

St. Mary's School, Dwarka
Holiday Homework
Class XII
Subject: Business Studies

CH-3(BUSINESS ENVIRONMENT)

1. A recent cut in the interest rate on loans announced by the banks encouraged Amit, a science student of a progressive school to take a loan from the State Bank of India to experiment and develop cars to be powered by fuel produced from garbage. He developed such a car and exhibited it in the Science Fair organised by Directorate of Education. He was awarded the first prize for his invention. Identify and explain the dimensions of the business environment discussed in the above case. 1
2. With change in the consumption habits of people, Neelesh, who was running a sweet shop shifted to chocolate business. On the eve of Diwali he offered chocolates in attractive packages at reasonable prices. He anticipated a huge demand and created a website www.chocolove.com for taking orders online. He got many orders online and earned a huge profit by selling chocolates. Identify and explain the dimensions of the business environment discussed in the above case. 1
3. Accent Electronics Ltd.' was operating its business in Malaysia. The company started exporting its products to India when the Prime Minister announced relaxation in import duties on electronic items. The company appointed retailers in India who had direct online links with the suppliers to replenish stocks when needed. Identify and explain the dimensions of the business environment discussed in the above case. 3
4. Sunanda Papers decided to set up its industrial unit in a backward village of Madhya Pradesh, due to its strategic location i.e. easy availability of wood to make paper. Moreover, due to unemployment, cheap labour was available in abundance. The village has no electricity and so it decided to tap renewable solar energy in place of diesel generators to meet its power requirements. The government offered industrial land at a cheaper rate for the development of the backward area and also provided subsidy for installing solar panels.
 - a) Identify the dimensions of the business environment discussed in above case by quoting the relevant lines.
 - b) Also identify and explain from the given case the two benefits reaped by Sunanda papers by understanding the business environment. 3
5. Tara, after completing her MBA, decided to go for a startup. After surveying the market & studying the needs of well informed customers, she decided to start an on- line apparel store rather than going in for brick and mortar clothing store. With Jabong, Myntra and many other fashion on line stores as competitors in the market, she creates a niche market for her firm by providing differentiated services by providing nip & tuck services to its prospective buyers. This was a compelling proposition for even those who kept away for fear of having to visit corner alteration shops for a better fit. For this she carried out a survey of what women look for and studied the Indian body types to design the sizes accordingly. The new market conditions required her to hire trained personnel with higher competence

& greater commitment so as to wean away customers visiting brick & mortar shops for their made to order & customization services. Quoting lines from above, identify the impact of government policy change on Tara's firm. 3

6. 'Understanding of environment by business managers enables them not only to identify and evaluate, but also to react to the forces external to their firms.' In light of the statement, explain any four points of importance of business environment. 4

7. Cab service company, Uber had announced that it would now allow private car owners in Delhi to offer rides to passengers. It introduced the new feature from December, 2016 after Delhi government announced that its odd-even formula was to be implemented from January 1. Fares for shared riders would be 10-30% cheaper, the company had said. It was followed by Ola, that announced that they too would offer ride sharing to passengers in Delhi-NCR. Ola would offer a 50% discount on Ola share fares over the coming month. Meru cabs has also launched its ride sharing features. It additionally gives customers who opt for the ride-share feature, a fixed 30% discount on the estimated trip fare.

In the above case,

- (a) Identify points of importance of the business environment highlighted.
(b) State two impacts due to change of government policy on business and industry and what actions have been taken by companies in the above case to cope up with these changes? 4
8. Naman and Govind after finishing their graduation under vocational stream decided to start their own travel agency which would book rail tickets and air tickets on commission basis. They also thought of providing tickets within ten minutes through the use of internet. They discussed the idea with their Professor Mr. Mehta who liked the idea and suggested that they first analyse the business environment which consists of investors, competitors and other forces like social, political etc. that may affect their business directly or indirectly. He further told them about the technological improvements and shifts in consumer preferences that were taking place and hence they should be aware of the environmental trends and changes which may hinder their business performance. He emphasised on making plans keeping in mind the threat posed by the competitors, so that they could deal with the situation effectively.

This alignment of business operations with the business environment would result in better performance.

- (i) Identify and state the component of the business environment highlighted in the above paragraph.
(ii) State any two features of the business environment as discussed by Professor Mehta with Naman and Govind.
(iii) Also state two points of importance of business environment as stated by Professor Mehta in the above situation. (1+2+2)
9. The court passed an order that all schools must have water purifier fitted for the school children as:
- Society in general is more concerned about quality of life;
 - Innovative techniques are being developed to manufacture water purifier at competitive rates;
 - Incomes are rising and children at home are also drinking purified water.
 - The government is also showing a positive attitude towards the water purifier business.

Identify the different dimensions of the business environment by quoting from the above details. 5

10. The court passed an order to ban polythene bags as
- These bags are creating many environmental problems, which affect the life of people in general.
 - Society, in general, is more concerned about the quality of life.
 - The government decided to give subsidy to jute industry to promote this business.
 - Innovative techniques are being developed to manufacture jute bags at low rates.
 - Incomes are rising and people can afford to buy these bags.

Identify the different dimensions of the business environment by quoting the lines from the above particulars.

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11. A leading FMCG company manufacturing potato chips as its premium snack feels the need to steer ahead of its competitors. It asks for suggestions from its employees. The employees feel that the market for potato chips as a segment has become commoditised. They suggest that demand for in finger snacks was much more. It would also help the firm overcome the volatility & severe shortage of chips grade potatoes in India. Besides change in prices of potato often lead to change in profit margins of the firm. Keeping in mind the fact that consumers are health conscious, the company executes the suggestions of its employees by introducing variant of finger snacks including multi grain, pulses & regional flavours under its 'Kingo' brand.
- Which environment awareness is being identified by the company?
 - Identify the dimension of the business environment by quoting from above lines.
 - Define the dimension that has been identified above.
 - List any two values shown by the company.

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