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May 2015

Bachelor of Business Administration (BBA) Examination

IV Semester

International Business

Time : 3 Hours] [Max. Marks : 80

Note : Attempt any four questions from Section A. Section B is compulsory. All questions carry equal marks i.e., 16 each in Section A. Section B carries 16 marks.

Section A

1. Explain basic functions and process of International Business and compare with domestic business with suitable examples.
2. Explain the impact of World .Economic and Political Systems on the growth and development of International Business with examples.
3. Explain the concept of International Marketing Mix. Explain the importance of Marketing Mix for a Marketer dealing in International Products ?
4. Write short notes on any two of the following : (a) WTO. (b) IMF. (c) Recent Trends in World Trade. (d) Export Pricing.
5. Explain the role and importance of ECGC and Export Promotion Councils in International Business.
6. Distinguish between any two of the following :
   (a) Balance of Payment and Balance of Trade.
   (b) Joint Venture and Strategic Alliance. Modes of Market Entry.
   (c) International Marketing and Multinational Marketing.

Section B

7. Read the case and answer the questions given below :

HUSS PHARMA INTERCONTINENTAL

Huss Pharma Intercontinental performed very well from its inception in 1985 until 1993. It manufactured about two dozen formulations, and had achieved a sales turnover of Rs. 50 crores in the local market by 1992. After establishing its brand name, corporate identity, financial status, and goodwill, the company thought of expanding beyond its home country. Mr. Deep Chopra, the CEO of the company, decided to completely focus his business activities on the overseas market. However, this decision later on proved to be futile.

A few consignments, which were sent to Russian in 1990, gave him confidence that he had a future in that country. He also studied the success stories of other pharmaceutical companies in Russia, such as Tata Pharma, Roussel, Ajanta, Themis, and Torrent. He went a step further and set up a manufacturing plant at Tashkent with a local working partner who had previously been his importer. The partner was prompt in paying, and due to his initial success, Mr. Chopra was confident of making good profits in Russia. This led him

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to lose interest in the local business, which ultimately allowed many other indigenous producers to penetrate the Indian market. The earnings of Huss Pharma prior to 1991 were diverted to the overseas business, and the local competency level started diminishing.

The sequence of events that took place in the company from 1992 to 2000 lead to a financial crisis, tarnished image, and legal hassles for Mr. Chopra. He was forced to flee his homeland as well as the countries where he had entered into business. In spite of enhanced expenditure on health and medicine (per capita), and initial success due to its good products, Huss Pharma was ruined due to certain decisions taken since 1992. The following table lists the sequence of events :

Year	Events	Huss Pharma's decision	Impact
1992	Indigenous sales turnover of Rs. 50 crores High market share for two products.	Exported a few fast-moving ranges to Russia.	Market acceptance importer became a business partner for a unit in Russia.
1992	Planned to cover the entire Russian and Eastern European market with their own setup.	Invested Rs. 5 crore ($2m) USD = Rs. 23 First overseas unit of Huss Pharma was a joint venture.	Project was completed, but production did not start - collapse of the U. S. S. R.
1993	One distributor from the ECC advised Mr. Chopra to put up a unit in Kuwait.	Set up a plant in Kuwait. (Per capita income $23,400) and also covered neighbouring countries.	The J. V. plant was bombed and 5 Indian employees were victims.
1995	One local pharmaceutical unit at Maurice was interested in contract manufacturing of 12 Huss Pharma items.	Entered into an agreement and started marketing in South Africa, Kenya, Madagascar, and Cameroon under Huss Pharma.	Merck, the US multinational, sued *Huss* Pharma for infringement of patent for 2 products ($2 million compensation)
1997	Fast growth of Southeast Asian economics attracted Huss Pharma to start up in ASEAN.	Set up a wholly owned subsidiary at Jakarta to recover all the losses. Heavy borrowings inevitable.	Within eight months of operation, a crisis started in Indonesia. The unit is inoperative.
2000	Chopra disappears	Confused state	No one knows his whereabouts

Questions :

1. Enumerate the various blunders Mr. Deep Chopra committed in his entry strategies.
2. What should have been the right method of operations abroad while Huss Pharma was strong locally ?
3. Discuss the risk analysis Mr. Chopra failed to carry out.

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