

BUSINESS STUDIES

CLASS XII

CHAPTER 3

BUSINESS ENVIRONMENT

MULTIPLE CHOICE QUESTIONS	
1	<p>The business environment is relatively easier to understand in parts but difficult to grasp in totality. Which feature of business environment is discussed here?</p> <p>(A) Dynamic (B) Inter-related (C) Complex (D) Relativity</p>
2	<p>Which of the following is an example of Economic Environment?</p> <p>(A) Demand for automatic machines and luxury items in middle class families (B) Permission to private sector for entering into financial sector (C) Replacement of traditional watches with digital watches (D) Delicensing policies of industries</p>
3	<p>Government of India banned several Chinese apps due to face off between China and India on the Line of Actual Control, it created fear in the mind of Chinese investors. Which of the following component of business environment is responsible for the decision?</p> <p>(A) Legal Environment (B) Social Environment (C) Technological Environment (D) Political Environment</p>
4	<p>Which of the following best indicate the importance of business environment?</p> <p>(A) Identification (B) Improvement in performance (C) Coping with rapid changes (D) All of these</p>

5	<p>Entry of new players in the market led Mr Vivek, the general manager of Clean Purifiers Ltd. to think afresh how to deal with the pandemic situation. Identify the significance of business environment in above case.</p> <p>(A) It helps in coping with rapid changes (B) It helps the firm to identify threats and early warning signals (C) It helps in assisting in planning and policy formulation (D) It helps in improving the performance</p>								
6	<p>Increase life expectancy of people and increased awareness for healthcare have increased demand for many health products and services like diet coke, fat-free cooking oil, and health resorts.</p> <p>Which feature of business environment is highlighted by the above statement.</p> <p>(A) Specific and general forces (B) Dynamic nature (C) Inter-relatedness (D) Totality of external forces</p>								
7	<p>Match the components of Business Environment in column I with their respective factors in column II:</p> <table border="0" style="width: 100%;"> <thead> <tr> <th style="text-align: left;">Column I</th> <th style="text-align: left;">Column II</th> </tr> </thead> <tbody> <tr> <td>(a) Internal Environment (i)</td> <td>Objective, polices, etc</td> </tr> <tr> <td>(b) Micro environment (ii)</td> <td>Customers , suppliers, etc</td> </tr> <tr> <td>(c) Macro environment (iii)</td> <td>Economic environment, social environment, etc.</td> </tr> </tbody> </table> <p>(A) (iii), (ii), (i) (B) (ii), (i), (iii) (C) (i), (iii), (ii) (D) (i), (ii), (iii)</p>	Column I	Column II	(a) Internal Environment (i)	Objective, polices, etc	(b) Micro environment (ii)	Customers , suppliers, etc	(c) Macro environment (iii)	Economic environment, social environment, etc.
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(a) Internal Environment (i)	Objective, polices, etc								
(b) Micro environment (ii)	Customers , suppliers, etc								
(c) Macro environment (iii)	Economic environment, social environment, etc.								
8	<p>Which of the following is not a feature of Business environment</p> <p>(a) Internal and controllable (b) External and beyond the control of management (c) Complex (d) Uncertain</p>								

9	<p>_____ refers to positive and favourable external factors that are likely to create chances for a firm:-</p> <p>(a) Opportunities (b) Warning (c) Threats (d) None of these</p>
10	<p>Which of the following is not the dimension of the business environment:-</p> <p>(a) Economic & Social (b) Technological & Economic (c) Legal & Social (d) Natural</p>
11	<p>Which of the following is the example of social environment</p> <p>(a) Increased competition (b) Need for change (c) Joint family (d) Increase in tax rate</p>
12	<p>Business environment is the sum total of all the factors and forces.....to a business.</p> <p>(a) Internal (b) Specific (c) External (d) All of these</p>
13	<p>Investors, customers, competitors and suppliers come under.....forces.</p> <p>(a) General (b) Specific (c) General and Specific (d) None of the above</p>

14	<p>Which of the following best indicates the importance of business environment?</p> <p>(a) Identification</p> <p>(b) Improvement in performance</p> <p>(c) Coping with rapid changes</p> <p>(d) All of the above</p>
15	<p>“There is a great demand for reservation in jobs for economically weaker sections of the society.” Identify the type of dimension of business environment mentioned.</p> <p>(a) Technological environment</p> <p>(b) Political environment</p> <p>(c) Legal environment</p> <p>(d) Social environment</p>
16	<p>Android mobile was the first unique application for mobile market. After few years this mobile is replaced by some other variants . Which nature of Business Environment is highlighted here.</p> <p>(a) Dynamic</p> <p>(b) Uncertain</p> <p>(c) Complex</p> <p>(d) Inter relatedness</p>
17	<p>‘Change of government’ is an example of.....environment of business.</p> <p>(a) Political</p> <p>(b) Social</p> <p>(c) Economical</p> <p>(d) Legal</p>

18	<p>The pranayama and yoga relates to.....environment.</p> <p>(a) Political</p> <p>(b) Social</p> <p>(c) Technological</p> <p>(d) Legal</p>
19	<p>Xyz limited is facing a lot of opposition as it pays less salary to women workers as compared men workers. Which dimension of environment is being violated by the company</p> <p>a. Social environment</p> <p>b. Economic environment</p> <p>c. Political environment</p> <p>d. Technological environment</p>
20	<p>“According to the Weight s and Measures Act, every eatable product should explicitly bear a green dot for vegetarian contents and brown dot for non vegetarian ingredient “ which key component of the business environment is discussed in the given case.</p> <p>a. Social environment</p> <p>b. Political environment</p> <p>c. Legal environment</p> <p>d. Economic environment</p>
21	<p>Two Big Banner movies were scheduled to be released on the same date, however at the last moment release of one movie had to be postponed due to opposition by a group of people because of some unethical content in the movie. The loss suffered by movie postponed, provided opportunity for the released movie to earn huge amount of revenue. Which feature of business environment is highlighted in the given case?</p> <p>a. Dynamic factor</p> <p>b. Complexity</p> <p>c. Specific and general forces</p> <p>d. Relativity.</p>

22	<p>The factors which influence the business and present within the business itself are under the control of the business comes under</p> <ol style="list-style-type: none"> a. Internal environment b. External environment c. Micro environment d. None of these
23	<p>All those external factors which are closely related with business and influence each industrial unit differently.</p> <ol style="list-style-type: none"> a. Internal environment b. External environment c. Micro environment d. None of these
24	<p>Maruti was the first company to recognise the need for small cars in an environment of rising petrol prices and large middle class population in India so they become the leader in the small car market. Which importance of business environment is highlighted here.</p> <ol style="list-style-type: none"> a. First mover advantage b. Identify the early threat c. Adjust with change d. None of he above.
25	<p>Even after economic reform of 1991 may foreign companies were not able to enter Indian market due to Bureaucratic red tape, which dimension of business environment is responsible for this ?</p> <ol style="list-style-type: none"> a. Social environment b. Political environment c. Legal environment d. Economic environment

26	<p>Seeing the surge in demand of sanitisers, several Indian companies were found supplying sanitisers without GST. Which component of the business environment does this relate to?</p> <ol style="list-style-type: none"> Legal Environment. Social environment. Technological environment. Economic environment
27	<p>During the period of COVID-19 the cinema halls even after reopening really faced a lot of loss in revenue. Which dimension of the business environment is responsible for the loss in revenue?</p> <ol style="list-style-type: none"> Legal environment. Social environment. Technological environment. Political environment
28	<p>Which of the following is not a component of specific forces of business environment?</p> <p>A)Technological conditions</p> <p>(B) Customers</p> <p>(C) Employees</p> <p>(D) Investors</p>
29	<p>The growing awareness about healthcare has led to an increase in the demand for healthcare products and services in the country. Identify the feature of business environment being described in the above case.</p> <p>(A) Dynamic nature</p> <p>(B) Uncertainty</p> <p>(C) Relativity</p>

	<p>(D) Interrelatedness</p>
30	<p>Since more number of people have become more beauty and health conscious, our economy has witnessed an unprecedented surge in the number of health and beauty spas and wellness clinics. Related feature of business environment being described in the above lines is —</p> <p>(a) Totality of external forces (b) Dynamic nature (c) Interrelatedness (d) Relativity</p>
31	<p>‘Twinkle Stars’ is a well-known resort for organising parties, especially for children. However, in past 6 months its popularity has reduced considerably as a new resort with better ambience and facilities has opened within its vicinity. Name the related feature of business environment which has influenced the business of ‘Twinkle Stars’ adversely.</p> <p>(a) Totality of external forces (b) Dynamic nature (c) Interrelatedness (d) Uncertainty</p>

32	<p>Any kind of external devices, like compact discs (CD's) for computer, have become obsolete. Google, with its Google Drive service, Apple with its iCloud offering, enables the users store documents, photos, music and movies on web-based servers. Identify the feature of business environment being described in the above lines.</p> <p>(a) Relativity (b) Dynamic nature (c) Uncertainty (d) Interrelatedness</p>
33	<p>According to the United Nations Environmental Agency, the world produces around 300 million tons of plastic each year, half of which constitutes single-use items. Ford is recycling over one billion plastic bottles every year to develop elements of the car's interior, reducing the amount of plastic ending up in a landfill. The American car maker has revealed that their Romanian-built EcoSport SUVs' carpets are made using 470 recycled single-use plastic bottles. The process for making Ford EcoSport carpets involves shredding bottles and their caps into tiny flakes and then heating them to 260° C. Identify the related dimension of business environment.</p> <p>(a) Economic dimension (b) Social dimension (c) Technological dimension (d) Political dimension</p>
34	

	<p>DigiLocker is the country's first secured cloud-based platform for the storage, issuance and verification of documents with the Driving Licence & Vehicle Registration System of the Road Transport Ministry. The integration of a government department with DigiLocker since its launch last year is one of the biggest of its kind. It will spare 1 people the trouble of carrying licences & vehicle papers, which can be accessed on phones using the DigiLocker app. Identify the related dimension of business environment.</p> <p>(a) Economic dimension (b) Technological dimension (c) Social dimension (d) Political dimension</p>
35	<p>The Uttarakhand government has developed surveillance network using latest satellite technology. Under this system, the state's mining department would be in a position to check illegal mining activities across the state. The state government is also considering the use of drones in its proposed campaign against illegal mining. Identify the related dimensions of business environment.</p> <p>(a) Economic dimension and Legal dimension (b) Social dimension and Economic dimension (c) Technological dimension and Political dimension (d) Political dimension and Economic dimension</p>

36	<p>In order to boost and double India's export of goods and services to over USD 1,000 billion by 2025, it is important to lower effective corporate tax rate, bring down cost of capital and simplify regulatory and tax framework. Identify the related dimension of business environment.</p> <p>(a) Social dimension and Legal dimension (b) Technological dimension and Political dimension (c) Political dimension and Social dimension (d) Economic dimension and Legal dimension</p>
37	<p>The Economic Survey, 2019 suggests that the psychological biases can be used in the realm of tax compliance. It is in favour of using religious norms such "dying in debt is a sin" to improve tax compliance. Identify the related dimensions of business environment.</p> <p>(a) Legal dimension and Social dimension (b) Social dimension and Economic dimension (c) Technological dimension and Political dimension (d) Political dimension and Economic dimension</p>
38	<p>Philips, a company manufacturing light bulbs incurred heavy expenditure on scientific. Research and Development and discovered a technology that made it possible to produce an energy efficient light bulb that lasts at least twenty times as long as a standard bulb. It resulted in growth and profitability of the company. Identify the dimension of business environment mentioned above.</p> <p>A) Technological environment B) Social environment C) Political environment D) Economic environment</p>

39	<p>Identify the dimension of business environment, which focuses on laws and regulations on industrial development.</p> <p>A. Political environment B. Economic environment C. Legal environment D. All of these</p>
40	<p>Which of the following is not an element of social environment?</p> <p>A. Birth and death rate B. Constitution of the country C. Population Shifts D. Life expectancy</p>
41	<p>With this introduction of Photostat Machines in the market, the carbon paper industry was adversely affected. Which component of environment was responsible for it?</p> <p>A. Economic B. Political C. Technical D. All the above</p>
42	<p>Business environment is _____ because the changes in the environment takes place very rapidly due to changes in the taste of customers, technology, government policies, etc.</p> <p>A. uncertain B. flexible C. rigid D. None of these</p>

43	<p>“The company plans to make its millions by extracting metals such as gold and platinum from the e-waste piling up in the city.” Which objective of business is being fulfilled?</p> <p>A. Organizational objective B. Social objective C. Personal objective D. All of these</p>
44	<p>The Prime Minister has given a relief package of ` 5 crore. This is related to which dimension of business environment.</p> <p>A. Political environment B. Economic environment C. Legal environment D. None of these</p>
45	<p>Which of the following does not characterize the business environment?</p> <p>A. Uncertainty B. Employees C. Complexity D. Relativity</p>
46	<p>“Business environment includes which of the following forces?</p> <p>A. Socio-cultural B. Political C. Legal D. All of these</p>

47	<p>Standards should be _____ so that they can be modified as per changes taking place in the business environment.</p> <p>A. static B. flexible C. rigid D. stagnant</p>
48	<p>Booking of railway tickets through internet from home or office is an example of _____</p> <p>(A) Political Environment (B) Technological Environment (C) Economic Environment (D) Social Environment</p>
49	<p>Specific attitudes that elected government representatives hold towards business is called... environment.</p> <p>(a) Legal (b) Social (c) Technological (d) Political</p>
50	<p>Which of the following is an example of social environment?</p> <p>(a) Money supply in the economy (b) Consumer Protection Act (c) The Constitution of the country (d) Composition of family</p>

51	<p>Which of the following dimensions of business environment includes legislations passed by the government administrative orders issued by government authorities.</p> <p>(a) Technological environment (b) Political environment (c) Legal environment (d) Social environment</p>
52	<p>Nowadays gym craze in adults boys and girls increase due to which new fitness centres, gyms, spa are opening. Identify the feature of the business environment:</p> <p>(a) The totality of the external forces (b) Specific and general forces (c) Inter-relatedness (d) Dynamic nature</p>
53	<p>Daily tax amendments in goods and service tax and income tax are covered under which of the following environment:</p> <p>(a) Political environment (b) Legal environment (c) Technological environment (d) Relativity</p>
54	<p>General forces include those factors which affect:</p> <p>(a) Specific industry (b) Some part of the industry (c) Entire industry (d) None of the above</p>
55	<p>A leading alcohol and tobacco brand decided to enter an Indian market. In market survey, the company observed that the advertisement of alcohol beverages is prohibited and packets of cigarettes must carry the statutory warning "Cigarette smoking is injurious to health". Identify the business dimension highlighted here.</p> <p>(a) Social environment (b) Legal environment (c) Privatisation (d) Globalisation</p>

56	<p>To control corona virus disease, Assam government has decided to start setup new hand sanitizers plant at Silchar, due to which hand sanitizers will be sold at very low price in the market for the social welfare of the society, and it creates a hurdle for the competitive private hand sanitizer companies. Identify the importance of the business environment.</p> <p>(a) Helps in identification of opportunities and getting a first-mover advantage (b) Helps the business to identify threats and early warning signals (c) Helps in tapping resources (d) Helps in planning and policy formation</p>
57	<p>Government initiates Safai Abhiyan in India. As a result, demand for dustbin increases due to which new business opportunities for plastic article manufacturing units arise, which leads to rising in the production of dustbins and other sanitary articles. Mark the feature of business environment given in the case:</p> <p>(a) Totality of external forces (b) Specific and general forces (c) Inter-relatedness (d) Uncertainty</p>
58	<p>Birla Limited has decided to replace all chemical plants machinery from new machinery. This will result in 80% savings in the emission of harmful gases. Analyse the dimension of business environment:</p> <p>(a) Legal environment (b) Political environment (c) Social environment (d) Economic environment</p>

ANSWER KEY - MULTIPLE CHOICE QUESTIONS

1	C
2	A
3	D
4	D
5	C
6	C
7	D
8	A
9	A
10	D
11	C
12	C
13	B
14	D
15	D
16	A
17	A
18	B
19	A
20	C
21	C
22	A

23	C
24	A
25	B
26	D
27	B
28	A
29	D
30	C
31	D
32	C
33	C
34	B
35	C
36	D
37	B
38	A
39	C
40	B
41	C
42	A
43	A
44	A
45	B
46	D

47	B
48	B
49	D
50	D
51	C
52	C
53	B
54	C
55	B
56	B
57	C
58	C

PREPARED BY THE PGTs (COMMERCE) OF BHUBANESWAR, GUWAHATI, KOLKATA, RANCHI, SILCHAR AND TINSUKIA REGIONS.

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BUSINESS ENVIRONMENT

CASE STUDY BASED QUESTIONS

SI No.	Read the passage given below and answer the following questions:
1	<p>CREA is an award winning, innovation led carry solutions company. When the first lockdown was announced in March, 2020, to restrict the spread of the novel coronavirus, the company had its game plan ready. The firm, which designs and manufactures bags for a diverse clientele, spans across cosmetics, fashion, travel, health and fitness and apparel, quickly pivoted its business. The moment they saw that global lockdowns are in process, they understood that it is going to be a while before the business flourishes again. They immediately acted and started manufacturing PPE kits, masks, etc. during these tough times. They spent five months making PPE kits for the healthcare heroes.</p> <p>Many businesses changed track during the lockdown to meet the consumer demand. But the demand curve again undergoing a shift, post the various unlock phases, it might mean fight or flight for various MSME's in the country.</p>
	<p>1. Which forces have been covered by CREA in the above case?</p> <p>(A) Specific Forces</p> <p>(B) General Forces</p> <p>(C) Both Specific and General Forces</p> <p>(D) None of the above</p>

	<p>2. Name the related feature of business environment which has influenced the business of CREA?</p> <p>(A) Totality of external forces (B) Dynamic nature (C) Interrelatedness (D) Uncertainty</p>
	<p>3. The above case highlights one of the points related to the importance of business environment and its understanding which led the managers to do well even in lockdown. Identify it</p> <p>(A) It helps in coping with rapid changes. (B) It helps in improving performance. (C) It helps the firm to identify threats and early warning (D) It enables the firm to identify opportunities and getting the first mover advantage.</p>
	<p>4. Identify the related dimensions of business environment which led to the sudden spur in demand for masks and PPE kits?</p> <p>(A) Social dimension (B) Technological dimension (C) Economic dimension (D) Legal dimension</p>

2	<p>Deepa and Saniya after finishing their BCOM degree decide to start their own travel agency which will book rail tickets and air tickets on commission basis. They also thought of providing tickets within 5 minutes through the use of internet. They discussed the idea with their teacher A. Kumar who liked the idea and suggested them to first analyse the business environment which consist of investors, competitors and other forces like social, political, etc., that may affect their business directly or indirectly. He further told them about the technological improvements and shifts in customer preferences that were taking place and hence, they should be aware of the environmental trends and changes which may hinder their business performance. He emphasised on making plans keeping in mind the threats posed by the competitors so that they can deal with the situation effectively. This alignment of business operations with the business environment will result in better performance.</p>
	<p>1. Identify the components of business environment highlighted in the above paragraph</p> <ul style="list-style-type: none"> (a) economic environment (b) social environment (c) technological environment (d) political environment.
	<p>2. Identify the features of business environment as discussed by Arbind Kumar with Deepa and Saniya:</p> <ul style="list-style-type: none"> (a) specific and general forces (b) inter-relatedness (c) dynamic nature (d) uncertainty

	<p>3. Identify the points of importance of business environment as stated by Arbind Kumar in the above situation.</p> <p>(a) It enables the firm to identify opportunities and getting the first mover advantage</p> <p>(b) It helps the form to identify threats and early warning signals</p> <p>(c) It helps in tapping useful resources</p> <p>(d) The it helps in assisting in planning and policy formulation.</p>
	<p>4. Deepa and Saniya after finishing their BCOM decided to start their own travel agency which will book rail tickets and air tickets on commission basis which dimension of business environment highlighted here.</p> <p>(a) Economical</p> <p>(b) Political</p> <p>(c) Legal.</p> <p>(d) social</p>
3	<p>The government all over the world are becoming moore and more cautious towards the environment. To ensure the same many state governments passed an order to ban the polythene bags since these are not bio – degradable. As a result of which the government has also decided to grant subsidy for the jute industry the minister said in their statement that they belief it will be helpful as the income of the people are rising and people can afford jute bag.</p> <p>After this subsidy, Raman saw lot of prospect in jute industry and set up a jute industry and his business earned a lot of profit and gradually other company enter into the market with product improvisation.</p>
	<p>1. Which dimension of business environment is highlighted in the statement “government has also decided to grant subsidy for the jute industry”</p> <p>a. Social dimension</p> <p>b. Technological dimension</p> <p>c. Political dimension</p> <p>d. Legal dimension</p>

	<p>2. Which dimension of business environment is highlighted in the statement “the minister said in their statement that they believe it will be helpful as the income of the people are rising and people can afford jute bag.</p> <ol style="list-style-type: none"> ” Social dimension Technological dimension Economic dimension Legal dimension
	<p>3. Which merit of business environment is highlighted in the statement “Raman saw lot of prospect in jute industry and set up a jute industry”</p> <ol style="list-style-type: none"> First mover advantage Identify the early threat Adjust with change None of the above.
	<p>4. Which dimension of business environment is highlighted in the statement “many state governments passed an order to ban the polythene bags”</p> <ol style="list-style-type: none"> ” Social dimension Technological dimension Economic dimension Legal dimension
4	<p>Read the passage given below and answer the following questions:</p> <p>SILKY Ltd. is a company which deals in hair products. It has its branches in all the parts of the world. However, the requirements of hair products are different in different parts of the world. This is due to the change in climate and lifestyles of people in the different countries. The market in which it is dealing is known for awareness of health. The more the awareness the more is the demand for such products. Company knows that the demand for these products is unpredictable as new products keep on coming and the industry keeps on changing frequently. There is a research and development department which keeps on updating the latest changes.</p>

	<p>1.This is due to the change in climate and lifestyles of people in the different countries.” Which feature of business environment is being highlighted here?</p> <p>A. Relativity B. Dynamic Nature C. Uncertainty D. None of these</p>
	<p>2.Company knows that the demand for these products is unpredictable as new products keep on coming and the industry keeps on changing frequently. Identify the feature of business environment, which is being highlighted here?</p> <p>A. Complexity B. Relativity C. Interrelatedness D. Uncertainty</p>

ANSWER KEY : CASE STUDY BASED QUESTIONS	
1	1. C 2. B 3. A 4. A
2	1. C 2. C 3. B 4. A
3	1. C 2. C 3. A 4. D
4	1. A 2. D

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TRUE/FALSE QUESTIONS	
1	Maruti Udyog became the leader in the small car market because it, before anyone else, could recognize the need of small cars in an environment of rising petroleum prices and a large middle class population in India.
2	Turbulent market conditions, less brand loyalty, division and sub division of markets are just a few images to describe business environment.
3	Social trends present various opportunities and threats to business enterprises.
4	Business environment is getting dynamic where changes are taking place at a slow pace.
5	Specific forces (such as social ,political, legal and technological conditions) have impact on all business enterprises.
6	Business environment can be predicted easily.
7	Business environment scanning helps the manager in policy making:
8	Business environment includes internal as well as external factors:
9	Increase in tax rates reduces the demand for products is the example of legal environment.
10	The government has given various privileges to small and cottage industries is the example of political environment:
11	By developing new ways of doing the things the firm can cope of with the changing technological environment

12	The cost of production has increased due to increase in the minimum wage rate by the government is an economic environment.
13	Threats refers to internal environment trends and changes that will hinder a firm's performance
14	Face book whatsapp twitter and other social media are the result of social environment
15	Early identification of opportunities helps an enterprise to be the first to exploit them instead of losing them to competitors.
16	Understanding of business environment may assist an enterprise in planning and policy formulation.
17	Which statement is false among the following statement? A. Business environment is a group of specific and general powers. B. By developing new ways of doing things the firm can cope up with changing technological environment. C. Technological improvement shifts in customer preferences or entry of new competition in the market is an example of uncertainty. D. Early identification of opportunities helps an enterprise to be the first to exploit them instead of losing them to competitors.
18	Which of the following is false about characteristic the business environment? A. Uncertainty B. Employees C. Relativity D. Complexity

19	<p>Identify the dimension of business environment which is false in the following cases –</p> <ul style="list-style-type: none"> A. Replacing old machinery with new one to meet the requirements of pollution control regulations-legal environment B. Importing machinery from Japan to install automatic production system-Technological environment C. Demand for home loans decreased due to increase in interest rates-Social environment D. None of these
20	<p>Which statement is false in the following statements related to business environment?</p> <ul style="list-style-type: none"> A. It helps to identify opportunities and getting the first mover advantage instead of losing them to the competitors. B. It helps to identify threats on time which serves as an early warning signal. C. It helps in tapping useful resources so that it can convert them into output that the environment desires. D. It helps in coping with corruption.
21	<p>Changes in fashion and taste of consumers may not have impact on the demand in the market.</p>
22	<p>Economic environment includes the social forces like customs and traditions.</p>
23	<p>Equal pay to male and female workers for equal work is an example of social environment.</p>
24	<p>Economic environment consist of gross domestic product, national income at national level and per capita level, profit earning rate, productivity and employment rate, monetary and fiscal policy of the government, etc.</p>

ANSWER KEY : TRUE/FALSE QUESTIONS	
1	True
2	True
3	True
4	False
5	False
6	0
7	1
8	1
9	0
10	1
11	1
12	0
13	0
14	0
15	1
16	1
17	C
18	B
19	C
20	D
21	0
22	0
23	1
24	1

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ASSERTION - REASONING QUESTIONS

1	<p>Assertion (A): Study of business environment helps in improving performance. Reason (R):Enterprise depends on the environment as a source of inputs or resources and as an outlet of outputs</p> <p>(A) Both A and R are true and R is the correct explanation of A (B) Both A and R are true and R is not the correct explanation of A (C)A is true but R is false (D)A is false but R is true</p>
2	<p>Assertion (A): Business Environment is largely certain. Reason (R):Business Environment keeps on changing in terms of economic and social environment</p> <p>(A) Both A and R are true and R is the correct explanation of A (B) Both A and R are true and R is not the correct explanation of A (C)A is true but R is false (D)A is false but R is true</p>
3	<p>Assertion (A): Suppliers affect any business directly but political environment affect it indirectly Reason (R):Business Environment is a relative term.It differs from country to country and region to region.</p> <p>(A) Both A and R are true and R is the correct explanation of A (B) Both A and R are true and R is not the correct explanation of A (C)A is true but R is false (D)A is false but R is true</p>

4	<p>Assertion (A): Now-a-days manufacturers have flexible manufacturing systems</p> <p>Reason (R):The retailers have direct links with suppliers who replenish stock when needed</p> <p>(A) Both A and R are true and R is the correct explanation of A</p> <p>(B) Both A and R are true and R is not the correct explanation of A</p> <p>(C)A is true but R is false</p> <p>(D)A is false but R is true</p>
5	<p>Assertion (A) Entry of new firms in the market may make an enterprise think afresh about how to deal with the situations Reason (R) Business environment assist in planning and policy formulation.</p> <p>a) Both Assertion(A) and Reason (R) is the correct explanation of Assertion (A)</p> <p>(b) Both Assertion (A) and Reason (R) are true but reason (R) is not the correct explanation of Assertion (A)</p> <p>(c) Assertion (A) is true but Reason (R) is false</p> <p>(d) Assertion (A) is false but Reason (R) is true</p>
6	<p>Assertion (A)By scanning the environment businessmen can pioneer of market. (R) Environment scanning shows the way to tackle the ever changing society.</p> <p>a) Both Assertion(A) and Reason (R) is the correct explanation of Assertion (A)</p> <p>(b) Both Assertion (A) and Reason (R) are true but reason (R) is not the correct explanation of Assertion (A)</p> <p>(c) Assertion (A) is true but Reason (R) is false</p> <p>(d) Assertion (A) is false but Reason (R) is true</p>
7	<p>Assertion (A)With the advent of television the cinema and radio industries were adversely affected(R) Television is capable of functioning of cinema as well as radio industries more economically from home.</p> <p>a) Both Assertion(A) and Reason (R) is the correct explanation of Assertion (A)</p> <p>(b) Both Assertion (A) and Reason (R) are true but reason (R) is not the correct explanation of Assertion (A)</p> <p>(c) Assertion (A) is true but Reason (R) is false</p> <p>(d) Assertion (A) is false but Reason (R) is true</p>

8	<p>Assertion (A) Manufacturers have now flexible manufacturing systems. Reason (R) Agricultural and industrial production trends are the economic dimensions of the environment which affect the business environment.</p> <p>(A) Both Assertion(A) and Reason (R) is the correct explanation of Assertion (A)</p> <p>(b) Both Assertion (A) and Reason (R) are true but reason (R) is not the correct explanation of Assertion (A)</p> <p>(c) Assertion (A) is true but Reason (R) is false</p> <p>(d) Assertion (A) is false but Reason (R) is true</p>
9	<p>Assertion (A) : Agricultural and industrial production trends affect the business environment.</p> <p>Reason (R): Technological environment like agriculture and industrial production trends have modified the ways to produce and distribute goods through improved methods and techniques</p> <p>a. Both Assertion and reason are true and reason is correct explanation of assertion</p> <p>b. Assertion and reason both are true but reason is not the correct explanation of assertion.</p> <p>c. Assertion is true both reason is false.</p> <p>d. Assertion is false, reason is true.</p>
10	<p>Assertion : Demand for saree may be fairly high in India whereas it may be almost non -existent in France</p> <p>Reason: Business environment consist of numerous interrelated and dynamic conditions of forces which arise from different force.</p> <p>a. Both Assertion and reason are true and reason is correct explanation of assertion</p> <p>b. Assertion and reason both are true but reason is not the correct explanation of assertion.</p> <p>c. Assertion is true both reason is false.</p> <p>d. Assertion is false, reason is true.</p>

11	<p>Assertion: Business environment is a relative concept Reason: It does not differ business in same country but differ from country to country.</p> <p>(a) If both assertion (A) and reason (R) are true and reason (R) is the correct explanation of assertion (A). (b) If both assertion (A) and reason (R) are true, but reason (R) is not the correct explanation of assertion (A). (c) If assertion (A) is true, but reason (R) is false. (d) If assertion (A) is false but reason (R) is true.</p>
12	<p>Assertion: Business environment enables firms to identify threats and warning signals. Reason: Environmental awareness helps an organization to identify threats to its business interest.</p> <p>(a) If both assertion (A) and reason (R) are true and reason (R) is the correct explanation of assertion (A). (b) If both assertion (A) and reason (R) are true, but reason (R) is not the correct explanation of assertion (A). (c) If assertion (A) is true, but reason (R) is false. (d) If assertion (A) is false but reason (R) is true.</p>
13	<p>Assertion: Enterprise design policies to arrange the required resources. Reason: it can convert them into output they desires.</p> <p>(a) If both assertion (A) and reason (R) are true and reason (R) is the correct explanation of assertion (A). (b) If both assertion (A) and reason (R) are true, but reason (R) is not the correct explanation of assertion (A). (c) If assertion (A) is true, but reason (R) is false. (d) If assertion (A) is false but reason (R) is true.</p>
14	<p>Assertion: Political environment is related with governments responsibility towards business. Reason: Government stability directly affects business scenario in a country.</p> <p>(a) If both assertion (A) and reason (R) are true and reason (R) is the correct explanation of assertion (A). (b) If both assertion (A) and reason (R) are true, but reason (R) is not the correct explanation of assertion (A). (c) If assertion (A) is true, but reason (R) is false. (d) If assertion (A) is false but reason (R) is true.</p>

15	<p>Assertion: The social environment of business include the social forces like customs and traditions, values, social trends, society's expectations from business etc.</p> <p>Reason: The forces like customs and traditions, values, social trends, society's expectations from business etc. are integral part of society.</p> <p>(A) Both Assertion and reason are true and reason is correct explanation of assertion.</p> <p>(B) Assertion and reason both are true but reason is not the correct explanation of assertion.</p> <p>(C) Assertion is true, reason is false.</p> <p>(D) Assertion is false, reason is true.</p>
16	<p>Assertion (A) Turbulent market conditions, less brand loyalty, Kodivision and subdivision of market are just a few of the images to describe business environment.</p> <p>Reason (R) Business environment is getting dynamic where changes are taking place at a slow pace.</p> <p>(A) Both Assertion and reason are true and reason is correct explanation of assertion.</p> <p>(B) Assertion and reason both are true but reason is not the correct explanation of assertion.</p> <p>(C) Assertion is true, reason is false.</p> <p>(D) Assertion is false, reason is true.</p>
17	<p>Assertion: Regular scanning or monitoring of business environment facilitates in providing edge over competitors.</p> <p>Reason: By analysing the environment, swiftly understanding and adopting the changes in organisational policies and to integrate it with the activities of business provide an edge over competitors.</p> <p>(a) Both Assertion and reason are true and reason is correct explanation of assertion.</p> <p>(b) Assertion and reason both are true but reason is not the correct explanation of assertion.</p> <p>(c) Assertion is true, reason is false.</p> <p>(d) Assertion is false, reason is true.</p>

18	<p>Assertion: Business environment includes both specific and general forces. However, manager should be careful for both forces but give priority or more focus to specific force.</p> <p>Reason: If work force of Kapil Pvt. Ltd. is not satisfied due to unequal distribution of remuneration, it will affect smooth functioning of the entire industry and will not affect the functioning of Kapil Pvt. Ltd.</p> <p>(a) Both Assertion and reason are true and reason is correct explanation of assertion.</p> <p>(b) Assertion and reason both are true but reason is not the correct explanation of assertion.</p> <p>(c) Assertion is true, reason is false.</p> <p>(d) Assertion is false, reason is true.</p>
19	<p>Assertion: Element of business are co-related or inter-related, a small change in one factor may lead to change in another factor which may have long term impact on business.</p> <p>Reason: As different factors of business environment are inter-related, if there will be change in import and export policies automatically there will be change in economic environment.</p> <p>(a) Both Assertion and reason are true and reason is correct explanation of assertion.</p> <p>(b) Assertion and reason both are true but reason is not the correct explanation of assertion.</p> <p>(c) Assertion is true, reason is false.</p> <p>(d) Assertion is false, reason is true.</p>

ANSWER KEY : ASSERTION - REASONING QUESTIONS	
1	B
2	D
3	B
4	A
5	A
6	A
7	A
8	B
9	C
10	B
11	C
12	A
13	A
14	D
15	A
16	C
17	A
18	C
19	B

PREPARED BY THE PGTs (COMMERCE) OF BHUBANESWAR, GUWAHATI, KOLKATA, RANCHI, SILCHAR AND TINSUKIA REGIONS.