

MODEL ANSWER/SUGGESTED SOLUTION

BUSINESS ENVIRONMENT

CODE NO: AS- 2607

B.Com (HONS) I Semester

Short Answer Type Questions:

- (i) In this answer the examinee is expected to write that operation capability is the capability of the organisation that how effectively the operation in the organisation are going. It relate to all those factors which are related to the production of the production or services ,use of material resources and all other aspects that have a bearing on an organisation capacity and ability to implement its strategies.
- (ii) Any two born causes of industrial sickness could be :
- Inexperienced promoters
 - Wrong location
 - Long gestation period
 - Financial problems
 - Legal complication
 - Bad management
- (iii) In this answer the examinee is expected to write that desire competition is that competition in which firm competitors include only the other firms which market the same or identical products but also all those who compete for the discretionary income of the consumers.
- (iv) In this answer the examinee is expected to write any two benefits of capitalist economy which are as follows :
- Increase in the standard of living
 - Flexibility
 - Growth in production
 - Freedom
 - Self mobility

- (v) EXIM policy is that policy which deals with the export and import policies
- (vi) Private sector refers to that sphere of economy where there is private ownership and control over the means of production. The basic objective of private individuals is to earn profit in order to promote one's own interest.
- (vii) Uruguay round of conference was held in Geneva and it was initiated by Mr Arthur Dunkel.
- (viii) In this answer the examinee is expected to write any two features of WTO which could be any of these:
- It has replaced GATT
 - It is an international organisation
 - It is based on multilateral trading system
 - Its status is equal to that of IMF and IBRD
 - WTO has a large secretariat and huge organisational set up.
- (ix) In this answer the examinee is expected to write the definition of industrial sickness that could be of any other like:
According to Reserve Bank of India:
“A sick unit is that which has incurred cash loss for one year and likely to continue incurring losses for the current year as well as in the following year and the unit has an imbalance in its financial structure ,such as current ratio is less than 1:1 and there is worsening trend in debt equity ratio.”
- (x) There are 188 member countries in the World Bank and its headquarters is in Washington D.C.

Long Answer Type Questions:

2. Business ethics refers to the set of moral values or standards or norms which govern the activities of businessmen .Ethics define what is wrong and what is right. It involves critical analysis of human acts to determine whether which

these are right or wrong for a business .The various elements of business ethics could be as follows:

- Initiation of the top management
- Involvement of all the employees
- Publication of code
- Formulation of committee for checking the above made code
- Formation of a redressal cell
- Follow up of the above step.

The above step need to be explained with the proper explanation and finally the conclusion of the answer.

3. In this answer the examinee is expected to make a comparative analysis of the various forms of the public enterprises which could be in the form of table or in points. The various forms of public enterprises are :

- Government Company
- Public Corporation
- Departmental Organisation.

The above forms of public sector enterprises could be explained in detail by making use of the various parameters such as:

- Establishment
- Capital
- Management
- Legal status
- Autonomy
- Control and accountability
- Suitability
- Flexibility
- Staff and terms of service.

And then finally the conclusion for the answer.

4. In this examinee is expected to an introduction of IMF and then moving forward the various shortcoming needs to be explained. The various points could be as follows:

- Fund conditionalities
- High Interest rates
- Free convertibility of currencies
- Limited activities
- Scarce currency
- Inability to check exchange control
- Not fully representative of world community.

And finally the conclusion for the answer,

5. In this answer the examinee is expected to write an introduction of both WTO and GATT and then the various difference between GATT and WTO need to be explained which could be any of these:

- GATT is a set of rules and multilateral agreement whereas WTO is a permanent institution.
- GATT was designed with and attempts to establish an International Trade Organisation whereas WTO is established to serve its own purpose.
- GATT deals with rules which were applied to trade in merchandise goods whereas WTO in addition to goods it covers trade in service and trade related aspects of intellectual property.
- GATT was a multilateral instrument by the 1980 ,many new agreement had been added of a plurilateral and ,therefore selective nature whereas WTO deal with all those agreements which constitute the WTO are almost all multilateral and thus involve commitment for the entire membership.
- GATT dispute settlement system was not fast and automatic whereas the dispute settlement system of WTO is really fast and automatic.
- GATT was applied on a provisional basis whereas WTO activities are completely on a permanent basis.
- GATT is a traditional concept whereas WTO is a modern concept.
- GATT has narrower scope whereas WTO has a wider scope.

And finally the conclusion for the answer.

6. In this answer the examinee is expected to about foreign capital as it is the flow of capital from one country to another country. It could be in the form of foreign currency, foreign machines, and foreign technical know-how, and also includes foreign loans and foreign grants. It is also known as foreign aid. The various forms of foreign capital are as follows:

- Foreign aid
- Commercial borrowing
- Foreign investment
 - (a) FDI
 - (b) FPI

The above points need to be explained properly and then finally the conclusion of the answer.

7. In this answer the examinee is expected to write an introduction about morality and its relevance in the business organisation. Morality (from the Latin *moralitas* "manner, character, proper behaviour") is the differentiation of intentions, decisions, and actions between those that are "good" (or right) and those that are "bad" (or wrong).¹ The philosophy of morality is ethics.¹ A *moral code* is a system of morality (according to a particular philosophy ,religion and culture, etc.) and a *moral* is any one practice or teaching within a moral code. *Morality* may also be specifically synonymous with "goodness" or "rightness." Immorality is the active opposition to morality (i.e. opposition to that which is good or right), while amorality is variously defined as an unawareness of, indifference toward, or disbelief in any set of moral standards or principles. An example of a moral code is the Golden Rule which states that, "One should treat others as one would like others to treat oneself."

Ethics (also known as *moral philosophy*) is that branch of philosophy which addresses questions about morality. The word 'ethics' is "commonly used interchangeably with 'morality' ... and sometimes it is used more narrowly to mean the moral principles of a particular tradition, group, or individual." Likewise, certain types of ethical theories, especially sometimes distinguish between 'ethics' and 'morals': "Although the morality of people

and their ethics amounts to the same thing, there is a usage that restricts morality to systems such as that of Kant, based on notions such as duty, obligation, and principles of conduct, reserving ethics for the more to practical reasoning, based on the notion of a virtue and generally avoiding the separation of 'moral' considerations from other practical considerations. "Although the words are often used as synonyms, morals are beliefs based on practices or teachings regarding how people conduct themselves in personal relationships and in society, while ethics refers to a set or system of principles, or a philosophy or theory behind them. When comparing morality with ethics, the word ethics is often used to refer to a philosophical analysis of a particular morality, especially when the formal definition is applied.

Well moral are the essential building blocks of our character and nature and the sum total of our character and our nature is what we all are as human beings. They are the very basis of distinction between a human being and other creatures, and also it has lifted our species above its origin. Moral Values give us a sense of understanding things and enabling us to choose between what is right and what is wrong. A man without moral values is like a lost ball in the high weeds. There are different aspects of moral values and usually a person with high morality is the one who encourages and promotes humanity. Moral values save us from becoming criminal, perpetrator/felon etc as it gives us a guilty conscience when something wrong has been deliberately. I think that you pretty much defined what it means to you yourself. I adds a few things. Morals are beliefs that we all live by. They are instilled in us by our parents, teachers, friends, and ourselves. We do not have to agree with the morals people teach us. However, they end up defining the way the world looks at us. Our morals affect our actions and reactions. What is important to one does not have to be important to another. For example, I do not believe that education is the most important value of our life, but knowledge is. Knowledge can be obtained through education. Morals and ethics also affect society. Reason should sometimes be put aside and morals should be used if it's for the greater go in life. And as the answer is in asked in a way of comprehensive essay it could be descriptive manner as well.

8. In this answer the examinee is expected that India has got a mixed economy. And then moving ahead an introduction on mixed economy. As the merits and demerits are asked it could be written as follows:

Merits of Mixed Economy:

- Joint ownership of public as well as private sector
- Better management
- Effective utilisation of resources
- Higher degree of accountability
- Optimum utilisation of resources
- Profit as well as social welfare
- Balanced economic development
- Development of public and private sector together
- Generation of employment opportunities
- Lack of social exploitation.

Demerits of Mixed economy:

- Short lived economy
- Non coordination
- Fear of establishment of dictatorship
- Lack of implementation
- Lack of economic planning.