



ST. LAWRENCE HIGH SCHOOL
A JESUIT CHRISTIAN MINORITY INSTITUTION



Study Material No. 4

Sub: Business Studies
Topic: Business Environment

Class XII

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Chapter - 3

Short Type Questions

(1 Mark)

1. What do you mean by business environment ?

Ans. Business environment refers the total of all individuals, institutions, and other forces that are outside the control of a business organisation but that may exert influence on its functioning and performance.

2. Name two features of business environment.

Ans. Two features of business environment are — (i) Totality of external forces which are beyond the control of the enterprise. (ii) Inter-connectedness among diverse external forces.

3. Define economic environment.

Ans. Economic environment includes those factors which give shape and form to the development of economic activities.

4. What is social environment ?

Ans. Social environment refers to attitudes of people, cultural heritage, social beliefs, level of literacy, composition of people, consumers, employees and social institutions.

5. What is political environment ?

Ans. Political environment comprises political parties, government, stability of government, attitude of government towards business and laws made for regulation of business.

6. How would you define legal environment ?

Ans. Legal environment consists of various legal rules and regulations relevant to business which are to be observed by business organizations.

7. Which sector of the Indian economy was given greater importance after independence ?

Ans. Public sector.

8. What do you mean by globalisation ?

Ans. When various economies of the world integrate then it is called globalisation.

9. Define liberalisation.

Ans. Liberalization, in economic context, is removal of unnecessary restrictions on doing business. Thus, it involves giving more freedom to businessmen to do business of their own choice.

10. How would you explain privatisation ?

Ans. Privatisation refers to the induction of private ownership in state owned enterprises.

11. What LPG stands for in the context of business environment ?

Ans. LPG stands for Liberalisation, Privatisation and Globalisation.

12. Which policy of the Government of India has moved India towards globalisation ?

Ans. The New Industrial Policy, 1991.

13. Name the process under which the Government of India lifted unnecessary controls over the economy.

Ans. Liberalisation.

14. What do you mean by disinvestment ?

Ans. Disinvestment refers to sell of shares of public sector unit to private sector unit.

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