

(3 Hours)

[ Total Marks : 60

**N. B. :** (1) Question No. 8, **Case Study** is **compulsory** and carries **20** marks.

(2) Attempt any **four** from question Nos. 1 to 7 each carry **10** marks.

1. What are the various strategies for entry and operation in international business ? Give suitable examples in brief for every strategy.
2. Explain Raymond Vernon's Product Life Cycle Theory in international trade. Illustrate how will it help developing countries.
3. Explain the characteristics of MNCs. How are they different from domestic companies. How do MNCs take advantage in emerging economics like India and how do they benefit these economics ?
4. "WTO is more complex than removing non-tariff barriers and reducing tariff barriers". – Discuss the above statement in the context of its various provisions impacting developing countries.
5. Discuss various theories of Foreign Direct Investment.
6. Describe the Political, Social, Economic and other factors in the international business environment. How do these affect the country selection for new companies planning to enter international markets.
7. Answer any **two** of the following :—
  - (a) Offshoring/outsourcing in International Business.
  - (b) Dumping and Anti-Dumping measures.
  - (c) Most Favoured Nations (MFN).
  - (d) E-Commerce.

**8. Case Study :—**

Nestle with headquarters in Vevey, Switzerland was founded in 1866 by Henri Nestle and is today the World's biggest food and beverage company. Sales at the end of 2010 were around CHF 100 billion with a net profit of over CHF 8 billion. It employs around 250,000 people and has factories in a almost every Country in the World.

**History**

In the 1860s Henri Nestle, a pharmacist developed a food for babies who were unable to breastfeed. His first success was a premature infant who could not tolerate his mother's Milk or any other substitutes. People quickly recognize the value of the new product and soon Farine Lactee Henri Nestle was being sold in Europe. In 1905 Nestle merged with Anglo Swiss Condensed Milk Company. By early 1900, the company was operating factories in US, Britain, Germany and Spain. World War I created new demand for dairy products in the form of government contracts. By the end of war Nestle's production was more than doubled.

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After the war, Governments contracts dried up and consumers switched back to fresh milk. However Nestle's management responded quickly streamlining operations and reducing departments. In 1920, Nestle saw first new products-chocolates. Nestle also felt the effect of world war II, the war helped with the introduction, of Nestle's newest product-Nes cafe which was the staple drink for US Military. The end of the war was the beginning of dynamic phase of Nestle Growth accelerated and companies acquired. Nestle's improved bottomline in 1984, allowed the company to launch a new round of acquisitions, the most important being American food giant carnation. The first half of 1990s proved to be favourable for Nestle as trade barriers crumbled and world markets developed into integrated trading areas.

### **Business principles/strategies**

Since Henri Nestle developed the first milk food for infants in 1867 and saved the life of a neighbour's child, Nestle aimed to build a business an sound human values and principles. While Nestle corporate business principles will continue to evolve and adopt to a changing world, basic foundation of the company is unchanged from the time of the origin and reflects the basic ideas of fairness, honesty, and a general concern for people.

### **Questions :**

- (i) How did Nestle follow a variety of strategies for expansion ?
- (ii) How did the drivers of globalization help Nestle to grow at a faster rate ?
- (iii) Why did Nestle concentrate on responsibility to the community ?