

**M.B.A. (Semester—II) Examination**  
**BUSINESS ENVIRONMENT**  
**Paper—MBA/201**

Time : Three Hours]

[Maximum Marks : 70

**N.B. :—** (1) All questions are compulsory.

(2) Figures to the right indicate marks.

**SECTION—A**

1. (a) Discuss the policy measures adopted by Government of India to attract foreign direct investment. 14

**OR**

- (b) Explain what you understand by the concept of social responsibility of business. Why should business develop a sense of social responsibility ? Discuss. 14

**SECTION—B**

2. (a) Discuss the dynamics of changing business environment in an economy. 7
- (b) Make in India is an initiative launched by the Government of India to encourage national and multinational companies to manufacture their products in India. It focuses on job creation and skill enhancement as is in twenty five sectors of the economy; under the initiative, brochures on these sectors and a web portal were released. The initiative aims at high quality standards and minimizing the impact on the environment. It also seeks to attract foreign capital investment in India.

Identify the various dimensions of business environment being referred in above case. 7

**OR**

- (c) Explain the components of external factors which are affecting towards the growth of business. 7
- (d) India's retail sector has been undergoing structural changes for the last two decades. On the one hand, the mall culture has gradually become a way of life, especially in the metros and mini-metros. On the other hand, there is accelerated growth in e-business as customers also prefer to buy products and services via internet, telephone and television. However, operating in either of the segments is marked by the presence of strong competitors. Carry out environmental analysis of Indian retail sector with uncontrollable factors. 7
3. (a) What are the major structural changes, which have taken in Indian economy after LPG ? Discuss by citing some example. 7
- (b) Electronic commerce and the digital economy are transforming economic activities and economies now. They have become a central part of the global economy and promise huge potential for trade. Hence there is a need to create a trade regime for the sector. The attempt to create trade laws related to the e-commerce sector is now taken by the WTO. Suggest the provisions to the WTO to create a trade regimes for e-commerce. 7

**OR**

- (c) Explain the concept of business and regional blocks. 7
- (d) Disinvestment in India has become a controversial and debatable issue. It is being criticised for “selling the family silver to the ruling party.” The sale proceeds of public undertakings are being utilised for meeting administrative expenses as curtailing the budgetary deficit, instead of creating health and educational facilities to general public and for the development of infrastructure for trade and industry.
- Make a critical analysis of the issue of disinvestment. 7

#### **SECTION—C**

4. (a) Discuss the importance of Economy-Industry-Company interface with appropriate examples. 7
- (b) How does business today differ from that of four to five decades ago ? 7

#### **OR**

- (c) Explain how the concept of relevant environment is useful in understanding and studying the impact of business environment. 7
- (d) Define the term Industry. Give a detail account of classification of industries with appropriate examples. 7

#### **SECTION—D**

5. In 1991 India embarked on major reforms to liberalize its economy after three decades of socialism and fourth of creeping liberalization. Twenty five years later, the outcome has been an outstanding economic success. India has grown from being a poor slow-growing country to the fastest growing major economy in the world. The world economic outlook for 2016 says that United States and India are two pillars of strength today that are helping hold up a sagging world economy. Once an object of pity India has become an object of envy among developing countries, it is often called a potential superpower and is backed by the United States for a seat on the UN Security Council. Yet those successes have been accompanied by significant failures and weaknesses, in policies and institutions. The past 25 years of liberalization and largely story of private sector success and government failure and of successful economic reform tarnished by institutional erosion. Even as old controls have been abolished, new ones have been created, so what leftist critics call an era of neoliberalism could more accurately be called neo-illiberalism.

India remains in the bottom half of countries measured by indicators of economic freedom. Social indicators of education, health and nutrition have improved much too slowly, and India has been overtaken in some indicators by poorer Bangladesh and Nepal. The delivery of all government services remains substandard. Political interference has eroded the independence and quality of institutions ranging from the police and courts to educational and cultural institutions. India's

economic reforms over 25 years have transformed it from a low-income country to middle-income one. But to become a high-income country, India must liberalize the economy much further, improve governance and raise the quality of its institutions.

The quality of government services remains worst and social indicators have improved much too slowly. The provision of public goods – police, judiciary, general administration, basic health, education and basic infrastructure has seriously lagged improvements in economic performance. To sustain rapid growth and to become a high income country, India will need major reforms to deepen liberalization and build high quality institutions.

**Questions :**

- (i) Analyse the case. 4
- (ii) Describe the achievements and failures of economic planning of India. 5
- (iii) What are the various economic reforms that should be adopted by Government of India to make improvements in economic performance and build high quality institutions in near future ? 5