



INDIAN SCHOOL AL WADI AL KABIR

Class: XII	Department: Commerce
Subject:	Business Studies
OTQs & DTQs	Chapter 3: Business Environment

QT NO	OBJECTIVE TYPE QUESTIONS
1	Hitesh and Reena are entrepreneurs. They noticed that every year in the months of November and December, Delhi, the capital city of India, witnesses poor air quality and rise in pollution levels. They also observed that nowadays people are more concerned about quality of life. Sensing the need, they were the first to bring into the market a new 'Anti-Pollution W-98 Mask' which was not only helpful in combating the pollution but also in increasing the life expectancy of people. Their venture saw a massive success as there was no competitor. From the following, identify the importance of Business Environment highlighted above: (A) Business Environment helps the firm to identify threats and early warning signals. (B) Business Environment helps in tapping useful resources. (C) Business Environment helps in improving performance. (D) Business Environment enables the firm to identify the opportunities and in getting the first
2	Even Though the political conditions vary from country to country, they impact the sentiment of an investor in the business, if the instability of the political conditions cause uncertainty and make it difficult for him to predict the future. Which feature of the Business environment is being highlighted in the above statement? A. Specific and general forces B. Dynamic nature C. Relativity D. All the above.
3	Which of the following is not a feature of the business environment? A) Dynamic nature B) Complexity C) Stability D) Interrelatedness
4	Rajat was carrying on a business of manufacturing plastic disposables like plastic plates, plastic cups and plastic straws. He heard about the upcoming ban on single use plastics. He was able to identify this external environmental trend which could hinder his firm's performance. So he took action and shifted to manufacturing the plates, cups and straws from bamboo and palm leaves. As a result, his business not only survived but was able to generate profit. The point of importance of Business Environment highlighted above is: (A) It enables the firm to identify opportunities and getting the first mover advantage. (B) It helps the firm to identify threats and early warning signals. (C) It helps in tapping useful resources. (D) It helps in assisting in planning and policy formulation.

5	Statement - I: Business Environment is dynamic as it differs from country to country. Statement II: Business Environment is largely uncertain as it is very difficult to predict future happenings. Choose the correct option from the following: (A) Statement I is true and Statement II is false. (B) Statement II is true and Statement I is false. (C) Both the statements are true. (D) Both the statements are false.
6	Identify the feature of business environment from the following: <i>"Different elements of business environment are closely connected."</i> (A) Totality of external forces (B) Dynamic nature (C) Interrelatedness (D) Complexity
7	Samaira and her friend, Sana wanted to watch a movie over the weekend. They booked the movie tickets online and chose the seats as per their preference at the click of a button at the desired movie hall. Now going to theatre for booking of tickets is no longer required. The dimension of business environment reflected in the above para is: (A) Political environment (B) Social environment (C) Legal environment (D) Technological environment
8	Plastic utensils are often used as a low cost, convenient option for business or personal use. These utensils are lightweight, easy to transport and can be disposed off easily instead of cleaned and reused. But plastic utensils are harmful from health point of view and create various environmental issues. Nowadays health and fitness trend is becoming popular. People are looking for different alternatives and have started opting for paper-made, steel or glass utensils which has tremendously increased the demand of these products. The above para discusses an important dimension of Business Environment which is: (A) Economic Environment (B) Social Environment (C) Technological Environment (D) Political Environment
9	Which of the following is a part of the economic environment? (A) Level of education (B) Custom and traditions (C) Rate of interest (D) Constitution of the country
10	'KM Creations', a leading fashion brand, has been expanding its business into new markets. However, recently the company is facing challenges due to changes in inflation rates and disposable income of people. These factors have started affecting the company's pricing strategy and profitability. 'KM Creations' is now closely monitoring these changes to minimise their impact on its operations. The component of business environment highlighted in the above para is: (A) Political Environment (B) Technological Environment (C) Economic Environment

	(D) Social Environment
11	Salim and Karim are good friends. They started a business of selling high quality seeds for growing organic vegetables. They are offering 200 varieties of vegetable seeds suitable for terrace gardens, balconies and backyards. Due to the growing trend towards healthy consumption habits, there is a huge demand for their seeds. The dimension of business environment being discussed above is: (A) Economic Environment (B) Political Environment (C) Social Environment (D) Legal Environment
12	Techpack Ltd. is a company in Hyderabad that produces and sells packaging material to various industries across the nation in a B2B e-business form. It is a dynamic company. Over the years, due to rising concerns for climate change and shift of preferences of Indian customers towards environment-friendly products, the company has shifted to the production of biodegradable packaging material. Moreover, due to its digital transformation, the company has tremendously benefited as its customers could place orders and make cashless payments in various online modes. The dimensions of business environment discussed in the above case are (A) Economic and social environments (B) Social and technological environments (C) Technological and economic environments (D) Social and political environments
13	With rising pollution levels, consumers are becoming conscious about the harmful effects of polluted air, so the demand for home air-purifiers is increasing day-by-day. Which dimension of business environment is discussed here? (A) Political Environment (B) Technological Environment (C) Economic Environment (D) Social Environment
14	Which dimension of the business environment is concerned with the laws passed by the government? (A) Political (B) Legal (C) Social (D) Technological
15	Identify the dimension of business environment: <i>"Banking sector reforms have led to more transparency."</i> Technological Environment
16	Assertion(A) -Economic uncertainty, low brand loyalty, and market division and subdivision are just a few symbols that can be used to define the business environment. Reason(R) – Business environment is getting dynamic where changes are taking place at a slow pace. (A) Both A and R are correct (B) A is correct R is incorrect (C) Both A and R are correct and R is the correct explanation of A (D) Both A and R are correct and R is not the correct explanation of A
17	Which of the following is NOT a feature of demonetisation?

	(A) It leads to creation of a less-cash or cash-less (free) economy i.e. channeling more savings through the formal financial system and improving tax compliance. (B) It is interpreted as a shift on the part of the government indicating that tax evasion will no longer be tolerated or accepted. (C) It is viewed as a tax administration measure. (D) It led to tax administration channelising savings away from the formal financial system.
18	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. (A) Social environment (B) Legal environment © Privatisation (D) Globalisation
19	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: (A) Totality of external forces (B) Specific and general forces (C) Inter-relatedness (D) Uncertainty
20	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: (A) Legal environment (B) Political environment (C) Social environment (D) Economic environment
DESCRIPTIVE TYPE QUESTIONS	
1	Explain how understanding of business environment helps in: (A) Identifying opportunities (B) Coping with rapid changes
2	Burgers and Fudge’ was among the first fast food chains in India which pioneered the concept of family- style restaurants. However, over the years it started losing business to multinational food chains like McDonalds and Pizza Hut, etc. and soon had to shut down. The reason to shut down was the inability of managers to identify, understand, evaluate and to react to the forces external to their firm. In the light of the above situation, explain with the help of any two points, how understanding of business environment is important for managers.
3	‘Global Foods Ltd.’, a multinational company in the food processing industry, has a good customer base. Recently it has expanded into new international markets. But due to increased awareness for health care, there is a shift in consumer demand for healthier food options. For this reason, the company needs to adapt to frequent technological advancements in production processes so that healthy food product options can be made available in the market.

	Additionally, the company is concerned about fluctuations at global level in commodity prices, exchange rates and political conditions. 'Global Foods Ltd.' is finding it increasingly difficult to predict future outcomes due to the constantly changing nature of the market. In order to effectively cope up with these significant changes, managers have to understand and examine the environment to develop suitable courses of action. By continuously monitoring the environment and adopting suitable business practices, the company will not only improve its present performance but also continue with it for a long period in achieving its objectives. Identify and explain two features and two points of importance of business environment discussed in the above para.
4	Explain the five dimensions of the business environment in detail with examples.
5	Differentiate between economic and legal environment
6	Bright Services is a taxi service provider. The company is targeting a revenue of 50 crore rupees this year. However, with the passage of time it has found entrance of new service providers in the market which was not expected at one stage of time. It has a good team of technicians, drivers, software providers, etc. The company has decided to make it adaptable to such continuously changing circumstances. It knows that if it has to expand in new countries it will have to learn the basic differentiating factors like traffic rules, technological aspects, etc. Thus, it understands that conditions are different in different countries. Which features of Business Environment are discussed in the above case? Which force is discussed above?
7	After completing his MBA degree, Aman joined a multinational company 'Zeyovya Ltd.'. His job demands long hours and commitment to the organisation. He is responsible for integrating diverse elements and coordinating all the activities of the business and for its impact on society. His job is complex and stressful. (a) Identify the level of management at which Aman joined the organisation. (b) State any two functions to be performed by Aman at this level other than those discussed in the para.
8	Explain any three features of the business environment.
9	During the festive season, Flipkart and Amazon offer huge discounts on clothing, electronics, and household items. The sales of these e-commerce companies increase rapidly during this period. (a) Which dimension of business environment is being highlighted? (b) How does this environment create opportunities for businesses?
10	For the last few years companies in India are looking at Organised Retailing as a good opportunity. In accordance with this view several companies have planned to enter this environment. The government too is fully supporting this approach. The main reason for the attraction of companies to this approach is the increase in the income of people. Besides, there has taken place a big change in the buying attitude of the people since the last few years. Now people want better quality products, even if they have to pay more money for them. The Organised Retailing is competent to fulfill this desire of the people. Identify the three dimensions of Business Environment by quoting the lines from the above.
11	What is demonetization. Explain the features.