

Understanding-based Questions

[1 mark]

Q.1. Why is business environment known as 'totality of external forces'?

Ans. As it is the group of many outside forces, that is why, its nature is of totality.

Q.2. Explain 'Relativity' as one of the characteristics of business environment.

Ans. It means that business environment is related to the local conditions.

Q.3. Give two examples of marketing intermediaries.

Ans. These are traders and agents.

Q.4. What is included in 'Political Environment' of business? State.

[CBSE 2014]

Ans. It refers to political conditions in the country and attitude of the government towards business.

Q.5. What is included in 'Legal Environment' of Business? State.

[CBSE 2014]

Ans. It refers to the sum total of all the Acts passed by the government, Judgments of the courts, and Decisions rendered by various commissions and agencies in the country.

[3 marks]

Q.1. What is meant by 'Business Environment'? Explain 'Dynamic nature' and 'Uncertainty' as features of Business Environment.

[CBSE 2011]

Ans. Business Environment: It refers to the sum total of those factors which influence the business and over which the business has no control.

Features of Business Environment:

- i. **Dynamic Nature:** It is dynamic as it keeps on changing because of changing in its various components.
- ii. **Uncertainty:** It is uncertain as it is difficult to predict the behaviour of environmental factors as they continue to change quickly.

[4 marks]

Q.1. Why is the understanding of business-environment important for managers? Explain with the help of any four points.

[CBSE 2014]

Ans. The understanding of business environment is important for managers because of the following reasons:

Refer to Points (i) to (iii) of Q. 2 (Remembering-based Questions—4/5 marks)

(iv) Coping with Rapid Changes: These days business is being run in a rapidly changing environment. Various factors connected with business, e.g., competition, fashion, number of customers, technology, etc. are changing quickly. Changes do not affect business as much as the rapidity of the changes. It means that if the speed of the change is a little less it can be faced with comparative ease but to face the rapidity of change is a very difficult task. This can be possible only by constant vigil over the business environment and studying it simultaneously.

Q.2. Explain the features of demonetisation?

Ans. The following are the main features of demonetisation:

1. **Tax Administrative Measure:** Demonetisation is regarded as a measure of tax administration. People with cash-in-hand on account of their declared income readily deposited their cash in banks and got it exchanged for new currency. On the other hand, those who had black money had to come forward to declare their unaccounted cash and pay taxes along with a penalty.
2. **Tax Evasion Control Measure:** Demonetisation is also known as the Government's measure to control the mal-practices of tax evasion (avoiding tax illegally).
3. **Channelising Savings into the Formal Financial System:** Demonetisation facilitates in channelising savings of the people into the formal financial system. As a result, some of the new deposits can be used for launching new profitable schemes and providing loans at lower interest rates.
4. **Creating Less-Cash Economy:** Demonetisation helps in effecting (bringing about) understanding in people for channeling more savings through formal financial system and hence improving more chances of less cash economy. Consequently, despite the limitations (non-availability of Cell Phones, Point-of-Sale Machines— POS Machines, Internet Connectivity, etc.) of digitalising transactions, it helps in introducing formal economy.