

BUSINESS ENVIRONMENT

(For students admitted in 2014 only)

Time: 3 hours

Max. Marks: 60

All questions carry equal marks

SECTION - A

Answer the following: (05 X 10 = 50 Marks)

- 1 Explain factors influencing the business environment.
OR
- 2 Discuss the role of FDI in the growth of economic development of the country.
- 3 Define monetary policy. Critically examine the working of monetary system in our country.
OR
- 4 What is budget? Briefly explain the components of Indian budget.
- 5 Explain role of foreign trade in a country's economic development.
OR
- 6 What is balance of payments? Explain its structure and major components.
- 7 Describe the structure and functions of WTO.
OR
- 8 Give brief description on: (i) TRIPS. (ii) TRIMS.
- 9 Explain the provisions of the consumers protection Act 1986 to protect the Indian consumers.
OR
- 10 Write brief description on BIFR.

SECTION – B

(Compulsory Question)

01 X 10 = 10 Marks

11 **Case study:**

The Kerala state industrial development corporation (KSIDC) has mooted an amalgamation arrangement of a number of troubled seafood processing units to form a single entity in a bid to help them to overcome their present financial crises. There are around 90 sick seafood units in India against many of whom the debt recovery tribunal has initiated proceedings. Collectively these units owe around Rs.260 crore to various banks and financial institutions. More than half of this amount is accumulated as interest on loans, KSIDC which has around 20 units, conducted a study on the sea food industry before coming up with the proposal for amalgamation, an official said.

The seafood exporters association of India (SEAI) and the forum of revival and reconstruction of seafood exports industries in India are now supporting the proposal which suggests that 10 or more units be amalgamated in to one company so that it will have a stronger financial base and better economies of scale.

As a first step towards this plan, six units in Kerala have come together to be amalgamated in to a single firm. However, this unit now requires approvals of their tenders to go ahead with the scheme for amalgamation which is an optional scheme for the forum.

According to SEAI, the seafood unit started incurring losses and eventually turned sick because of reasons that were beyond their control. Incidents such as blacklisting of cooked shrimp by the US and ban on Indian seafood announced by the European Economic Community (EEC) are factors that contributed to the weakening of the industry. On the other hand, processing units had to invest in modernizing their facilities to remain competitive in the global markets, but they are facing financial problems. There is not sufficient raw material available and competition in the sector is unhealthy too.

The SEAI and the forum are now seeking the help of the Indian banks association and the finance ministry to settle their dues to the banks.

According to SEAI, a similar model of amalgamation was tried out successfully in Iceland 20 years ago. About 100 traditional seafood units in the country were amalgamated in to ten units to achieve a turnaround.

Question:

What are reasons of sickness of seafood units? Do you support the strategy of SEAI for revival and reconstruction?
