

Name:
Enrolment No:



UNIVERSITY OF PETROLEUM AND ENERGY STUDIES
End Semester Examination, Dec' 2019

Name of the Program: BBA DM
Subject Name: Business Policy and Strategy
Subject Code : STGM 3002

Semester – V
Max. Marks : 100
Duration : 3 Hrs

SECTION A

(20 * 1 Marks Each = 20 Marks)

Q1. **Choose correct answer with explanation**

1. 'market driven' firm will typically:

- a) Develop new products and then find someone to sell them to
- b) Define the target market and produce products that will satisfy those customers' needs
- c) Operate in a product-oriented fashion
- d) Suffer from market-myopia

2. Segmentation is a way of:

- a) Subdividing markets
- b) Subdividing industries
- c) Differentiating products
- d) Subdividing organizations into departments

3. Porter's generic strategies are:

- a) Low price, differentiation, focus
- b) Cost leadership, differentiation, cost focus, focus differentiation
- c) Price leadership, differentiation, focus
- d) Low cost, differentiation, focus differentiation

4. Substantial changes to the range of offerings or the markets served or both are known as:

- a) Differentiation
- b) Diversification
- c) Relocation
- d) Brand extension

5. At corporate level, diversification comes about when a firm is involved in two or more:

- a) Businesses
- b) Markets
- c) Segments
- d) Industries

6. On average, the highest levels of profitability are shown by:

1X10=10

CO1

	<p>a) Firms focused on just one or two products b) Firms with a moderately diverse range of related products and businesses c) Firms with a very diverse range of related products and businesses d) Firms with a diverse range of unrelated products and businesses</p> <p>7. Economies of scale are derived from: a) Achieving cheaper unit costs through making larger quantities b) Using cheaper raw materials c) Increasing the breadth of the portfolio d) Increasing the number of markets served</p> <p>8. Which of the following outcomes is NOT an advantage of a completely vertically integrated business? a) Potentially greater control is achieved b) Potentially greater quality is achieved c) Lowering of risk is achieved d) Lower price of supplies is achieved</p> <p>9. Which of the following might be sources of synergy between two business units? a) They have similar customers and use the same distribution channels b) The profits from one can be used to finance the other when its gets into trouble c) They both have a website d) They are both located in the same town</p> <p>10. Which of the following might NOT be an advantage of increasing the number of countries in which a clothing firm does business? a) Exposure to demanding customers with exotic tastes b) Increased efficiency c) Making life more difficult for competitors d) Increased access to funding</p>		
Q2.	<p>Examine the veracity (True and False) of the statement with explanation</p> <p>1. In value chain analysis, general management is considered part of a firm's infrastructure.</p> <p>2. An important advantage of first movers or “pioneers” in a market is that they may establish brand recognition that may later serve as an important switching cost.</p> <p>3. Porter's five forces model helps to determine both the nature of competition in an industry and the industry's profit potential.</p> <p>4. Social responsibility is the idea that organizations are not only accountable to stockholders but also to the community-at-large.</p> <p>5. A multinational corporation (MNC) is a company with significant assets and activities in multiple countries.</p> <p>6. A possible entry barrier is the presence of homogenous products.</p> <p>7. Bottled water is a substitute product for soda.</p> <p>8. Reactors are companies with a limited product line that focus on improving the efficiency of their existing operations.</p>	(1X10 =10)	CO1

	9. Crisis and fires in an organization allows managers the training and time for effective strategic planning. 10. Risk Averse Index was given by Kohlberg		
SECTION B		(4* 5 Marks Each -20 Marks)	
Q3	Write short notes on any four with suitable examples 1. Control techniques and tools 2. Technology diffusion and Importance of segment zero 3. Role and Responsibilities of Board of Directors 4. Concentric Diversification 5. Relationship between strategy and structure	5X4 = 20	CO2
SECTION-C		(2* 10 Marks Each- 20 Marks)	
Q4	Which types of corporate strategy would be applicable in adverse conditions. Explain while keeping Snapdeal crisis into account.	10	CO3
Q5	What is the importance of structural implementation in the strategic management of Digital Business. Explain the different structures that would be required in different level of strategy	10	CO3
SECTION-D		(40 Marks)	
<p>Please read the following paragraph carefully and answer the following questions</p> <p>The move is the latest sign of the Reliance group's pivot towards data and digital services for future growth, as it builds an online platform to take on the likes of Amazon and Flipkart in India Mukesh Ambani After spending almost \$50 billion on a 4G wireless network that started services in 2016, Ambani is now cleaning up the balance sheets of his companies</p> <p>Billionaire Mukesh Ambani moved a step closer to creating an e-commerce giant for India, unveiling plans to set up a \$24 billion digital-services holding company that would become the main vehicle in his ambition to dominate the country's internet shopping space.</p> <p>The board of Ambani's Reliance Industries Ltd. approved a proposal to plow 1.08 trillion rupees (\$15 billion) into the fully owned subsidiary, which will in turn invest that amount in Reliance Jio Infocomm Ltd., the conglomerate's telecommunications venture. A series of capital transfers would make Jio, which already has capital of 650 billion rupees, almost debt free by March 2020, the parent said Oct. 25.</p> <p>The move by Asia's richest man is the latest sign of the oil-to-petrochemicals group's pivot toward data and digital services for future growth, as it builds an online platform to take on the likes of Amazon.com Inc. and Walmart Inc's Flipkart Online Services Pvt. in India. Ambani, 62, told shareholders in August that the new businesses, including retail, are likely to contribute half of Reliance's earnings in a few years, versus about 32% now.</p> <p>With the new holding firm, Ambani is also readying the businesses for an initial public offering, which he has vowed to complete within five years. Since Jio's 4G network rolled out in 2016, the carrier has vaulted to the top in India with more than 350 million users. Ambani has also been stitching together a network of partners through acquisitions and stake purchases to build a backbone for his e-commerce plans.</p>			CO4

“Given the reach and scale of our digital ecosystem, we have received strong interest from potential strategic partners,” Ambani said in a statement. “We will induct the right partners in our platform company, creating and unlocking meaningful value for RIL shareholders.”

Reliance Industries will invest the money in the holding company -- likely on the lines of Alibaba Group Holdings Ltd. and Alphabet Inc. -- through optionally convertible preference shares. The unit will acquire the parent’s equity investment of 650 billion rupees in Jio, according to Reliance Industries.

Following the equity infusion, Reliance Jio will transfer liabilities worth 1.08 trillion rupees to a subsidiary of the parent, turning Jio almost debt free, excluding airwave-related liabilities.

Streamlining Structure

“The reorganization of Jio’s capital structure is intended at consolidating all digital assets under one entity, reducing debt at this entity and streamlining the structure to make it attractive for eventual monetization,” Citigroup said in a research report.

While former English teacher Jack Ma started Alibaba in 1999 from scratch, Ambani is using the heft of his empire to build something similar for India by connecting retailers and consumers. Alibaba, whose market value is \$454 billion, reported a profit of \$13 billion in the year to March, on a revenue of \$56 billion. The Chinese giant’s expansion has included mom-and-pop shops -- a key segment Ambani is also seeking to tap.

Shares of Reliance Industries have rallied 28% this year, compared with an 8.8% gain in the benchmark S&P BSE Sensex index. The stock, near an all-time high, will resume trading Tuesday when India returns from a holiday.

Ambani said in August that Reliance Industries has spent almost \$50 billion on Jio, whose entry with free calls and cheap data pushed some rivals to exit or merge in a consolidation that shook up the industry.

Jio’s debt stood at about 840 billion rupees as on Sept. 30, Chief Financial Officer V. Srikanth said earlier this month. It had a stand-alone profit of 9.9 billion rupees for the quarter through September on revenue of 123.54 billion rupees.

The tycoon, whose net worth is about \$56 billion as per the Bloomberg Billionaires Index, has also revealed a plan to sell 20% of Reliance’s oil and chemicals business to Saudi Arabian Oil Co. at an enterprise value of \$75 billion. After years of spending billions of dollars on the new businesses, Ambani is cleaning up the parent’s balance sheet, with the goal of making it free of net debt in less than two years

Q6. Identify reasons and factors behind Reliance’s venture into digital business

Q7. Comment on nature and types of strategies being followed by Reliance

Q8. Using TWOS Matrix, comment on the prospect of proposed new venture of Reliance

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