

I Semester B.Com

BUSINESS ENVIRONMENT

(SEP Scheme – Freshers & Repeaters)

SECTION – A

Answer any Five sub-questions ($5 \times 2 = 10$)

1. What is Environmental Analysis?

Answer:

Environmental analysis is the process of identifying, examining, and evaluating internal and external factors that influence business operations and decision-making.

2. Define Political Environment.

Answer:

Political environment refers to government policies, laws, regulations, political stability, and ideology that affect business activities.

3. What do you mean by Competitive Analysis of Business?

Answer:

Competitive analysis is the process of identifying competitors and evaluating their strategies, strengths, and weaknesses to gain a competitive advantage.

4. What is Economic Environment?

Answer:

Economic environment refers to economic factors such as inflation, interest rates, income levels, economic growth, and government policies that influence business operations.

5. Name any Four methods for entering Global Markets.

Answer:

1. Exporting
 2. Licensing
 3. Franchising
 4. Joint Ventures
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6. Give the meaning of Technological Environment.

Answer:

Technological environment refers to changes and developments in technology that affect production methods, product innovation, and business operations.

7. What do you mean by Natural Environment?

Answer:

Natural environment includes natural resources, climate, geographical conditions, and ecological factors that influence business activities.

8. Expand MNC and TNC.

Answer:

MNC – Multi National Corporation

TNC – Trans National Corporation

SECTION – B

Answer any Four questions (4 × 5 = 20)

1. What are the elements of Environmental Analysis? Explain.

Answer:

The elements of environmental analysis are:

1. **Political Environment** – Government policies and regulations.

2. **Economic Environment** – Economic conditions such as inflation and GDP.
 3. **Social Environment** – Culture, customs, and social values.
 4. **Technological Environment** – Technological advancements and innovations.
 5. **Legal Environment** – Laws and legal framework.
 6. **Natural Environment** – Natural resources and ecological factors.
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2. Explain briefly the reasons for State Intervention in Business.

Answer:

1. To control monopolies.
 2. To protect consumers.
 3. To reduce economic inequality.
 4. To ensure balanced regional development.
 5. To protect the environment.
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3. What are the factors affecting Economic Environment?

Answer:

1. Economic growth rate
 2. Inflation rate
 3. Interest rate
 4. Fiscal and monetary policies
 5. Per capita income
 6. Employment level
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4. Explain different approaches to Globalisation.

Answer:

1. **Liberal Approach** – Free trade and minimal government intervention.
 2. **Interventionist Approach** – Government regulates foreign trade.
 3. **Mixed Approach** – Combination of free trade and regulation.
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5. Explain the features of Technological Environment.

Answer:

1. Rapid technological changes
 2. Innovation and research
 3. Automation and mechanization
 4. Impact on product life cycle
 5. Increased competition
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6. Explain the characteristics of Natural Environment.

Answer:

1. Availability of natural resources
 2. Climate and weather conditions
 3. Ecological balance
 4. Environmental regulations
 5. Sustainability concerns
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SECTION – C

Answer any Three questions (3 × 15 = 45)

9. Explain the impact of Natural Environment on Business.

Answer:

The natural environment greatly influences business operations.

- Availability of raw materials determines production capacity.
 - Climate affects agriculture, tourism, and seasonal industries.
 - Environmental regulations increase compliance costs.
 - Natural disasters like floods and droughts disrupt supply chains.
 - Increasing awareness about sustainability encourages businesses to adopt eco-friendly practices. Thus, the natural environment directly and indirectly affects business growth and survival.
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10. Explain in detail the benefits and challenges of Technology Transfer.

Answer:

Benefits:

1. Access to advanced technology
2. Increased productivity
3. Skill development
4. Economic growth
5. Improved product quality

Challenges:

1. High cost
 2. Dependence on foreign technology
 3. Cultural differences
 4. Lack of skilled manpower
 5. Risk of technology becoming obsolete
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11. Explain the types of Business Environment.

Answer:

1. **Internal Environment** – Employees, management, company culture.
 2. **External Environment** – Includes micro and macro environment.
 - **Micro Environment** – Customers, suppliers, competitors.
 - **Macro Environment** – Political, economic, social, technological, legal, and natural factors.
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12. What are the merits and demerits of Globalisation? Explain.

Merits:

1. Increased trade
2. Access to global markets
3. Improved technology
4. Better quality products
5. Economic growth

Demerits:

1. Increased competition
2. Loss of domestic industries
3. Economic dependence
4. Cultural erosion
5. Exploitation of resources

SECTION – D

Answer One question ($1 \times 5 = 5$)

13. List out any Five Demographic factors affecting Business.

Answer:

1. Population size
2. Age distribution
3. Literacy level
4. Urbanization
5. Income distribution