MANAGEMENT PROGRAMME

Term-End Examination 06483

December, 2011

MS-3 : ECONOMIC AND SOCIAL ENVIRONMENT

Time : 3 hours *Maximum Marks : 100*
(Weightage 70%)

Note : There are two Sections - A. and B. Attempt any three questions from Section - A which carry 20 marks each. Section - B is compulsory and carries 40 marks.

SECTION - A

1. "Management movement in India has been strong and distinct compared to trade unionism and consumerism". Discuss the statement highlighting the implications of professionalisation of management. **20**

2. Briefly analyse the growth and structure of private sector. What according to you are the major differences between private and public sector ? **20**

3. Analyse the major trends in the growth of India's foreign trade. Also discuss why developing country needs to participate in Foreign Trade ? **20**

4. Critically examine the recommendations of the Tax Reforms Committee. **20**

5. Write short notes on ***any four*** of the following. **4x5=20**

   (a) Laissez - faire type of Economy.

   (b) Industrial Licensing

   (c) OTCEI (Over the Table Counter Exchange of India)

   (d) Balance of Payment Account.

   (e) Economic Reforms and control of inflation.

SECTION - B

6. Read the following case study and answer the questions given at the end. 40

NOKIA IN INDIA

In April 2005, Nokia India, a subsidiary of Finland-based Nokia, announced that it was setting up a manufacturing facility for mobile devices in Chennai, the state capital of Tamil Nadu in southern India. Nokia planned to invest US$ 100-150 million in the facility, where the production was expected to begin in the first half of 2006.

Pekka Ala-Pietilä. President and Head of Customer & Market Operations, Nokia Corporation said, "Establishing a new factory in India is an important step in the continuous development of our global manufacturing network". India was ideal for Nokia's new production facility. Each mobile handset has more than 400 parts and the average production capacity of each manufacturing unit of Nokia is around 20 million units.

This level of manufacturing involves a total of 8 billion components per annum, requiring strong logistical support. Nokia's manufacturing facility needed to be located close to a major international airport or sea port for quick supply of components. India met all these requirements, and also enjoyed cheap manpower costs and proximity to the rapidly growing Asia Pacific markets.

Besides, Nokia was the market leader in mobile communication devices in India. The company has been carrying out sales and marketing, customer care and research and development activities in the country. Nokia considers India to be one of its most important markets.The company's Code Division Multiple Access (CDMA) facility is located in Mumbai and provides software and technical support to CDMA consumers in India and other Asia Pacific countries. In 2004, Nokia was chosen as 'the most respected consumer durables company' by Business world. The magazine wrote, "This Finnish company's debut at the top of the heap says two things One, that its strategies - including ones like developing a phone specifically for India - are respected. But, more importantly, Nokia's win is also an endorsement of the importance of the ubiquitous cell phone as a durable in today's world. After all, unlike its competitors, most of which offer a slew of durables, Nokia is mostly a cell phone company."

In 2005, Nokia was recognised as the 'Brand of the year' by the Confederation of Indian Industry, India's apex industry association. The company was chosen for this award because of its high brand recall, well established distribution channels and being 'most preferred' by the consumers.

Enamored of Nokia's success in the Indian market, Harvard University had invited Nokia India to talk on 'How Nokia cracked open the Indian market?'

The Indian Mobile Phones Industry

The mobile phones industry made a slow start in India in 1995. Several private players who had entered the industry in 1995 exited in the next few years due to the unfriendly telecom policies of the Indian government, high licensing fees and absence of a proper telecom regulatory body. The growth in the subscriber base of mobile phones remained sluggish initially, reaching the 1 million milestone in 1998. In 1999, the Government of India announced a new telecom policy. This policy planned to provide telephones on demand by 2002.

Among other things, the policy allowed unrestricted private entry into almost all mobile service sectors. The government allowed cellular mobile service providers to share infrastructure with other operators. It also allowed existing operators to migrate from fixed license fee to one-time entry fee with revenue sharing. This policy helped many private operators to break even faster. By 2001, the demand for mobile services was growing well. The private companies concentrated on providing basic telephone services to consumers. The number of mobile phones crossed five million by 2001 and doubled to 10 million in 2002...

The case presents an overview of Nokia's entry and expansion strategies in India. In the past one decade, Nokia has emerged as one of the most recognized brands in India, surpassing some of the Indian business conglomerates in terms of revenues. The case describes the marketing stategies of Nokia in India and examines how the Nokia brand has become synonymous to mobile phones in the country. While Nokia considers India as one of the most important markets for its future growth, the company has been facing stiff competition in the recent years from Korean players like Samsung and LG. The case highlights Nokia's strategies to compete with Korean companies and its products.

(a) What are the environmental factors affecting Nokia's entry into India ?

(b) What approaches can be used by Nokia to study environmental factors and draw SWOT for Nokia ?

(c) How Nokia has been affected by the recent policy of Govt. of India regarding mobile Cellular Services in India ? Discuss.