



**MALLA REDDY COLLEGE  
OF ENGINEERING & TECHNOLOGY**

(AUTONOMOUS INSTITUTION - UGC, GOVT. OF INDIA)

**PREFACE** *for*

# **BUSINESS ENVIRONMENT AND BUSINESS LAWS**

(I YEAR I SEMESTER)



**SCHOOL OF MANAGEMENT STUDIES**  
AUTONOMOUS

**ICET CODE MLRD**



## DEPARTMENT OF BUSINESS MANAGEMENT

**Course : MBA I Year I SEM**

**Academic Year : 2020-21**

**Name of the Subject : BUSINESS ENVIRONMENT AND BUSINESS LAWS**

**Prescribed Textbook : K. Aswathappa, *Essentials of Business Environment*, Himalaya Publication House, N. D. Kapoor, *Mercantile Law*, Sultan Chand & Sons, latest edition**

**Nature of the Subject: Common Paper**

### PREFACE

Business decisions in general and strategies in particular are moulded by the business environment. A business may sometimes be established with less efforts, but to be successful, it needs resources like finance, for which it has to depend on financial institutions. Acceptance of social norms, for which it has to depend on society. Proper market conditions, for which it has to depend on the market. The sale of products/services, for which it has to depend on the customers. The labour, for which it has to depend on society. Then there are natural resources and raw material, for which it has to depend on Nature. Also, the legal support of the government, for which it has to depend on the government. There are many factors and dimensions that affect Business Environment. These factors are many different components of a single concept called Business Environment.

Business law is sometimes called mercantile law or commercial law and refers to the laws that govern the dealings regarding commercial matters. There are two distinct areas of business law; regulation of commercial entities through laws of partnership, company, bankruptcy, and agency and the second is regulation of the commercial transactions through the laws of contract. A lot of business law involves trying to prevent problems that can hurt the business or cause legal disputes.

**Course Objective:** The aim of this course is to enable students understand the business environment and to understand the legal and regulatory framework for doing business in India

**Outcome:**

- To understand the issues related to the industrial policy and regulation and their amendments from time to, time. The knowledge gained by the students on capital markets, GST, FDI, 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.
- To understand the formalities involved in incorporating a company and the nuances related to the Law of Contract. To know various acts and their implications.

**Unit-I**

**Introduction to Business Environment:** Macro Environment Analysis (PESTEL Model); Industrial Policies: A brief review of industrial policies since Independence, Industrial policy of 1991 and recent developments, Fiscal Policy and Monetary Policy.

Latest Union Budget: Tax Implications, Goods & Services Tax (GST)

**Objective:** The objective is to facilitate the students to get an idea of Industrial Policies and Goods & Services Tax

**Outcome:** Students get an idea of Fiscal Policy, Monetary Policy, and Latest Union Budget

**Overview:**

- This unit is designed to introduce the students to the nature of business environment.
- Also, it is to provide the students with a basic overview of the various industrial policies adopted by successive governments.
- To make the student aware of the budget and its implications on economy.

## **Unit-II**

**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.

**Objective:** The objective of this unit is to make the students understand sector wise Trade Practices.

**Outcome:** To know various WTO agreements and their implications on FDI.

### **Overview:**

- This unit is designed to make the students aware of India's Foreign Trade Policy which aims at developing export potential, and creating favourable balance of payments position.
- The students will get an overview of policies of GATT and WTO
- Disinvestment policy in public sector companies and their implications on the economic growth of our country will be discussed.

### **Unit-III**

**EXIM Policies & FEMA:** India's new EXIM policy, legal framework, initiatives, FEMA, Liberalizations, Privatization and Globalization and its impact on Indian Economy.

**Objective:** To understand important provisions of EXIM policy and FEMA.

**Outcome:** Students come to know about Liberalizations, Privatization and Globalization and its impact on Indian Economy.

**Overview:**

- Indian **EXIM Policy** contains various policy related decisions taken by the government in the sphere of Foreign Trade, i.e., with respect to imports and exports from the Country and more especially export promotion measures, policies and procedures related thereto.
- EXIM Policy is prepared and announced by the Central Government (Ministry of Commerce).
- India's Export Import Policy aims at developing export potential, improving export performance, encouraging foreign trade and creating favorable economic position.

## Unit-IV

**Introduction to Business Law:** Nature of contract and essential elements of valid contract, Negotiable Instruments Act, 1881- Promissory Note, Bills of Exchange, & Cheque, and their definitions and characteristics, Types of endorsements, Consumer Protection Act-1986, Income Tax Act 1961, Information Technology (IT) Act-2000

**Objective:** The objective is to facilitate the students to get an idea of law of contract, Negotiable Instruments and Types of endorsements.

**Outcome:** Students get an idea of formation of contracts, Consumer Protection Act, Income Tax Act and Information Technology (IT) Act.

### Overview:

- Law means a set of rules. It may be defined as the rules of conduct recognized and enforced by the state to control and regulate the conduct of people, to protect their property and contractual rights with a view to securing justice, peaceful living and social security.
- A negotiable instrument is a document guaranteeing the payment of a specific amount of money, either on demand, or at a specific time, with the payer usually named on the document.
- This unit gives overview about various important acts like consumer protection act, Income Tax act and Information Technology act etc.

## Unit-V

**Companies Act-1956:** Steps and procedure for Incorporation of the company, Company Management– Appointment of Directors; Powers, Duties & liabilities of Directors; Company Meetings, Resolutions, Winding-up of a Company, Latest Amendments. New Regulations in Companies Act, 2013.

**Objective:** Understand companies Act- 1956, process of starting a company, appointment of directors, their responsibilities and winding up of a company.

**Out Come:** Students will come to know the process of establishing a company and its last step of winding up.

### Overview:

- The Companies Act, 1956 constitutes the Company Law in India. It came into force with effect from 1<sup>st</sup> April, 1956.
- It is a consolidating Act which presents the whole body of the company law in a complete form and repeals earlier Companies Act and subsequent amendments.
- It contains 658 sections and XV schedules and numerous forms. Company Law is fast developing in order to protect joint stock companies.
- Main objectives of Company law are: To protect the interest of shareholders, to safeguard interest of creditors, to help the development of companies in India on healthy lines, to help the attainment of ultimate purposes of the social and economic policy of the government to equip the government with necessary powers to intervene directly into affairs of a company in public interest.

Mr. V.S.Ramamurthy

Mr. N.Sandilya

Mr. V.S.Ramamurthy

**SECTION A**

**SECTION B**

**SECTION C**

Prof. G. Naveen Kumar  
**Head of The Department**

Dr. V. S. K. Reddy  
**PRINCIPAL**

## REFERENCES

- Justin Paul, “Business Environment: Text & Cases” TMH.
- Francis Cherunilam, “Business Environment: Text & Cases”, HPH.
- K. Aswathappa, Essentials of Business Environment, Himalaya Publication House.
- RSN Pillai, Bagavathi, Business Law, S. Chand. N. D. Kapoor, Mercantile Law, Sultan Chand & Sons, latest edition
- S. S. Gulshan, Mercantile Law, 2/e, Excel Books, latest edition