

# QB365 Question Bank Software Study Materials

## Environmental Factors Important 2,3 & 5 Marks Questions With Answers (Book Back and Creative)

12th Standard

Commerce

Total Marks : 75

### 2 Marks

10 x 2 = 20

1) What is internal environment?

**Answer :** 1. Internal environment refers to those factors within an organisation e.g Policies, Programmes, Organisational structure, employees, financial and physical resources.

2. These factors can be changed or altered and hence are known as controllable factors.

2) Give the meaning of corporate governance.

**Answer :** 1. Corporate governance is a set of rules and policies which governs a company.

2. It provides a frame work for managing a company and achieving its objectives.

3. It gives guidelines for internal control, performance measurement and corporate disclosure.

3) What is GST?

**Answer :** 1. GST is the indirect tax levied on goods and services across the country.

2. It is a comprehensive, multi-stage, destination based tax that is levied on every value addition.

4) Expand VUCA.

**Answer :** V- Volatility , U-Uncertainly

C-Complexity, A - Ambiguity

5) Define Business environment.

**Answer :** According to Bayard O Wheeler Business environment is "the total of all things external to firms and industries which affect their organisation and operations".

6) Who is Financiers?

**Answer :** The financiers of a business which includes the debenture holders and financial institutions play a significant part in the running of a business.

7) What is Market ?

**Answer :** (i) Market is place where buying and selling goods takes place.

(ii) A regular gathering of people for the purchase and sale of provisions, live stocks and other commodity.

8) What is mean by Commodity Market ?

**Answer :** The commodity market manages the trading in primary products which takes place in about 50 major commodity markets where financial transactions increasingly outstrip physical purchases which are to be delivered.

9) What is mean by Regulated Market?

**Answer :** A Regulated Market or Controlled Market is an idealized system where the government control the forces of supply and demand, such as who is allowed to enter the market and/or what prices may be charged.

10) Mention any four differences between wholesale Market and Retail Market ?

**Answer :**

Sl.No	Particulars	Wholesale market	Retail market
1	Quantity	Selling in bulk quantities	Selling in small quantities
2	Customer	Wholesales to retailers	Retailers to consumer

	Customer	Wholesales to Retailers	Retailers to Consumer
3	Price	Lower price	Higher Price
4	Capital	Huge amount required	Small amount required

**3 Marks**

10 x 3 = 30

11) What are the political environment factors?

**Answer :** The major elements of the political and legal environment are:

- (i) Political stability is reflected by the following parameters like the election system, the law and order situation, the role and structure of Military and Police force, the declaration of President's rule, civil war, etc
- (ii) Political organisation refers to the ideology and philosophy of the political parties, the government, the role and degree of authority of bureaucracy, the level of political consciousness among citizens and the funding of political parties by business houses.
- (iii) The image of the leader and the country in the inter-national arena
- (iv) Legal framework of business and their degree of flexibility.

12) Write about any three internal environmental factors of business.

**Answer : (i) Values system:**

The values of the founder/ owner of the business . percolates down to the entire organisation and has a profound effect on the organisation. The success of an organisation depends upon the sharing of value system by all members.

**(ii) Vision and objectives :**

The vision and objectives of a business guides its operations and strategic decisions. Example :Amul the taste of India' Gujarat Co-operative Milk Marketing Federation (GCMMF).

**(ii) Company image :**

The image of an organisation plays an important role in introducing new products, selecting agents, and dealers for distribution forging alliances with suppliers, expanding and entering new markets both domestic and international and raising finance, etc.

13) What do you know about Technological environment?

**Answer :** The development in the IT and tele communications has created a global market. Technology is widely used in conducting market research for understanding the special needs of the customer. Data-mining and data analytics are used to know the customer better. Technology is used in managing inventory, storing goods in warehouses, in distributing goods and in receiving payment. This dynamic environment includes the following;

- (i) The level of technology available within the country
- (ii) The rate of change in technology
- (iii) Technology adopted by competitors
- (iv) Technological obsolescence

14) Explain the natural environment of business.

**Answer :** (i) A business in order to remain successful and competitive has to adapt to the constantly changing environment.

(ii) The formulation of strategic decisions, policies and programs requires an understanding of the environmental factors impacting the business.

(iii) Therefore scanning of the environment for identifying threats and opportunities is essential for any business.

15) State the framework of Corporate Governance in India.

**Answer :** The Indian Corporate Governance framework requires listed companies,

- (i) To have independent directors on the board; At least one-third of the directors have to be independent directors.
- (ii) To have at least one independent woman director.
- (iii) To disclose all deals and payments to related parties.
- (iv) To disclose details of managerial compensation
- (v) CEO and CFO to sign stating that the governance norms have been complied with in the financial statements.

16) What are the functions of the GST council?

**Answer :** The Goods and Services Tax Council shall make recommendations to the Union and the States on

- (i) The rates including floor rates with bands of goods and services tax.
- (ii) Any special rate or rates for a specified period, to raise additional resources during any natural calamity or disaster.
- (iii) The goods and services that may be subjected to, or exempted from the goods and services tax.

17) Write a note on future environment of business.

- Answer :** (i) The future environment of business in this age of rapid technological advancement has been captured.  
(ii) It is now important for every business to meet the challenges.  
(iii) The uncertain conditions and situations requires a firm to be prepared to face the volatility by planning.  
(iv) VUCA environment a firm has to be forward-looking anticipating the change, adaptability will remain essential for the success of any business in an ambiguous, uncertain environment.

18) Explain the kinds of the GST.

**Answer :** There are 3 taxes applicable under this system.

- (i) CGST : Collected by the Central Government on an intra-state sale (Eg : transaction happening in TamilNadu)
- (ii) SGST Collected by the State Government on an intra-state sale (Eg : transaction happening within TamilNadu)
- (iii) IGST : Collected by the Central Government for inter-state sale (Eg : Punjab to Tamil Nadu)

19) Explain the terms Environment Scanning and Public Image.

**Answer : Environment scanning:**

- (i) It helps the firms to identify threats which may affect the business.
- (ii) Thus measures can be taken by the firm to overcome the threats.

**Public image:**

Environmental analysis helps a business to enhance its image by being sensitive and quickly responding to the changing environment and needs of people.

20) Discuss the role of macro-environment factors of business. (any 5)

- Answer :** 1. Economic environment  
2. Socio-Cultural environment  
3. Political and Legal environment  
4. Geo-physical environment  
5. Technological environment  
6. Global environment

**5 Marks**

5 x 5 = 25

21) Discuss the role of macro environment of business.(any 5)

**Answer :** .The macro environment factors are as follows:

**(1) Economic environment:** The business is an integral part of the econonnic systenn prevalent in a nation. The nmultiple variables in the macro environnment system include:

- (a) he nature of economy baned on the stage of development.
- (b) lhe nature ofofconomie system.
- (c) he economic pollckes of he natlon.
- (d) he cconomtic indlces.
- (e) Developmentof financial market.
- (f) he economicstructure.

**(ii) Socio-Cultural environment:** Social environment refers to the sunm total of factors of the society inwhich the business is located. It is dynamic and includes the behaviour of individuals, the role and inmpotence of family, customs, traditions, beliefs and values, religion and languages, thc ethical values.

**(iii) Political and Legal environment :** The framework for running a business is given by the political and legal environment. The success of a business lies in its ability to adapt and sustain to political and legal changes.

**(iv) Geo-physical environment :** Thenatural, geographical and ecological factors have a bearing onthe business. These are as follows :

- (a) the availability of natural resources
- (b) the weather and climatic conditions
- (c) topographical factors
- (d) ecological factors
- (e) location of certain industries
- (f) availability of natural harbours.

**(v) Technological environment:** The development in the IT and telecommunications has created a global market. Technology is widely used in conducting market research for understanding the special needs ofthe customer..

22) Explain the micro environmental factors of business.

**Answer :** Micro environment refers to those factors which are in the immediate environment of business affecting its performance. These include the following:

**(i) Suppliers:** In any organisation the suppliers of raw materials and other inputs play a very vital role. Timely procurement of materials from suppliers enables continuity in production and reduces the cost of maintaining stock/ inventory.

**(ii) Customers :** The aim of any business is to satisfy the needs of its customers. The customer is the king and the fulcrum around which the business revolves.

**(iii) Competitors:** All organisations face competition at all levels such as local, national and global. It is important for a business to understand its competitors and modify their business strategies in the face of competition.

**(iv) Financiers :** The financiers of a business which includes the debenture holders and financial institutions play a significant part in the running of a business. Their financial capability, policies strategies, attitude towards risk and ability to give non-financial assistance are all important to a business.

**(v) Marketing Channel members:** The marketing inter-mediaries serve as a connecting link between the business and its customers. The middlemen like dealers, wholesalers and retailers ensure transfer of product to customers. Insurance firm is another marketing intermediary which provides coverage for risk in business.

**(vi) Public:** This refers to any group like media group, citizen action group and local public which has an impact on the business. Many companies had to face closure due to actions by local public.

23) Describe the economic environment of business.

**Answer : Economic environment:**

The business is an integral part of the economic system prevalent in a nation. The multiple variables in the macro environment system which has a bearing on a business include

**(i) The nature of economy based on the stage of development:**

1. The countries across the globe can be categorised on the basis of growth and per capita income as developed nations, developing nations and under developed nations.

2. The USA, Japan, Germany, Canada and Australia developed economies generally have high degree of technological advancement, very strong and robust industrial base, and high standard of living.

3. Many of these developed nations have successfully integrated the computer based technologies with their existing business.

4. Developing nations like India, China, Brazil Mexico are middle income economies are characterised by low to moderate industrial growth, the inequality in the distribution of income, high population, a low standard living and slow absorption of technology.

5. Under developed nations are low income economies with a very low degree of technology adoption and a very poor standard of living.

**(ii) The nature of economic system:** The economic systems can be classified as Capitalistic, Socialistic and Mixed economy. Capitalistic economy is a free enterprise market where individual ownership of wealth is predominant. Socialistic economy is a state controlled with a lot of restrictions on private sector. Mixed economy is a combination of both state owned and private sector ownership.

**(iii) The economic policies of a nation:** Monetary policy, fiscal policy, Export-import policy, Industrial policy. Trade policy, Foreign exchange policy etc., are part of the economic environment.

**(iv) Economic indices:** The Economic indices like GDP, GNP national income, per-capita income, balance of payments, rate of savings and investments etc., form an important part of economic environment.

**(v) Development of financial market:** The organisation and development of money market, capital market, securities market and the banking system has a greater impact.

**(vi) Economic structure:** The Economic structure includes capital formation, investment pattern, composition of trade balance, occupational distribution of workforce and the structure of national output.

24) What are Five core TATA values?

**Answer :** (i) Integrity: we will be fair, honest, transparent and ethical in our conduct; everything we do must stand the test of public scrutiny.

(ii) Excellence: We will be passionate about achieving the highest standards of quality, always promoting meritocracy.

(iii) unity: we will invest in our people and partners, enable continuous learning, and build caring and collaborative relationships based on trust and mutual respect.

(iv) Responsibility: We will integrate environmental and social principles in our businesses, ensuring that what comes from the people goes back to the people many times over.

(v) pioneering: We will be bold and agile, courageously taking on challenges, using deep customer insight to develop innovative solutions.

(vi) Mission: To improve the quality of life of the communities we serve globally through long-term stakeholder value creation based on Leadership with Trust.

25) Explain the term GST.

**Answer :** GST is the-indirect tax levied on goods and services across the country. It is a comprehensive, multi-stage, destination-based tax that is levied on every value addition.

There are 3 taxes applicable under this system

- (i) CGST: Collected by the Central Government on an intra-state sale (Example: transaction happening in Tamil Nadu)
- (ii) SGST: Collected by the State Government on an intra-state sale (Example: transaction happening within Tamil Nadu)
- (iii) IGST: Collected by the Central Government for inter-state sale (Example: Punjab to Tamil Nadu).