

**Code No: BA1904**

**R14**

**MBA I Semester Supplementary Examinations, May 2015**

**BUSINESS ENVIRONMENT**

**(Master of Business Administration)**

**Time: 3 Hours**

**Max. Marks: 60**

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**Note: Answer All Sections of Questions**

**All Questions from Section- A are to be answered at one place.**

**SECTION – A**

**6 × 2 = 12M**

1. Micro Factors effecting Business
2. TRIPS
3. EXIM Policy
4. Fiscal Deficit
5. Economic Systems
6. Revenue Receipts

**SECTION-B**

**3 × 12 = 36M**

1. a) The Success or failure of business influenced by the environment in which the business operates- Explain  
(OR)  
b) Five Year plans help government to achieve Countries economic objectives- support the statement
2. a) More than 50% of Indian small scale units are sick. Explain reasons and how to revive sick units.  
(OR)  
b) What do you understand by Balance of Payments and if there is disequilibrium, explain the measures to be taken for correcting Balance of Payments.

3. a) Explain in detail various functions of WTO

(OR)

b) Write a brief note on Consumer Protection act and Essential commodities act

### **SECTION-C**

**1 × 12 = 12M**

### **CASE STUDY**

#### **A shock to the system**

For the most part changes in a firm's (or industry's or sector's) external environment tend to be relatively predictable and this can aid business planning. Economic indicators, for example, usually signal the onset of a recession (or recovery) well before it occurs and this provides businesses with time to consider not only how they are likely to be affected by economic change, but also what steps they can take to minimise any potential threat to the organisation (or maximise any opportunity). On occasions, however, the business environment can change dramatically and unexpectedly for the worse, leaving some firms to face rapidly deteriorating trading conditions often without any contingency plans in place. Such a situation occurred on Tuesday 11 September 2001 when terrorist attacks on the World Trade Center and the US Department of Defense rapidly sent shock waves through the global economic system, engulfing a wide range of firms and industries in all countries. The most immediate and obvious manifestation of the crisis was seen in the airline industry where the major airline operators suddenly found people unwilling to fly, thereby significantly exacerbating the problems already being experienced as a result of increased competition and recession in some of their markets. In the United States carriers such as United, Delta and Continental announced tens of thousands of redundancies and further job losses were announced by British Airways, Virgin and Air Canada. Elsewhere in Europe both Swissair and Sabena went into receivership and other operators signaled a period of retrenchment.

The knock-on effect of the reduction in air travel also impacted on two allied industries: aircraft manufacturing and tourism. Again this found expression in

falling demand and the inevitable loss of jobs. Companies such as Airbus Industries, Boeing and Bombardier slimmed down their workforces and additional job losses occurred in supplier organisations including Rolls-Royce and in travel, tourism and allied industries such as hotels, catering and car hire. For a company such as Disney, for instance, the impact on visitor numbers at its theme parks in America and Europe was immediately felt and numerous other organisations and holiday destinations rapidly experienced the effect of the decline in overseas tourists in the immediate aftermath of the attack. While it was suggested at the time by a number of observers that some businesses might have been taking advantage of the crisis to slim down their workforces, there seems little doubt that the attack had a significant economic as well as human and psychological impact. Mercifully such shocks to the system tend to be few and far between and even when they occur some enterprising firms will find they provide unexpected business opportunities.

### **Question**

1. Can you think of any other examples of major unanticipated events in your own country that have had a serious adverse effect on businesses?

