



**Birla Institute of Technology & Science, Pilani**  
Hyderabad Campus

**FIRST SEMESTER 2020 - 2021**

**COURSE HANDOUT PART II**

**Date: 17.08.2020**

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

<b>Course No.</b>	<b>: ECON F214</b>
<b>Course Title</b>	<b>: Economic Environment of Business</b>
<b>Instructor-in-charge</b>	<b>: Bheemeshwar Reddy A</b>
<b>Instructor</b>	<b>: Bheemshwar Reddy A, A Janiso</b>

**1. Scope and Objective:**

Firms operate in the prevailing macroeconomic environment. In the contemporary globalized economic world, both domestic as well as global economic conditions impact profitability of individual firms. Hence, the strategic decision making on the part of individual firms require a thorough understanding of the challenges posed by external economic environment.

The main objective of this course is to explore the 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 (TB):

**Shayamal Roy** “*Macroeconomic Policy Environment: An Analytical Guide for Managers*”, Tata McGraw Hill Education Private Limited, 2<sup>nd</sup> edition.

## 3. Reference Books:

**R1:** Saleem, Shaikh., Business Environment, *Pearson Publishers, India, 2<sup>nd</sup> Edition 2010.*

**R2:** Nilanjan Banik, “The Indian Economy: A Macroeconomic Perspective”, *SAGE Publication India Private limited.*

**R3:** Satish Y. Deodhar, “Day to Day Economics”, *Random House India*

**R4:** A.C. Fernando, “Business Environment” *Pearson Education*

**R5:** The core team, “The Economy”

## Additional Reading

- ❖ Additional readings will include research papers appeared in academic journals and books. The same will be uploaded on CMS from time to time during the semester.
- ❖ Students are strongly advised to regularly read popular daily business newspapers such as The Economic Times, Mint, Business Line and Financial Time and popular magazines such as Economic and Political Weekly and The Economist.

Course Plan:

Lecture No.	Learning objectives	Topics to be covered	Chapter in the Text Book
1-2	On completion of the module, students will be able to learn the concept of business environment and how	<b>Business and its Environment:</b> Meaning, Characteristics and Objectives, Features of Modern	Chapter 1 (TB) and additional readings



	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	Business, Economic and Financial Environment, Non-economic Environment	
3-18	Students will 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.	<b>Basic Parameters of Indian Economy</b> National Income- Concepts and Measurement, Economic Growth, Income Distribution and Inequality, Inflation, Population, Poverty, Unemployment, Human Development	Ch. 2 & 3 (TB), Ch. 1, 2 & 4 (R2) and additional readings
19-21	On completing of the module, students will be able to learn economic institutions that characterise different forms of economic systems	<b>Economic Systems and Business Environment</b> Capitalism, Socialism, Mixed Economy, Indian economy	Ch. 2 & 3 (TB), Ch. 1, 2 & 4 (R2) and additional readings



	and how these institutions shape the functioning of a business firms in each form of these economic systems. Students will also learn about the specific economic system that describes contemporary Indian economy.		
22-23	Students will be able to learn about the historical reasons and economic necessity of the planning of Indian economy in the post-independence period and how it shaped the business environment during first four decades after the independence.	<b>Planning in India</b> <b>Topics:</b> Objectives and Emergence of planning, Planning Commission, Five Year Plans	Chapter Ch. 9, 10, 11 (R4) & additional material
24-25	After completing this module, students will be able to learn about the shifts in economic policies in post-1990s in India and its implications for	<b>Liberalisation and Globalisation</b> <b>Topics:</b> Meaning and key features, New Economic Policy, Globalisation, Privatisation, Foreign Direct Investment, Multinational Corporations	Chapter 5 (R 2) & additional readings



	<p>rapid economic growth and rise of business in private sector in India. Students will also be able to critically comment on recent changes in macro-economic policies that are shaping business environment in the context of Indian Economy.</p>		
26-27	<p>In this module, students will be able to learn about major temporal changes in the industrial policies in India since independence and its implication for growth of the industrial sector in India during pre-and-post economic reform period in India. Students will be able to do in-depth analysis of the performance of manufacturing sector in the post-reform period and learn about recent strategies of the</p>	<p><b>Industrial Policy</b>  <b>Topics:</b> Role of industry in economic development, industrial policy, industrial licensing, MRTP Act</p>	<p>: Ch. 3 (R1)          &amp; Additional readings</p>

	government in promoting manufacturing sector in India.		
28-31	On completing this module, 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.	<b>Fiscal Policy</b> <b>Topics:</b> Concept, objective, techniques, advantages and evaluation of fiscal policy. Direct and indirect taxes, and expenditure policy of the Government.	Ch.4 (R1) & additional readings
32-35	After this module, students will be able to discuss how changes in monetary policy impact strategic decision by business such as firm borrowing decision and investment decision. They will	<b>Monetary Policy</b> <b>Topics:</b> Concept, meaning, objectives of monetary policy, direct and indirect instruments monetary policy and role of central bank (RBI) in monetary policy	Ch.5 (R1). & additional readings



	also learn about the role of central banks in formulating monetary policy.		
36-39	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.	<b>Trade and EXIM Policy</b> <b>Topics:</b> Features and phases of India's trade policy, reforms, BOP, current and capital accounts, FERA, FEMA, Special economic Zones.	Ch. 6, 7 (R2) Ch. 6 (TB) & additional readings
40-42	Students will be able critically analyse economic factors that influence international business environment and the role of different international institutions in shaping international business	<b>International Business Environment</b> <b>Topics:</b> The concept of international business environment and role of international agencies such as World Bank, International Monetary Fund, World Trade Organisation shaping international business environment.	Chp.7 (TB) & Ch.8 (R2) & Additional readings



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## Module-6: Industrial Policy

### 5. Evaluation scheme:

EC No.	Components	Duration	Weight age (%)	Date, Time & Venue	Nature of Component
1.	Test 1	30 min.	15	September 10 –September 20 (During scheduled class hour)	OB
2.	Test 2	30 min.	15	October 09 –October 20 (During scheduled class hour)	OB
3	Test 3	30 min.	15	November 10 – November 20 (During scheduled class hour)	OB
3.	Assignment/ Presentation (2-4)	-	30	To be announced	OB
4.	Comprehensive Exam.	3 hrs.	25	To be announced	OB

**6. Chamber Consultation Hour:** Every Monday 5:00PM -6:00PM

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

**8. Make-up Policy:** Make-up will be granted only on genuine grounds and if prior permission is taken through official email only. Request for make up after the test/exam would not be entertained at all.

**9. 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**

