

DEPARTMENT OF BUSINESS MANAGEMENT

BUSINESS ENVIRONMENT

Course : MBA
Academic year : 2015-16
prescribed textbook : Francis Cherunilam”Business Environment” HPH, 2012.
Justin Paul, Business Environment, TMH, 2010
Nature of the subject : Common paper

PREFACE

Business decisions in general and strategies in particular are molded by the Business Environment. The External factors and Internal factors which makes to aware the opportunities and threats, strengths and weaknesses of the firm. A thorough understanding of the business environment allows in formation of business strategy. The economic reforms implemented in the form of liberalization, privatization & Globalization, have brought a wide range of challenges and opportunities in the most of the countries during the last decade. The Economic Growth and Economic Development are considered as the measures for the nation’s overall growth. Gaining knowledge of all these relevant information of the business environment like Trade policies, EXIM policies, Capital Markets, RBI & SEBI role would help one to be a successful manger in the era of ever-increasing competition in Business.

It is because of the importance of these topics and changing environment that universities and institutes have made Business Environment as a core subjects in Management streams.

Course Aim: Aim of this course is to make students understand different types of business environments they should review before taking managerial decisions.

Learning Outcome:

- An analysis of business environment helps to identify strength, weakness, opportunities & threats. Analysis is very necessary for the survival and growth of the business enterprise.
- Students should be able to understand the issues related to the industrial policy and regulation and their amendments from time to time.
- They will also understand the terminology of the planning commission and Union Budget.
- The Knowledge gained by the students on capital markets, RBI guidelines; trade, EXIM policy and Foreign Exchange Management Act will be useful for them to take decisions to ensure growth and sustainability of the organizations.

Unit-I

Introduction: Business Environment, Nature, Composition and Scope of Business Environment-Its Impact on different kind of Business Decisions, Economic Growth and Economic Development, National Income: Definition, Analysis and its Important Components.

Objective: Understand the meaning, importance and types of business environment. It allows identifying the features of business environment like strengths and weaknesses of the Business environment.

Outcome: Students will be able to analyse and discuss about the feasibilities of External and Internal factors to become successful managers.

Overview:

- Nature, Scope of Business Environment explained elaborately.
- Business Environment. Impact on different kind of Business decisions with suitable examples provides strong basics to the readers.

- Concepts of Economic Growth and Development, National Income enables students understand how one can measure the economy of his country based on these parameters.

Unit-II

Economic Policies: Industrial Policy, Fiscal Policy, Latest Union Budget- Reforms Undertaken- Role of Government. Monetary Policy: Basic Concepts, Banking Sector Reforms.

Case 1: Indus (Budget Game), (Justin Paul, page no.179)

Case 2: Prof Tom and Monetary Policy, (Justin Paul. Page no.200)

Objective: To provide the features, advantages and disadvantage of previous and present economic policies and understanding the role of Government in bringing awareness of various reforms through Monetary and Physical policies.

Outcome. It enables the students must understand and analyse the role of government reforms in terms of policies of various sectors.

Overview:

- Latest developments and changes in Economic Policies- Industrial Policy, Fiscal Policy, Monetary Policy provides a clarity among these policies and its key features.
- The significance of the Budget and its key components really a glance for understanding Budget.
- Banking Sector Reforms described about the changes and development required in Banking sector in order to provide better service and products.

Unit-III

Capital Markets, SEBI, RBI: Capital Market Institutions, Stock Indices, Derivatives Market, Global and Indian Scenario, Role of SEBI and RBI.

Case 3: The Great Fall (Scam of 2001): A Case of Stock Exchange and SEBI, (Dr. Vivek Mittal, page no.661)

Case 4: Investment Return from Indian Stock Market – Bombay Stock Exchange (BSE), SENSEX, (Justin Paul, page no.252)

Objective: To allow the students must understand the Capital Market, the role of SEBI & RBI.

Outcome: To brief the students an overview on performance of Financial Institutions, Markets and services.

Overview:

- Money and capital markets are two most important components of Indian Financial Market
- Explain the purpose and importance of each type of security & Describe the risks associated with each product.
- Active role of SEBI in controlling stock markets and protecting investors.
- RBI regulates the money market as well as Banking sector to follow the norms strictly in order to control the economy and encourages the Industry environment.

Unit-IV:

India's Trade Policy: Policy changes and Issues, sector wise trade policies- recent developments- GATT-WTO- agreements and implications. Disinvestment: Meaning and its Policy with regard to Public sector, Multi-National Companies and FDI.

Case 5: Water Thief, (K. Aswathappa, page no.59)

Objective: To give awareness towards Indian Trade policies.

Outcome: It allows the students to expose to features of Trade policies such FDI, GATT & WTO.

Overview:

- Discussing about various changes & issues of Trade policy which are supporting Business Environment.
- It allows understanding the differences and importance in between GATT- WTO.
- The need of Disinvestment and its policy towards public sector to meet the Budget Deficit.

Unit-V:

EXIM policies & FEMA: India's new EXIM policy, legal framework, initiatives, BOP, FEMA, Liberalisations, Privatisation and Globalisation and its impact on Indian Economy.

Case 6: RBI Slapped Rs. 125 Crore on Reliance Infrastructure. A Case Study on FEMA, (Dr. Vivek Mittal, page no.655)

Objective: To understand the concepts of EXIM policies & FEMA.

Outcome: It provides the importance of EXIM policies & FEMA, the impact of Liberalisation, Privatisation and Globalization on Business Environment

Overview:

- This chapter gives explanation about how initiatives and legal framework of new EXIM policy for strengthening the Foreign policy.
- The brief of BOP in this chapter talks about the status of EXPORTS and IMPORTS gap and how it affects the national economy.
- The level of impact taken place during the period of Liberalisations, Privatisation and Globalisation throughout the Globe and also specific to Indian economy.

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(P. Samyukta)

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