated ?
- (f) What is the primary purpose of a stock-exchange ?
- (g) What developments set the tone for industrial policy, 1956 ?
- (h) How does Money market differ from Capital market ?
- (i) What core ideas does Sustainable development include ?
- (j) What does Effective environmental management require ?

2. CASE STUDY :

Kerala gets the highest rainfall in the country. It receives two monsoons - summer and winter-every year. No other Indian state is so lucky with rains. But, the state's environmental groups would rather allow the rainwater to flow down into the-sea rather than use it to generate hydroelectric power project that could destroy rainforests, flora and fauna. Some 30 years ago, the government-planned to set up a giant hydroelectric power project and would harness this heavy flow of rainwater popularly known as the 'Silent Valley Project', it was meant to export electricity to neighboring

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power and water-starved states like Tamil Nadu and Karnataka. But it never saw the light at the day in the face of strong resistance from environmental groups and their persistent legal action. If Coke had done its homework well, it would have avoided Plachimada.

It was a huge mistake. Coke soon found itself locked in a bitter battle with Plachimada's water warriors. The recriminations flew between the village panchayat (a local self-government), a symbol of India's grass root democracy and Coke, and threw up several basic questions. Firstly, what was the social and economic utility of water guzzlers like Coke in a country precariously short for freshwater resource? Next should there be a strong regulatory framework to discipline water-based non-essential industries like soft drinks and monitor their menacing operations in water-starved locations? Should India encourage companies like Coke to indulge in reckless commercial exploitation of groundwater, depriving millions of people of their right to clean drinking water? India faces a massive shortage of clean potable water for its people; it is a universal problem faced by mega-cities like Delhi, Mumbai and Chennai as well as several hundreds of thousands of villages like Kerala's Plachimada.

There have been several geophysical studies on the earth's proven reserves of freshwater. Coke's own study of global 'water situation' says that by 2025, two-thirds of humanity is likely to suffer from a moderate to severe shortage of water. It says that in India, the per capita water availability is only 1967 cubic meters as against 10,230 cubic meters in the USA. The 'stress factor' applies when the per capita water supplies drop below 1,700 cubic meters. With 2.45 per cent of the earth's land mass and over 17 % of its population, India accounts for only 4 per cent of the earth's freshwater resources. By 2025, the freshwater availability in India per head will fall to 1,600 cubic meters. In such circumstances, it may be interesting to assess the future of water guzzling companies like Coke and how they can avoid compounding the misery of the country's teeming millions, who are thirsty and unclean for want of water. How many people consume soft drink in India? According to the industry, it is close to 200 million or less than 20 per cent of its total population. A production of 550 million Cases at carbonated water by Coke and Pepsi in 2004 would mean the production of over 3,000 million liters of soft drinks. Going by Coke's claim that it consumes 4 liters of water to make 1 liter of soft drinks, this means that the two soft drinks makers would have consumed 2,000 million liters of fresh water during 2004. Coke's soft drinks business grew at phenomenal rate of 27 per cent in 2002. Inclusive of its bottled drinking water, the business growth that year was nearly 40 percent. Despite the

pesticides controversy, Coke's volume growth in 2003 was claimed to be 22 per cent. The bottled water business is fast catching up with the soft drinks business in India. The size of the bottled water business (retail packs) in 2001 was estimated at 185 million unit cases or 1,052 million liters. This business is growing at an exponential rate or 40-50 per cent a year. The introduction at highly popular bulk packs of bottled water, each containing 20 to 25 liters, for in-home as well as institutional consumption with further boost the business in the coming years. It is no wonder that Coke's Indian operations have come under increasing attack from local communities, especially around its plants that have been accused of exploiting millions at liters at groundwater every day and touting the environment as well.

- (a) Do you think that Coke and Pepsi have harmed the interests of India than benefiting ? 5
- (b) What can be done to check harmful effects of MNCs operating in India ? 5
3. An NGO's functions are almost same as those of a business enterprise. Why then NGOs are not called Business enterprises ? Explain. 10
4. Do you think globalization has dented Indian culture ? If yes, elaborate in what way ? 10
5. "As on today there is no country in the world where government of the land does not interfere in its economic activities". Do you agree ? Discuss. 10
6. What are the so-called economic reforms ? What has been the country's experience from the reforms ? 10
7. "The 1956 industrial policy is said to reflect the value system of our country". Is this a tall claim or a sincere and honest statement ? Explain. 10
8. Discuss the obstacles to developing the world's economy to meet the needs of the present without hurting future generations. 10