



# **BUSINESS STUDIES**

**BOOKS - SHREE RADHEY PUBLICATION**

**BUSINESS STUDIES (HINGLISH)**

**BUSINESS ENVIRONMENT**

## **Case Studies**

1. "It may be difficult to know the extent of the relative impact of the social economic,

political, technological or legal factors on change in demand of a product in the market".

Which feature of business environment is highlighted by this point ?



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2. Two big banner movies were scheduled to be released on the same date. On the last moment release of one of the movies had to be postponed due to opposition of a group of people due to some unethical contest related

to their religion was shown in the that movie.  
the other movie released on time and made huge profit as there was no competition and movie which was postponed suffered loss.

(i) Which feature of business environment is highlighted here ?

(ii) Identify the dimension of business environment, which delayed the release of movie.



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**3.** Naman and Govind after finishing their graduation under vocational stream decided to start their own travel agency which will book rail Tickets and Air tickets on commission basis. They also thought of providing tickets within ten minutes through the use of internet. they discussed the idea with their professor Mr. Mehta who liked the idea and suggested then to first analyse the business environment which consists of investors, competitors and other forces like social, political, etc. that may affect their business

directly or indirectly. he further told them about the technological improvements and shifts in consumer preference that were taking place and hence they should be aware of the environmental trends and change which may hinder their business performance. he emphasised on making plans keeping in mind the threat posed by the competition, so that they can deal with the situation effectively. this alignment of business operations with the business environment will result in better performance.

(i) State any two features of business

environment as discussed by professor mehta with Naman and Govind.

(ii) State any two importance of business environment in above para.



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**4.** Mamta Rice Food Ltd.' is as well known rice producing company. The sales have been falling down from the beginning of the year. The managing director Mr. Bhuvan is worried about this situation. With a view to find out

the solution of this problem he made a team to find out the reasons for downfall of sales. the team conducted the survey and gave following four reasons for the downfall of company's sale.

(i) On account of increase in export duty made by the government, the foreign demand has gone down.

(ii) Due to availability of other eatable substitute the taste of people is diverted from rice.

(iii) The competitor's importance new technology machine and are producing better

quality rice.

(iv) Due to strain with neighbouring country's government and our country's government export is effected.

Identify the dimension of business environment discussed in the above case.



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5. "zero Deffect Zero effect (ZED) is a slogan coined by the prime minister of india, narenger Modi with referance to the make in



India initiative launched by the government. The slogan reflects the efficiency of production processes, i.e., the products have no defects and the process through which the product is made has zero adverse environmental and ecological effects. the Zed model aims to make india the manufacturing hub of the world and prevent the products developed in india from being rejected by the global market. moreover, before the initiative was launched, the limits of foreign direct investment in various sectors had been relaxed. the application for licences was made available online and the

validity of licences was increased to three years. various other norms and procedures were also relaxed by the government. In the light of above paragraph, identify and explain the major component of new economic policy of 1991 that are being referred to by quoting lines from the paragraph.



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6. Amaira is a seven year old girl. She planned with her father to give a gift on her mother's

birthday. She took her piggy bank to shopkeeper with her father. She selected a purse for her mother and when she took out one note of Rs 1000 from the piggy bank the shopkeeper refused to take that note -saying that it is no longer a valid currency. Her father explained her that shopkeeper is saying right.

(i) Identify the concept discussed in above para.

(ii) State three features of that concept.



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## Understanding Based Question

1. Define business Environment. State any three of its features



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2. List any two example of business environment.



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3. List the major impacts of new industrial policy.



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4. Give one example of opportunity and one example of threat offered in indian economic environment.



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5. Define business environment.



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**6. Define political environment.**



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**7. What were the reasons to implement new economic policy of india ?**



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**8.** Business environment is dynamic'. Explain, giving reasons.



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**9.** Explain five positive impacts of liberalisation and globalisation on business and industry in India.



**Watch Video Solution**

10. Explain five positive impacts of liberalisation and globalisation on business and industry in India.



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**Hots**

1. "A good understanding of environment by business managers enables them not only to identify and evaluate but also to react to the



forces external to their firm". In the light of the above statement explain any four points of importance of understanding business environment by a manager.



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2. Under which environment does change in taste, fashion and trend fall in ?



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3. List two examples of change in social environment which affect business organisation.



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4. What is L.P.G in context of business environment ?



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5. List any two impacts of government policy changes on business and industry.



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6. The people of some regions translated the slogan of "come Alive" used by pepsi company as "come out of the grave". As a result company lost its market share rather than picking up. This is the effect of which

environment and how does this dimension of environment affect the business ?



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7. How would you argue that the success of business enterprise is significantly influenced by its environment ?



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8. Name the term/process which means intergrating the economy with the rest of the world.



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9. Name the term/process under which reduction in tax rates and lifting of unnecessary control over the economy was undertaker.



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**10.** If new products are introduced in market by new technique, which type of environment is indicated by it ?



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**11.** The project of Nano car reestablished in Gujrat is indicated by which factor of environment ?



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**12.** The finance Minister reduced the repo rate to overcome recession. This is related to which dimension of business environment ?



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**13.** ABC, Ltd. A book publishing house published books on various subjects based on CCE pattern before any other publishing house could print it. What advantage will this publishing house get ?





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**14.** The sale of greeting cards, sweets, chocolates , etc. increases in india during Diwali, Id,Guruparv and Christmas. Name the dimension of environment related to this.



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**15.** Understanding of environment by business managers enables them no only to identify and evaluate, but also to react to the forces



external by their firms'. In the light of this statement. 'explain by giving any five point why in the present day competitive market. it is essential for a business enterprise to remain alert and aware of its environment



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**16.** Mr. Ajay after completeing MBA from USA comes to india to start a new business under the banner Ecom Creations Ltd. He launches a new product in e-learning for senior Secondary

School students in commerce stream, which already has an established market in UK and USA but not in India. his business starts flourishing in India. Now more indian companies entered into the market with other subject also. Indetify and quote the lines from above para which highlight the significance of understanding business environment.



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17. Indentify the type of dimension of environment to the following are related

(i) Banks reduces the interest rate on house loans

(ii) No. of working women is increasing

(iii) Reservation of Tickets by internet.

(iv) Prohibition of alcohol behaverages to be advertised.

(v) Winning of Aam Admi Party has built up confidence in economically weaker section people.



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**18.** Government of India is seriously thinking to allow oil marketing public sector, undertaking to fix their own price for petrol and diesel.

(i) Name the economic reform related to decision of government.

(ii) Name other two reforms recommended in new economic policy.



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**19.** Recently many companies have planned for significant investment in organised retailing in india. Various factors which have encouraged companies to take these decision are customer income is increasing, rise in standard of living of people. People are ready to pay high price for quality goods, government policy of liberalisation regarding MNC entry and FDI, etc.

(a) Explain briefly changes in business environment under different heads that have facilitated the companies' decision to plan

significant investment in retailing.

(b) What has been the impact of these changes with regards to globalisation and privatisation ?



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**20.** After winning the election, prime minister Mr. Narender Modi launched a Campaign of 'Swachh Bharat' and invited various celebrities to be a part of this Abhiyaan. This spread awareness among the people in society and in

general, people started becoming more careful and aware about the cleanliness around their area. to continue its impact, a new service tax for swachh bharat was also started. the government is planning to import new and better technology to adopt new methods of treating the garbage and waste.

State the various dimensions of business environment in the above para quoting the lines from the above para.



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**21.** Even after opening up of indian Economy, foreign companies found it extremely difficult to cut through the bureacratic and redtapism in government offices. This discourages them from investing in India.

Identify the dimension of environment mention in above para.



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**22.** Just after the declaration of Lok Sabha Elections in 2014, the bombay Stock Exchange



index rose by 1000 points.

Identify the dimension of business environment



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**23.** Which component of business environment requires that in every packet of cigarette there must be a horrified picture and statutory warning.



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## Multiple Choice Question

1. Which of the following does not characterise the business environment ?

A. (a) Uncertainty

B. (b) Employees

C. (c) Relativity

D. (d) Complexity

**Answer: (b)**



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2. Which of the following best indicates the importance of business environment ?

A. (a) Identification

B. (b) Improvement in performance

C. (c) Coping with rapid changes

D. (d) All of them

**Answer: (d)**



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3. Which of the following is an example of social environment ?

- A. (a) Money supply in the economy
- B. (b) Consumer protection act
- C. (c) The constitution of the country
- D. (d) Composition of family

**Answer: (d)**



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#### 4. Liberalisation means

- A. (a) Integration among economies
- B. (b) Reduced government controls and restriction
- C. (c) Policy of planned disinvestment
- D. (d) None of them

**Answer: (b)**



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5. Which of the following does not explain the impact of Government policy changes on business and industry ?

- A. More demanding customers
- B. Increasing competition
- C. Change in agricultural prices
- D. Market orientation

**Answer: (c)**



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## Short Answer Type Question

1. What do you understand by business environment ?



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2. Why is it important for business enterprises to understand their environment ? Explain briefly.



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**3. Mention the various dimensions of business environment**



**Watch Video Solution**

**4. Briefly explain the following**

(a) Liberalisation.

(b) Privatisation.

(c) Globalisation.



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## Long Answer Type Question

1. How would you characterstics business environment ? Explain, with example, the difference between general and specific environment.



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2. How would you argue that the success of business enterprise is significantly influenced by its environment ?



**Watch Video Solution**

**3. Mention the various dimensions of business environment**



**Watch Video Solution**

**4. Briefly explain the following**

(a) Liberalisation.

(b) Privatisation.

(c) Globalisation.



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## **Test Your Self Very Short Answer Question**

1. What do you understand by business environment ?



**Watch Video Solution**

2. Define environment scanning.



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**3.** Enumerate the two categories of business environment and give the example of both



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**4.** What constitutes the general environment of business ?



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5. "Environment provides with constraints and opportunities". Discuss with the help of an example.



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6. Enumerate the dimensions of business environment



**View Text Solution**

7. "Companies that fail to adopt to their environment are unlikely to survive in long run." Discuss with an example.



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8. "Understanding of business of environment gets a first mover advantage ." Discuss.



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9. Distinguish between economic and non-economic environment.



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10. How is economic environment different from social environmental ?



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**Test Your Self Short Answer Question**

1. Explain the key components of general environment.



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2. Do changes in environment influence the business decisions ?



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**Test Your Self Long Answer Question**



1. What changes were made in the industrial policy in recent past ?



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2. Explain the three impacts of changes in government policy both business and industry



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**Previous Years One Mark Question**

1. What is included in 'political Environment' of business? State



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2. What is included in 'Legal Environment' of business ? State



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3. What do you mean by business environment ?



**Watch Video Solution**

**4. What is meant by 'Privatisation'?**



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**5. What is meant by 'Business Environment'?**



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**Previous Years Four Mark Question**

1. Why is the understanding of business environment important for manager? Explain with the help of any four points.



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2. With change in the consumption habits of people, Neelesh, who was running a sweets shop shifted to chocolate business. On the eve of Diwali, he offered chocolates in attractive packages at reasonable prices. He anticipated huge demand and created a website

'chocolove.com' for taking orders online. He got lot of orders online and earned huge profit by selling chocolates.

Identify and explain the dimensions of business environment discussed in the above case.



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**3. What is meant by 'business environment '?**

State any three points of its importance.



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**4.** A recent rate cut in the interest on loans announced by the banks encouraged Amit a science student of Progressive School to take a loan from State Bank of India to experiment and develop cars to be powered by fuel produced from garbage. He developed such a car and exhibited it in the Science Fair organised by Directorate of Education He was awarded first prize for his invention

Identify and explain the dimensions of

business environment discussed in the above case.



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5. Beni, after completing her MBA, took up a job with a multinational company named 'Forritio' the company was paying good salary and perks to its employees. The wages were within the paying capacity of the company that provided the employees a reasonable standard of living. the company also had a

good work-culture and the behaviour of superiors was very good towards their subordinates. E-eni was very happy in this organization, but due to long working hours she did not have time to cook her meals . She had to depend on outside food, which was deteriorating her health. She observed that this problem was faced by many of her colleagues, not only in her company but also in many other companies. this was because of increases in the number of working women and non-availability of hygienic home-cooked food. she identified this as a great opportunity



and decided to give up her job to supply packaged home-cooked food at a reasonable price. At the end of the day she was also distributing the left-over food in the nearby night-shelters.

(a) State the dimension of business environment being discussed above.

(b) State the principles of management being followed by 'Fortio'.



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6. Acent Electronics Ltd' was operating its business in Malaysia. The company started exporting its products to india when the prime minister announced relaxation in important duties on electronic items. The company appointed retailers in india who had direct online links with the suppliers to replenish stocks when needed. the suppliers to replenish stock when nedded. indetify and expaliIn the dimensions of business environment discussed in the above case.



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## Previous Years Five Six Mark Question

1. The court passed an order that all schools must have water purifier for the school children as

(i) Society in general is more concerned about quality of life.

(ii) innovative techniques are being developed to manufacture water purifier at competitive rates.

(iii) Incomes are rising and children at home

are also drinking purified water. the government is also showing positive attitude towards the water purifier business.

Identify the different dimension of business environment by quoting from the above details.



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**2.** The court passed an order to ban polythene bags as

(i) These bags are creating many

environmental problems which affect the life of people in general.

(ii) Society in general is more concerned about quality of life

The government decided to give subsidy to jute industry to promote this business.

Innovative techniques are being developed to manufacture jute bags at low rates. Incomes are rising and people can afford to buy these bags.

Identify the different dimensions of business Environment by quoting the lines from the above particulars.



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3. State any five features of business environment.



[View Text Solution](#)

4. Explain any five points of impact of government policy changes on business and industry.



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5. Konark Ltd.' is an electronic goods manufacturing enterprise situated in Shivpuri, Madhya Pradesh. It is earning a very low revenue in comparison to a competing electronic goods manufacturing enterprise, 'Nova Ltd.' situated in Mumbai. Both Konark's and Nova's operations are affected directly by the investors, customers, competitors and suppliers, which are unique to their respective locations. In addition to this, individuals firms of this field are affected indirectly by the

factors like the money supply in the economy, composition of the families, the technological changes, etc.

(a) Identify and state the feature of the concept discussed in the above paragraph.

(b) Also, state any four points of importance of this concept.



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**6. Nadrachal Networks and Technologies Ltd. Is a leader in technology innovation in U.S.A**



Creating products and solutions for a connected world. It has a large Research and development team which invented the first smart watch W-I, which besides showing the time would also monitor few health parameters like heart beat, blood pressure, etc. while in search of markets abroad, the company found that in india, the reform process was underway with the aim of accelerating the pace of economic growth. the company decided to take advantage of the fact that licensing requirements had been abolished. the company was also aware that

there had been increased level of interaction and interdependence among the various nations of the world with a view to capture the Indian market. In a short span of time, the company emerged as a market leader. Success of the company attracted many other players to enter the market. Competition resulted in reduction in prices, thereby benefiting the customers.

(a) In the above paragraph, two major concepts related to government policy have been discussed. Identify and explain those concepts.

(b) Also, explain briefly any three impacts of those concepts on indian business and industry.



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