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**I Semester M.B.A. Degree Examination, May/June 2023  
(CBCS Scheme)  
MANAGEMENT**

**1.6 : Perspectives of Business and Industry**

Time : 3 Hours

Max. Marks : 70

**SECTION – A**

Answer **any five** questions, **each** question carries **5** marks. **(5×5=25)**

1. Briefly highlight the challenges faced by agricultural sector in India.
2. What are the macroeconomic factors that affect businesses in India ?
3. Explain the recent trends in Indian society that have impacted Indian businesses.
4. Discuss the dynamics of the Baghedari System in India with suitable examples.
5. What are the barriers to growth of business ? How can these be overcome ?
6. Enumerate the differences between Non-Governmental Organizations and Non-Profit Organizations.
7. What is FDI ? What are its benefits and what are the drawbacks ?

**SECTION – B**

Answer **any three** questions, **each** carries **10** marks. **(10×3=30)**

8. What is Corporate Social Responsibility ? Discuss the provisions of Companies Act 2013 with respect to Corporate Social Responsibility.
9. The Indian economy was opened up for foreign participation in 1991 . Highlight the changes in the Indian business ecosystem since then and how these have benefited the economy.
10. Explain the different types of productive system.
11. Using suitable examples in the Indian context, discuss the contribution of the services sector to the growth of the Indian economy.

P.T.O.



## SECTION – C

**Compulsory Question.****(15×1=15)**

## 12. Case Study.

For nearly three decades, Nestle's Maggi noodles was the ultimate success story: an unlikely product embraced wholeheartedly by a difficult market. Over the last few weeks, it's become a case study of an entirely different sort – a textbook example of how not to handle a crisis. According to the World Instant Noodles Association, India consumed 5,340 million cups or bags of instant noodles through 2014. It counts among the fastest growing markets in the world for the snack, having almost doubled in size since 2010 when it accounted for 2,940 million units.

Maggi is estimated to have a 70 per cent share of the market, and contributes nearly 30 per cent to Nestle's Rs. 9,000 crore annual turnover. While starting off life as a snack for children, Maggi is widely consumed by students and young professionals, and is available even in the most inaccessible parts of the country; the Maggi Points on the Leh-Kargil highway for instance. By some reckonings, Maggi has declined 70 per cent in sales since the crisis.

It had been temporarily banned in Delhi, Tamil Nadu, Uttarakhand and Jammu and Kashmir. Kerala took it off shelves in all government run shops, the army issued an advisory to its canteens against the product and it'd also been dropped by retailers including Big Bazaar, Walmart, Hyper City and online store Bigbasket.

VK Pandey, an officer with UP's Food Safety and Drug Administration ended up doing what several deep pocketed global multinationals couldn't do: deal Maggi (a Top 5 Trusted brand according to last year's Brand Equity survey) a blow it may never entirely recover from. The food brand's troubles began when Pandey – who has a previous history of activism against targets as diverse as Britannia and a Lucknow based biryani house – sampled Maggi packs from Barabanki for MSG.

After his report was challenged by Nestle, the labs came up with an even more damaging verdict: not only was MSG present but the lead levels were nearly 7 times the permissible limit. On 30<sup>th</sup> of April, authorities in Lucknow ordered Nestle to recall a batch of noodles. In an emailed statement, the company claimed, "We are confident that these packs are no longer in the market. The company does not agree with the order and is filing the requisite representations with the authorities.



And then, in the weeks it took for the controversy to spread to social media and grow into a full blown crisis, Nestle appears to have done... not very much at all. It seems unaccountable, considering Nestle is an MNC and has been through enough rough patches to assume there would be a response mechanism. According to an industry veteran, "They've had complaints about one thing or the other every three years now, And they probably thought this would die down if they didn't do anything."

Among Nestle's first lines of defence was a four page PDF sheet with no company logo and a highly technical explanation says Srinivasan. Its social media sites went on a hiatus from posting starting on the 21<sup>st</sup> of May and coming back to life only on the 1<sup>st</sup> of June, critical days in which consumers were free to interpret the silence in whatever way they chose.

Part of the blame for Nestle's stilted response is laid at the door of its social media strategy. Srinivasan argues that most brands spare no expense while crafting a message over film or print. And yet this much loved product was "given an assembly line treatment on Facebook and Twitter."

A common complaint is how clinical Nestle's reaction has been. While the brand ambassadors are obviously scared of talking given the possibility of being dragged into a legal imbroglio, there's literally no face to the campaign at the time of going to print. Sourav Ray, chief strategy officer, Havas observes, "I would have expected the leadership team to have come out and taken ownership of this problem."

Answer the following questions.

- 1) Explain the background of the crisis faced by Nestle.
  - 2) How did the crisis impact the business of Nestle in India ?
  - 3) Discuss the reactions of Nestle Limited to the crisis. Was this sufficient ?  
If not, how could the crisis have been handled in a better manner ?
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