

EXAM PRACTICE
Past Year Board QuestionsCBSE-Class XII
Business Studies
Business Environment**Section A****(1 mark each)**

- Question 1.** What is mean by 'business environment'? **(2015)**
- Question 2.** What is included in 'Political Environment of business? State. **(2014)**
- Question 3.** What is included in 'Legal Environment' of Business? **(2014)**
- Question 4.** "The understanding of business environment helps the managers to identify 'threats'." What is meant by 'threats' here? **(2011)**
- Question 5.** "The understanding of Business Environment enables the firm to identify opportunities." What is meant by 'opportunities' here? **(2011)**
- Question 6.** 'Business environment includes both 'specific and general forces.' List any four specific forces. **(2011)**

Section B**(3 marks each)**

- Question 7.** Explain any two impacts of Government policy changes on Business and Industry. **(2013)**
- Question 8.** Explain "Increasing competition" and "More demanding customers" as impact of Government policy changes on Business and Industry. **(2013)**
- Question 9.** Explain three features/characteristics of business environment. **(2012)**
- Question 10.** What is meant by 'Business Environment'? Explain 'Dynamic nature' and 'Uncertainty' as features of business environment. **(2010)**
- Question 11.** What role does social environment play in the business? **(2007)**

Section C

(4 marks each)

- Question 12.** Beni, after completing her MBA, took up a job with a multinational company named 'Fortio'. The company was paying good salary and perks to its employees. The wages are 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 behavior of the supervisors was very good towards their subordinates. Beni, was very happy in this organisation, but due to long working hours she did not have the time to cook her meal. She had to depend upon 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 was 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.

- Question 13.** What is meant by business environment? State any three points of their importance. (2015)

- Question 14.** Why is the understanding of business environment important for managers? Explain with the help of any four points. (2014)

Section D

(5 marks each)

- Question 15.** 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. **(2013)**

- Question 16.** State any five points which clarify how understanding of Business Environment helps managers? **(2012)**
- Question 17.** Explain any five features of 'Business Environment'. **(2011)**
- Question 18.** Explain any five impacts of Government Policy changes on Business and Industry in India. **(2012)**
- Question 19.** What role does economic environment play in the business? **(2007)**
- Question 20.** Explain in brief the term 'Liberalisation'. In what ways have the Indian business houses/managements responded to this change? **(2007)**

Answer Key

Section A

(1 mark each)

- Answer 1.** Business environment refers to all forces (factors and institutions) which are external to a business and beyond its control and affect the performance of a business organisation.
- Answer 2.** Political environment includes political conditions.
- Answer 3.** Various legislations passed by the government, administrative orders issued by government authorities, court judgments and decisions rendered by various commissions and agencies.
- Answer 4.** Threats refer to the external environment trends and changes that will hinder a firm's performance.
- Answer 5.** Opportunities refer to the positive external trends or changes that will help a firm to improve its performance
- Answer 6.** Investors
Customers
Suppliers
Customers

Section B

(3 marks each)

- Answer 7.** Impact of government policy changes on business and industry: (Any two from the following)
- Increasing competition
 - More demanding customers
 - Rapidly changing technological environment
 - Necessity for change
 - Need for developing human resources.
 - Market orientation
 - Loss of budgetary support to the public sector.
- Answer 8.** **Increasing competition** - As a result of changes in the rules of industrial licensing and entry of foreign firms, competition for Indian firms has increased.
- More demanding customers** - Customers now have become more demanding because they are well informed. They also have a wider

choice because of increased competition and can purchase better quality of goods and services.

Answer 9. **Features of business environment:** (Any three from following)

- a. Totality of external forces
- b. Specific and general forces
- c. Inter relatedness
- d. Dynamic nature
- e. Uncertainty
- f. Complexity

Answer 10. Business environment refers to totality of all individuals, institutions and other outside forces a business surrounding it and having definite effect on business's performance.

- Dynamic
- uncertainty

Answer 11. Social environment describes the characteristics of the society in which an organisation exist such as literacy rate, educational levels, customs, etc.

Section C

(4 marks each)

Answer 12.

- a) Dimension of business environment being discussed – Social Environment
- b) Principle of management being followed by 'Fortio' – Remuneration to Personnel (as they are paying good salary and perks to its employees)
- c) Values being communicated –
 - Fair remuneration to employees
 - Good working environment

Answer 13. Business environment refers to all forces (factors and institutions) which are external to a business and beyond its control and affect the performance of a business organisation.

Importance of business environment (any three from following):

- i. It enables the firm to identify opportunities and getting the first mover advantage
- ii. It helps the firm to identify the threats and early warning signals
- iii. It helps tapping useful resources
- iv. It helps in coping with rapid changes
- v. It helps in assisting in planning and policy formulation
- vi. It helps improvement in performance

Answer 14. Understanding of business environment is important because of: (any

four from following)

- a. Identify opportunities and get the first mover advantage
- b. Identify threats and early warning signals
- c. Tap useful resources
- d. Cope with rapid changes
- e. Assist in planning and policy formulation
- f. Improve performance

Section D

(5 marks each)

Answer 15. **Legal environment:** The court passed an order that all the schools must have water purifier for the school children.
Social environment: Society in general is more concerned about quality of life.
Technological environment: Innovative techniques are being developed to manufacture water purifier at competitive rates.
Economic environment: Incomes are rising and children at home are also drinking purified water.
Political environment: The government is also showing positive attitude towards the water purifier business.

Answer 16. Understanding of business environment helps managers in following ways:

- a. Identify opportunities and get the first mover advantage
- b. Identify threats and early warning signals
- c. Tap useful resources
- d. Cope with rapid changes
- e. Assist in planning and policy formulation
- f. Improve performance

Answer 17. **Features of business environment:** (any five)

- a. Totality of external forces
- b. Specific and general forces
- c. Inter-relatedness
- d. Uncertainty
- e. Complexity
- f. Relatively

Answer 18. Impact of government policy changes on business and industry: (Any five from the following)

- a. Increasing competition
- b. More demanding customers
- c. Rapidly changing technological environment

- d. Necessity for change
- e. Need for developing human resources.
- f. Market orientation
- g. Loss of budgetary support to the public sector.

Answer 19. Economic environment includes employment rates, corporate profits, interest rates, tax rates, consumer incomes, , national product, etc.

Answer 20. Liberalisation – It means to free an economy from direct and physical control imposed by the government. It is the process by which government control over the industries is being loosens.

Impact of liberalisation on Indian business houses/managements:

- Increasing competition
- Market orientation approach
- Threat from MNCs
- More demanding customers