SEMESTER-III

COURSE 5: BUSINESS ENVIRONMENT

Theory **Credits: 4** **4 hrs/week**

Course Objectives

This course is designed to:

- Enable the students to develop an understanding of the Indian business environment and various factors impacting the business.
- Help them make effective decisions based on analysis of the business environment.
- Develop an understanding of the MSME sector and the challenges therein.
- Familiarize the students with international trade and issues related to Balance of Payments.
- Comprehend the role of international institutions in the growth of international business.

Course Outcomes

Upon successful completion of the course, students will be able to:

CO1: Understand the concept and components of the Indian business environment and their influence on business decision-making.

CO2: Analyze the political, legal, and economic environment including major policies and reforms.

CO3: Evaluate the importance, structure, and challenges of the MSME sector in India.

CO4: Explain the structure and causes of disequilibrium in Balance of Payments and corrective measures.

CO5: Assess the role of international institutions and FDI in shaping the international business environment.

Unit I: Introduction to Business Environment

Business Environment – Concept, Nature, and Significance – Elements of Environment: Internal and External – Salient Features of the Indian Economy – Evolution and Changes in the Indian Economy in Recent Years – Importance of Environmental Scanning for Business Decision-making.

Unit II: Political, Legal and Economic Environment of Business

Elements of Political Environment – Role of Government in Business Facilitation – Overview of Legal Environment: Competition Act, FEMA, Licensing Policies – Economic Environment: Types of Economic Systems – Industrial Policy of 1991 – Overview of Economic Reforms – Planning Commission vs. NITI Aayog.

Unit III: Economic Policies

Economic Reforms and New Economic Policy – New Industrial Policy – Competition Law – Fiscal Policy- Monetary Policy

Unit IV: Balance of Payments (BOP)

Meaning and Importance of International Trade – Components of Balance of Payments – Causes for Disequilibrium in BOP – Measures to Correct Disequilibrium: Trade Regulation, Exchange Control, Devaluation – Convertibility of Currency – Current and Capital Account Convertibility – India’s BOP Position.

Unit V: International Business Environment

Introduction to International Economic Institutions – Evolution, Significance, and Functions of IMF, World Bank, WTO, BRICS, and EU – GATT and Uruguay Round: Objectives and Impact – Foreign Direct Investment (FDI): Meaning, Need, and Importance in Developing Countries – Role and Trends of FDI in India’s Economic Development.

Student-Centric Activities

- Conduct a SWOT analysis of the Indian business environment with examples from recent economic trends.
- Prepare and present a case study on a successful MSME and the government schemes it has utilized.
- Group discussion on the role of NITI Aayog vs Planning Commission in shaping India’s economic future.
- Analyze India's latest Balance of Payments data and interpret causes of surplus or deficit.
- Simulation of an international trade negotiation with roles assigned for IMF, WTO, BRICS, and Indian policymakers.

References

1. Cherunilam, F. (2023). *Business environment: Text and cases* (29th ed.). Himalaya Publishing House.
2. Aswathappa, K. (2022). *Essentials of business environment* (14th ed.). Himalaya Publishing House.
3. Paul, J. (2021). *Business environment: Text and cases* (3rd ed.). McGraw-Hill Education.
4. Saleem, S. (2020). *Business environment* (2nd ed.). Pearson Education.
5. Mishra, S. K., & Puri, V. K. (2021). *Economic environment of business* (7th ed.). Himalaya Publishing House.