



**FIRST SEMESTER 2023-24**

**COURSE HANDOUT PART II**

**Date: 11.08.2023**

In addition to Part-I (General Handout for all courses appended to the timetable), this portion gives further specific details regarding the course.

**Course No.** : ECON F214  
**Course Title** : Economic Environment of Business  
**Instructor-in-charge** : Prof. Sudatta Banerjee

**1. Scope and Objective:**

Business enterprises are micro units within an economic environment that represents the macro. The economic environment is essentially the “given” within which firms and their managements must operate. The objective of this course is to unravel all those economic factors which are external to and beyond the control of individual business enterprises and their managements, with particular focus on the Indian context. Thus, the course aims to (1) Create familiarity with economic environment concepts and indicators, economic policies and economic regulation (2) Evolve an ability to analyze and anticipate changes in economic environment and, (3) Enable students to take more effective business decisions by being responsive to the external economic environment.

**2. Text Book:**

Saleem, Shaikh., Business Environment, Pearson Publishers, India, 4<sup>th</sup> Edition (Fourth Impression, 2023).

**3. Reference Books:**

**R1.** John Sloman and E. Jones, Essential Economics for Business FT Prentice Hall, 5<sup>th</sup> edition, 2018.

**R2.** Fernando, A.C., Business Environment, Pearson Publishers, India, 2011.

**4. Course Plan:**

Module	No. of Lectures	Learning Objectives	Topics to be Covered	Reference
1	1-2	Business and its Environment	Meaning, Characteristics and Objectives, Features of Modern Business, Economic and Financial Environment, Non-economic Environment	Ch.1; R1- Ch1; R2: Ch 3 & class notes
	3-13	Basic Parameters of Indian Economy	National Income-Concepts and Measurement, Economic Growth, Inflation, Population, Unemployment, Human Development, Natural resource environment, technology	Ch. 7, 10, 11; R1: Ch. 10; R2: Ch.1,2,4,5,6,7 & class notes
	14-15	Economic Systems	Capitalism, Socialism, Mixed	Ch. 18, 19, 20;

		and Business Environment	Economy, Indian economy, Public vs Private; PPP	R2: Ch. 9, 10, 11 & class notes
2	16-17	Planning in India	Objectives and Emergence of planning, Planning Commission, National Development Council, Five Year Plans, Liberalisation and Planning; NITI Aayog	Ch. 27 (online)
	18-20	Liberalisation and Globalisation	Meaning and key features, New Economic Policy, FDI, MNC's, Privatisation	Ch. 18, 18, 20 & class notes
3	21-23	Industrial Structure, Policy and Business Environment	Industry: Classification of Industry, Factors Affecting Location of Industries, Industrial Policy	Ch. 2, 3, 8 & class notes
	24-25	Fiscal Policy	Direct and indirect taxes, subsidies. Concept, objective, techniques, advantages and evaluation of fiscal policy	Ch. 4; R1: Ch. 11, & class notes
	26-28	Monetary Policy	Financial systems- money capital and stock markets, SEBI. Concept, meaning, objectives of monetary policy, CRR, SLR, regulation of money supply, RBI	Ch. 4; R1: Ch. 11, & class notes
4	2-30	Foreign Trade Policy and Balance of Payments	Meaning of BOP, Items of BOP and the Role of Foreign Trade Policy	Ch. 9 & class notes
	31	Foreign Investment, Multinational Corporations	Meaning of FDI and MNC's, Advantages and Disadvantages	Ch. 21, 22 & class notes
	32-34	India's Export-Import Policies, SEZs in India	India's Trade Environment Related Issues	Ch. 23, 24 & class notes
	35-40	International Business Organization, World Trade Organization	Familiarity with Organizations like GATT, GATS, IMF, World Bank, WTO, ADB, UNCTAD	Ch. 25, 26 & class notes

## 5. Learning outcomes:

**Module 1:** On completion of the module, students will be able to learn the concept of business environment and how macroeconomic environment affects behaviour and performance of the firms in an economy. Students will also learn some of the features of modern business in the context of contemporary Indian economy. Students will also learn the different measures that are useful to evaluate macroeconomic health of an economy. The students will be able to apply these techniques to analyse business environment in the country. For example, students will be able to analyse how rise in inflation can affect the business environment in the context of Indian economy. The module will also deal with various types of economies and types of policies about business ownerships.

**Module 2:** This module will deal with different structural changes and policies taken after Independence and how our economy has shaped up due to planning or policies like liberalization, globalization and privatization and the reasons of such policies.

**Module 3:** This module will deal with Industrial policies taken over the years and how this has affected the development and location of industries. After this module, students will also be able to discuss how changes in monetary policy impact strategic decision by business such as firm borrowing decision and investment decision. They will also learn about the role of central banks in formulating monetary policy. Students will be able to critically analyse the role of fiscal policy in achieving macro-stability and promoting equitable and sustainable economic growth. Students will be able to analyse the impact of fiscal policies such as the Fiscal Responsibility and Budget Management Act 2003 on performance of Indian economy.

**Module 4:** This module deals with international business environment. By the completion of the module, students will be able to discuss how trade policy influences business environment in an economy. Students will be able to critically analyse the measures taken by the government of India to promote export oriented business in India in the recent years. This module will also discuss the inception of Foreign Direct Investment, Multinational Corporations, and Special Economic Zones. The module will also introduce the students International Organizations like IMF, World Bank, WTO etc.- their roles, and their influence on economies.

#### 6. Evaluation Scheme:

Component	Duration	Weight age (%)	Date and Time	Nature of Component
Mid-sem	90 mts	35	11/10 - 9.30 - 11.00AM	CB
Quiz- (02)	-	5+5		CB
Assignment (2 parts)	Take home	15		OB
Comprehensive Examination	180 mts	40 (At least 10% open book)	12/12 FN	OB+CB

**7. Chamber Consolation Hour:** To be announced in the class

**8. Notices:** Notices, if any, would be put on CMS

#### 9. Make-up Policy:

- Make-up will be granted only on genuine grounds and if prior permission is taken.
- No application will be accepted in the Exam Hall.
- Make-up will be given only on Doctor's/Warden's recommendation and with prior (at least 01 day before the test/exam) permission of the Instructor-in-Charge/Instructor.
- Make-up application via sms/messages/WhatsApp/social media is not acceptable.
- **No make-up will be given for quizzes.**

**10. Academic Honesty and Integrity Policy:** Academic honesty and integrity are to be maintained by all the students throughout the semester and no type of academic dishonesty is acceptable.

**Instructor-in-Charge  
ECON F214**

