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### 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, 4th Edition (Fourth Impression, 2023).

**3. Reference Books:**

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

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

**4. Course Plan:**

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| --- | --- | --- | --- | --- |
| **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 and Business Environment | Capitalism, Socialism, Mixed Economy, Indian economy, Public vs Private; PPP | Ch. 18, 19, 20; 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 stck 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 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:**

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| --- | --- | --- | --- | --- |
| **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**