# **Business Environment**

### Question 1.

Relaxing the restrictions and controls imposed on Business and industry means

- (a) Liberalisation
- (b) Privatisation
- (c) Globalisation
- (d) None of the above

### **▼** Answer

Answer: (a) Liberalisation

### Question 2.

Which of the following best indicates the importance of the business environment?

- (a) Coping with rapid changes
- (b) Identification
- (c) Improvement in performance
- (d) All of the above

#### ▼ Answer

Answer: (d) All of the above

#### Question 3.

What will be the effect of an increase in tax by the government?

- (a) Increase in cost of production
- (b) Creates fear in the minds of investors
- (c) Increase in profit margin
- (d) None of the above

#### ▼ Answer

Answer: (a) Increase in cost of production

## Question 4.

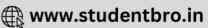
What creates fear in the minds of investors to invest in long term projects?

- (a) Privatisation
- (b) Political Uncertainty
- (c) Liberalisation
- (d) None of the above

### **▼** Answer

Answer: (b) Political Uncertainty





Question 5. Which of the following creates fear in the minds of investors?  (a) Political uncertainty  (b) New innovations  (c) None of these  (d) Technological improvements
▼ Answer
Answer: (a) Political uncertainty
Question 6. Celebration of Diwali is the example of: (a) Technological Environment (b) Social Environment (c) Political Environment (d) Legal Environment
▼ Answer
Answer: (b) Social Environment
Question 7.  Booking of Railway tickets through internet from home or office is an example of  (a) Political Environment (b) Technological Environment (c) Economic Environment (d) None of the above  ▼ Answer:  Answer: (b) Technological Environment  Question 8.
Export promotion is concerned with  (a) Privatisation  (b) Globalisation  (c) Liberalisation  (d) None of the above
▼ Answer
Answer: (b) Globalisation
Question 9. Changes in fashions and tastes of consumers will  (a) Shift the market demand from an existing product to new ones

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<ul><li>(b) Increase the cost of production</li><li>(c) Increase the profit</li><li>(d) Increase the Sale</li></ul>
▼ Answer
Answer: (a) Shift the market demand from an existing product to new ones
Question 10. Increased competition in the market will  (a) Increase the tax  (b) Increase the profit  (c) Increase the cost of production  (d) Reduce the profit margin
▼ Answer
Answer: (d) Reduce the profit margin
Question 11. Giving freedom to Indian business and industries from all unnecessary government controls and restrictions is an example of  (a) Privatisation (b) Globalisation (c) Liberalisation (d) None of the above
▼ Answer
Answer: (c) Liberalisation
Question 12. Technological improvements and innovations result in  (a) Increase in tax  (b) Render existing products obsolete  (c) Reduction in profit margins  (d) None of the above
▼ Answer
Answer: (b) Render existing products obsolete
Question 13. Which of the following does not explain the impact of Government policy changes on business and industry?  (a) More demanding customers  (b) Change in agricultural prices

(c) Increasing competition (d) Market orientation
▼ Answer
Answer: (b) Change in agricultural prices
Question 14. Globalisation aims at (a) Export Promotion (b) Foreign exchange reforms (c) Import liberalization (d) All of the above
▼ Answer
Answer: (d) All of the above
Question 15.  When a company taken over another one and clearly becomes the new owner, the action is called  (a) Merger  (b) Acquisition  (c) Strategic Alliance  (d) None of the above
▼ Answer
Answer: (b) Acquisition
Question 16. Which of the following does not characterize the business environment?  (a) Complexity (b) Relativity (c) Employees (d) Uncertainty  ▼ Answer
Answer: (c) Employees
Question 17. Gross Domestic Product (GDP) is concerned with  (a) Political Environment  (b) Legal Environment  (c) Economic Environment  (d) Social Environment

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▼ Answer
Answer: (c) Economic Environment
Question 18. Rise in GDP lead to rise in
▼ Answer
Answer: (c) Disposable income of people
Question 19. Facebook, Twitter and Whatsapp is the result of  (a) Political Environment  (b) Social Environment  (c) Technological Environment  (d) None of the above
▼ Answer
Answer: (c) Technological Environment
Question 20.  External environment trends and changes will provide  (a) Threats (b) Goodwill (c) Less Competition (d) Profits
▼ Answer
Answer: (a) Threats
Question 21. Liberalization means (a) Reduced government controls and restrictions (b) Policy of planned disinvestments (c) Integration among economies (d) None of the above
▼ Answer
Answer: (a) Reduced government controls and restrictions
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▼ Answer

Answer: (b) Economic Environment

