

Reg No.: _____

Name: _____

APJ ABDUL KALAM TECHNOLOGICAL UNIVERSITY
Third Semester MBA Degree Examination February 2022 (2020 scheme)

Course Code: 20MBA201

Course Name: INTERNATIONAL BUSINESS

Max. Marks: 60

Duration: 3 Hours

PART A

Answer all questions. Each question carries 2 marks

		Marks
1	List the factors influencing the decisions in International Business	(2)
2	What is Double Taxation in International Business?	(2)
3	Which are the non-tariff barriers in International Trade?	(2)
4	Which are the market entry strategies that don't need FDI?	(2)
5	What is Transfer of Technology? Why is it important in International Business?	(2)

PART B

Answer any 3 questions. Each question carries 10 marks

6	a. Why is International Business important? (2)	(10)
	b. Elaborate on the indicators of growth of International Business (8)	
7	a. Compare the various types of International Firms and their strategies (6)	(10)
	b. Differentiate between the various international orientations (4)	
8	Describe the various market entry strategies in International Business	(10)
9	Evaluate India's Foreign Trade Policy	(10)
10	a. Compare the advantages and disadvantages of Foreign Investment (2)	(10)
	b. Discuss any four theories of International Investment (8)	

PART C

Compulsory question. This question carries 20 marks

11	In 2008, Tata Motors acquired luxury auto brands -- Jaguar and Land Rover (JLR) from Ford Motor for US\$2.3 billion. Tata signed the deal with Ford, which on its part chipped in with \$600 million towards JLR's pension plan. Acquisition of JLR was one of the rare cases of an Indian Company acquiring luxury brands. It was a very risky and Tata had to invest a lot in the brand to make it stand out. Tata Motors wanted to decrease their dependency on the Indian market which accounted for more than 90% of its sales. Tata raised US\$	(20)
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3 billion through bridge loans for 15 months from different banks including JP Morgan and SBI as they were facing a cash crisis due to their US\$12.1 billion deal acquisition of steel giant Corus and heavy investments in Tata Nano Project.

Ford bought Jaguar from British Leyland Ltd. in 1989 for USD 2.5 billion and Land Rover for USD 2.7 billion in May 2000. As market conditions toughened in the 90s and people stopped buying luxury cars, they went through a rough phase. However, in 1999, Ford established a PAG (Premier Automotive Group) which included Jaguar, Aston Martin and Lincoln. Volvo soon entered this PAG. But they had to dismantle the PAG in 2006 and sell Aston Martin for USD 931 million. JLR was then next in the line.

Benefits to Tata:

- Less dependency on the Indian Market and an increased share in the Global Market.
- Their range diversifying from India's cheapest car to luxury brands.
- Access to latest technology which came along with JLR.
- Cost Competitive Advantage as Tata acquired Corus supplied steel to JLR

As per Morgan Stanley's report, Tata had to put in extra US\$ 1 billion as capital expenditure in JLR after acquisition. Their worldwide car sales also took a hit and decreased by 5%. Tata lost US\$517 million in their Indian operations in March 2009 and lost additional US\$510 million on JLR.

JLR performed strongly after the merger and was slowly and steadily repaying Tata's immense faith in its name and reputation. But since 2014-15, JLR sales is reducing throughout the globe. On June 15, 2020 JLR reported a drop in its sale figure for fourth quarter and financial year ended March 31st, 2020 due to corona virus pandemic with significant impact on its projections for 2019-20, with fourth quarter retail sales down 30.9% and annual sales lower by 12.1%. Tata Motors suffered consolidated fourth quarter net loss of Rs.98.94 billion. Its total sales of passenger vehicles for FY 2019-20 was 38% less than FY 2018-19 and total sales of commercial vehicles is 34% less in comparison to FY 2018-19, with sluggish sales in China and Brexit adding to its woes. Tata Motors had launched an organisational restructuring programme. During the time of corona virus pandemic, company has laid off 1100 employees as it is focusing on cost cutting. JLR is like two-edged sword for Tata Motors. If JLR performs well, Tata Motors earn its profit nearer to 80% from JLR. When JLR doesn't perform well, in that situation most of the loss of Tata Motors is from JLR.

Case Questions

1. Why did Ford Motors fail to keep JLR afloat?
2. What were the factors that contributed to the competitive advantage of Tata Motors post acquisition of JLR?
3. Can Tata Motors improve their performance with their organisational restructuring program?
