

The next step was to introduce an up market product and last year Yash a safflower refined oil, was launched with considerable success. It is the only equivalent of saffola in India today. Claims Karnat, Undoubtedly, Amrut Dhara is a market leader hot only in Nagpur, but also in several other parts of Maharashtra in the Soya Oil segment Yash too is a quality premium.

Karnat reveals the group will be finalizing a collaboration with a Danish Company to produce Soya milk, with a 50 buy back arrangement. The idea is to feed one day old calves with high protein soya milk, while the mother cow's milk can be saved for human consumption, thus increasing milk production Says Lambat (Who has also developed a 100 per cent diseases resistant variety of sunflower and a drought resistant variety of safflower seeds). This concept has been in vogue in Europe for over two decades and now we hope to bring it to India. The group is launching a financial services company, with a base capital of Rs.50 lakh. Looking at the future, Karnat predict that the group's turnover should cross the Rs.100 crores mark within three years, more seeds of success, perhaps.

(a) What are the reasons for the cost over- run of Umred?

(b) Evaluate the growth strategy of the Umred groups.

MBA 3812

M.B.A. DEGREE EXAMINATION, JUNE 2007.

Third Semester

International Business

Paper XII — MANAGEMENT OF MULTINATIONAL CORPORATIONS

Time : Three hours Maximum: 100 marks

PART A — (5 × 6 = 30 marks)

Answer any FIVE out of the following.

1. Define Multinational Corporation.
2. What are the recent trends in the field of MNC?
3. State the need of Foreign Investment.
4. Short note on Management of Joint Venture.
5. Write briefly the locus of decision- making in global management.
6. What is meant by Service Technology?
7. Describe the Code of Conduct.
8. Explain the Strategic Alliance in international business.

PART B — (5 × 10 = 50 marks)

Answer any FIVE out of the following.

9. State the methods of comparative management.
10. Evaluate the governments steps have taken to have control over the MNC.
11. Examine the achievements and failure of the Government Policy in attracting foreign investment.
12. Explain the nature and significance of comparative management.
13. Foreign Investments are comparatively very low in India between the countries. - Explain.
14. Mention the organizational design and structure of international corporations.
15. Explain about the management style and practices in different countries.
16. Becoming full-fledged global business operations across the countries- comment.

PART C — (1 × 20 = 20 marks)

17. Case study – Compulsory

In 1985, A.K. Raju who held a doctorate in Agriculture and who had been working as a scientists in Indian Council of Agriculture Research. Arvind who is an electrical engineer and an MBA and Udaya who is a mechanical engineer who had brief stint at several well known companies got the Umred Agro Complex Ltd.

registered. The main objective was to ensure remunerative price to the soyabean cultivators of Umred and neighbouring areas (Nagpur).

The project cost of putting up a solvent extraction plant was estimated at Rs. 2.3 crores. The promoters were to contribute Rs. 35 lakhs. Many farmers promised to contribute to the capital of the company. By the end of 1986, most of the loans were tied up at least on paper, except for a component of Rs. 43 lakhs to be sanctioned by Bank of India(BOI). State Finance Corporation of Maharashtra agreed to give Rs. 88 lakhs and Maharashtra funds until the BOI cleared the loan. Of these Institutions refused to release the funds until the BOI cleared the loan. When the BOI made up its mind in 1988, the project cost had gone up to Rs. 54 lakhs. Of this 150 farmers agreed to contribute Rs. 14 lakhs. Finally the gap could be bridged by a loan later arranged from the Risks Capital and Technology Corporation of IFCI, Delhi.

The plant commenced operation in December 1990. Turnover jumped from Rs.18.7 Crores in 1991-92 to about Rs. 40 crores in 1993-94 and net profit in 1993-94 was estimated to cross Rs. one crore. Export of de-oiled cakes increased from Rs. 1.8 crores in 1991-92 to Rs. 15 crores in 1993-94.

Within ten months of starting production, Umred Agro doubled its capacity to 200 tpd by pumping in another Rs. 1.33 crores, all coming from loans. Simultaneously the promoters also launched packaged refined soya oil under the Amrut Dhara brand name Amrut Dhara is now a household name in Nagpur.