

**Code: 14E00102**

**MBA I Semester Regular & Supplementary Examinations December/January 2015/2016**

**BUSINESS ENVIRONMENT**

(For students admitted in 2014 & 2015 only)

Time: 3 hours

Max. Marks: 60

All questions carry equal marks

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**SECTION – A**

Answer the following: (05 X 10 = 50 Marks)

- 1 What is business environment? Explain the factors influencing the business environment.  
**OR**
- 2 Explain the role of private sector in the light of industrial policy 1991.
- 3 What is public expenditure? Explain the causes for the rise in public expenditure.  
**OR**
- 4 What is public debt? Explain the debt obligations of the central government.
- 5 What is balance of payment? Explain the impact of new economic policy on balance of payments.  
**OR**
- 6 Analyze the impact of liberalization measures adopted by the government since 1991 on imports and exports.
- 7 Write short notes on trade-related intellectual property rights and trade related investment measures.  
**OR**
- 8 Explain the role of WTO in promoting the international trade.
- 9 What is sick industrial company (special provisions) act 1985 and explain its features.  
**OR**
- 10 Explain the role of consumer regression councils in protecting the consumers in India.

**SECTION – B**

(Compulsory Question)

01 X 10 = 10 Marks

**11 Case study:**

India's problem is not lack of resources; it is the inability and unwillingness to mobilize resources into the public sector. The Indian economy is not facing a resources crisis; it is confronting a fiscal crisis. The reasons for this are the steady decline over the years in the share of direct taxes in spite of the fact that both incomes and savings of the top 10 percent of the households in the country have been steadily increasing. The government does not appear committed to placing greater reliance on direct taxes to mobilize resources. It is unwilling to tax the rich and therefore has no option except to fall back on indirect taxes and rely more than ever on borrowing from those who expect interest and tax concessions from temporarily parting with their resources to enable the government to continue its 'development program'. Grave inter-sectoral imbalances also exist in India's tax structure because agricultural incomes are virtually tax free. The Raj committee has recommended the introduction of an agricultural tax to remove this inequity, but the state government did nothing to implement the recommendation. The long-term fiscal policy also did nothing to eliminate this inter sectoral inequity.

Public sector enterprises failed to generate the contemplated re-investable surplus and the small surplus that becomes available from these enterprises was not attributable to improved efficiency.

The fiscal deficit reflects the total resource gap, which equals the excess of total government expenditure over total government revenue and grants. The fiscal deficit thus fully indicates the indebtedness of the government.

**Suggest some remedies for the new fiscal policy to combat fiscal crisis.**

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