**SAINTGITS COLLEGE OF APPLIED SCIENCES**

**First Internal Assessment Examination, February 2019**

**B.Com Second Semester (Computer Applications& Taxation)**

**BUSINESS ENVIRONMENT**

**Section A**

*Answer any 5 questions. Each question carries 2 marks.*

1. What is economic environment?

The economic environment consists of all the external factors in the immediate marketplace and the broader economy. These factors can influence a business, i.e., how it operates and how successful it might become.

1. Define business environment.

Sum of all internal and external factors.

1. Explain disinvestment.

Disinvestment can also be defined as the action of an organisation (or government) selling or liquidating an asset or subsidiary.

1. Define CRR.

Cash Reserve Ratio (CRR) is a certain minimum amount of deposit that the commercial banks have to hold as reserves with the central bank. CRR is set according to the guidelines of the central bank of a country.

1. What is Trade policy?

Trade policy refers to the regulations and agreements that control imports and exports to foreign countries.

1. What is Mixed economy?

Economy in which both capitalism and Socialism coexist **Section B**

*Answer any 5 questions. Each question carries 5 marks.*

1. Explain the merits of globalisation.

1. Encourages producers and consumers to benefit from deeper division of labour and economies of scale  
  
2. Competitive markets reduce monopoly profits and incentivise businesses to seek cost-reducing innovations  
  
3. Enhanced growth has led to higher per capita incomes – and helped many of poorest countries to achieve faster economic growth.  
  
4. Advantages from the freer movement of labour between countries  
  
5. Gains from the sharing of ideas / skills / technologies across national borders  
  
6. Opening up of capital markets allows developing countries to borrow money to over a domestic savings gap  
  
7. Increased awareness among consumers of challenges from climate change and wealth/income inequality  
  
8. Competitive pressures of globalisation may prompt improved governance and better labour protection

1. Explain environment analysis process.

Environmental analysis is a strategic tool. It is a process to identify all the external and internal elements, which can affect the organization's performance. The analysis entails assessing the level of threat or opportunity the factors might present.

Process includes

Environment scanning, monitoring, forecasting and diagnosis.

1. What are the advantages of market economy?

The advantages of a market economy include increased efficiency, productivity, and innovation. In a truly free market, all resources are owned by individuals, and the decisions about how to allocate such resources are made by those individuals rather than governing bodies.

1. Explain about ‘Make in India’ project.

Make in India, a type of Swadeshi movement covering 25 sectors of the Indian economy, was launched by the Government of India on 25 September 2014 to encourage companies to manufacture their products in India and enthuse with dedicated investments into manufacturing.

1. What is micro environment? Explain the various components of micro environment.

Micro-environment. the factors or elements in a firm's immediate environment which affect its performance and decision-making; these elements include the firm's suppliers, competitors, marketing intermediaries, customers and publics.

1. Explain about the nature of Indian Economy.

Low per capita income.  
Occupational pattern – primary producing.  
Heavy population pressure.  
Prevalence of chronic unemployment and under-employment.  
Need for a steady improvement in the rate of capital formation.

**Section C**

*Answer any 1 question. It carries 15marks.*

1. What is liberalisation? Explain the advantages and disadvantages.
2. What are the stages of business cycle?

The term “business cycle” (or economic cycle or boom-bust cycle) refers to economy-wide fluctuations in production, trade, and general economic activity. From a conceptual perspective, the business cycle is the upward and downward movements of levels of GDP (gross domestic product) and refers to the period of expansions and contractions in the level of economic activities (business fluctuations) around a long-term growth trend.  
process includes

* Expansion
* Peak
* Contraction
* Trough