

CHAPTER-BUSINESS ENVIRONMENT

HOTS

1. Due to enforcement of Euro – IV emission norms, automobiles company had to phase out one of its model. Identify and state the dimension of environment highlighted in the given statement.
2. “Increase in the use of mobile phone and i-pods instead of pagers and radio”, refer to an example of key component of general environment of business. Identify the component.
3. “Release of a Bollywood movie is postponed due to opposition by one of the minister.” This is an example of a key component of the business environment.
 - a. Name the component.
 - b. Why is it necessary for the business enterprises to systematically analyze and diagnose this environment?
4. Easy finance facilities on cars by different financiers and banks have considerably increased the demand of cars. Identify the type of environment highlighted in the given statement.
5. Two big banner movies were scheduled to be released on the same date. However, at the last moment, release of one movie had to be postponed due to opposition by a group of people of some unethical content in the movie. The loss suffered by movie postponement provided opportunity for the other movie to earn huge revenues.
 - a. Which feature of business environment is highlighted in the given case?
 - b. Identify the component of business environment, which led to the postponement of movie.
6. Parliament of India has made certain amendment in the Consumer Protection Act, 1986. As a result, business enterprises will have to spend more to maintain quality standards of their product.
 - a. Which key component of the business environment is discussed in the given case.
 - b. Give one more example to show the effect of the given environment on the working of the business enterprise.
7. An unstable govt is one of the major causes of weak industrial base. Identify the key component of business environment highlighted in the given statement.
8. Attractive rate of interest on home loans has increased the demand for homes and given a boost to the business of the builders and property dealers. Which aspect of business environment is discussed in the given case.

Or

The RBI increase the CRR by 0.25bps to overcome the inflationary trends in the economy. Identify the dimension of business environment highlighted in the given statement.

9. Rapid Tours Ltd is a travel agency which books rail tickets on commission basis. It takes two days for the Rapid Tours to get the ticket from Railway Reservation Counter and deliver the tickets to the consumers. In the last one year, there has been drastic decrease in its business as most of the consumers have shifted to Satya Tours and Travels which provides the tickets within half hour through use of internet.
- Which component of business environment is being overlooked by Rapid Tours Ltd?
 - Why is it necessary for the business enterprises to lay emphasis to this dimension of business environment?
 - Identify the feature of business environment highlighted in the following statement. 'Change of booking of rail tickets from railway reservation counter to internet.'
10. Identify the dimension of business environment highlighted in the following cases:
- Demand for new clothes increases during festive session.
 - Computer has outdated typewriter.
 - Stable and dynamic government is indispensable for business growth.
 - Companies producing hazardous goods have to comply with the provisions of Bureau of Indian Standards Act, 1986.
 - MNC's getting permission to enter into the Indian market.
 - Preference of 3G phones instead of 2G phones.
 - Decrease in people's preference for food items having artificial preservatives.
 - An increase in income of people raises the demand for products.
 - Consumer Protection Act prevents malpractices by business firms.
11. Artificial fiber cloth has almost killed the pure cotton textile industries in many countries. Which component of business environment is described here?
- or
- "Preference of Plasma TV instead of flat screen TV." Name the dimension of business environment highlighted in the given statement.
12. Wages and salaries to be paid by the business enterprises must not be less than as prescribed under 'The Minimum Wages Act, 1948'. Which aspect of business environment is highlighted in the given case?

or

According to Consumer Protection Act, 1986, manufacturers are under an obligation to provide all the relevant information (MRP, ingredients, date of manufacturing, expiry date, etc.) about the product. Which environment is highlighted in the given statement?

13. An American shoe manufacturing company launched a new range of footwear with imprints of Indian Lords. The company had expected that it would impress the Indians living in America. However, the Indian community was in a big shock, mixed with anguish and anger. As a result, the company had to withdraw the entire stock from the market and also apologized for this.

a. Which aspect of business environment is highlighted in the given case?

b. Why is it necessary for the business enterprises to analyze this environment?

14. Most of the big companies and MNCs are hesitant to invest in some of the north-eastern states of India due to instability of government and lack of incentives by the government. Which environment is referred here?

or

"Allowing Coca Cola to operate in India." This is an example of a key component of the business environment. Name the component discussed in the given case.

or

Even after Economic reforms in 1991, many foreign companies were not able to enter Indian Market due to 'Bureaucratic Red Tape'. Which dimension of environment is responsible for this?

15. There has been tremendous growth in business process outsourcing(BPO) and Knowledge Process Outsourcing(KPO) services. Identify and state the economic reform responsible for this trend?

16. One of the components of New Industrial Policy has led to reduction in tax rates and lifting of unnecessary control and restrictions over private sector. State the component.

17. Due to the significant decrease in the excise duty in Gujarat, many of the fast growing companies have planned to set up their production plants there. Which key component of the business environment is discussed in the given case?
- or
- "Due to the world wide recession of 2009, many of the American Banks closed down." Identify the dimension of business environment.
18. Shakti industries used to import animal fat for manufacturing Vanaspati Ghee. However, due to public protest, the company was forced to stop using animal fat in making of ghee. Which dimension of business environment is highlighted in the given statement?
19. According to the Weights and Measures Act, every eatable product should explicitly bear a green dot for vegetarian contents and red dot for non vegetarian ingredients. Which key component of the business environment is discussed in the given case?
20. "Standards and Poor's" a rating agency, has rated Indian economy on a scale negative. The reason given is "reform paralyses" for the poor performance of industries . Although the govt of India has passed some Acts to improve this image. Which dimension of business environment has been discussed here?
21. Global companies like IKEA and Walmart who dreamt of operating supermarkets in India, were opposed by BJP, the Left and some smaller parties, argued that supermarkets would rob the earnings of the aam bania and drive local kirana stores into bankruptcy. Which dimension of business environment is talked about here?
22. Identify the Concept: (Economic, Social, Legal, Political, Technological)
- a. It includes factors like money supply, price level, monetary policy e.t.c.
 - b. Increased awareness towards health has increased the demand for organic food.
 - c. A stable government builds up confidence among the firms to invest in big projects.
 - d. With changes in demand of consumers, business firms have to change their

production schedule.

- e. Nature of relationship of our country with foreign countries influences the business.
- f. Statutory warnings are essential to be printed on tobacco and cigarette labels.
- g. Innovations in products and processes affect production and marketing plans of business.
- h. Life expectancy, birth and death rates influence the volume of demand.
- i. Rates of savings and investments influence the demand for the product.
- j. Consumption habits of people affects the pattern of demand in the economy.
- k. Laws have been enacted to keep a check on advertisement.

Q23. Identify the type of dimension of environment to which the following are related (Economic, Social, Legal, Political, Technological):

- a. Bank reducing interest rate on housing loan.
- b. An increasing no of working women.
- c. Booking of air tickets through internet.
- d. Alcohol beverages are prohibited to be advertised on 'Zee TV'.

Q24. Identify out of liberalization, privatization and globalization which one is highlighted in the following statement.

- a. Free flow of goods and services across nation.
- b. No restriction on expansion or contraction of business activities.
- c. Transfer of ownership and control of PSUs to private sector.. Integrating national economy with the world economy.
- d. Selling shares of public sector undertakings.
- e. Lifting of unnecessary controls over the firms.
- f. NDPL and BSES instead of Delhi Vidyut Board.

- g. Easy movement of information and technology with rest of the world.
- h. Easy entry of MNC's and foreign direct investment.

Q25. Govt of India is seriously thinking about deregulation of diesel prices. Which economic reform is the reason of this change in government policy?

Q26. The people of some region translated the slogan of "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 this dimension of environment affect the business.

APPLICATION BASED QUESTION:

27. "Business environment offers both opportunities as well as threats". Do you agree with the given statement? Discuss it with the example of the example

28. Lately, many companies have planned for significant investment in organized retailing in India. Several factors have prompted their decisions in this regard. Customer income is rising. People have developed a taste for better quality products even though they may have to pay more. The aspiration levels have increased. The govt has also liberalized its economic policies in this regard and permitted even cent percent foreign direct investment in some sectors of retailing.

- a. Identify changes in business environment under different heads: economic, social, technological, political and legal, that have facilitated the companies decisions to plan significant investment in organized retailing.
- b. What has been the impact of these changes with regard to globalization and privatization?

VALUE BASED QUESTION ANSWERS

29. In a visit to a restaurant, some youngsters were found smoking in spite of sign board indicating 'No Smoking Zone'.

Suggest the values which will help the youth to become responsible citizens of the

nation.

30. A reputed car manufacturing company in NCR is facing the problem of decline in its market share due to its internal mismanagement. Therefore it has planned to increase its production capacity at its Gurgaon plant by manufacturing low priced eco-friendly cars for price sensitive consumers and introducing new models with added features for quality conscious consumers.

Enlist the values that are incorporated in company's decision to achieve its objectives.

31. Removal of mobile towers from residential area is being planned by the government to promote which value?
32. Tobacco manufacturer is planning to sell its products outside the schools and colleges. Which values are violated here from your point of view?
33. Government is planning to construct a warehouse in remote area to store necessary goods so as to make them available even at the time of bad weather regularly. Which values are being considered here to be achieved by the government?
34. In order to reduce the cost, an organization is planning the following:
- a. To reduce the charities to the religious institution.
 - b. To arrange skilled workers from outside in spite of semi-skilled local employees.
 - c. To increase the working hours.
 - d. To increase the rate of remuneration.
 - e. Which value will be affected by the decisions?