



Self Evaluation Test

Time: 3 hours

Maximum Marks: 80

1. How does increased competition in the market affect firms? (1)
2. Why is business environment called dynamic? State. (1)
3. What is meant by 'Disinvestment'? (1)
4. What is included in 'Legal Environment' of Business? State. (1)
5. "Demand for sarees may be high in India, whereas it is almost nil in France." Which feature of business environment is highlighted by this statement? (1)
6. Identify the dimension of business environment from the following statement: "There may be uncertainty of business activities due to political unrest and threats to law and order." (1)
7. "After 1991, the market forces have become turbulent as a result of which the enterprises have to continuously modify their operations." State the impact of government policy changes on business highlighted by the statement. (1)
8. "The understanding of business environment enables the firm to identify opportunities." What is meant by 'opportunities' here? (1)
9. In recent times the Government has increased the prices of diesel and LPG. (3)
 - (a) Explain the dimension of business environment highlighted in the above line.
 - (b) State any one value which is being overlooked here.
10. Explain 'Increasing competition' and 'More demanding customers' as impact of Government policy changes on Business and Industry. (3)
11. Distinguish between economic and social environment of business. (3)
12. Explain with example the impact of legal environment on business performance. (3)
13. Briefly explain the following: (i) Liberalisation, (ii) Privatisation, (iii) Globalisation. (3)
14. The court passed an order to ban polythene bags as these bags are creating many environmental problems which affect the life of people in general. Society in general is more concerned about quality of life. Identify two dimensions of Business Environment by quoting the lines from the above particulars and also state any two values communicated to the society. (4)
15. The government encouraged foreign companies to invest in some sectors of retailing. The argument is: (4)
 - (a) Customers can purchase the products of these companies as their incomes are rising.
 - (b) It will increase innovations which will provide new ways of producing goods.
 - (c) This will ultimately improve the quality of life.
 Identify and explain the Business Environment under four different dimensions quoting the lines from the above description. (4)
16. 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. (4)
17. 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. (4)
18. Why is understanding of business environment important for managers? State any four points. (4)

19. An environmental conscious multinational company "AXN Ltd." follows certain well defined business principles that result to minimize the employee turnover. Following are some of the important environmental factors followed by 'AXN Ltd.'
1. Honour the law of every country in which it operates.
 2. Respect the culture and customs of all nations.
 3. Provide clean and safe products to enhance the quality of life throughout the world.
 4. Develop a culture in the company that enhances individual creativity and team work while mutual trust and respect between management and labour.

From the above:

- (i) Identify and explain any one dimension of business environment.
 - (ii) Also identify any two values which the above guiding principles and environmental factors are conveying to the society.
20. Ultra Paint Co. which is manufacturing paints had been enjoying a prominent market position as it manufactured best quality paints, made timely payment of taxes to government. It assembled various inputs like finance, machines, raw materials, etc. from its environment. But since last year it has been dumping its untreated poisonous waste on the river bank which has created many health problems for the people. As a result, the court passed an order to seal the manufacturing unit of the company.
- (a) State the importance of business environment highlighted quoting the line from the above case.
 - (b) Identify any two dimensions of business environment mentioned in the above case by quoting lines from it.
 - (c) State any two values which have been overlooked by the company?
21. Nandrachal 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 and India could be made a base for its international trade. It set up its office in Gujarat 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 benefitting 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.
22. Explain how do Indian managers respond to changes in business environment. Give any five points. (5)
23. State any six features of business environment. (5)
24. Explain any six impacts of government policy changes (liberalisation, privatisation and globalisation) on business and industry. (6)
25. How do the following change the management practices in a business enterprise? Explain with the help of an example each. (6)
- (a) Interest rates, inflation rates, changes in disposal income of people, stock market indices and the value of rupee.
 - (b) Customs and traditions, values, social trends and society's expectations.
 - (c) Scientific improvements and innovations. (6)