**PG DEPARTMENT OF COMMERCE (CA)**

**QUESTION BANK**

**COURSE:** M.Com(CA) **SEMESTER:**I

**SUBJECT CODE:** 19PCC103 **SUBJECT:** BUSINESS ENVIRONMENT

**K1 LEVEL**

1. Environment is always changing constraining and __________
   a) Competing **b) Uncertain** c) Dynamic d) Specific
2. _________play a vital role in running the business enterprise.
   a) Customers b) Labour c) Product **d) Competitors**
3. ___________ is consists of the totality of all factors within and outside the control of individual business firms.
   a) Business b) Environment c) Organisation **d) Business Environment**
4. In which of the following basic categories can business environment be divided
   a) Local and Regional b) National and Regional
   **c) Internal and External** d) Financial and Non-Financial
5. Environment is a _________ Process
   a) Dynamic b) Complex c) Interactive **d) All of the above**
6. _________ consists of the actors in the company's immediate environment that affects the performance of the company.
   a) Macro Environment **b) Micro Environment**
   c) Internal Environment d) External Environment
7. _________ is the product of environment.
   a) Opportunity b) Threads c) Factors **d) Business**
8. A Stable, honest and efficient political system is a primary factor for the growth of _____
   **a) Business** b) General environment
   c) Natural Environment d) Economic Conditions
9. ________ is the foundation of culture.
   **a) Language** b) Customs c) Education d) Religion

10. Macro environment is also known as ___________

a) Social environment b) Indirect environment

**c) General environment** d) Outside environment

11. Remote Environment is an another name of ________

**a) Macro environment** b) Micro environment

c) Internal environment d) External environment

12. ___________environment is beyond the control of the business.

a) Macro b) Micro c) Internal **d) External**

13. ___________environment is within the control of the business.

a) Macro b) Micro **c) Internal** d) External

14. Micro environment is also called as ___________

**a) Operating environment** b) Economic environment

c) General environment d) Political environment

15. Factors that create opportunities and threats to business units is known as _______

**a) Macro environment** b) Micro environment

c) Internal environment d) External environment

16. An analysis of the external environment enables a firm to identify

a) Strength and threats b) Strength and Weakness

c) Weakness and threats **d) Opportunities and Threats**

17. The environment which is close to business and affects its capacity to work is known as _______environment.

a) Macro **b) Micro** c) Internal d) External

18. Study of human population is called as ___________environment.

a) Political b) Social **c) Demographic** d) economic

19. Macro environment consists of ________

a) Public **b) Political & Legal** c) Suppliers d) Customers

20. The micro environment consists _________

a) Technological Environment b) Political Environment

c) Economic Environment **d) Public, Middlemen, Consumers & Competitors**

21. Which one of the following cannot be included under the nature of relationship between business and environment?

a) Inter Dependence b) Dynamic c) Social Change **d) Fixed**

22. External Environment of business is _______

a) Physical b) Demographic c) Economic **d) All of the above**

23. Physical Environment includes _______

a) Natural Resources b) Climate c) Water **d) All of the above**

24. Company images and brand equity is factor affecting business

**a) Externally** b) Internally c) Government Policy d) None of the above

25. Which among the following is not opened for private sector participation?

a) Power Sector b) Telecommunication c) Education Sector **d) Railways**

26. ________is an economy system based on the principal of free enterprise.

**a) Capitalism** b) Socialism c) Mixed Economy d) Marxism

27. A monopolistic trade practice is deemed to be prejudicial to public interest except when

**a) Authorized by Central Government**

b) Authorized by State Government

c) Authorized by Supreme Court

d) None of the above

28. India is good example for _______economy.

a) Socialist **b) Mixed** c) Capitalist d) Communist

29. When was the first industrial policy of India announced?

**a) April 6, 1948** b) April 9, 1948 c) March 6, 1948 d) April 6, 1947

30. Industrial Policy was set up in the year______.

a) 1955 **b) 1956** c) 1957 d) 1958

31. The industrial policy of 1948 divided the India industries in to ______categories.

a) 5 **b) 4** c) 8 d) 6

32. Industrial policy resolution 1956 divided industries in to ______categories.

b) 2 b) 4 c) 5 **d) 3**

33. As per Industrial policy resolution 1956, reserved industries for public sector are

a) 12 b) 14 c) 16 **d) 17**

34. The industrial policy resolution of 1948 aimed at acceleration of ______of the country.

a) Agricultural Development **b) Industrial Development**

c) Infrastructural Development d) None of the above

35. The Govt. introduced the import liberalization policy in the year______

**a) 1977-78** b) 1991-92 c) 1988-89 d) 2001-02

36. The liberalization of the rules relating to FDI permitting ______% equity in wide range of industries.

a) 50 **b) 51** c) 52 d) 53

37. MRPT act was set up in the year_____

**a) 1950** b) 1951 c) 1952 d) 1953

38. ______________ is the integration of international markets for goods and services, technology, finance and to some extent labour.

a) Privatization b) Liberalization **c) Globalization** d) None of the above

39. The New economic policy of India is Precious gift of _____________

a) Dr. VS.Rao **b) Dr. Manmohan singh** c) Mr. Jaswant Sing d) Venkita Roy

40. Administrative control contains ________

**a) Industrial Policy** b) Economic Planning c) GNP d) GDP

41. Industrial (Development &Regulation ) Act was passed by parliament in

a) 1947 b) 1949 **c) 1951** d) 1956

42. The New Industrial policy announced on __________, which heralded the economic reforms in India.

a) August 26, 1981 **b) July 24, 1991** c) January 20, 2011 d) June 12, 1979

43. ______________means transfer of ownership and/ or management of an enterprise from the public sector to the private sector.

**a) Privatization** b) Liberalization c) Globalization d) None of the above

44. By which act government checks restrictive trade?

a) Industrial Policy Act 1991 **b) MRPT act** c) FEMA act d) None of these

45. When a company taken over another one and clearly becomes the new owner, the action is called

a) Merger **b) Acquisition** c) Strategic Alliance d) None of the above

46. Relaxing the restrictions and controls imposed on Business and industry means

a) Globalization **b) Liberalization** c) Privatization d) None of the above

47. _______ is known as neo-liberalism

**a) Globalization** b) Liberalization c) Privatization d) None of the above

48. _______refers to a process of increasing economic integration and growing economic interdependence between countries in the world economy.

a) MFA **b) Globalization** c) MNC d) WTO

49. ________ means acceptance of an outward looking policy of economic development in place of an inward-looking one.

a) Liberalization b) privatization **c) Globalization** d) All of the above

50. __________is concerned with the withdrawal of state from an industry or sector, partially or fully.

a) Liberalization **b) privatization** c) Globalization d) None of the above

51. The credit for inventing the word "Privatisation" goes to

a) Elton Mayo b) F.W. Taylor c) L.Urwick **d) Peter Drucker**

52. _________arrangement is also known as cross licensing.

**a) Licensing** b) Franchising c) contract d) None of the above

53. _______is a peculiar form of international trade that encompasses more than an exchange of goods, services or idea for money.

a) Turnkey contract b) Licensing **c) Counter trade** d) Buy back

54. _______of economic policy is intended to promote the integration of Indian economy with the global economy

**a) Liberalization** b) privatization c) Globalization d) None of the above

55. The pre-liberalization era of India Economy was under the grip of

a) Unemployment b) under-employment

c) Fiscal Deficit **d) unfavourable and alarming balance of payment**

56. Which among these can be condition for the success of privatization?

a) Alternative institutional arrangements

**b) Barriers to enter the market**

c) Measurability of performance

d) All of the above

57. Which among these is not a method of privatization?

a) Franchising b) Denationalization **c) Sale of Business** d) All of the above

58. Globalization is based on the theory of _____

a) Capitalism **b) Free Trade and Comparative advantage**

c) Mixed economy d) Socialism

59. The process of globalization of the economy refers to ______

a) Economic Growth

**b) Removal of restrictions on foreign trade and foreign Investment**

c) Foreign investment inflow

d) Employment generation

60. _______ is a form of licensing.

a) Patent b) Brand **c) Franchising** d) None of the above

61. Privatization may be effected in the form of _________

a) Globalization **b) Dis-investment** c) Liberlisation d) None of the above

62. The industrial policy of the Government of India was declared by ________

a) Indira Gandhi b) Narasimha Rao c) Rajeev Gandhi **d) Jawaharlal Nehru**

63. In India, Liberalization & Privatization began from

**a) 1991** b) 1971 c) 1981 d) 1947

64. The Industrial Policy Resolution 1956 was known as _______

**a)** Economic Policy **b) Economic Constitution of India**

c) New Industrial Policy d) Industrial Reforms

65. Globalization refers to

**a) A more integrated and interdependent world**

b) Lower income world wide

c) Less foreign trade and investment

d) Global Warming.

66. Globalization is beneficial for firms because

a) It protects them against foreign competition

b) It increases the risk and uncertainty of operating in globalizing world economy.

**c) It opens up new market opportunities**

d) All the above

67. Globalization can create problem for business because

**a) It can result in more competition**

b) It means that they can increase price

c) It increases vulnerability to political risk

d) All the above

68. Which of the following is not a business opportunity generated by globalization?

a) Access to low cost labour b) Cheap international transport

**c) Currency Crisis** d) Less Strength

69. Which act was replaced with the introduction of competition Act 2002?

a) FERA **b) MRTP** c) IMF d) None of the above

70. The MRTP Act of 1969 was abolished in

a) 1991 **b) 2002** c) 2006 d) None of the above

71. Micro factors of external business environment does not include

a) Competitors b) Customers **c) Government Policies** d) None of the above

72. When some sudden and unpredictable changes take place in the organization is said to __

a) Technological environment b) Natural environment

**c) Turbulent environment** d) Changing environment

73. _______is an open form of government.

a) Political environment b) Government environment

c) Legal environment **d) Parliamentary system**

74. The Economic environment of a business includes____________

a) Economic System b) Economic policies c) Economic Conditions **d) All of the above**

75. The other name of totalitarianism is __________________

**a) Authoritarianism** b) Democracy c) Pure Democracy d)Republican

76. Secularism means freedom to follow __________

**a) Religion** b) Language c) Culture d) All the above

77. Planning is a_________ process

a) Goal Oriented b) Flexible c) Time bound **d) All of the above**

78. Which sector got priority in the 1st five year plan?

a) Industrial **b) Agriculture** c) Communication d) Infrastructure

79. ________economy is not planned, controlled or regulated by the govt.

a) Closed Economy b) Mixed economy

**c) Free market economy** d) None of the above

80. _______is the apex body of the economic planning in India.

**a) Planning Commission** b) Parliament c) Supreme Court d) None of the above

81. Who was first argued that the purpose of business was to make profit?

a) Margara Thcher **b) Milton Fried man** c) Elaine Stembnerg d) John Crane

82. Identify a factor that doesn't play an important role in attracting FDI

a) Laws, rules and regulations **b) Language**

c) Cost of resources d) Administrative Procedure and Efficiency

83. The country that attract the largest FDI inflow is ______

a) India b) USA **c) China** d) Brazil

84. _______ is an economy system where the means of production are owned and managed by the state.

a) Capitalism **b) Socialism** c) Mixed Economy d) Common Economy

85. In this type of economic system, the Govt. intervention will be absent.

**a) Free enterprise economy** b) Socialist economy

c) Mixed Economy d) None of the above

86. In ________ economic system, there exists both private and public sector.

a) Social b) Capitalism **c) Mixed** d) None of the above

87. _______concerned with the obligation and duties of business to the society.

**a) Social Responsibility** b) Status c) Authority d) None of the above

88. Who conducted the social audit in India for the first time?

**a) JRD Tata** b) Birla c) Reliance group d) State Bank

89. _______is a social movement seeking to augment the rights and powers of buyers?

a) Consumer movement **b) Consumerism** c) Flows d) None of the above

90. A good environment is good business said by

**a) Dr. MS. Swaminathan** b) Dr.SS.Rao c) Dr.M.Sing d) Dr. R.Rajan

91. Laissez Faire policy is adopted in

a) Socialist Economic system **b) Capitalist Economic system**

c) Mixed Economic system d) Communist Economic system

92. Introduction to business wrote by _______________

a) Reinck b) Schoeil c) Coper **d) Both A & B**

93. FMS means ______

a) Fixed Manufacturing System b) Flexible Management System

**c) Flexible manufacturing system** d) None of the above

94. TQM means ______

**a) Total Quality Management** b) Target Quality Management

c) Total Quantity management d) Target Quantity Management

95. __________ is the compensation amount paid for each child as per Child labour and

Regulation act.

a) Rs. 60,000 **b) Rs. 20,000** c) Rs. 50,000 d) Rs.80, 000

96. __________is concerned with holding the balance between economic and social goals and between individual and common goals.

a) Corporate Management **b) Corporate Governance**

c) Business Ethics d) None of the above

97. CII stands for

**a) Confederation of Indian Industries**

b) Condition of Indian Industries

c) Classes of Indian Industries

d) Civilians of Indian Industries

98. According to Birla Committee on corporate governance, the non executive directors should comprise at least _____ percent of the board, if one of them is the chairman.

**a) 30** b) 20 c) 10 d) 70

99. According to Birla Committee, the non executive directors should comprise at least _____ percent of the board, if the chairman and managing director is the same person.

**a) 50** b) 20 c) 10 d) 40

100. Which of the following is not an essential feature of Social Environment?

a) Competitiveness b) Respect for the individual c) Better quality of life **d) Bailment**

## K2 Questions

1. Explain the term Business.

   An organization or economic system where goods and services are exchanged for one another or for money

2. Describe Business Environment.

   Business environment is the sum total of all external and internal factors that influence a business.

3. State any two characteristics of Business Environment.

   1. It has both short-term and long-term impact.

   2. It is constantly changing process.

4. Expand SWOT.

   Strengths, Weaknesses, Opportunities and Threats
5. What are different types of Business Environment?

   Internal Environment and External Environment.
6. Mention the elements of Business Environment.

   The elements of business environment are political, economic, social, technological, legal, demographic, natural and international environment.
7. Summarize Product Proliferation.

   Product proliferation occurs when organizations market many variations of the same products.
8. Explain the term Micro environment.

   Micro environment connotes those factors which act and react in the immediate environment of the business enterprise. These factors affect the performance of the company.
9. Describe Macro environment.

   The major external and uncontrollable factors that influence an organizations decision making and affect its performance and strategies.
10. What is Static Environment?

    Business is affected by multiplicity of factors and forces, which constitute the environment of business. Most of these factors are uncertain and also unpredictable and the business firm will not have any control over them.
11. Describe Dynamic Environment.

    In a dynamic environment, factors in the environment change very quickly, which cannot be anticipated easily. Development in the fields of transportation, communication etc., has made the world a closer one.
12. Interpret Demographic Environment.

    Demographics is about the characteristics of the population in a specific area and includes multiple factors like age, race, income etc. further, most businesses find the data with respect to these factors within the targeted demographic variable of interest as it can affect the growth and success of a business.
13. Explain the term Legal Environment.

The laws which are passed by the government for business operation is called legal environment.

14. Portray Economic Environment.

    It refers to all the external economic factors that influence buying habits of consumers and businesses and therefore affect the performance of a company.

15. Explain Cultural Environment.

    A cultural environment is a set of beliefs, practices, customs and behaviors that are found to be common to everyone that is living within a certain population.

16. Illustrate Internal Environment.

    It refers to the internal factors of the business. It influences the strategy of business operations and decisions.

17. What do you mean by External Environment?

    It refers to those factors, which are outside the business. The business unit will not have any control over these factors.

18. Explain the term market environment.

    Market environment tells about how the business firm's environment is influenced by market forces like demand and supply of the products of the firm, the number of firms competing in the market, similar products etc. resulting in either price-competition or non-price competition.

19. Interpret non-marketing environment.

    Non-marketing environment denotes the laws enacted by the government, social traditions and other factors.

20. Discuss New Industrial Policy.

    On July 24, 1991, Government of India announced its new industrial policy with an aim to correct the distortion and weakness of the industrial structure of the country that had developed in 4 decades, raise industrial efficiency to the international level and accelerate industrial growth.

21. Who introduced the industrial policy of India?

    Jawaharlal Nehru.

22. Who introduced the new industrial policy in 1991?

    Dr. Manmohan Singh

23. Expand LPG.

Liberalization, privatization and globalization

24. Interpret Liberalization.

    Liberalization is any process whereby a state lifts restrictions on some private individual activities. Liberalization occurs when something which used to be banned is no longer banned or when government regulations are relaxed.

25. Describe privatization.

    Privatization means transfer of ownership and/or management of an enterprise from the public sector to the private sector. It also means the withdrawal of the state from an industry or sector, partially or fully.

26. Define Globalization.

    Globalization is the integration of international markets for goods and services, technology, finance and to some extent labour.

27. Expand MRTP.

    Monopolies and Restrictive Trade Practices Act

28. In which year Monopoly Inquiry Commission was established?

    Monopoly Inquiry Commission was established in 1964.

29. Explain the term Political Environment.

    Government actions which affects the operations of a company or business. These actions may be local, regional, national or international level.

30. Define Secularism.

    Secularism defined as "indifference to or rejection or exclusion of religion and religious considerations.

31. Define Preamble.

    The preamble is an introduction to the constitution and contains its basic philosophy.

32. Give any two Fundamental rights of Indian constitution.

    1. Right to equality
    2. Right to life and personal property.

33. Define Mixed Economy.

    According to Murad, "Mixed economy is that economy in which both government and private individuals exercise economic controls".

34. Portray Capitalism.

Capitalism is an economic system in which the means of production and distribution are privately or corporately owned and the operations are funded by profits.

35. Describe the term Democratic.

    It refers to the form of government, a representative and responsible system under which those who administer the affairs of the state are chosen by the electorate and accountable to them.

36. Explain the term Fraternity.

    Fraternity is a group of people associated or formally organized for a common purpose, interest or pleasure.

37. What is technology?

    The application of scientific knowledge for practical purposes, especially in industry.

38. Describe Technological Environment.

    Technological environment means the development in the field of technology which affects business by new inventions of productions and other improvements in techniques to perform the business work.

39. What do you meant by technology transfer?

    Technology transfer is the process of transferring technology from the places and ingroups of its origination to wider distribution among more people and places.

40. Expand BPRE.

    Business Process Reengineering

41. Describe Total Quality Management.

    A core definition of total quality management (TQM) describes a management approach to long-term success through customer satisfaction, In a TQM effort, all members of an organization participate in improving processes, products, services and the culture in which they work.

42. What is meant by Flexible Manufacturing System?

    A flexible manufacturing system is a method for producing goods that is readily adaptable to changes in the product being manufactured, both in type and quantity.

43. Explain the term Social Environment.

    The social environment refers to the immediate physical and social setting in which people live or in which something happens or develops. It includes the culture that the individual was educated or lives in, and the people and institutions with whom they interact.

44. What do you mean by Social responsibility?

    Social responsibility is an ethnical framework and suggests that an entity, be it an organization or individual, has an obligation to act for the benefit of society at large.

45. Illustrate Business Ethics.

    Business ethics is a form of applied ethics or professional ethics, which examines ethical principles and moral or ethical problems that can arise in a business environment.

46. Interpret corporate governance.

    Corporate governance is the system of rules, practices and processes by which a firm is directed and controlled.

47. What do you mean by child labour?

    The term child labour is often defined as work that deprives children of their childhood, their potential and their dignity and that is harmful to physical and mental development.

48. What is the minimum age of child labour?

    14 Years.

49. What are the reasons for child labour?

    The reasons for labour are poverty, illiteracy of parents, social and economic conditions.

50. Expand CII.

    Confederation of Indian Industries.

## K3 Questions

1. Explain the characteristics of today's business.
2. Discuss in general the essentials of business environment.
3. Describe the nature of Business Environment.
4. Elucidate the Scope of Business Environment.
5. Explain the Objectives of Business Environment
6. State how historical and political factors affect business.
7. Describe the demographic factors that affects business environment.
8. Point out the economic forces that affects business environment.
9. Explain the factors of micro environment in business.
10. Describe the factors of macro environment in business.

11. Describe the objectives of new industrial policy.
12. Portray the reforms to adopt liberalization.
13. Discuss about Liberalization in India.
14. Explain the merits and demerits of liberalization.
15. Elucidate the benefits of privatization.
16. Describe the condition for the success of privatization.
17. Discuss about arguments against privatization.
18. Discuss about privatization in India.
19. Explain the advantages of globalization.
20. Explain the disadvantages of globalization.
21. Describe the essential conditions for globalization.
22. Discuss about Globalization in India.
23. State the directive principles of State policy which have impact on business functioning.
24. Discuss the impact of a) Legislature b) executive and c) Judiciary on business.
25. Interpret state intervention and explain the reasons for intervention.
26. List out the objectives of State Intervention.
27. Distinguish between fundamental rights and directive principles.
28. Discuss the characteristics of the Indian constitution.
29. State and elaborate the terms in preamble to the constitution which have economic significance.
30. List out the fundamental Rights and explain it.
31. Explain about the system of Laws in Judiciary of Political system.
32. Point out the salient features of Technology.
33. Describe the status of technological environment or technology in India.
34. Discuss about impact of technology on plant level changes.
35. Explain the factors which are impeding Technological Growth.
36. Bring out the salient features of our technology policy.
37. Discuss about arguments against Social Responsibility.
38. Discuss about arguments for Social Responsibility.
39. Explain the limitations of social responsibility of business.
40. Explain about the women and business opportunities.
41. Discuss about Child Labour in India.

42. Write the barriers to social responsibility.
43. Point out the strategies of social responsibility.
44. Explain the limits of social responsibility.
45. Discuss the causes for child labour.
46. Discuss the social responsibility model of Ackerman.
47. Discuss the social responsibility model of Carroll's.
48. List out the different types of pollution.
49. Explain the different ways by which the company can reduce pollution.
50. Discuss the advantages and disadvantages of technological development.

**K4 and K5 Questions**

1. Explain the different types of environment in detail.
2. Discuss the importance of business environment.
3. Explain the nature and scope of business environment.
4. Distinguish between micro and macro business environment.
5. Explain the relationship between economic and non-economic environment.
6. Describe the various elements of business environment.
7. Differentiate between internal environment and external environment.
8. Explain the various competitive forces affecting the business environment.
9. Explain the objectives of industrial policy 1991 and the initiatives taken.
10. Discuss the sins and pitfalls of privatization.
11. Explain the measures of privatization in India.
12. Analyse the pros and cons of Globalisation.
13. Explain the Responsibilities of Business to Government & Government to Business in detail.
14. Discuss the impact of a) Preamble b) Fundamental Rights.
15. Bring out the economic implications of technology.
16. Bring out the Social implications of technology
17. Explain in detail the Technology policy.
18. Analyse the impact of technology on business environment.
19. Explain the importance of social responsibility of business.
20. Describe the responsibility of business towards ecology.
21. Bring out the arguments for and against social responsibilities of business.

22. Discuss about the financial supports rendered to women entrepreneur.
23. Explain the reasons for the growing demand for corporate governance.
24. Bring out the recent environmental issues in India.
25. Discuss the types of pollution. Explain the steps taken to control it.