

# Business Studies

## Business Environment

- Q1.** One of the important methods of privatisation is \_\_\_\_\_. **1 Mark**
- A** Disinvestment                      **B** Privatisation of ownership, through the sale of equity.  
**C** Either (A) or (B)                      **D** None of these

**Ans:** **C** Either (A) or (B)

3. Either (A) or (B)

**Explanation:**

One of the important methods of privatization is either disinvestment or privatization of ownership, through the sale of equity. Privatization is a global trend.

Privatization can be defined as a process of transferring of ownership or management of an enterprise from public sector to private sector.

It helps to increase the size and dynamism of private sector. It also helps to reduce administrative burdens on the public sector.

- Q2.** The economic reforms of 1991 or New Economic Policy aimed at: **1 Mark**
- A** Liberalisation.                      **B** Privatisation.                      **C** Globalisation.                      **D** All of these.

**Ans:** **D** All of these.

4. All of these.

- Q3.** Which of the following option correctly describes the difference between specific and general forces of business environment? **1 Mark**

**A**

Specific forces affect the individual enterprise directly, whereas general forces have indirect impact on all business enterprises.

**B**

General forces have direct impact on individual enterprise, whereas specific forces have indirect impact on business enterprise.

**C**

Specific forces does not affect an enterprise at all, whereas general forces affects directly on all business enterprises.

**D** None of the above.

**Ans:** **A**  
Specific forces affect the individual enterprise directly, whereas general forces have indirect impact on all business enterprises.

1. Specific forces affect the individual enterprise directly, whereas general forces have indirect impact on all business enterprises.

- Q4.** Which of the following is not an example of legal environment? **1 Mark**
- A** Baby food advertisement must inform the potential buyers that mother's milk is the best.

**B**

Every advertisement of cigarettes should carry the warning that "cigarettes are injurious to health".

**C** The government of India has banned the advertisement of alcoholic product.

**D** Shift in demand from typewriter to computer.

**Ans:** **D** Shift in demand from typewriter to computer.

4. Shift in demand from typewriter to computer.

**Q5.** Which of the following does not explain the impact of Government policy changes on business and industry? **1 Mark**

- A** More demanding customers   **B** Increasing competition   **C** Change in agricultural prices  
**D** Market orientation.

**Ans: C** Change in agricultural prices

3. Change in agricultural prices.

Change in agricultural prices does not explain the impact of Government policy changes on business and industry.

**Q6.** The voluntary organisation is achieved by \_\_\_\_\_. **1 Mark**

- A** Setting up consumers associates or councils   **B** Organising consumer co-operatives  
**C** Either (A) or (B)   **D** None of these

**Ans: C** Either (A) or (B)

3. Either (A) or (B)

**Q7.** Which of the following does not explain the impact of Government policy changes on business and industry? **1 Mark**

- A** More demanding customers   **B** Increasing competition   **C** Change in agricultural prices  
**D** Market orientation

**Ans: C** Change in agricultural prices

3. Change in agricultural prices

**Explanation:**

Change in agricultural prices does not explain the impact of government policy changes on the business and industry. All the government policies such as liberalization, globalization, privatization affect the working of business organization.

Changes in agricultural prices is independent of government policy and takes place because of the supply and demand changes.

**Q8.** Which of the following does not characterise the business environment? **1 Mark**

- A** Uncertainty   **B** Employees   **C** Relativity   **D** Complexity.

**Ans: B** Employees

2. Employees.

Employees does not characterise the business environment.

**Q9.** Which of the following is an example of social environment? **1 Mark**

- A** Money supply in the economy   **B** Consumer protection Act  
**C** The Constitution of the country   **D** Composition of family

**Ans: D** Composition of family

4. Composition of family

**Explanation:**

Composition of family is an example of social environment. Social environment consists of the customs and traditions of the society in which business is existing. It includes the standard of living, taste, preference and education level of people living in the society where business exists.

**Q10.** The impact of changes in government policy on business and industry is/ are: **1 Mark**

- A** Increasing competition.   **B** More demanding customers.  
**C** Rapidly changing technological environment.   **D** All of these.

**Ans: D** All of these.

4. All of these.

**Q11.** The most important elements in the micro environment of the business are \_\_\_\_\_. **1 Mark**

- A** Customers   **B** Labour   **C** Marketing Intermediaries  
**D** Competition

**Ans: A** Customers

1. Customers

**Explanation:**

The micro environment is the environment in which the business operates. Customers are the most important elements in the micro environment, as the business entity operates to satisfy customer expectations and retention of the customers to gain sales and profits.

**Q12.** Macro environment business can be classified into which of the following groups?

**1 Mark**

- A** Partial environment and general environment
- B** Economic environment and non-economic environment
- C** Static environment and dynamic environment
- D** None of the above

**Ans: B** Economic environment and non-economic environment

2. Economic environment and non-economic environment

**Explanation:**

Macro environment of a business can be classified into economic and non-economic environment.

The economic environment of a country includes economic policies, economic activity, macro economic policies etc.

The non-economic environment includes political system, social system, legal framework etc.

**Q13.** As per New Industrial Policy (1991) automatic permission will be given for foreign technology agreements in high priority industries upto a payment of\_\_\_\_\_.

**1 Mark**

- A** Rs. 50,000
- B** Rs. 1,00,000
- C** Rs. 50,00,000
- D** Rs. 1,00,00,000

**Ans: D** Rs. 1,00,00,000

4. Rs. 1,00,00,000

**Explanation:**

As per New Industrial Policy (1991) automatic permission will be given for foreign technology agreements in high priority industries upto a payment of Rs 1,00,00,000. New Industrial Policy was adopted by the Government of India in the year of 1991.

It was adopted in order to create a more freer and competitive economy. The main objective of any industrial policy is to augment the industrial production and thereby enhance the industrial growth.

**Q14.** Identify the examples of changes in business environment that affect business enterprises:

**1 Mark**

- A**  
Increase in taxes by government can make products expensive, causing reduced demand.
- B** Change in taste and fashion may shift demand.
- C** Technological improvements may render existing products obsolete.
- D** All of the above.

**Ans: D** All of the above.

4. All of the above.

**Q15.** The MRTP act came into force from\_\_\_\_\_.

**1 Mark**

- A** 1st June, 1969
- B** 1st June, 1970
- C** 1st May, 1971
- D** 1st May, 1975

**Ans: B** 1st June, 1970

2. 1st June, 1970

**Explanation:**

The MRTP bill was passed in 1969, and the MRTP Act India went into effect on June 1, 1970.

It ensures that the operation of the economic system does not result in the concentration of economic power in the hands of a few people, and it provides for monopoly control.

**Q16.** Which of the following banks introduced the first ATM in India?

**1 Mark**

- A** SBI
- B** ICICI Bank
- C** Axis Bank
- D** HSBC

**Ans: D** HSBC

4. HSBC

**Explanation:**

HSBC banks introduced the first ATM in India. Hongkong and Shanghai Bank Corporation was the first bank to introduce ATM in India in the year of 1987.

**Q17.** Liberalisation means:

**1 Mark**

- A** Integration among economies      **B** Reduced government controls and restrictions  
**C** Policy of planned disinvestments      **D** None of them.

**Ans: B** Reduced government controls and restrictions

2. Reduced Government controls and restriction.

Liberalisation means end of license, quota and reduction of government controls and restrictions

**Q18.** The objective of economic planning is \_\_\_\_\_.

**1 Mark**

- A** Maximum social welfare      **B** Removing regional disparities  
**C** Reducing inequality of income and wealth      **D** National Security

**Ans: A** Maximum social welfare

1. Maximum social welfare

**Explanation:**

The objective of economic planning is maximum social welfare. Economic planning is often regarded as a mechanism for proper allocation of resources in an efficient manner. Economic planning helps to achieve consistency among different economic objectives.

**Q19.** Business environment is \_\_\_\_\_, as it consists of inter-related factors affecting business enterprises at the same time:

**1 Mark**

- A** Simple.      **B** Complex.      **C** Dynamic.      **D** Either (a) or (c).

**Ans: B** Complex.

2. Complex.

**Q20.** The Second Five Year Plan was based on \_\_\_\_\_.

**1 Mark**

- A** Harrod Domer Model      **B** Fel'dman Model      **C** Mahalanobis Model  
**D** Consistency Model

**Ans: C** Mahalanobis Model

3. Mahalanobis Model

**Explanation:**

The Second Five Year Plan was based on Maahalanobis Model. Time period for the second five-year plan was 1956-1961. It focused on mainly rapid industrialization and development of public sector. The target of 25% Increase in the national income was set through rapid industrialization.

**Q21.** The technology policy statement released in:

**1 Mark**

- A** 1982      **B** 1983      **C** 1984      **D** 1985

**Ans: B** 1983

2. 1983

**Explanation:**

The Government of Asian country (INDIA) publicized its technology policy as the Technology Policy Statement-1983. It had been a national vision document that recognized the role and importance of technology within the economic process of the country. Developed countries refused to transfer technology in key areas of economic development.

**Q22.** R & D activity is a / an \_\_\_\_\_.

**1 Mark**

- A** Legal factor,      **B** Technological factor,      **C** Political factor,  
**D** Economic factor

**Ans: B** Technological factor,

2. Technological factor,

**Explanation:**

R & D activity is a technological factor. R and D stands for Research and Development. It helps to determine the company's ability to innovate and compete.

It helps to increase the revenue of the business organization through new discoveries and inventions of products, strategies, etc.

**Q23.** Which of the following is not an example of social environment?

**1 Mark**

- A** Equal pay to male and female workers for equal work.
- B** Import of animal fat for manufacturing Vanaspati ghee was banned by the government.
- C** Cell phone have taken over the market from landline phone.
- D** All of these.

**Ans: C** Cell phone have taken over the market from landline phone.

3. Cell phone have taken over the market from landline phone.

**Q24.** How much of the activities were being made available for the private sector as per the New Industrial Policy, 1991?

**1 Mark**

- A** One-fourth
- B** Half
- C** Three-fourths
- D** One-sixth

**Ans: C** Three-fourths

3. Three-fourths

**Explanation:**

Three-fourths of the activities were being made available for the private sector as per the New Industrial Policy, 1991. New Industrial Policy was adopted by the Government of India in the year of 1991. It was adopted in order to create a more free and competitive economy.

The main objective of any industrial policy is to augment industrial production and thereby enhance industrial growth.

**Q25.** What does L signify in environment scanning tool - PESTLE?

**1 Mark**

- A** Legal
- B** Logical
- C** Legitimate
- D** Language

**Ans: A** Legal

1. Legal

**Explanation:**

'L' signify 'Legal' in environment scanning tool-PESTLE. PESTLE the analysis is a useful tool for understanding the big picture of the environment in which an entrepreneur is planning to operate. PESTLE stands for Political, Economic, Sociological, Technological, Legal, and Environmental.

**Q26.** How can government of a country play a major role in making Globalization fairer?

**1 Mark**

- A**  
Government can ensure that labour laws are properly implemented and the workers get their rights.
- B**  
Government can support small producers to improve their performance till the time they become strong enough to complete.
- C** Government can negotiate at WTO for fairer rules.
- D** All of them

**Ans: D** All of them

4. All of them

**Explanation:**

Government policies and regulations have made Globalization fairer.

**Q27.** Which of the following is a set of examples of external environment of a business?

**1 Mark**

- A** Institutions, organisations and forces operating outside the company.
- B** Institutions, organisations and forces operating inside the company.
- C** Commitment, attitude and morale of he employers.
- D** Economic and non-economic environment.

**Ans: A** Institutions, organisations and forces operating outside the company.

1. Institutions, organisations and forces operating outside the company.

**Explanataion:**

The external environment of a business are the external factors in the environment that affects the business. Example of external environment are Institutions, organizations, forces operating outside the company.

**Q28.** Subsidy to cotton textile industry is an example of \_\_\_\_\_ .

**1 Mark**

- A** Economic environment.
- B** Social environment.
- C** Legal environment.
- D** Political environment.

**Ans: D** Political environment.

4. Political environment.

**Q29.** In the New Industrial Policy 1991, the number of industries reserved for public sector is \_\_\_\_\_.

**1 Mark**

**A** 5

**B** 8

**C** 10

**D** 15

**Ans: B** 8

2. 8

**Explanation:**

In the New Industrial Policy 1991, the number of industries reserved for public sector is 8. New Industrial Policy was adopted by the Government of India in the year 1991.

It was adopted in order to create a more free and competitive economy. The main objective of any industrial policy is to augment the industrial production and thereby enhance industrial growth.

**Q30.** Which of the following does not characterize the business environment?

**1 Mark**

**A** Uncertainty

**B** Relativity

**C** Employers

**D** Illegal affairs

**Ans: D** Illegal affairs

4. Illegal affairs

**Explanation:**

Illegal affairs does not characterize the business environment. Business environment can be defined as the forces, factors and institutions with which the businessman has to deal with to achieve its objectives.

In general words, business environment is referred to the surroundings in which business exists.

**Q31.** The term Globalization means \_\_\_\_\_

**1 Mark**

**A** Integration of the economy of a country with the world.

**B** Easing trade policies

**C** Reduction in Corporate and non-corporate taxes.

**D** All the three

**Ans: A** Integration of the economy of a country with the world.

1. Integration of the economy of a country with the world.

**Q32.** Obstacles to privatisation are:

**1 Mark**

**A** Opposition by labourers.

**B** Problem of financing.

**C** Political pressure.

**D** All of these.

**Ans: D** All of these.

4. All of these.

**Explanation:**

Privatisation includes transfer of ownership of government businesses to private hands due to which it has to face stiff resistance from employees of those undertakings and from opposition political parties, alongwith that funds are required in huge amounts.

**Q33.** An essential pre-requisite for a successful privatisation is \_\_\_\_\_.

**1 Mark**

**A** Globalisation

**B** Nationalisation

**C** Liberalisation

**D** All the above

**Ans: C** Liberalisation

3. Liberalisation

**Explanation:**

An essential pre-requisite for successful privatization is liberalization. Liberalization refers to end of license, quota and many more restrictions and controls which were put on industries before 1991. Liberalization is of utmost importance in order to give greater role to private sector of the economy.

**Q34.** The first international earth summit was held in the year \_\_\_\_\_.

**1 Mark**

**A** 1991

**B** 1992

**C** 1993

**D** 1995

**Ans: B** 1992

2. 1992

**Explanation:**

In June 1992, more than 100 heads of states met in Rio de Janeiro in Brazil, for the first International Earth Summit.

The Summit was convened for addressing urgent problems of environmental protection and socioeconomic development at the global level.

**Q35.** The first New Small Scale Industrial Policy was announced on \_\_\_\_\_. **1 Mark**

- A** August 6, 1989      **B** May 5, 1990      **C** August 6, 1991      **D** December, 1996

**Ans: C** August 6, 1991

3. August 6, 1991

**Explanation:**

The first New Small Scale Industrial Policy was announced on August 6, 1991. Small Scale Industrial Policy has helped in the overall development of industrial sector of the economy.

It was well realized that small-scale industries are particularly suited for the utilization of local resources and for the creation of employment opportunities.

**Q36.** Which factor has been the most rapidly changing component in an organisation's general environment in the past quarter century? **1 Mark**

- A** Global      **B** Economic      **C** Social      **D** Technological

**Ans: D** Technological

4. Technological

**Explanation:**

Technological factor has been the most rapidly changing component in an organization's general environment in the past quarter century.

Technological factors involve changes taking place in the method of production, use of new equipment and machinery to improve the quality of a product.

**Q37.** Internal factors of business environment include \_\_\_\_\_. **1 Mark**

- A** Vision of the organization      **B** Mission of the organization  
**C** Vision and mission of the organization  
**D** Vision and mission of the organization and other internal mechanism of the organization.

**Ans: D** Vision and mission of the organization and other internal mechanism of the organization.

4. Vision and mission of the organization and other internal mechanism of the organization.

**Explanation:**

The internal environment consists of all the things that makes the business function within the organization. Some of the internal factors of business environment are vision and mission, employees, technology etc.

**Q38.** The word 'Privatisation' is invented by \_\_\_\_\_. **1 Mark**

- A** Peter F. Drucker      **B** Taylor      **C** Mayo      **D** Vroom

**Ans: A** Peter F. Drucker

1. Peter F. Drucker

**Explanation:**

The word 'Privatization' is invented by Peter F. Drucker. Privatization can be defined as a process of transferring of ownership or management of an enterprise from public sector to private sector. It helps to increase the size and dynamism of private sector. It also helps to reduce administrative burdens on the public sector.

**Q39.** Consumer attitudes and beliefs about diet, health and nutrition are influenced by which of the following? **1 Mark**

- A** Economic environment      **B** Cultural environment      **C** Social environment  
**D** Natural environment

**Ans: B** Cultural environment

2. Cultural environment

**Explanation:**

An organisation runs its business activities in an environment that is surrounded by various factors internal and external to the environment. One of such factors are cultural influences.

Traditions, beliefs and values are among the main factors influencing preferences of customers.

**Q40.** In the New Industrial Policy, 1991 industrial licensing had been abolished for the following Industries \_\_\_\_\_. **1 Mark**

- A** Coal and lignite      **B** Paper and News print      **C** Drugs and Pharmaceutical  
**D** None of the above

**Ans: D** None of the above

4. None of the above

**Explanation:**

In the New Industrial Policy, 1991 industrial licensing had not been abolished from the following industries- coal and lignite, paper and Newsprint, and drugs and pharmaceutical. New Industrial Policy was adopted by the Government of India in the year of 1991.

It was adopted in order to create a more freer and competitive economy. The main objective of any industrial policy is to augment industrial production and thereby enhance industrial growth.

**Q41.** New Economic Policy aims at the following objective(s)\_\_\_\_\_. **1 Mark**

- A** Privatisation      **B** Globalisation      **C** Liberalisation      **D** All the above

**Ans: D** All the above

4. All the above

**Explanation:**

New Economic Policy was adopted by the Government of India in the year of 1991. It was adopted in order to create a more freer and competitive economy.

**Q42.** Business enterprises cannot work in: **1 Mark**

- A** Isolated environment.      **B** Complex management.      **C** Uncertain management.  
**D** None of these.

**Ans: A** Isolated environment.

1. Isolated environment.

**Q43.** Which is incorrect from the following highlights of the New Small Scale Industrial Policy, 1991? **1 Mark**

- A** Launch of factoring services by SIDBI  
**B** Permission to other units to invest upto 24 percent in the SSI.  
**C** Package for handloom and handicraft sector.  
**D** Tiny sector investment limit raised to Rs. 7 lakhs.

**Ans: D** Tiny sector investment limit raised to Rs. 7 lakhs.

4. Tiny sector investment limit raised to Rs. 7 lakhs.

**Explanation:**

Tiny sector investment limit raised to Rs 7 lakhs- this is incorrect from the following highlights of the New Small Scale Industrial Policy, 1991. New Small Scale Industrial Policy, 1991 can be referred as a reform in Indian economy. It caused several changes in the small-scale industrial sector. It helped to create a more free economy.

**Q44.** \_\_\_\_\_ is the process of analysing the environment for the identification of factors which have impact on or have implication for the business: **1 Mark**

- A** Environment forecasting.      **B** Environment assessment.      **C** Environment scanning.  
**D** None of these.

**Ans: C** Environment scanning.

3. Environment scanning.

**Q45.** Privatization means\_\_\_\_\_. **1 Mark**

- A**  
The transfer of ownership or management of an enterprise from the public sector to the private sector.  
**B** The transfer of ownership of an enterprise from the private sector to the public sector.  
**C** The withdrawal of the state from an industry, partially or fully.      **D** Both (A) and (C)

**Ans: A** The transfer of ownership or management of an enterprise from the public sector to the private sector.

1. The transfer of ownership or management of an enterprise from the public sector to the private sector.

**Explanation:**

Privatization describes the process by which a piece of property or business goes from being owned by the government to being privately owned.

It generally helps governments save money and increase efficiency, where private companies can move goods quicker and more efficiently.

It refers to transfer of ownership or management of an enterprise from the public sector to the private sector.

**Q46.** Prior to liberalisation\_\_\_\_\_ of the most important industries were exclusively reserved for the public sector. **1 Mark**

- A** 7                      **B** 10                      **C** 12                      **D** 17

**Ans: D** 17

4. 17

**Explanation:**

Prior to liberalization, a number of public sector industries which were earlier reserved under governmental control reduced from 17 to 8 in the count.

Presently these companies are only 3 in number. Liberalization refers to end of license, quota and many more restrictions and controls which were put on industries before 1991.

**Q47.** Integrating domestic economy with world economy is called \_\_\_\_\_. **1 Mark**

- A** Privatisation              **B** Globalisation              **C** Nationalisation              **D** All the above

**Ans: B** Globalisation

2. Globalisation

**Explanation:**

Process of integrating domestic economy with world economy is called globalisation. Globalisation enables exchange of social, cultural, technological ideas across the borders.

Its effects include access to technology, growth of international trade, increased employment opportunities, free flow of foreign capital etc.

**Q48.** Rapid integration between countries is known as\_\_\_\_. **1 Mark**

- A** International trade    **B** Globalisation              **C** Liberalisation              **D** Privatisation

**Ans: B** Globalisation

2. Globalisation

**Explanation:**

Globalisation is the process of rapid integration or interconnection between countries.

It integrates the country with other economies of the world through trade, capital flow and technology.

**Q49.** The components of social environment is/ are: **1 Mark**

- A** Expectations from workforce.              **B** Educational system and literacy rates.  
**C** Birth and death rates.                      **D** All of the above.

**Ans: D** All of the above.

4. All of the above.

**Q50.** Rolling plan was introduced by \_\_\_\_\_. **1 Mark**

- A** V.P. Singh              **B** Prof. Myrdal              **C** Manmohan Singh              **D** P. Chidamparam

**Ans: B** Prof. Myrdal

2. Prof. Myrdal

**Explanation:**

Rolling plan was introduced by Prof. Myrdal. A rolling plan can be defined as a plan where there is no fixation of dates in respect of commencement and end of the plan. The main advantage of rolling plans is that they are very flexible and are able to overcome rigidity by mending targets and objectives. The main advantage of the rolling plans is that they are flexible and are able to overcome rigidity.

**Q51.** Which of the following best indicates the importance of business environment? **1 Mark**

- A** Identification              **B** Improvement in performance              **C** Coping with rapid changes  
**D** All of them

**Ans: A** Identification

1. Identification

**Explanation:**

Social environment refers to the social forces such as customs, traditions, social values, social trend etc. that affect the business opportunities and performance. Among the options given in the question, composition of family represents an example of social environment.

If the composition of family is such that it comprises of more of children than elderly persons then, this implies greater business opportunity for baby product companies.

**Q52.** At present (2018) \_\_\_\_\_ industries are reserved for the public sector.

**1 Mark**

**A** 5

**B** 2

**C** 8

**D** 12

**Ans: B** 2

2. 2

**Explanation:**

At present (2018) 2 industries are reserved for the public sector. Atomic energy and Railways are the only two government monopolies in India. Only public sector undertaking has the authority to run the activities of these industries.

**Q53.** In the New Industrial Policy 1991, direct foreign investment in high priority industries will be allowed upto \_\_\_\_\_.

**1 Mark**

**A** 40%

**B** 45%

**C** 50%

**D** 51%

**Ans: D** 51%

4. 51%

**Explanation:**

In the New Industrial Policy 1991, direct foreign investment in high-priority industries will be allowed up to 51%. New Industrial Policy was adopted by the Government of India in the year of 1991.

It was adopted in order to create a more free and competitive economy.

The main objective of any industrial policy is to augment industrial production and thereby enhance industrial growth.

**Q54.** Which of the following is not a part of the economic environment of business?

**1 Mark**

**A** Competitive Environment

**B** Economic System

**C** Changes in Patent Laws

**D** None of these

**Ans: D** None of these

4. None of these

**Explanation:**

Dimensions of, or the factors constituting the business environment include economic, social, technological, political and legal conditions which are considered relevant for decision-making and improving the performance of an enterprise.

Economic Environment includes interest rates, inflation rates, changes in disposable income of people, stock market indices and the value of rupee are some of the economic factors that can affect management practices in a business enterprise. Short and long term interest rates significantly affect the demand for product and services.

**Q55.** In the New Industrial Policy 1991, the asset limit of MRTP Companies is\_\_\_\_\_.

**1 Mark**

**A** Rs. 25 Crores

**B** Rs. 80 Crores

**C** Rs. 100 Crores

**D** No limit

**Ans: D** No limit

4. No limit

**Explanation:**

In the New Industrial Policy, 1991, the asset limit of MRTP Companies is no limit. New Industrial Policy, 1991 can be referred to as a reform in Indian economy.

It caused several changes in the industrial sector. It helped to create a more free economy and competitive business environment.

**Q56.** Democratic Planning is adopted in \_\_\_\_\_.

**1 Mark**

**A** Capitalist economy

**B** Socialist economy

**C** Mixed-economy

**D** Facist economy

**Ans: C** Mixed-economy

3. Mixed-economy

**Explanation:**

Democratic planning is adopted in mixed economy. In democratic planning, there must be a correct comprehension of the laws of development of the society where planning is to take place.

Mixed economy possess characteristics of both capitalist economy as well as socialist economy. Democratic planning involves participation of all the citizens of an economy directly or indirectly.

**Q57.** Peter F. Drucker used the term 'Privatisation' in his famous book, \_\_\_\_\_.

**1 Mark**

- A** What is Privatisation?      **B** The Age of Discontinuity      **C** Quality and Competition  
**D** Global Economy

**Ans: B** The Age of Discontinuity

2. The Age of Discontinuity

**Explanation:**

Peter F. Drucker used the term 'Privatization' in his famous book, 'The Age of Discontinuity'. Privatization can be defined as a process of transferring ownership or management of an enterprise from public sector to private sector.

It helps to increase the size and dynamism of private sector. It also helps to reduce administrative burdens on the public sector.

**Q58.** Demand for LED TVs are increasing day by day. Thus, TV manufacturers have started making LED TVs instead of LCD. Identify the significance of business environment being portrayed in the given case:

**1 Mark**

- A** Helpful in tapping useful resources.  
**B** Helps the firm to identify threats and early warning signals.  
**C** Helps in coping with rapid changes.      **D** All of the above.

**Ans: C** Helps in coping with rapid changes.

3. Helps in coping with rapid changes.

**Q59.** A rolling plan is a \_\_\_\_\_.

**1 Mark**

- A** Plan where there is no fixation of dates      **B** Circle plan      **C** Future plan  
**D** Performance plan

**Ans: A** Plan where there is no fixation of dates

1. Plan where there is no fixation of dates

**Explanation:**

Rolling plan can be defined as the plan where there is no fixation of dates in respect of commencement and end of the plan. Rolling plan was introduced by Prof. Myrdal. The main advantage of rolling plan is that they are very flexible and are able to overcome the rigidity by mending targets and objectives.

**Q60.** According to the Industrial Policy resolution of 1956. Schedule A contains \_\_\_\_\_.

**1 Mark**

- A** 15 major industries      **B** 12 major industries      **C** 17 major industries      **D** 14 major industries

**Ans: C** 17 major industries

3. 17 major industries

**Explanation:**

According to Industrial Policy resolution of 1956, Schedule A contains 17 major industries. Industrial Policy Resolution of 1956 is a resolution adopted by the Indian Parliament in April 1956. The 1956 policy continued to constitute the basic economic policy for a long time.

**Q61.** As a foreign tourist visited India, he noticed that Indian markets, tastes, trends and regulations were different from that of his country. Which feature of business environment is reflected here?

**1 Mark**

- A** Business environment has uncertainty.      **B** Business environment is dynamic.  
**C** Business environment is a relative concept.      **D** All of the above.

**Ans: C** Business environment is a relative concept.

3. Business environment is a relative concept.

**Explanation:**

Business environment is a relative concept as it differs from country to country and region to region. e.g. Demand for sarees is quite high in India but in foreign countries, it has no existence.

**Q62.** Due to globalisation, which of the following cannot move between countries?

**1 Mark**

- A** Technology      **B** Investment      **C** Services      **D** Land

**Ans: D** Land

4. Land

**Explanation:**

Because of globalization more and more goods and services, investments and technology are moving between countries. Besides the movements of goods, services, investments, and technology, there is one more way in which the countries can be connected.

This is through the movement of people between countries. People usually move from one country to another in search of better income, better jobs or better education.

**Q63.** Which dimension of business environment is concerned with improvement and innovations, which provides new ways of producing goods and services?

**1 Mark**

- A** Technological environment.      **B** Economic environment.      **C** Legal environment.  
**D** None of the above.

**Ans: A** Technological environment.

1. Technological environment.

**Q64.** Rapid integration or inter-connection between countries is called \_\_\_\_\_.

**1 Mark**

- A** Urbanization      **B** Liberalization      **C** Globalization      **D** Migration

**Ans: C** Globalization

3. Globalization

**Explanation:**

Globalisation is this process of rapid integration or interconnection between countries. MNCs are playing a major role in the globalisation process.

More and more goods and services, investments and technology are moving between countries. Most regions of the world are in closer contact with each other than a few decades back.

**Q65.** Appropriate technology \_\_\_\_\_.

**1 Mark**

**A** Is technology that seeks to replace energy intensive and polluting technologies.

**B**

Is technology that is best suited to the local internal and external environment in which a business operates.

**C** Will occur when "high-tech" solutions replace "low-tech" ones.

**D** Is when one business copies the technology that has been developed by another.

**Ans: B** Is technology that is best suited to the local internal and external environment in which a business operates.

2. Is technology that is best suited to the local internal and external environment in which a business operates.

**Q66.** Globalisation means:

**1 Mark**

**A**

Removal of unnecessary government control and restrictions from business and industries.

**B** Reducing the role of public sector.      **C** Integration of various economies of the world.

**D** Reduction in tax rate by the government.

**Ans: C** Integration of various economies of the world.

3. Integration of various economies of the world.

**Q67.** Increase in the number of working women and the rise in no family households are examples of \_\_\_\_\_.

**1 Mark**

**A** The geographic shifts in population

**B** The changing family

**C** The changing age structure of the population

**D** A better-educated and more white-collar population

**Ans: B** The changing family

2. The changing family

**Explanation:**

The changing social environment has led to increasing in the number of working women and the rise in a number of the family households of changes in the family.

**Q68.** \_\_\_\_\_ refer to changes and inclination towards new products: **1 Mark**  
**A** Traditions. **B** Values. **C** Trends. **D** None of these.

**Ans: C** Trends.

3. Trends.

**Q69.** Which one is not an element of internal environment? **1 Mark**  
**A** Marketing capability **B** Operational capability **C** Money and Capital market  
**D** Personal capability

**Ans: C** Money and Capital market

3. Money and Capital market

**Explanation:**

Forces or conditions or surroundings within the boundary of the organization are the elements of the internal environment of the organization. The internal environment consists mainly of the organization's owners, the board of directors, employees and culture.

Marketing capability, operational capability, and personal capability are part of internal environment. Money and capital market are part of external environment.

**Q70.** Globalization means \_\_\_\_\_. **1 Mark**  
**A** Integrating economy with world economy.  
**B** Disintegrating economy with world economy.  
**C** Economically dependent at the global level. **D** None of these

**Ans: A** Integrating economy with world economy.

1. Integrating economy with world economy.

**Explanation:**

Globalisation is a worldwide movement towards economic, financial, trade, and communications integration.

**Q71.** The benefit(s) of globalization is/are \_\_\_\_\_. **1 Mark**  
**A** Efficient allocation of capital **B** Better working financial system  
**C** Smoother consumption patterns enjoyed by countries **D** All of the above

**Ans: D** All of the above

4. All of the above

**Explanation:**

Globalization involves the various markets getting integrated across geographical boundaries. All the given alternatives are benefits associated with globalization.

**Q72.** Stagflation is characterized by \_\_\_\_\_. **1 Mark**  
**A** Inadequate growth, inflation and unemployment **B** Inflation and disinflation  
**C** Inflation and deflation **D** Deflation and unemployment

**Ans: A** Inadequate growth, inflation and unemployment

1. Inadequate growth, inflation and unemployment

**Explanation:**

Stagflation is an economic event in which the inflation rate is high, economic growth rate slows, and unemployment remains steadily high.

Such an unfavorable combination is feared and can be a dilemma for governments since most actions designed to lower inflation may raise unemployment levels, and policies designed to decrease unemployment may worsen inflation.

Stagflation is characterized by slow economic growth and relatively high unemployment—or economic stagnation—which is at the same time accompanied by rising prices (i.e. inflation). Stagflation can also be alternatively defined as a period of inflation combined with a decline in gross domestic product (GDP).

**Q73.** In the New Industrial Policy, 1991 Industrial licensing will be compulsory for \_\_\_\_\_ **1 Mark**  
**A** 10 industries **B** 15 industries **C** 18 industries **D** 20 industries

**Ans: C** 18 industries

3. 18 industries

**Explanation:**

In the New Industrial Policy, 1991 Industrial licensing will be compulsory for 18 industries. New Industrial Policy was adopted by the Government of India in the year of 1991. It was adopted in order to create a more freer and competitive economy.

The main objective of any industrial policy is to augment industrial production and thereby enhance industrial growth.

**Q74.** As per New Industrial Policy, 1991, the following were referred to Board of Industrial and Financial Reconstruction.

**1 Mark**

- A** Sick Private Sector Units   **B** Sick Public Sector Units   **C** Developed Private Sector Units  
**D** Developed Public Sector Units

**Ans: B** Sick Public Sector Units

2. Sick Public Sector Units

**Explanation:**

As per New Industrial Policy, 1991, Sick public sector units were referred to Board of Industrial and Financial Reconstruction.

If a public sector unit is making losses continuously and is declared sick, it is referred to the Board for Industrial and Financial Reconstruction (BIFR) for complete overhauling or shut down.

**Q75.** Which of the following restrictions were removed by the liberalization policy?

**1 Mark**

- A** Industrial licensing   **B** Clearance from the MRTP act   **C** Foreign Exchange restrictions  
**D** All the above

**Ans: D** All the above

4. All the above

**Explanation:**

Liberalization policy helped to end of license quota and many more restrictions and controls which were put on industries before 1991. Following restrictions were removed by the liberalization policy:

Industrial licensing.

Clearance from the MRTP act.

Foreign Exchange restrictions.

**Q76.** Gandhian Plan inspired \_\_\_\_\_.

**1 Mark**

- A** Democratic Planning   **B** Sarvodaya Planning   **C** Developmental Planning  
**D** Dynamic Planning

**Ans: B** Sarvodaya Planning

2. Sarvodaya Planning

**Explanation:**

Gandhian Plan inspired Sarvodaya Planning. Sarvodaya Plan was launched in the year of 1950. Along with agriculture it emphasized on small and cotton industries as well. It was drafted by Jayaprakash Narayan.

**Q77.** Which of the following is the reason for improvement or change in technology?

**1 Mark**

- A** Nationalisation   **B** Privatisation   **C** Globalisation   **D** None

**Ans: C** Globalisation

3. Globalisation

**Explanation:**

The reason for improvement or change in technology is globalisation. Process of integrating domestic economy with world economy is called globalisation. Globalisation enables exchange of social, cultural, technological ideas across the borders.

Its effects include access to technology, growth of international trade, increased employment opportunities, free flow of foreign capital etc.

**Q78.** Which of the following best indicates the importance of business environment?

**1 Mark**

- A** Identification   **B** Improvement in performance   **C** Coping with rapid changes  
**D** All of them.

**Ans: D** All of them.

4. All of them.

Identification, Improvement In performance, coping with rapid changes all are the indicators of importance of business environment.

**Q79.** The New Industrial Policy (1991) aims to make changes in\_\_\_\_\_.

**1 Mark**

**A** Industrial licensing, Foreign Investment and Public Sector Management.

**B** Foreign Technology Agreements and Monopolies and Restrictive Trade Practices Act.

**C** Foreign Investment and Foreign Technology Agreements.      **D** Both (A) and (B).

**Ans: D** Both (A) and (B).

4. Both (A) and (B).

**Explanation:**

New Industrial Policy was adopted by the Government of India in the year of 1991. It was adopted in order to create a more freer and competitive economy. The New Industrial Policy aims to make changes in:

Industrial licensing, Foreign Investment and Public Sector Management

Foreign Technology Agreements and Monopolies and Restrictive Trade Practices Act.

**Q80.** Human Development as its main locus in the\_\_\_\_\_.

**1 Mark**

**A** Eighth plan

**B** Nineth plan

**C** Seventh plan

**D** Tenth plan

**Ans: A** Eighth plan

1. Eighth plan

**Explanation:**

Human Development as its main locus in the eighth plan. Eighth plan focuses on overall human development.

Human development can be defined as the process of advancing human well being.

**Q81.** If there is a transfer of assets from the public sector to the private sector it is referred as \_\_\_\_\_.

**1 Mark**

**A** Privatization

**B** Deregulation

**C** Nationalization

**D** Individualism

**Ans: A** Privatization

1. Privatization

**Q82.** The first industrial policy resolution was issued by the Government of India in \_\_\_\_\_.

**1 Mark**

**A** 1947

**B** 1948

**C** 1949

**D** 1950

**Ans: B** 1948

2. 1948

**Q83.** Which one of the following is not an element of internal environment?

**1 Mark**

**A** Mission/ Objectives

**B** Human Resources

**C** Customers

**D** Shareholders' values

**Ans: C** Customers

3. Customers

**Explanation:**

Environment of a business can be classified as internal and external. External environment consists of factors or forces that are influencing the business from outside. They include customers.

Internal elements include the factors that are internal to the business. The mission, objectives, policies, human resources and shareholders' value are examples of internal environment of a business.

**Q84.** The business environmental factors are \_\_\_\_\_.

**1 Mark**

**A** Static

**B** Dynamic

**C** Both (A) and (B)

**D** None of these

**Ans: B** Dynamic

2. Dynamic

**Explanation:**

Business environment is a mixture of many factors and changes in some or the other factors continue to take place. Therefore, it is said that business environment is dynamic.

**Q85.** Industrial investment in backward areas can be induced under delicensing system by:

**1 Mark**

- A** Providing infrastructural facilities      **B** The use of tax-subsidy mechanism  
**C** Both (A) and (B)      **D** None of these

**Ans: C** Both (A) and (B)

3. Both (A) and (B)

**Q86.** Inflation is defined as \_\_\_\_\_.

**1 Mark**

- A** Persistent rise in general price level      **B** Fall in general price level  
**C** Fall in the value of money      **D** Purchasing power of consumer

**Ans: A** Persistent rise in general price level

1. Persistent rise in general price level

**Q87.** Globalisation leads to \_\_\_\_\_.

**1 Mark**

- A** No change in competition among the producers.  
**B** Lesser competition among the producers.      **C** Greater competition among the producers.  
**D** None of these.

**Ans: C** Greater competition among the producers.

3. Greater competition among the producers.

**Explanation:**

Globalization refers to the integration of markets in the global economy. Markets where globalization is particularly common include financial markets, such as capital markets, money and credit markets, and insurance markets, commodity markets, such as markets for oil, coffee, tin, and gold, and product markets, such as markets for motor vehicles and consumer electronics.

**Q88.** Which among the following have not been opened for private sector participation?

**1 Mark**

- A** Power Sector      **B** Telecommunication Sector      **C** Education Sector  
**D** Railways

**Ans: D** Railways

4. Railways

**Explanation:**

Railways has not been opened for private sector participation. Railway sector is owned and managed by the Government of India. It is a public sector undertaking. Railways is still referred as a Government monopoly.

**Q89.** Products of different countries are available in the markets of India, because of the process of \_\_\_\_\_.

**1 Mark**

- A** Globalization      **B** Industrialization      **C** Privatization      **D** Urbanization

**Ans: A** Globalization

1. Globalization

**Explanation:**

Globalization is this process of rapid integration or interconnection between countries. Due to globalization more and more goods and services, investments and technology are moving between countries.

**Q90.** LPG stands for \_\_\_\_\_.

**1 Mark**

- A** Liberalization, Privatization, Globalization      **B** Liberalization, Privatization, Generalization  
**C** Liberty, Poverty, Government      **D** Liberty, Privatization, Governance

**Ans: A** Liberalization, Privatization, Globalization

1. Liberalization, Privatization, Globalization

**Explanation:**

Since 1991, Government of India has introduced diverse economic reforms to pull the country out of economic crisis and to accelerate the ratio of growth. These reforms are often described as the New Economic Policy or the policy of LPG.

These reforms hinge upon:

The policy of liberalisation (L) in place of Licensing for the industries and trade.

The policy of privatisation (P) in place of quotas for the industrialists.

The policy of globalisation (G) in place of Permits for export and import.

**Q91.** Just after declaration of Lok Sabha elections 2009 results, the Bombay Stock Exchange price index rose by 2100 points in a day. This statement signifies the effect of which environment? **1 Mark**

- A** Technological environment.      **B** Political environment.      **C** Legal environment.  
**D** Economic environment.

**Ans: B** Political environment.

2. Political environment.

**Q92.** According to New Industrial Policy (1991), Which is incorrect? **1 Mark**

- A** A flexible location policy will be followed.  
**B** Mandatory convertibility clause will not be applicable to long-term loans from the financial institutions for new projects.

**C** In projects where imported capital goods are required, automatic clearance will be given in any cases.

**D** The system of phased manufacturing programme is abolished for new projects.

**Ans: C** In projects where imported capital goods are required, automatic clearance will be given in any cases.

3. In projects where imported capital goods are required, automatic clearance will be given in any cases.

**Explanation:**

According to New Industrial Policy the following statement is incorrect: In projects where imported capital goods are required, automatic clearance will be given in any cases.

New Industrial Policy was adopted by the Government of India in the year of 1991. It was adopted in order to create a more freer and competitive economy.

**Q93.** The use of advanced technology in industrial production causes\_\_\_\_\_. **1 Mark**

- A** Fall in the unit cost of production and prices      **B** Increase in the demand for goods  
**C** Increase in the demand for labour      **D** All the above

**Ans: D** All the above

4. All the above

**Explanation:**

Use of advanced technology helps to fasten industrial productivity which in turn helps to uplift the economy.

**Q94.** Terrorism in Jammu and Kashmir has badly affected tourism industry in the state. Name the environment highlighted in above statement: **1 Mark**

- A** Social Environment.      **B** Political Environment.      **C** Legal Environment.  
**D** Technological Environment.

**Ans: B** Political Environment.

2. Political Environment.

**Q95.** According to the Industrial Policy Resolution of 1956, Schedule B has \_\_\_\_\_ Industries. **1 Mark**

- A** 12      **B** 15      **C** 16      **D** 17

**Ans: A** 12

1. 12

**Explanation:**

According to Industrial Policy resolution of 1956, Schedule B contains 12 industries. Industrial Policy Resolution of 1956 is a resolution adopted by the Indian Parliament in April 1956.

The 1956 policy continued to constitute the basic economic policy for a long time.

**Q96.** The non-controllable factors are referred to as \_\_\_\_\_. **1 Mark**

- A** External factors      **B** Decision on a brand name      **C** Internal factors  
**D** All of the above

**Ans: A** External factors

1. External factors

**Explanation:**

A business operates in a dynamic environment which changes every then and now. The business of a company is affected by two factor: internal and external.

Internal factors are those which took place inside the company and can be controlled through managerial actions whereas external factors are those which operates outside a business and which cannot be controlled by the managerial actions in the company. Example- change in government licensing policy.

**Q97.** The final step in deliberations before acting is termed as\_\_\_\_\_.

**1 Mark**

- A** Planning                      **B** Controlling                      **C** Decision making                      **D** Supervising

**Ans: C** Decision making

3. Decision making

**Explanation:**

Decision-making is regarded as the cognitive process resulting in the selection. Every decision-making process produces a final choice, which may or may not that are elicited during the deliberation of future consequences and that mark. This stage takes place prior to and during a moral dilemma.

**Q98.** Which environment prohibits the advertisement of alcoholic beverages?

**1 Mark**

- A** Economic.                      **B** Social.                      **C** Legal.                      **D** Technological.

**Ans: C** Legal.

3. Legal.

**Q99.** India's trade policy was\_\_\_\_\_.

**1 Mark**

- A** Outward-oriented                      **B** Inward-oriented                      **C** Growth-oriented                      **D** Profit-oriented

**Ans: B** Inward-oriented

2. Inward-oriented

**Explanation:**

Inward oriented strategy is the trade strategy adopted by a country to restrict international trade. Import restriction and import are the two components of inward oriented strategy. Import restriction is limiting imports by imposing high tariff etc.

**Q100.** Which Statement had given the preference to Indianisation of ownership of Industry?

**1 Mark**

- A** 1948 Policy Statement                      **B** 1956 Policy Statement                      **C** 1970 Policy Statement  
**D** 1980 Policy Statement

**Ans: A** 1948 Policy Statement

1. 1948 Policy Statement

**Explanation:**

1948 Policy Statement had given the preference to Indianisation of ownership of Industry. This policy statement helps to harmonize industrial relations. In 1948 policy, Government of India identified the high priority industries where investment from large industrial sector was needed.

**Q101.** Liberalisation, globalisation and privatisation are the aims of:

**1 Mark**

- A** Economic planning.                      **B** Land reforms.                      **C** Socialistic pattern of society.  
**D** Economic reforms.

**Ans: D** Economic reforms.

4. Economic reforms.

**Q102.** Economic Planning means a country's \_\_\_\_\_.

**1 Mark**

- A** Economic development                      **B** Social development                      **C** Both (A) and (B)  
**D** None of these

**Ans: C** Both (A) and (B)

3. Both (A) and (B)

**Explanation:**

Economic Planning means a country's both economic development and social development. The objective of economic planning is maximum social welfare. Economic planning is often regarded as a mechanism for proper allocation of resources in an efficient manner.

Economic planning helps to achieve consistency among different economic objectives.

**Q103.** Out of the following, the main sets of forces mostly affecting organisations are\_\_\_\_\_.

**1 Mark**

**A** External stakeholders, management and staff.

**B**

Existing and potential competitors, suppliers, customers and substitute products or service.

**C**

General environmental factors, competitive forces, factors internal to the organization and the interests of stakeholders.

**D** Government, competitors and consumers.

**Ans: C**

General environmental factors, competitive forces, factors internal to the organization and the interests of stakeholders.

3. General environmental factors, competitive forces, factors internal to the organization and the interests of stakeholders.

**Explanation:**

The main sets of forces that affects an organizations are general environmental factors, competitive forces factor internal to the organization and interests of stakeholders. They influence the organisation more than any other factors.

**Q104.** The scheme of broad banding of Industries was introduced in\_\_\_\_\_.

**1 Mark**

**A** 1948

**B** 1956

**C** 1980

**D** 1984

**Ans: D** 1984

4. 1984

**Q105.** All those economic and non-economic factors which exercise their influence on the business activity in general and thus determine opportunities that a company may have to promote its business, will fall under which of the following categories?

**1 Mark**

**A** Macro environment

**B** Micro environment

**C** Economic environment

**D** None of the above

**Ans: A** Macro environment

1. Macro environment

**Explanation:**

All those economic and non-economic factors which exercise their influence on the business activity in general and thus determine opportunities that a company may have to promote its business, will fall under macro environment.

**Q106.** The positive effects of liberalisation and globalization on business and industry are:

**1 Mark**

**A** All round competition.

**B** World class technology.

**C** Both (a) and (b).

**D** Neither (a) nor (b).

**Ans: C** Both (a) and (b).

3. Both (a) and (b).

**Q107.** Besides money what are the other developmental goals

**1 Mark**

**A** Power, Oil, Food, etc.

**B** Respect, Security, Pollution free environment, etc.

**C** Luxuries, Shelters, Water, etc.

**D** None of these

**Ans: B** Respect, Security, Pollution free environment, etc.

2. Respect, Security, Pollution free environment, etc.

**Explanation:**

Generally, people desire to have regular work, better wages and good price for the crops they produce. Apart from earning more income, one may expect to have a better quality of life.

The quality of life depends on non-material things such as equal treatment, security, respect for others and freedom in society.

**Q108.** \_\_\_\_\_ assists in planning and helps in policy formation: **1 Mark**

- A** Group dynamics.      **B** Business environment.      **C** Turn around management.  
**D** None of the above.

**Ans: B** Business environment.

2. Business environment.

**Explanation:** Since, business environment is a source of identifying both opportunities and threats, its proper analysis and understanding provides the base for planning and guides in framing policies.

**Q109.** The government has decided to replace the MRTP Act by a new competition law on the recommendations of the \_\_\_\_\_. **1 Mark**

- A** Raghavan Committee      **B** Sivaraman Committee      **C** Narasimhan Committee  
**D** Wanchoo Committee

**Ans: A** Raghavan Committee

1. Raghavan Committee

**Q110.** A perspective plan is a \_\_\_\_\_. **1 Mark**

- A** Short-term plan      **B** Long-term plan      **C** Medium-term plan  
**D** Very-short-term plan

**Ans: B** Long-term plan

2. Long-term plan

**Q111.** \_\_\_\_\_ reduces the control of government and encourages private participation: **1 Mark**

- A** Liberalisation.      **B** Privatisation.      **C** Globalisation.      **D** None of these.

**Ans: A** Liberalisation.

1. Liberalisation.

**Q112.** \_\_\_\_\_ is concerned with the withdrawal of State from an industry or sector, partially or fully: **1 Mark**

- A** Liberalisation.      **B** Modernisation.      **C** Privatisation.      **D** Globalisation.

**Ans: C** Privatisation.

3. Privatisation.

**Q113.** Booking of railway tickets through internet from home is an example of: **1 Mark**

- A** Economic environment.      **B** Political environment.      **C** Technological environment.  
**D** None of these.

**Ans: C** Technological environment.

3. Technological environment.

**Q114.** What is included in legal environment of business? **1 Mark**

- A** Several acts passed by government.      **B** Court judgements.  
**C** Statutory warning prescribed under law      **D** All of the above.

**Ans: D** All of the above.

4. All of the above.

**Q115.** The Gold Deposit Scheme was announced in the budget of \_\_\_\_\_. **1 Mark**

- A** 1990-91      **B** 1995-96      **C** 1999-2000      **D** 2000-01

**Ans: C** 1999-2000

3. 1999-2000

**Q116.** A perspective plan covers a period of \_\_\_\_\_. **1 Mark**

- A** 20 to 25 years      **B** Upto one year      **C** 1 to 5 years      **D** 1 to 7 years

**Ans: A** 20 to 25 years

1. 20 to 25 years

**Explanation:**

A perspective plan covers a period of 20 to 25 years. Broader objectives of the organization can be achieved because of perspective plan. Perspective plan is referred as a long running plan which involves long time period.

**Q117.** Which of the following does not come under the dimensions of business environment?

**1 Mark**

- A** Economic.      **B** Social.      **C** Legal      **D** Emotional.

**Ans: D** Emotional.

4. Emotional.

**Q118.** The Twenty point programme is a package of \_\_\_\_\_.

**1 Mark**

- A** Poverty alleviation and improvement in quality of life.  
**B** Rural development and agricultural development.  
**C** Agricultural and industrial development. **D** Land reform measures and rural development.

**Ans: A** Poverty alleviation and improvement in quality of life.

1. Poverty alleviation and improvement in quality of life.

**Explanation:**

The Twenty point programme is a package of poverty alleviation and improvement in quality of life. The Twenty Point Programme was launched by the Government of India in the year of 1975. The Programme was first revised in 1982 and again in 1986.

**Q119.** Reason(s) for Privatization\_\_\_\_\_.

**1 Mark**

- A** Revenue for Government      **B** Increasing the role of Public Sector  
**C** Inefficiency of foreign sector      **D** Inefficiency, indifference, irresponsibility and corruption

**Ans: D** Inefficiency, indifference, irresponsibility and corruption

4. Inefficiency, indifference, irresponsibility and corruption

**Explanation:**

Reason for privatization is inefficiency, indifference, irresponsibility and corruption. Privatization is a global trend. Privatization can be defined as a process of transferring ownership or management of an enterprise from public sector to private sector.

It helps to increase the size and dynamism of private sector. It also helps to reduce administrative burdens on the public sector.

**Q120.** External environment of business can be divided into \_\_\_\_\_.

**1 Mark**

- A** Micro environment and macro environment  
**B** Economic environment and non-economic environment  
**C** General environment and partial environment      **D** None of the above

**Ans: A** Micro environment and macro environment

1. Micro environment and macro environment

**Explanation:**

The External business environment is broadly classified into two categories, i.e. micro environment, and macro environment.

The former affects the working of a particular business only to which they relate, while the latter affects the functioning of all the business entities, operating in the economy.

**Q121.** The importance of business environment is:

**1 Mark**

- A** Identifying first mover advantage.      **B** Improving in performances.  
**C** Coping with rapid changes.      **D** All of these.

**Ans: D** All of these.

4. All of these.

**Q122.** The actual economic liberalization process began during\_\_\_\_\_.

**1 Mark**

- A** 1970's      **B** 1980's      **C** 1990's      **D** 1960's

**Ans: C** 1990's

3. 1990's

**Q123.** The role of macro environment from the point of view of business may be\_\_\_\_\_.

- A** Positive                      **B** Negative                      **C** Both (A) and (B)                      **D** None of the above

**1 Mark**

**Ans: C** Both (A) and (B)

3. Both (A) and (B)

**Explanation:**

Macro environment includes those factors which are external to a company's immediate environment. It can have both positive and negative role on business as it may boom or reduce the sales of business.

**Q124.** Which term stands for opening the economy to the world by removing protective barriers against free flow of trade, technology and investment among countries?

**1 Mark**

- A** Liberalisation                      **B** Globalisation                      **C** Privatisation                      **D** None of the above

**Ans: B** Globalisation

2. Globalisation

**Explanation:**

If one wants to globalise, they have to allow liberalisation which involves removing protective trade barriers. One a country does that, you allow other countries to invest in your country which means foreign investment.

Once a country invests in you a country can have better technology because it means one can export and import from any corner of the world. All this is nothing but globalisation.

**Q125.** The key word that can be used to describe the basic environment problem that all societies face is\_\_\_\_\_.

**1 Mark**

- A** Selfishness                      **B** Greed                      **C** Inequality                      **D** Scarcity

**Ans: D** Scarcity

4. Scarcity

**Explanation:**

In today's scenario, environment protection has become a necessity. It is because the resources are getting exploited on a large scale.

The resources are getting scarce and scarce day-by-day. Hence, the key word that can be used to describe the basic environmental problem that all societies face is scarcity.

**Q126.** Which of the following does not characterize the business environment?

**1 Mark**

- A** Uncertainty                      **B** Employees                      **C** Relativity                      **D** Complexity

**Ans: B** Employees

2. Employees

**Explanation:**

Business environment refers to the external forces such as individuals, enterprises, situation, and other such forces that affect the performance of the organization.

Employees are integral to an organization and does not characterize its environment.

**Q127.** According to New Industrial Policy, 1991 approval will be given for direct foreign Investment upto \_\_\_\_\_ of foreign equity in high priority industries.

**1 Mark**

- A** 51 per cent                      **B** 25 per cent                      **C** 32 per cent                      **D** 41 per cent

**Ans: A** 51 per cent

1. 51 per cent

**Explanation:**

According to New Industrial Policy, 1991 approval will be given for direct foreign investment up to 51% of foreign equity in high-priority industries.

New Industrial Policy was adopted by the Government of India in the year of 1991. It was adopted in order to create a more freer and competitive economy.

**Q128.** When we analyze the processes of change in the business environment we are conceptualizing it as \_\_\_\_\_.

**1 Mark**

- A** Complex                      **B** Static                      **C** Dynamic                      **D** Diverse

**Ans: C** Dynamic

3. Dynamic

**Q129.** Government undertakings engaged in the production of the following would continue to be kept out of the purview of the MRTP Act, under NIP 1991. **1 Mark**

- A** Defence equipment & specified minerals      **B** Atomic energy and government mints  
**C** Railways      **D** All of the above

**Ans: D** All of the above

4. All of the above

**Explanation:**

The MRTP Act helped to remove restrictions and controls which were put on the industrial sector before 1991. The MRTP Act and NIP, 1991 was made applicable to all undertakings including financial institutions. Government undertakings engaged in the production of the following would continue to be kept out of the purview of the MRTP Act, under NIP 1991.

**Q130.** "Nothing can be said with certainty about the factors of business environment". Why?. **1 Mark**

- A** Because business environment is simple.      **B** Because business environment is dynamic.  
**C** Because business environment is certain.  
**D** Because business environment is inter-related

**Ans: A** Because business environment is simple.

1. Because business environment is dynamic.

**Q131.** General forces that affect business environment do not include \_\_\_\_\_. **1 Mark**

- A** Investor      **B** Social conditions      **C** Customers      **D** Suppliers

**Ans: A** Investor

1. Investor

**Explanation:**

The general forces that affect the business environment are the internal and external factors that are the social conditions in which the business operates, the customers that the business targets and the suppliers that supply the resources for the business to function.

**Q132.** Relaxing the restrictions and control imposed on business and industry means \_\_\_\_\_. **1 Mark**

- A** Liberalization      **B** Privatisation      **C** Globalisation      **D** None of these

**Ans: A** Liberalization

1. Liberalization

**Explanation:**

Liberalization refers to relaxation of government restrictions usually in areas of social and economic policies. It refers to the process of eliminating unnecessary controls and restrictions on the smooth functioning of business enterprises.

**Q133.** External sector liberalisation means \_\_\_\_\_. **1 Mark**

- A** Relaxing restrictions on international flow of goods, services, technology and capital.  
**B** Relaxing restrictions on internal flow of capital.      **C** Relaxing the role of market.  
**D** All the above.

**Ans: A** Relaxing restrictions on international flow of goods, services, technology and capital.

1. Relaxing restrictions on international flow of goods, services, technology and capital.

**Explanation:**

External sector liberalization means relaxing restrictions on international flow of goods, services, technology and capital. External sector liberalization has helped bringing down the volatility as well as the instability of our economy. It helps to create a more free and competitive economy.

**Q134.** The Wildlife (Protection) Act was adopted in \_\_\_\_\_. **1 Mark**

- A** 1972      **B** 1973      **C** 1934      **D** 1935

**Ans: A** 1972

1. 1972

**Explanation:**

The Wildlife (Protection) Act was adopted in 1972. Prohibition on Hunting of Specified wild animals, birds and plants, setting up and management of national parks and wildlife sanctuaries, control of Trade and Commerce in wildlife and wildlife products are some objectives of Wildlife Protection Act.

**Q135.** A capitalist economy is characterized by\_\_\_\_\_.

**1 Mark**

- A** Economic liberty      **B** Social ownership of means of production.      **C** Central planning  
**D** Social welfare objective

**Ans: A** Economic liberty

1. Economic liberty

**Explanation:**

A capitalist economy is a free market form or capitalist economy, which is a self regulating system by self motivated individuals and regulated by competition. It provides economic liberty.

**Q136.** The MRTP Act and NIP, 1991 was made applicable to \_\_\_\_\_.

**1 Mark**

- A** All undertakings      **B** Financial institutions  
**C** Trade unions and associations of workmen      **D** Both (A) and (B)

**Ans: D** Both (A) and (B)

4. Both (A) and (B)

**Explanation:**

The MRTP Act helped to remove restrictions and controls which were put on the industrial sector before 1991. The MRTP Act and NIP, 1991 was made applicable to all undertakings including financial institutions.

Government undertakings engaged in the production of the following would continue to be kept out of the purview of the MRTP Act. and New Industrial policy 1991.

**Q137.** The first consumer movement started in England after the \_\_\_\_\_.

**1 Mark**

- A** First world war      **B** Second world war      **C** Cold war      **D** None of these

**Ans: A** First world war

1. First world war

**Q138.** WTO helped in \_\_\_\_\_.

**1 Mark**

- A** Privatization      **B** Reducing the barriers to trade  
**C** Helped in providing political stability for companies who are doing international business.  
**D** All of the above

**Ans: B** Reducing the barriers to trade

2. Reducing the barriers to trade

**Explanation:**

WTO is an intergovernmental organization that regulates international trade. It helps in the removal of trade barriers between member nations. Hence, WTO helped in cross burden trade.

**Q139.** In the past two decades, globalisation has seen rapid movements in\_\_\_\_\_.

**1 Mark**

- A** Goods, Services and People between Countries  
**B** Goods, Services and Investments between countries  
**C** Goods, Investments and People between countries      **D** None of the above

**Ans: B** Goods, Services and Investments between countries

2. Goods, Services and Investments between countries

**Explanation:**

Globalisation is the process of rapid integration or interconnection between countries. MNCs are playing a major role in the globalisation process.

More and more goods and services, investments and technology are moving between countries.

**Q140.** What is Globalisation?

**1 Mark**

- A** Process of rapid integration between countries.  
**B** Process of rapid integration of various states of a country.  
**C** Rapid integration of people of various countries only.  
**D** Integration of technologies of different countries only.

**Ans:**

**A** Process of rapid integration between countries.

1. Process of rapid integration between countries.

**Explanation:**

Globalization is a process of interaction and integration among the people, companies, and governments of different nations, a process driven by international trade and investment and aided by information technology.

This process has effects on the environment, on culture, on political systems, on economic development and prosperity, and on human physical well-being in societies around the world.

**Q141.** Business environment is multifaceted as\_\_\_\_\_.

**1 Mark**

- A** It is an opportunity for some but a threat for others.      **B** It has multiple work to do.  
**C** There are 40 many businesses.      **D** None of the above.

**Ans: A** It is an opportunity for some but a threat for others.

1. It is an opportunity for some but a threat for others.

**Explanation:**

Business environment is multifaceted as it is an opportunity for some but a threat for others. Changes may be viewed differently by different individuals.

Early identification of opportunities helps an enterprise to have the first mover advantage and tap the opportunities at the earliest.

**Q142.** The period of Tenth Five Year Plan is \_\_\_\_\_.

**1 Mark**

- A** 1997-2002      **B** 2000-2005      **C** 2002-2007      **D** 2003-2008

**Ans: C** 2002-2007

3. 2002-2007

**Explanation:**

Tenth Five-Year Plan (2002-07) of India! The National Development Council (NDC), headed by Prime Minister Atal Behari Vajpayee, approved unanimously in December 2002 the Tenth Five-year Plan, envisaging an 8 percent annual GDP growth.

**Q143.** "Trends refer to changes and inclination towards new products and services". This statement describes significant effect of which environment on business?

**1 Mark**

- A** Economic environment.      **B** Social environment.      **C** Political environment.  
**D** None of the above.

**Ans: B** Social environment.

2. Social environment.

**Explanation:**

New trends in society leads to inclination of people towards new products and services. For example, increasing trends of physical fitness in the society has increased demand for gyms, diet supplements, mineral water, etc.

**Q144.** Demand for reservation in jobs for minorities refers to the \_\_\_\_\_component of general environment of business:

**1 Mark**

- A** Social environment.      **B** Legal environment.      **C** Political environment.  
**D** None of these.

**Ans: A** Social environment.

1. Social environment.

**Q145.** The 20-point programme was restructured in \_\_\_\_\_.

**1 Mark**

- A** 1978 and 1979      **B** 1982 and 1986      **C** 1980 and 1985      **D** 1990 and 1993

**Ans: B** 1982 and 1986

2. 1982 and 1986

**Explanation:**

The Programme was first restructured in 1982 and again in 1986. The Twenty point programme is a package of poverty alleviation and improvement in quality of life. The Twenty Point Programme was launched by the Government of India in the year of 1975.

**Q146.** On which date PM Modi announced demonetisation?

**1 Mark**

- A** 13<sup>th</sup> November, 2016.      **B** 8<sup>th</sup> November, 2016.      **C** 18<sup>th</sup> November, 2016.  
**D** 8<sup>th</sup> October, 2016.

**Ans: B** 8<sup>th</sup> November, 2016.

2. 8<sup>th</sup> November, 2016.

**Q147.** Privatisation is a \_\_\_\_\_.

**1 Mark**

- A** Global phenomenon      **B** Internal phenomenon      **C** New phenomenon  
**D** Traditional phenomenon

**Ans: A** Global phenomenon

1. Global phenomenon

**Explanation:**

Privatization is a global trend. Privatization can be defined as a process of transferring of ownership or management of an enterprise from public sector to private sector.

It helps to increase the size and dynamism of private sector. It also helps to reduce administrative burdens on the public sector.

**Q148.** Which of the following is an example of social environment?

**1 Mark**

- A** Money supply in the economy      **B** Consumer Protection Act  
**C** The Constitution of the country      **D** Composition of family.

**Ans: D** Composition of family.

4. Composition of family.

Social environment includes social forces thus, composition of families is the example of social environment

**Q149.** Globalisation refers to:

**1 Mark**

- A** Different economic reforms.  
**B** The process of rapid integration of interconnection between countries.  
**C** The process of allowing private sectors to set up more industries.  
**D** The process of removing trade barriers by government.

**Ans: B** The process of rapid integration of interconnection between countries.

2. The process of rapid integration of interconnection between countries.

**Explanation:**

Globalization is the word used to describe the growing interdependence of the world's economies, cultures, and populations, brought about by cross-border trade in goods and services, technology, and flows of investment, people, and information.

**Q150.** The Present Industrial Policy in India was introduced on \_\_\_\_\_.

**1 Mark**

- A** 6th April, 1985      **B** 6th June, 1990      **C** 24th July, 1991      **D** 24 May, 1995

**Ans: C** 24th July, 1991

3. 24th July, 1991

**Explanation:**

The Present Industrial Policy in India was introduced on July 24, 1991. New Industrial Policy was adopted by the Government of India in the year of 1991.

It was adopted in order to create a more freer and competitive economy. The main objective of any industrial policy is to augment industrial production and thereby enhance industrial growth.

**Q151.** Which of the following statements regarding privatisation is correct?

**1 Mark**

- A** Privatisation is panacea for all economic problems.  
**B** Privatisation always leads to attaining social and economic efficiency.  
**C** Privatisation may result in unbalanced development of industries in the country.  
**D** None of the above.

**Ans: C** Privatisation may result in unbalanced development of industries in the country.

3. Privatisation may result in unbalanced development of industries in the country.

**Explanation:**

Privatisation is the process of reducing the role of public sector in the economic activities of a country. It consists of transfer of government ownership to private sector and transfer of control and management of public sector undertaking to private sector.

**Q152.** The First Five Year Plan model was based on\_\_\_\_\_. **1 Mark**  
**A** Harrod Domar Model      **B** Fel'dman Model      **C** Consistency Model  
**D** Mahalanobis model

**Ans: A** Harrod Domar Model

1. Harrod Domar Model

**Explanation:**

The First Five Year Plan model was based on Harrod Domar Model. It was launched by the Government of India in the year of 1951. The first five year plan mainly focused on the development of the primary sector of the economy. It was presented before the Parliament of India by former Prime Minister.

**Q153.** Industrial licensing is confined to\_\_\_\_\_. **1 Mark**  
**A** 5 industries      **B** 8 industries      **C** 10 industries      **D** 15 industries

**Ans: A** 5 industries

1. 5 industries

**Q154.** Long-term 5 year fiscal policy was first announced in the year \_\_\_\_\_. **1 Mark**  
**A** 1985      **B** 1986      **C** 1987      **D** 1988

**Ans: A** 1985

1. 1985

**Q155.** Which of the following is not a challenge faced by business due to LPG policy changes? **1 Mark**  
**A** Increasing competition.      **B** Rapid changes in technological environment.  
**C** Lesser need for developing human resources.      **D** None of the above.

**Ans: C** Lesser need for developing human resources.

3. Lesser need for developing human resources.

**Explanation:**

Due to changes in LPG policy, businesses have to face many challenges viz. increasing competition, more demanding customers, rapidly changing technological environment, need for developing human resource, etc. Therefore, need for developing human resource has increased instead of reducing.

**Q156.** Liberalization means\_\_\_\_\_. **1 Mark**  
**A** Integrating among Economies      **B** Reduced Government Controls and Restrictions  
**C** Policy of Planned Disinvestments      **D** None of the Above

**Ans: B** Reduced Government Controls and Restrictions

2. Reduced Government Controls and Restrictions

**Explanation:**

Liberalization refers to reduction of government controls and restrictions for international trade. It helps in globalization of markets. India was liberalized in 1991.

Liberalization (or liberalisation) is any process whereby a state lifts restrictions on some private individual activities. Liberalization occurs when something which used to be banned is no longer banned, or when government regulations are relaxed.

**Q157.** An economy is truly global, where there is: **1 Mark**  
**A** Freedom in taking decisions regarding expansion and contraction of business.  
**B** Free flow of goods and services across the nations.      **C** Disinvestment of public sector.  
**D** Reduction in tax rate.

**Ans: B** Free flow of goods and services across the nations.

2. Free flow of goods and services across the nations.

**Q158.** The 20 point programme was announced in the year\_\_\_\_\_. **1 Mark**  
**A** 1975      **B** 1972      **C** 1969      **D** 1976

**Ans: A** 1975

1. 1975

**Explanation:**

The Twenty Point Programme was launched by the Government of India in the year of 1975. The Twenty point programme is a package of poverty alleviation and improvement in quality of life. The Programme was first revised in 1982 and again in 1986.

**Q159.** Which of the following makes the internal environment of business?

**1 Mark**

- A** Value system, goals and objectives and management structure. **B** Physical assets  
**C** Financial and Marketing resources. **D** All the above

**Ans: D** All the above

4. All the above

**Explanation:**

The internal environment of business are the factors within the workplace that affects the business activities. They include, value system, goals and objectives and management structure, physical assets like an office and everything in that office. Also, financial resources and marketing resources established for working of the company.

**Q160.** Economic and industrial liberalization was announced in the \_\_\_\_\_.

**1 Mark**

- A** Industrial policy resolution, 1948 **B** Industrial policy resolution, 1956  
**C** Industrial policy statement, 1977 **D** Industrial policy, 1991

**Ans: D** Industrial policy, 1991

4. Industrial policy, 1991

**Explanation:**

Economic and industrial liberalization was announced in the Industrial policy, 1991. It helped to create a more free and competitive environment in the market. It also enhanced the interaction and interdependence among the various nations of the global economy.

**Q161.** The term industrial policy refers to\_\_\_\_\_.

**1 Mark**

- A**  
The Government's policy towards industries their establishment, functioning, growth and management.  
**B** The Government's policy towards industrialization of a country.  
**C** Government policy of industry. **D** Government control on industry.

**Ans: A** The Government's policy towards industries their establishment, functioning, growth and management.

1. The Government's policy towards industries their establishment, functioning, growth and management.

**Q162.** Which dimension of business environment requires putting a statutory warning on the packets of tobacco products?

**1 Mark**

- A** Technological environment. **B** Economic environment. **C** Legal environment.  
**D** All of the above.

**Ans: C** Legal environment.

3. Legal environment.

**Q163.** Important feature of 1991 Industrial policy is \_\_\_\_\_.

**1 Mark**

- A** Industrial licensing **B** Liberalisation in licensing **C** Compulsory licensing  
**D** Reducing the investment limit of small scale units

**Ans: B** Liberalisation in licensing

2. Liberalisation in licensing

**Explanation:**

Important feature of the 1991 Industrial policy is liberalization in licensing. New Industrial Policy was adopted by the Government of India in the year of 1991.

It was adopted in order to create a more free and competitive economy. The main objective of any industrial policy is to augment the industrial production and thereby enhance industrial growth.