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# Business Environment

Dr. C.B. Gupta



 Sultan Chand & Sons

# Business Environment

A logo for 'All India Edition' featuring a grey banner with the text 'All India Edition' in a serif font. Below the banner are several vertical dashed lines that converge at a point, resembling a parachute or a stylized graphic element.

By

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# Preface P

## Preface to the Twelfth Edition

We are very happy to present the Twelfth Revised Edition of the book “Business Environment” to our esteemed readers.

The environment of business has been changing very fast particularly since 1991. Globalisation, Economic Liberalisation, Information Technology, Demonetisation of ₹ 1,000 and ₹ 500 currency notes on November 8, 2016, and GST, etc., are some of the remarkable changes which have led to unprecedented modifications in marketing mix, corporate strategies, manufacturing methods and business practices.

In view of the dynamic nature of environment and increasing interaction between business and environmental forces, universities and institutes have prescribed Business Environment as a compulsory paper for graduate and post graduate courses in Commerce, Management and Allied areas. This book is targeted for the students of Commerce, Management, Economics, etc. Some of the salient features of the book are as follows:

- Chapter outline in the beginning of every chapter to give a bird’s eyevew of the topics covered.
- Adequate coverage of the course contents.
- Latest policies and regulations.
- Systematic and sequentail arrangement of various topics.
- Summary at the end of every chapter for quick revision.
- Very short answer, short answer and long answer questions.
- Lucid, simple and concise language.
- The following topics have been added in this new edition: Chapter-8 (Demographic Environment) – How to attain Human Development, Skill Development; Chapter-11 (Social Responsibilities of Business) – Corporate Accountability *vis-à-vis* Social Resonsibility; Chapter-12 (Business Ethics and Values) – Need for Ethics in Global Change, Managing Ethics, Impact of Globalisation on Business Ethics, Business Ethics as Competitive Advantage, Business Ethics in India; Chapter-13 (Corporate Governance) – Best Practices in Corporate Governance: An Indian and International Position Review, Disclosure and Transparency: Partners of Good Governance, Brief Review of Overseas Development on

Governance Issue, The search for a New Approach to Corporate Governance; Measures to Improve Corporate Conduct; Chapter-16 (Economic Parameters) (i) National Income, Concept of National Income, National Income Estimates in India, Methodology of National Income Estimates in India, Causes for the Slow Growth of National Income in India, Suggestions to Raise the Level and Growth of National Income in India, Major Features of National Income in India, Difficulties or Limitations in the Estimation of National Income in India; (ii) Inflation – Causes of Inflation, Effects of Inflation, Current Trends in Inflation, Drivers of Inflation, Case Study – Calculating Inflation in India; (iii) Main Features of India's Trade Policy, Phases of India's Trade Policy, Major Trade Reforms, Highlights of the Foreign Trade Policy 2015-2020, Assessment of New Trade Policy; (iv) Balance of Payments, Current Account Deficit, Capital Account, Other Non-Debt Flows, Disequilibrium of BoP; (v) Price Policy – Price Movement since Independence, Objective of Price Policy, Prices of Industrial Products, Control of Expenditure; Chapter-22 (Stock Exchange and SEBI) – Product available in the secondary Market, Investor Protection Fund (IPF)/Customer Protection Fund (CPF) at Stock Exchanges, Foreign Institutional Investor (FIIS), Latest Developments in Stock Market in India, Five new case studies have also been added.

We are fully confident that the new edition of the book would prove quite useful to the concerned students and teachers. Suggestions and critical comments for the improvement of the book are welcome.

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# Syllabus S

## **GURU GOBIND SINGH INDRAPRASTHA UNIVERSITY, NEW DELHI** **Bachelor of Business Administration (BBA), BBA 106: Business Environment**

**Objective:** To familiarize the students with the nature and dimensions of evolving business environment in India to influence managerial decisions and how the Indian Economy is influencing the business environment in India context.

**UNIT I: An Overview of Business Environment:** – Type of Environment-Internal, External, Micro and Macro Environment, Socio-cultural environment, Competitive Structure of Industries, Environmental Analysis and Strategic Management, Managing Diversity, Scope of Business, Characteristics of Business, Process and Limitations of Environmental Analysis.

**UNIT II: Planning and Economic Development and Problem in Indian Economy:** – Economic Problems: Magnitude Causes, effects, and measurement tool, Poverty, Inequality, Unemployment, Concentration of Economic Power, Low Capital Formation and Industrial Sickness. Ease of doing business reforms like start-up India, Swachh Bharat Abhiyan.

**UNIT III: Concept of Macro Economic and National Income Determination:** – Definitions, Importance, Limitations of Macro-Economics, Macro-Economic Variables, circular flow in 2, 3, 4 sector and multiplier in 2, 3, 4 sector.

**National Income:** – Concept, Definition, Methods of Measurement, National Income in India, Problems in Measurement of National Income & Precautions in Estimation of National Income.

**Macro Economic Framework:** – Theory of full Employment and Income: Classical, Modern (Keynesian) Approach, Consumption Function, Relationship between saving and Consumption, Investment function.

**UNIT IV: Economic Environment:** – Nature of Economic Environment, Economic, Monetary and Fiscal Policies, FEMA, FDI, WTO, GATT, Occupational structure and contribution of various sectors in GDP of country.

## **INDIRA GANDHI DELHI TECHNICAL UNIVERSITY FOR WOMEN** **Bachelor of Business Administration (BBA), Semester II & III** **Business Environment**

### **UNIT I: An Overview of Business Environment**

Type of Environment – Internal, External, Micro and Macro Environment, Competitive Structure of Industries, Environmental Analysis and Strategic Management, Managing Diversity, Scope of Business, Characteristics of Business, Process and Limitations of Environmental Analysis. Structure of Indian Economy: Concept of

Economic Growth and Economic development, Growth and Development. Basic Characteristics of Indian Economy, Trends in National Income in India.

**UNIT II: Planning and Economic Development and Problems in Indian Economy**

Objectives of Economic Planning in India, Glimpse of Five-Year Plans, Initiatives by NITI Aayog. Economic Issues: Population and demographic dividend, Poverty, Inequality, Parallel Economy, Unemployment, Concentration of Economic Power, Balanced Regional Development, Low Capital Formation and Industrial Sickness. Contemporary issues in Indian Business Environment (Case studies and Discussions).

**UNIT III: Sectors in Indian Economy**

Public Sectors Enterprises, Private sector, Twin Balance Sheet Problem, Insolvency and Bankruptcy Code and Micro, Small and Medium Enterprises (MSMEs); Service Sector in India – Characteristics, Growth and Sustainability; Industrial Policy-1991, Disinvestments of Public Enterprises.

**UNIT IV: Indian Financial System**

Indian Monetary System: Banking, RBI and Money Market, Monetary and Fiscal Policies, Indian Capital Market. Foreign Trade and Policy, FEMA, FDI, WTO, GATT; Globalization.

**CHAUDHARY CHARAN SINGH UNIVERSITY MEERUT**

**Bachelor of Business Administration (BBA),  
Business Environment**

**Semester: II**

**UNIT I:** Concept, Significance, Components of Business Environment, Factor affecting Business Environment, Social Responsibilities of Business.

**UNIT II:** Economic Systems: Capitalism, Socialism, Communism, Mixed Economy – Public Sector & Private Sector

**UNIT III:** Industrial Policy – Its historical perspective (In brief); Socio-economic implications of Liberalisation, Privatisation, Globalisation.

**UNIT IV:** Role of Government in Regulation and Development of Business; Monetary and Fiscal Policy; EXIM Policy, FEMA.

**UNIT V:** Overview of International Business Environment, Trends in World Trade: WTO – Objectives and role in international trade.

**B Com, Business Environment**

**Semester: II**

**Objective:** This course aims acquainting the students with the emerging issue in business at the national and international level in the light of the policies of liberalization and globalization.

**UNIT I: Indian business environment:** Concept, Components, and Importance.

**UNIT II: Economic trend (overviews):** Income; Savings and investment; Industry; Trade and balance of payments, Money; Finance, Prices.

**UNIT III: Problems of growth:** Unemployment; Poverty; Regional imbalances; Social injustices; Inflation paralled economy; Industrial sickness.



**UNIT IV: Role of Government:** Monetary and fiscal policy; Industrial policy; Industrial licensing Privatization; Devolution export – import policy; Regulation of foreign investment.

**UNIT V: Niti Aayog:** Philosophy, Function and role of Niti Aayog.

**UNIVERSITY OF LUCKNOW**  
**BBA, NEP, Business Environment**

**Semester: II**

**Course Outcomes:** The objective of this paper is to give the basic knowledge about the business environment in industry.

**UNIT I:** Meaning, Definition and Significance of Business Environment; Environmental Matrix; Factor affecting Business Environment: Micro and Macro environment; Environment scanning techniques: SWOT, ETOP with practical examples, Porter's Five Force Model.

**UNIT II:** Economic Systems: Capitalism, Socialism, Mixed Economy – Public Sector and Private Sector. Features of Indian Economy: Primary, Secondary and Tertiary Sectors. Relationship between Government and Business; Public, Private and Co-operative sectors: meaning, role and importance.

**UNIT III:** National Income and its aggregates, Industrial Policy – Overview and Role; New industrial policy of India, Socio-economic implications of Liberalization, Privatization and Globalization. Trade Cycle. Inflation Analysis.

**UNIT IV:** Role of Government in Regulation and Development of Business; Monetary and Fiscal Policy; Overview of International Business Environment, Trends in World Trade, EXIM Policy; WTO- Objectives and role in international trade.

**UNIVERSITY OF MADRAS**  
**B.B.A. Degree Course in Business Administration,**  
**Business Environment**

**Semester: XVII**

**UNIT I:** The concept of Business Environment – Its nature and significance – Brief overview of Political – Cultural – Legal – Economic and social environments and their impact on business and strategic decisions.

**UNIT II:** Political Environment – Government and Business relationships in India.

**UNIT III:** Social environment – Cultural heritage – Social attitudes – Castes and communities – Joint family systems – linguistic and religious groups – Types of social organization.

**UNIT IV:** Economic Environment – Economic systems and their impact of business – Fiscal deficit – Plan investment – Five year planning.

**UNIT V:** Financial Environment – Financial system – Commercial bank – Financial Institutions – RBI Stock Exchange – IDBI – Non Banking Financial Companies NBFCs.

**TUMKUR UNIVERSITY**  
**Business Environment**

**Semester: XVII**

**UNIT I Business Environment** – Meaning of business, scope and objectives Business, business environment, Micro and Macroenvironment of business (social, cultural, economic, political, legal technological and natural) Impact of these factors on decision making in organization.

**UNIT II Natural Environment** – Meaning, component of natural environment, impact of natural environment on business decision.

**UNIT III Economic Environment** – Characteristics of Indian economy, factors affecting economy, economic resources, impact of liberalization, privatization and globalization on Indian business.

**UNIT IV Legal Environment** – Meaning impact of fiscal monetary policy, Exim policy and industrial policy on business, industrial policy of 1991.

**UNIT V Technological Environment** – Meaning, features, impact of technology on business, management of technology.

**UNIT VI Global Environment** – Nature of globalization, challenges of international business, strategies for going global, WTO, Trading blocks in brief.

**THIRUVALLUVAR UNIVERSITY**  
**Bachelor of Business Administration (BBA) Semester II & III**  
**Business Environment**

**UNIT I:**

The concept of Business Environment – Its nature and significance – Brief overview of political – Cultural – Legal – Economic and social environments and their impact on business and strategic decisions.

**UNIT II:**

Political Environment – Government and Business relationship in India – Provisions of Indian constitution pertaining to business.

**UNIT III:**

Social Environment – Cultural heritage - Social attitudes – impact of foreign culture – castes and communities – Joint family systems – Linguistic and Religious groups – Types of Social Organization.

**UNIT IV:**

Economic Environment – Economic Systems and their impact of Business – Macro Economic Parameters like GDP – Growth Rate – Population – Urbanization – Fiscal deficit – Plan investment – Per capita Income and their impact on business decisions.

**UNIT V:**

Financial Environment – Financial System – Commercial banks – RBI – IDBI – Non-Banking Financial Companies NBFC's.

**MOTHER TERESA WOMEN'S UNIVERSITY**  
**BBA, Business Environment**

**Semester: II**

**UNIT I: Business Environment**

Business Environment: Meaning – Concept – Nature – Significance – Various environments affecting Business: Social economic political and legal, culture, competitive, demographic, technological and their impact in business.

**UNIT II: Government & Political Environment**

Government & Political Environment: Government and business relationship in India – Provision of Indian constitution about business – State regulations on business.

**UNIT III: Society and Culture Environment**

Society and Culture Environment: Culture – Elements of culture – Impact of a foreign culture – Joint family system. Social responsibilities of Business – Responsibilities of share holders, customers, community, and the Government.

**UNIT IV: Economic Environment**

Economic Environment: Economic system, Socialism – Capitalism – Mixed economy –their impact on business– Public sector, Private sector, Joint sector–Objectives, Growth of Public sector in India.

**UNIT V: Legal and Technological Environment**

Legal and Technological Environment – Industrial Licensing Policy 1991 – FEMA – SEBI – TRIP's – WHO – GATT – Impact of Technological changes in Business.

**MYSORE UNIVERSITY**

**Bachelor of Business Administration (BBA), Business Environment**

**Semester: II & III**

**Course Outcomes:** On successful completion Student will demonstrate.

- a) An Understanding of components of business environment.
- b) Ability to analyse the environmental factors influencing business organisation.
- c) Ability to demonstrate Competitive structure analysis for select industry.
- d) Ability to explain the impact of fiscal policy and monetary policy on business.
- e) Ability to analyse the impact of economic environmental factors on business.

**Module No. 1: Introduction to Business Environment** – Meaning of business, scope and objectives Business, business environment, Micro and Macro-environment of business (social, cultural, economic, political, legal technological and natural) Impact of these factors on decision-making in business, Environmental analysis, and Competitive structure analysis of Business.

**Module No. 2: Government and Legal Environment** – Government Functions of the State, Economic role of government, State intervention in business- reasons for and types of state intervention in business. Impact of Monetary policy, Fiscal policy, Exim policy and industrial policy on business. Legal environment – Various laws affecting Indian businesses.

**Module No. 3: Economic Environment and Global Environment** – An overview of economic environment, nature of the economy, structure of economy, factors affecting economic environment. Globalisation of business; meaning and dimensions, stages, essential conditions of globalisation, foreign market entry strategies, merits and demerits of globalisation of business, Impact of Globalisation on Indian businesses, Forms of globalisation of businesses – MNCs, TNCs etc.

**Module No. 4: Technological Environment** – Meaning and features; types of innovation, Impact of Technological changes on business, Technology and Society, Technological Acquisition modes, IT revolution and business, Management of Technology.

**Module No. 5: Natural Environment 08**

Meaning and nature of physical environment. Impact of Natural environment on business.

### **VSKUB BILLARY**

#### **Bachelor of Commerce, Business Environment**

**Semester: V**

**Objectives:** To enable the students to scan the business environment and appraise various factors which influence on business performance.

**Pedagogy:** Combination of lectures, assignments, GDs on contemporary business issues and their implications on performance, seminars, etc.

**Module 1: Business and its Environment** – Introduction, Nature, Scope, Objective, Structure, Types of Business Environment, Environmental Factors, Importance of Business Environment, Environment Analysis & Forecasting, Techniques of Environment Analysis, Steps / Approaches to Environment Analysis, benefits and limitation of Environment Analysis.

**Module 2: Economic Environment** – Nature and Structure of Economy, Economic Policies and conditions, The Process of Economic Growth in present state of Indian Economy Environment, Economic Factors, New Economic Policy and Business Environment.

**Module 3: Technological Environment** – Meaning, Features of technology, Impact of technology, Sources of Technological Dynamics. Transfer of Technology, Impact of Technology on Globalization, status of Technology in India, Determinants of Technological Environment.

**Module 4: Social and Cultural Environment** – Business and society, Social institutions and functions, Social Values and attitudes. Business Culture determines goods and services, Business and culture; religion; language, Social responsibility of business, consumerism in India.

**Module 5: Political and Legal Environment** – Functions of state, Economic role of Government, The Constitutional environment, MRTP Act, FEMA, Companies Act 2013, Consumer Protection Act.

### **IK GUJRAL PUNJAB TECHNICAL UNIVERSITY**

#### **BBA, Business Environment**

**Semester: II**

**Course Objective:** The objective of this paper is to acquaint students with the issues of business environment in which corporate sector has to operate. It will also familiarize them with the techniques available for

scanning and monitoring the environment. It also aims at providing some basic knowledge about international environment pertaining to business.

**Course Outcomes (COs):** After completion of the course, the students shall be able to:

**CO1** – To Identify and evaluate the complexities of business environment and their impact on the business.

**CO2** – To analyze about the relationships between Government and business and understand the political, economic, legal and social policies of the country.

**CO3** – To understand the current economic conditions in developing emerging markets, and evaluate present and future opportunities.

**CO4** – To be acquainted with prerequisite knowledge required to understand the Probability and applications of Probability Theory.

**CO5** – To understand the concept of the Industrial functioning and strategies to overcome challenges in competitive markets.

**UNIT I: Introduction to Business Environment** – Nature and Significance of Business Environment. Components of Business Environment, Techniques of Environment Scanning. Economic Environment of Business: Economic Systems. Economic Planning in India, Brief idea of Industrial Policy, Fiscal policy, Monetary policy and EXIM policy.

**UNIT II: Political and Legal Environment of Business** – Three political institutions: Legislature, Executive and Judiciary. Foreign Exchange Management Act (FEMA), Consumer Protection Act. Introduction to Liberalization, Privatization and Globalization: Factors facilitating and impeding globalization in India.

**UNIT III: Socio-Cultural Environment** – Critical elements of socio-cultural Environment. Social responsibility of business. Business Ethics and Corporate Social Responsibility. Public Sector – Changing Role of Public Sector – Relevance of public sector – Public Sector reforms. Regulatory framework with reference to Banking and Security Market. Technological Environment.

**UNIT IV: International Business Environment** – Multinational Corporations-Benefits and Problems. Mergers and acquisitions – reasons – trends – Advantages and Disadvantages. WTO, Consequences of WTO for India. IMF. Regional Groupings.

**A.P.J. TECHNICAL UNIVERSITY, UTTAR PRADESH**  
**MBA, Business Environment**

**Semester: II**

**Course Objective:** The present course aims at familiarizing the participants with various aspects of economic, social, political and cultural environment of India. This will help them in gaining a deeper understanding of the environmental factors influencing Indian business organizations.

**Unit- I (Session 08): Business Environment** – Meaning, Importance, Environmental Factors, Recent Political Environment, Recent Economic and Financial Environment, Planning In India-Planning Commission-Liberalisation and Planning, Industrial Policy: New trade policy-1991 onwards, Industrial Licensing in India.

**Unit-II (Session 10): Indian Financial System** – Monetary And Fiscal Policy, Economic Trends, Price Policy, Stock Exchange of India, Role of regulatory institutions in Indian financial system – RBI and SEBI,

National Income, Role of Industry in Economic Development, Foreign Trade and Balance of Payment, Poverty in India, Unemployment in India, Inflation, Human Development, Rural Development, Problems of Growth.

**Unit-III (Session 08)** – Direct & Indirect Taxes (MODVAT),(CENVAT),Competition Act 2002 & FEMA Acts, Business Ethics, Corporate Governance, Philosophy and strategy of planning in India.

**Unit-IV (Session 06)** – Liberalisation, Privatization and Disinvestments, Special Economic Zone (SEZ) and their role and impact in International Business Environment, World Trade Organisation (WTO), Redefining Value Proposition to MSMEs.

**Unit-V (Session 08)** – Social Responsibility of business enterprises, New Economic Policy, Globalization, EXIM policy and role of EXIM bank, FDI policy, Multinational Corporation (MNCs) and Transnational Corporations (TNCs), Global Competitiveness, technology and competitive advantage, Technology Transfer– Importance and types, Appropriate technology and technology adaptation.

**UTTARAKHAND TECHNICAL UNIVERSITY, DEHRADUN**  
**MBA, Business Environment (MBAT105)**

**Unit- II:**

**Introduction** – Concept, Significance and Nature of Business Environment. Types of environment, Interaction between Internal and External environments, Nature and Structure of Economy, Techniques for Environment Analysis, Approaches and Significance of Environment Forecasting.

**Unit-II:**

**Economic Environment** – History of Economic Systems, Market, Planned and Mixed Economy, Planning in India: Emergence and Objective; Planning Monetary Policy, Fiscal Policy. Union Budget as instrument of growth and its Impact on Business, Industrial Policy: Meaning Objective and Recent Development in New Economics Policy (1991) and its Impact on Business.

**Unit-III:**

**Politico-Legal Environment** – Relationship between Business and Government, Economics, Planning, Regulatory, Promotional and Entrepreneurial Roles of Government, Constitutional Provisions affecting Business. An overview of major laws affecting business, Consumerism, Social Responsibility of Business.

**Unit-IV:**

**Technological Environment** – Factors Influencing Technological Environment, Role and Impact of Technology on Business. Transfer of Technology-Channels, Methods and Limitations. **Demographic and Socio-Cultural Environment** – Population Size, Falling Birth Rate, Changing age structure and its impact on business, Business and Society, Business and Culture, Culture and Organisational Behaviour. **Recent Trends in Business Environment** – Case Study

**Unit-V:**

**Foreign Investment and Trade Regulation** – Foreign Direct Investment, Foreign Institutional Investment, WTO and India: an overview, Regulation of Foreign Trade, Disinvestment in Public Sector Units.

**MADURAI KAMARAJ UNIVERSITY**  
**B.Com., Part-IV/ III Year Electives-A2, 2018-2019**

**UNIT I:**

**Introduction:** Concept, Components and Significance of Business Environment. Economic Systems. A brief profile of Indian Financial System.

**UNIT II:**

**Economic Environment:** Components of Economic Environment. Planning Machinery in India. Regional Imbalance Privatization, Devaluation. Trade Agreements- Bilateral and Multilateral Agreement.

**UNIT III:**

**Industrial Environment:** Role of Government in Business-Profile of Public Sector, Private Sector, Joint Sector and Co-operative Sector in India, Pattern of Industrial Development in India.

**UNIT IV:**

**Socio-Cultural Environment:** Nature of Indian Society and Ethos, Social Interest, Institutions and Values vis-à-vis Industrial Development. Social Responsibility of Business.

**UNIT V:**

**International Environment:** Concept and Rationale of Globalization of Indian Business, Foreign Capital Investment, Choice and Transfer of Technology and Problems of Debt Servicing in India. Important Provisions of FEMA, Multinationals and Indian Business, International Economic Institution – WTO, UNCTAD, MOUs.

# B

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3. Managing Diversity	3	–	3	2	4	–	
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<b>Unit II Political and Legal Environment</b>							
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