Q.1 Distinguish between Internal and External environments of business.

Ans:

Parameter of Comparison	Internal Environment	External Environment
Nature	Controllable	Uncontrollable
Influence	Influences directly and regularly	Influences indirectly and distantly
Elements	Competitors, shareholders and customers are the major elements	Economical, social and technological factors are the major elements
Point of control	It can be controlled by the internal factors	It has got no control over the outside factor that influence.
Effect on the groups	It affects specific groups	It affects common groups

Q.2 Distinguish Between Micro and macro environment of the business.

Ans:

BASIS FOR COMPARISON	MICRO ENVIRONMENT	MACRO ENVIRONMENT
Meaning	Micro environment is defined as the nearby environment, under which the firm operates.	Macro environment refers to the general environment that can affect the working of all business enterprises.
Elements	COSMIC, i.e. Competitors, Organization itself, Suppliers, Market, Intermediaries and Customers.	PESTLE, i.e. Political, Economic, Socio-cultural, Technological, Legal and Environmental.
Nature of elements	Specific	General
Are these factors controllable?	Yes, but to some extent only	No
Influence	Directly and Regularly	Indirectly and Distantly

Q.3 Short note on SAARC

ANS: The South Asian Association for Regional Cooperation (SAARC) was established with the signing of the SAARC Charter in Dhaka on 8 December

1985. SAARC comprises eight Member States: Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka. The Secretariat of the Association was set up in Kathmandu on 17 January 1987.

The objectives of the Association as outlined in the SAARC Charter are:

1.To promote the welfare of the peoples of South Asia and to improve their quality of life.

2. To accelerate economic growth, social progress and cultural development in the region.

3.To contribute to mutual trust, understanding and appreciation of one another's problems.

4.To promote active collaboration and mutual assistance in the economic, social, cultural, technical and scientific fields.

Q.4 objective of Fiscal Policy of India.

ANS: Fiscal Policy is the use of government revenue collection (tax) and expenditure (spending) to influence a country's economy. The objective of fiscal policy is to create healthy economic growth. Ideally, the economy should grow between 2%–3% a year, unemployment will be at its natural rate of 3.5%–4.5%, and inflation will be at its target rate of 2%

Objectives of a Fiscal Policy :

- In order to stabilize the pricing level in the economy.
- The main objective is to achieve and maintain the level of full employment in the country.

- Also, to stabilize the growth rate in the economy.
- Also, promote the economic development in a country.

Short note

Business Environment Meaning : Business Environment means a collection of all individuals, entities and other factors, which may or may not be under the control of the organisation, but can affect its performance, profitability, growth and even survival. Every business organisation operates in a distinctive environment, as it cannot exist in isolation. Such an environment influences business and also gets affected by its activities.

Forign Trade : Foreign trade is exchange of capital, goods, and services across international borders or territories. In most countries, it represents a significant share of gross domestic product (GDP). While international trade has been present throughout much of history, its economic, social, and political importance has been on the rise in recent centuries.

Balance of payment: The balance of payments (BOP) is the method countries use to monitor all international monetary transactions at a specific period. Usually, the BOP is calculated every quarter and every calendar year. All trades conducted by both the private and public sectors are accounted for in the BOP to determine how much money is going in and out of a country. If a country has received money, this is known as a credit, and if a country has paid or given money, the transaction is counted as a debit.

Monetary policy : Monetary policy refers to actions undertaken by a nation's central bank to control money supply and achieve macroeconomic goals that promote sustainable economic growth.

Fiscal Policy : Fiscal Policy is the use of government revenue collection (tax) and expenditure (spending) to influence a country's economy. The objective of fiscal policy is to create healthy economic growth. Ideally, the economy should grow between 2%–3% a year, unemployment will be at its natural rate of 3.5%–4.5%, and inflation will be at its target rate of 2%