

advanced technology is incorporated into machines so that users derive optimal productivity and efficiency. To maintain the flow of product applications the organisation commits hundreds of millions of dollars each year to research and development. A second product guideline is quality. With the last ten years several billion dollars have been spent on plant and equipment to ensure reliability in the hostile environments the machines endure. The third aspect of product strategy is to offer a full line of products. This implies machines capable of performing on job sites as small as a residential lot or as large as the Alaskan pipeline. The CAT product line offers over 100 different machines with nearly infinite options/modifications. The fourth and final principle of the product strategy is to design and build only machines that can be produced on an assembly line, to take advantage of manufacturing expertise and efficiency of caterpillar plants, and to provide significant economics of scale.

Questions

- (a) How important is new product development to caterpillar?
- (b) What sources of new product ideas might a company such as caterpillar use?
- (c) Evaluate CAT as a brand name.
- (d) Evaluate each of the four points of caterpillar's product strategy.

MBA 3820

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

Fourth Semester

International Business

Paper XX — FOREX MANAGEMENT AND
CURRENCY DERIVATIVES

Time : Three hours

Maximum : 100 marks

PART A — (5 × 6 = 30 marks)

- I. Answer any FIVE out of the following.
 1. Briefly explain the arguments for stable exchange rate.
 2. Distinguish between single rate and multiple rate.
 3. State the characteristics of Exchange control.
 4. Explain the important methods of foreign payment.
 5. Write a short on 'Arbitrage'.
 6. What do you understand by Bilateral or multi-lateral agreement?

7. Explain the various types of Foreign Exchange Bills.

8. What are the advantages of Exchange control?

PART B — (5 × 10 = 50 marks)

II. Answer any FIVE out of the following.

9. Explain how swap rates are determined?

10. Diagrammatically explain the spectrum of choices in exchange policy.

11. Analyse the causes of instability in the rate of exchange during the short period.

12. How to check the fluctuations in the Rate Exchange.

13. Explain diagrammatically the determination of the rate of exchange.

14. Explain the execution of forward contracts. How will you cancel and extend the contracts.

15. What are the factors determining forward margin?

16. What are the outcome of Gold Standard – Bretton Woods and also explain the difference between fixed and floating exchange rate system.

PART C — (1 × 20 = 20 marks)

17. Case Study — Compulsory.

Caterpillar Tractor company (CTC) is a large manufacturing firm headquartered in Illinois, USA. Its Familiar 'CAT' logo and Yellow paint are known throughout the world. Indeed in its business, caterpillar has an estimated 37% of the world market. Its closest rival, Japan's komatsu, has an estimated 15%. A multinational company caterpillar has manufacturing and dealer representatives throughout the world. The products which the firm designs, manufactures and markets can be classified into two basic categories :

(i) Earth moving, construction and materials handling equipment — track type tractors, Bulldozers, rippers, track and wheel type loaders, pipe layers, wheel dozers, compactors, wheel scrapers, off highway trucks and tractors, motor graders, hydraulic excavators, long skidders, lift trucks and related parts and equipment.

(ii) Engines — for earth moving and construction machines; on highway trucks; marine, petroleum, agricultural, industrial and electric power generation systems. Engines either, diesel or natural gas, have power ranges from 85 to 1600 horse power or in generator set versions from 55 to 1200 kilowatts. Turbines range from 25 to 10600 horsepower and in generation set configurations from 10 to 7,900 kilowatts.

Caterpillar's market success is based to a great extent on its four-point product strategy. First,