

(Weightage Chapter 1,2 & 3 (16 Marks))

3 Business Environment

Que		Marks
1	Govt. of India is seriously thinking to allow oil marketing public sector undertaking to fix their own price for petrol and diesel. Which economic reform is the reason of this change in government's policy?	1
Ans	Liberalization	
2	Just after declaration of Lok Sabha Elections 2009 results, the Bombay stock exchange's price index (Sensex) rose by 2100 points in a day. Identify the environmental factor which led to this rise.	1
Ans	Political Environment	
3	State any two impacts of change of government policy on business and industry.	1
Ans	(i) Increasing competition. (ii) Rapidly Changing Technological Environment.	
4	"The understanding of business environment helps the managers to identify 'threats'." What is meant by 'threats' here?	1
Ans	Threats refer to the external environment trends and changes that will hinder a firm's performance	
5	"Business environment includes both 'specific and general forces.' List any four specific forces.	1
Ans	Suppliers, investors, customers and competitors.	
6	Explain the specific and general forces of business environment ?	3
Ans	Business environment comprises of both specific and general forces. Specific forces refer to those forces that are having direct effect on the day to day working of the business viz. customers, competitors, investors etc. General forces refer to social, political, legal and other forces which are having an indirect effect on the operations of a business.	
7	Explain the importance of business environment.	3
Ans	<p>(a) Identification of Opportunities(positive changes) and first mover advantage :-</p> <p>By studying business environment, a business can know expected positive changes in its favour, in advance and can take first advantage then other competitors. Ex. TATA NANO Car. first of all.</p> <p>(b) Identification of threats and warning signals :-</p> <p>By studying business environment, a business can know expected negative changes in its adverse, in advance and can make arrangement to remove the negative effect. Ex. Bajaj</p>	

	<p>started producing bikes with scooters.</p> <p>(c) Helpful in tapping (assembling) resources:- By studying business environment, changes in demand of output can be known in advance. For production of changed output, required inputs may be arranged in advance.</p> <p>(d) Helpful in coping (adjustment) with rapid changes:- For survival with being fittest, two things are possible by study of business environment :- ---Timely estimation of expected positive and negative changes. ---Ready for adjustment for future changes, in advance.</p>	
8	Explain the impact of changes in economic policy on the business.	4
Ans	<p>i) increase competition</p> <p>ii) more demanding customers</p> <p>iii) rapidly changing technological environment</p> <p>iv) necessity for change</p>	
9	<p>Identify the type of dimension of environment to which the following are related :-</p> <p>i) Banks reducing interest rates on housing loans.</p> <p>ii) An increasing number of working women.</p> <p>iii) Booking of air tickets through internet.</p> <p>iv) Alcohol beverages are prohibited to be advertised on 'Door Darshan'.</p>	4
Ans	<p>(i) Economic Environment,</p> <p>(ii) Social Environment,</p> <p>(iii) Technological Environment,</p> <p>(iv) Legal Environment</p>	
10	<p>Identify and explain the type of dimension of environment to which the following are related:</p> <p>i. Banks reducing interest rates on housing loans.</p> <p>ii. An increasing number of working women.</p> <p>iii. Booking air ticket through internet.</p> <p>iv. Alcoholic beverages are prohibited to be advertised on "Doordarshan".</p>	4
Ans	<p>Type of dimension of environment</p> <p>i. Economical</p> <p>ii. Social</p> <p>iii. Technological</p> <p>iv. Legal</p>	