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**SHAMBHUNATH INSTITUTE OF ENGINEERING AND TECHNOLOGY**

**SHAMBHUNATH INSTITUTE OF MANAGEMENT**

Subject Code: **KMB-201**

Subject: **BUSINESS ENVIORNMENT**

MBA

SEMESTER: Second

FIRST SESSIONAL EXAMINATION, EVEN SEMESTER (2019-2020)

BRANCH: MBA

TIME-1hr 30 min

Maximum Marks-30

**SECTION –A**

**1. Attempt all questions in brief. (1\*5=5)**

Q.N.	QUESTIONS	MARKS	CO	BL
a	<b>What are FERA and FEMA?</b> Ans-FERA is An act to regulate certain payments dealing in foreign exchange, securities, the import & export. FEMA or Foreign Exchange Management Act was introduced in the year 1999 to replace FERA (Foreign Exchange Regulations Act).	1	1	1
b.	<b>Which firm regulate &amp; control Monetary policy of India?</b> Ans- The RBI also <b>controls</b> and <b>regulates</b> the <b>currency</b> system of our economy. It is the sole issuer of <b>currency</b> notes in <b>India</b> . The <b>RBI</b> is the central banks that <b>control</b> all the other commercial banks, <b>financial</b> institutes, finance <b>firms</b> etc. It supervises the entire <b>financial</b> sector of the country.	1	1	1
c.	<b>What do you understand by MNC'S?</b> Ans-The <b>RBI</b> also <b>controls</b> and <b>regulates</b> the <b>currency</b> system of our economy. It is the sole issuer of <b>currency</b> notes in <b>India</b> . The <b>RBI</b> is the central banks that <b>control</b> all the other commercial banks, <b>financial</b> institutes, finance <b>firms</b> etc. It supervises the entire <b>financial</b> sector of the country-	1	2	2
d.	<b>Where is the SEBI headquarter located?</b> Ans-Multinational Corporation (MNC) is a corporation enterprise that manages production or delivers services in more than one country. Generally, the <b>MNC</b> has its headquarters in one country and have offices or factories in different countries.	1	1	1
e.	<b>What do you know with MSME sector?</b> Ans- <b>MSME</b> stands for Micro, Small and Medium Enterprise.	1	2	2

**SECTION -B**

**2. Attempt any TWO of the following:(2\*5=10)**

Q.N.	QUESTIONS	MARKS	CO	BL
a	<b>What is meant by stock exchange? And How does it function?</b>  Ans-- Stock exchange is a market place where stock, shares and other types of securities are bought and sold. ... Evaluating the price of securities: The stock exchange provides mechanism for evaluating the price of securities. It helps to check the real worth of security  <b>Function of Stock exchange</b>  <b>1.Stock Markets Provide Liquidity and Salability to Existing Securities</b>  2.Stock Exchange Helps in The Pricing of Securities  3.Safety	5	2	3

	<p>4.Economic Growth</p> <p>5.Spreading Awareness About Equities</p> <p><b>How does a Stock Market Work?</b></p> <p>The participants in the stock market are as follows:</p> <ul style="list-style-type: none"> <li>▪ SEBI- Stock Exchange Board of India</li> <li>▪ Stock Exchange</li> <li>▪ Brokers</li> <li>▪ Traders</li> <li>▪ Investors</li> </ul>			
<b>b.</b>	<p><b>Explain the concept of capitalism, socialism and mixed economy in business environment?</b></p> <p><b>Ans-</b> In a capitalistic society, individuals and <b>businesses</b> aim to earn a profit with the production of their investment and labour in a free market operating largely by supply and demand. <b>Socialism</b> is when the government owns and/or controls productive enterprises. A <b>mixed economy</b> is aspects of both.</p> <p><b>Capitalism</b> In a capitalist economy, <a href="#">property</a> and <a href="#">businesses</a> are owned and controlled by individuals. The production and prices of goods and services are determined by how in-demand they are and how difficult they are to produce</p> <p><b>Socialism</b> <b>In a socialist economy, the state owns and controls the major means of production. In some socialist economic models, worker cooperatives have primacy over production. Other socialist economic models allow individual ownership of enterprise and property, albeit with h</b></p> <p><b>Mixed Economic System</b> A mixed economic system is a system that combines aspects of both <a href="#">capitalism</a> and <a href="#">socialism</a>. A mixed economic system protects private property and allows a level of economic freedom in the use of capital, but also allows for governments to interfere in economic activities in order to achieve social aims.igh <a href="#">taxes</a> and stringent government controls.</p>	5	2	4
<b>c.</b>	<p><b>Describe the economic policy and its nature of economy of India.</b></p> <p><b>Ans-</b> <i>Economic policy</i> refers to the actions that governments take in <i>the economic</i> field. It covers the systems for setting levels of taxation, government budgets, the money supply and interest rates as well as the labor market, national ownership, and many other areas of government interventions into the <i>economy</i>.</p> <p><b>Type of Economy Policy</b> The Economy <b>policies</b> are: (1) Industrial <b>Policy</b>, (2) Trade <b>Policy</b>, (3) Monetary <b>Policy</b>, (4) Fiscal <b>Policy</b>, (5) <b>Indian</b> Agricultural <b>Policy</b>, (6) National Agricultural <b>Policy</b>, (7) Industrial <b>Policies</b>, (8) International Trade <b>Policy</b>, (9) Exchange Rate Management <b>Policy</b>, and (10) EXIM <b>Policy</b>.</p>	5	2	4
<b>d.</b>	<p><b>Explain the roles and function of RBI .Is it the bank of bankers?</b></p> <p><b>Ans-</b>Reserve <b>Bank</b> of India (<b>RBI</b>) is the central <b>bank</b> of the country. <b>RBI</b> is a statutory body. It is responsible for printing of currency notes and managing the supply of money in the Indian economy. Initially the ownership of almost all the share capital was in the hands of non-government share holders.</p> <p><b>Role and Functions of RBI-</b></p> <p><b>1. Issue of Bank Notes</b></p>	5	2	4

	<p><b>2. Banker to Government</b>  <b>3. Custodian of Cash Reserves of Commercial Banks</b>  <b>4. Lender of Last Resort</b>  <b>5. Controller of Credit</b>  <b>RBI IS THE Bank of Bankers-</b>  In India, Reserve Bank Of India or RBI is known as the <b>banker's bank</b>. It is so called because it acts as a <b>bank</b> for all the commercial <b>banks</b> in India. <b>RBI</b> holds their cash reserves, lends them short -term funds and provides them the central clearing and remittances facilities</p>			
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**SECTION -C**

**3. Attempt anyONE part of the following:(1\*5=5)**

Q.N	QUESTIONS	MARKS	CO	BL
a.	<p><b>Explain the Impact of business on Private Sector , Public Sector and Joint Sector in operating towards Society?</b>  <b>Ans-Joint</b> sector was emerged as an alternative to both the <b>public</b> and <b>private sector</b> in the mixed economy of India to help the Government by providing the 'nuclei' for a healthy growth of certain important industries making the best possible use of available technical and managerial experience in the existing enterprise</p> <p><b>Types of Business Enterprises</b>  On the basis of ownership business enterprises are classified as</p> <ol style="list-style-type: none"> <li>1. Private sector enterprises,</li> <li>2. Public sector enterprises, and</li> <li>3. Joint sector enterprises</li> </ol> <p><b>What are Private Sector Enterprises?</b>  Business enterprises owned by private individuals, singly or jointly, are known as <b>private enterprises</b>. There is no Government participation in the ownership of such enterprises. All non-incorporate enterprises are included in it.</p> <p><b>Examples of Private Sector Enterprises</b>  Sole trading concern, Joint Hindu Family business, Partnership, Joint Stock company, Cooperative societies, Multinational companies are the main examples of private enterprises.</p> <p><b>What are Public Sector Enterprises?</b>  Any enterprise which is established, managed and controlled by government is known as <b>public enterprise</b>. There are three types of public enterprises. These are</p> <ol style="list-style-type: none"> <li>1. Departmental undertaking,</li> <li>2. Public corporations, and</li> <li>3. Government companies.</li> </ol> <p><b>What are Joint Sector Enterprises?</b>  <b>Joint sector enterprises</b> consist of those undertakings wherein the Government, Private entrepreneurs and Public share the management, ownership, and powers of the enterprise, jointly.</p> <p><b>Example of Joint Sector Enterprises</b>  Maruti Udyog Ltd Cochin Refineries and Gujarat Fertilizers are few examples of joint sector enterprises in India. Cooperative form of enterprises also come under this sector.</p>	5	3	3
b.	<p><b>“Environmental analysis provides inputs for business decision making ”Elaborate?</b>  <b>Ans-</b> An <b>environmental analysis</b> is an extremely important tool in understanding and <b>decision making</b> in all situation of the <b>business</b>.</p> <p><b>The following is the need and importance of environmental scanning:</b></p>	5	1	1

	<p><b>1. Identification of strength:</b>  <b>2. Identification of weakness:</b>  <b>3. Identification of opportunities:</b>  <b>4. Identification of threat:</b>  <b>5. Survival and growth:</b>  <b>6-Optimum use of resources:</b>  <b>7. To plan long-term business strategy:</b>  <b>8. Environmental scanning aids decision-making:</b>  Study of environmental analyses enables the firm to select the best option for the success and growth of the firm.</p>			
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**4. Attempt any ONE part of the following: (1\*5=5)**

Q.N.	QUESTIONS	MARKS	CO	BL
a.	<p><b>Write the main differences of micro and macro business environment.</b>  <b>Ans- Micro environment</b> is defined as the nearby <b>environment</b>, under which the firm operates. <b>Macro environment</b> refers to the general <b>environment</b>, that can affect the working of all <b>business</b> enterprises. COSMIC, i.e. Competitors, Organization itself, Suppliers, Market, Intermediaries and Customers.</p> <p><u>Differences Between Micro and Macro Environment</u></p> <p><b>1. Micro-environment and its factors</b>  Suppliers:  Customers:  Competitors  Employees  Shareholders  Media</p> <p><b>2. Macro Environment and its factors</b>  he macro-environment study is termed as <b>PESTLE</b> analysis that includes different external environment factors or forces like:</p> <ul style="list-style-type: none"> <li>▪ Political forces</li> <li>▪ Economic forces</li> <li>▪ Socio-cultural and demographic forces</li> <li>▪ Technology forces</li> <li>▪ Legal forces</li> <li>▪ Ecology and physical forces</li> </ul> <p><b>Summary</b>  Both micro and macro-environment play an important role in the organization's growth, success, and existence. Despite being different from each other, both are complementary. By studying these environmental factors, an organization can prepare a marketing strategy by doing SWOT (strength, weakness, opportunity, threat) analysis of its business.</p>	5	2	4
b.	<p><b>Explain the idea of micro environment and briefly explain the environment input of value, system, mission and objective.</b>  <b>Ans- Micro-environment.</b> the factors or elements in a firm's immediate <b>environment</b> which affect its performance and decision-making; these elements include the firm's suppliers, competitors, marketing intermediaries, customers and publics.  A <b>macro environment</b> is the condition that exists in the economy as a whole, rather than in a particular sector or region. In general, the <b>macro environment</b> includes trends in the gross domestic product (GDP), inflation, employment, spending, and monetary and fiscal policy.  Internal Environment are Promoters, shareholders ,Values , Mission/objectives , Management structure/nature , Internal power relationship , Company image/brand equity, Physical</p>	5	2	5

	<p>assets/facilities, R&amp;D and technological capabilities.</p> <p><b>Value System:</b> The value system of the founders and those at the helm of affairs has important bearing on the choice of business, the mission and objectives of the organisation, business policies and practices.</p> <p><b>Mission and Objectives:</b> The business domain of the company, priorities, direction of development, business philosophy, business policy, etc. are guided by the mission and objectives of the company</p> <p>The internal factors are generally regarded as controllable factors because the company has control over these factors; it can alter or modify such factors as its personnel, physical facilities, organisation and functional means, such as marketing mix, to suit the environment</p>			
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**5. Attempt any ONE part of the following: (1\*5=5)**

Q.N.	QUESTIONS	MARKS	CO	BL
a.	<p><b>Discuss the function and economic role of government towards Business Environment.</b></p> <p><b>Ans-</b> Economic role of government in business environment <b>Governments</b> provide the legal and social framework, maintain competition, provide public goods and services, redistribute income, correct for externalities, and stabilize the <b>economy</b>.</p> <p style="text-align: center;"><b>Responsibilities of Government towards business</b></p> <ol style="list-style-type: none"> <li>1. Enacting and Enforcing Laws</li> <li>2. Maintaining Law and Order</li> <li>3. Providing Monetary System</li> <li>4. Balanced Regional Development and Growth</li> <li>5. Provision of Basic Infrastructure</li> <li>6. Assistance to Small-scale Industries</li> <li>7. Supply of information</li> <li>8. Transfer of Technology</li> <li>9. Conducting Inspections</li> <li>10. Incentives to Home Industries</li> </ol>	5	2	4
b.	<p><b>Briefly describe the monetary policy and fiscal policy of India.</b></p> <p><b>Ans- <i>Definition:</i> Monetary policy</b> is the macroeconomic policy laid down by the central bank. It involves management of money supply and interest rate and is the demand side economic policy used by the government of a country to achieve macroeconomic objectives like inflation, consumption, growth and liquidity.</p> <p><b>Fiscal policy in India:</b> Fiscal policy is the guiding force that helps the government decide how much money it should spend to support the economic activity, and how much revenue it must earn from the system, to keep the wheels of the economy running smoothly.</p> <p>In India, the <b>Monetary Policy</b> is under the Reserve Bank of India or RBI. <b>Monetary policy</b> majorly deals with money, currency, and interest rates. On the other hand, under the <b>fiscal policy</b>, the government deals</p>	5	2	4

with **taxation** and spending by the Centre.

The **difference between monetary and fiscal policy**- **Monetary policy** involves changing the interest rate and influencing the money supply. **Fiscal policy** involves the government changing tax rates and levels of government spending to influence aggregate **demand** .

Monetary policy seeks to spark economic activity, while fiscal policy seeks to address either total spending, the total composition of spending, or both.

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	<p>with <b>taxation</b> and spending by the Centre.</p> <p>The <b>difference between monetary and fiscal policy</b>- <b>Monetary policy</b> involves changing the interest rate and influencing the money supply. <b>Fiscal policy</b> involves the government changing tax rates and levels of government spending to influence aggregate <b>demand</b> .</p> <p>Monetary policy seeks to spark economic activity, while fiscal policy seeks to address either total spending, the total composition of spending, or both.</p> <p><i>In comparing the two, fiscal policy generally has a greater impact on consumers than monetary policy, as it can lead to increased employment and income.</i></p>			
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