

Chapter- 3

Business Environment

Q. 1. Mr. Ajay after completing MBA from USA comes to India to start a new business under the banner Ecom Creations Ltd. He launches a new product in a 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 subjects also.

Identify and quote the lines from above para which highlight the significance of understanding business environment.

Q. 2. Just after declaration of Lok Sabha Elections 2014 results, the Bombay stock exchange's price index (Sensex) rose by 1000 points in a day. Identify the environmental factor which led to this rise giving reason. Also explain any two other dimensions of business environment.

Q. 3. The court passed an order that all schools must have water purifier for the school children as:

- a) Society in general is more concerned about quality of life.
- b) Innovative techniques are being developed to manufacture water purifier at competitive rates.
- c) 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 dimensions of business environment by quoting from the above details.

Q. 4. 'It is common now to see CD-ROM's, computerized information kiosks, and Internet/Word Wide Web multimedia pages highlighting the virtues of products.' Name the dimension of the business environment highlighted by this statement.

Q. 6. It is the process by which government control over the industry is being loosened. Give the term to which this statement is trying to indicate.

Q. 7. Due to entry of foreign firms, competition for Indian firms has increased, especially in service industries. Name such service industries.

Q. 8. The Court passed an order to ban polythene bags as

- a) The bags are creating many environmental problems which affect the life of people in general.
- b) 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.

Q. 9. The government of India is seriously thinking of allowing the oil-marketing public sector undertaking to fix their own prices for petrol and diesel. Which economic reform is the reason for this change in the government's policy?

Q. 10. Kapil Sharma is working as the Country Head of a company which owns a chain of malls under the name of 'Virtuoso' in the various parts of India. Through an analysis report of the business environment, it has been brought to his notice that in the coming years, shopping at a mall will not be a necessity for the buyers as purchases can be made online from anywhere and at any time with ease and at the consumer's convenience. Hence, malls will have to provide much more than shopping to be able to attract customers. So, he recommends that 'Virtuoso' malls should to be restructured into recreation centres, offering more spaces to socialize, host events and concerts, and provide ample Food and Beverages options.

Consequently, the share of entertainment segment and Beverages segment in the overall mall space is increased by 20%. As a result, the company gains enormously by getting the first mover advantage.

In context of the above case:

- a) Define the term 'Business Environment'.
- b) Explain the terms 'Threats' and 'Opportunities' by quoting lines from the paragraph.

Q. 11. "Zero Defect Zero Effect" (ZED) is a slogan coined by the Prime Minister of India, Narendra Modi with reference 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 the 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.

Q. 12. Over the years, e-business in our country has witnessed tremendous growth due to several reasons. There is significant improvement in the Information Technology infrastructure over the last decade as the Government has taken important steps in high-speed Internet connectivity. As a result, the broadband networks have not only become better but also more affordable. Additionally, Government is trying to make rural India connected through broadband – a great possibility for e-business to expand the retail market by reaching out to the most remote rural customer. Another catalyst strengthening the e-business segment is the country's favourable demography. It has more than 50% of its population below the age of 25 and more than 65% below the age of 35. It is expected that, in the year 2020, the average age of an Indian will be 29 years, compared to 37 for China and 48 for Japan, this promises for phenomenal increase in e-business. Moreover, the penetration of the smartphone in a large section of the population has aptly addressed the problem of compute illiteracy. Not with standing the fact that consumers also prefer e-business due to multiple factors like convenience, time etc.

Identify and explain the various dimensions of business environment being referred to in the above case.

Q. 13. Beni, after completing her MBA, took up a job a multinational company named 'Fortio'. 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 behaviours of superiors was very good towards their subordinates. Beni 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 increase 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 to office goers at a reasonable price. At the end of the day she also distributing the left-over food in the nearby night-shelters.

- a) State the dimension of business environment being discussed above.
- b) State the principle of management being followed by 'Fortio'.
- c) Identify any two values being communicated by the company to the society in the above case.

Q. 14. Nakul, a manager of Zyco Ltd. always takes into account the changes taking place in business environment while determining plans. He accepts changes readily and gives useful suggestions to his superior, which results in reduction of costs. As a result, company's profits increase. Nakul enjoys cordial relations with his co-workers and makes plans in consultation with his team to achieve organizational goals.

- a) Which characteristic of management is highlighted in the above lines?
- b) Identify and state any two principles of management followed by Zyco Ltd.
- c) Give any two benefits which Zyco Ltd. get by taking into account the changes taking place in business environment, quoting the lines from the above para.

Q. 15. It is interesting to know that the menu items of the multinational food chains are customized to suit the general palates of the local people in the region. When McDonald's started its business in India in the year 1996, the company went through a complete localization strategy. McDonald's changed its product menu to accommodate the vegetable burger given the large vegetarian population. It also altered its store design and even reduced the product price by close to fifteen per cent. Also, the "McAloo Tikki burger" is not available anywhere but in the Indian outlets of McDonalds.

Identify the relevant feature of business environment being discussed above.