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1. "Business is the product of the Environment". Explain. Also discuss the relationship between Business and Environment.

Answer:

A Business is comprised of land, labour, capital, entrepreneur, etc all which come from the environment. A business firm can be regarded as a social institution which is surrounded by external forces that affect how it operates. This environment includes both living and non-living entities. Environment and Business have a complementary relationship where the environment gives human-resource, material, money and machinery; and in return the business gives salary, product, services and support in development.

"Business is the product of environment" also means that the success or failure of a business is influenced by the external factors in the environment in which it operates. These external elements can range from cultural trends and economic conditions to competitive environments and technology advancements. For instance, a company operating in an expanding, stable economy with high customer demand is more likely to succeed than a company doing the same in a weak, declining economy. Similar to this, a company operating in a sector with few rivals may have an edge over a company in a sector with plenty of competitors. To stay profitable and competitive, businesses must constantly adapt to changes in their environment.

Business and the environment have a complicated and multifaceted relationship. On the one hand, corporations depend on nature as a supply of resources and raw materials, and their operations can have an effect on the environment. On the other hand, by the services and goods they provide as well as the rules and practices they follow, businesses have the opportunity to help safeguard the environment.

Businesses operate within the context of the natural, social, and economic environment, and the impact of their activities on these environments can be significant. For example, the extraction and processing of raw materials, the transportation of goods, and the disposal of waste can all have environmental consequences. At the same time, businesses can also take steps to minimize their environmental impact and to promote sustainable practices. This can involve the development and marketing of environmentally friendly products and services, the implementation of energy-efficient technologies, the adoption of sustainable supply chain practices, and the implementation of policies that promote environmental protection.

Overall, Business and its environment are interconnected and thus it is important for businesses to understand and navigate the external factors that impact their operations.

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2. What are the benefits of Foreign Direct Investment? Also discuss the impact of FDI policy on Liberalization from Indian Perspective.

Answer:

Foreign direct investment (FDI) refers to a company investing in and establishing operations in a foreign country, rather than simply exporting goods or services to that country. There are several advantages to FDI for both the investing company and the host country:

1. Access to new markets: FDI enables businesses to enter new markets and reach a larger customer base. For businesses looking to grow internationally or enter new markets, this can be very helpful.
2. Economies of scale: Businesses can benefit from economies of scale and lower their production costs by establishing local operations. This can make them more competitive in the local market and increase their profitability.
3. Access to resources: FDI can provide companies with access to raw materials skilled labor, and other resources that would be hard to come by or unavailable in their native nation.
4. Technology transfer: FDI can make it easier for an investing company to transfer its technology and know-hows to the host nation, leading to a boost in the economic growth and increased productivity.
5. Economic development: Economic growth and development can be boosted by FDI by bringing new employment and capital to the host nation. Additionally, it can also encourage competition and innovation in the local market.
6. Political stability: FDI can contribute to political stability in the host country by promoting economic development and by supporting the local government. This can create a more favorable business environment for the investing company.

   Overall, FDI can offer significant benefits for both the investing company and the host country throughout the world and can provide significant advantages for both the investing company and the host nation.

India in the past had a highly regulated economy with strict controls on foreign investment, but with the advent of globalization and liberal policies of the Indian government in 1991, over the years it has gradually liberalized its FDI policy in order to encourage more investment from abroad. As of today, India continuously seeks to attract the interests of the world's major companies and foreign investments to help the Indian economy reach greater heights. These investments play a major role in increasing economic growth through the creation of jobs, better access to management knowledge, etc.

Some of the key impacts of FDI policy liberalization on the Indian economy include:

1. Increased economic growth: The liberalization of the FDI policy has increased foreign investment in India and boosted the country's economy. This is particularly true in sectors such as manufacturing, telecommunications, and retail, which have seen a significant influx of foreign investment.
2. Job creation: Liberalization of FDI policy has led to the creation of new jobs in India, as foreign companies have set up operations and hired local employees.
3. Technological transfer: The liberalization of FDI policy has made it easier for foreign corporations to transfer technology and know-how to India, which has helped to establish new technologies and industries.
4. Increased competition: The liberalization of FDI policy has boosted competitiveness in the Indian market with the entry of foreign businesses and their subsequent establishment in a variety of industries in the Indian market. This has helped customers by giving them more options and bringing prices down.

   Overall, the liberalization of FDI policy has benefited the Indian economy by promoting employment growth, creating jobs, and facilitating technical transfer. Additionally, it has boosted competition and given consumers more options.

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3. Write short note on the following:

a. **The Companies Act, 2013**
b. **The Competition Act, 2002**

Answer:

The Companies Act 2013 is an Act of the Parliament of India on Indian company law which governs the incorporation, registration, and regulation of companies in India. After receiving the assent of the President of India on 29 August 2013, the Companies Act replaces the

Companies Act 1956 and aims to modernize and streamline the legal framework for corporate governance in India.

Some of the key provisions of the Companies Act, 2013 include:

1. Incorporation of companies: The Act provides for the incorporation of different types of companies, including sole proprietorships, public limited companies, and private limited corporations.
2. Corporate governance: The Act lays down rules and regulations for corporate governance, including what directors must do and be accountable for, how to select and dismiss directors, and the function of independent directors.
3. Share capital and shareholding: The Act regulates the issue and transfer of shares, and lays down rules for the rights and obligations of shareholders.
4. Mergers and acquisitions: The Act provides for the merger and acquisition of companies, including the process of approval and the rights and obligations of shareholders.
5. Corporate social responsibility: The Act establishes standards for the implementation of corporate social responsibility programmers (CRS) and mandates that some businesses engage in CSR activities.

The Companies Act, 2013 applies to all companies registered in India, and is intended to promote transparency, accountability, and good corporate governance in the Indian business environment.

The Competition Act, 2002 is a legislation enacted by the Indian Parliament governs Indian competition law. It regulates competition in the Indian market and aims to protect consumers from anti-competitive practices and to prevent the activities that have an adverse effect on competition in India. The Act is administered by the Competition Commission of India (CCI), which is responsible for enforcing the provisions of the Act and extends to the whole of India.

Some of the key provisions of the Competition Act, 2002 include:

1. Prohibition of anti-competitive agreements: The Act forbids businesses from concluding contracts that limit competition, including cartels, market-sharing arrangements, and price-fixing arrangements.
2. Prohibition of abuse of dominant position: The Act prohibits companies that have a dominant position in the market from abusing their power to the detriment of consumers or other market participants.
3. Regulation of mergers and acquisitions: The Act requires companies to notify the CCI of any proposed mergers or acquisitions that fulfil specific criteria for the size of the parties and the transaction's value. Based on its evaluation of the effect on competition in the relevant market, the CCI may decide to approve, reject, or impose conditions on the transaction.
4. Regulation of unfair trade practices: The Act prohibits companies from engaging in unfair trade practices, such as false or misleading advertising, that are likely to harm consumers or other market participants.

Overall, the Competition Act, 2002 is intended to promote fair competition in the Indian market and protect the interests of consumers. It is a tool to implement and enforce competition policy and to prevent and punish anti-competitive business practices by firms and also unnecessary Government interference in the market. It applies to all companies operating in India, regardless of their size or sector.

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4. Explain the role of the World Trade Organization. Also discuss the principles of WTO.

Answer:

The World Trade Organization (WTO) is an international organization that aims to liberalize and promote trade between member countries. The WTO plays a crucial role in the global trading system by:

1. Settles trade-related disputes: The WTO has a dispute settlement mechanism that allows member countries to resolve trade disputes through negotiation and, if necessary, through a formal dispute settlement process. This helps to ensure that trade flows smoothly and helps to prevent trade disputes from escalating into larger conflicts.
2. Cooperates with other international institutes: The WTO works closely with other international organizations, such as the International Monetary Fund (IMF) and the World Bank, to ensure coherence in trade policy making. This helps to avoid conflicting policies and ensures that trade policy is consistent with other areas of global economic policy.
3. Oversees national trade policies: The WTO has a trade policy review body that monitors the trade policies of its member countries. This helps to ensure that trade policies are consistent with WTO rules and promotes transparency in trade policy making.
4. Acts as a management consultant for world trade: The WTO provides technical assistance and training to member countries, particularly developing countries, to help them develop their trade capacity and participate more effectively in the global trading system.
5. Oversees the implications of significant tariff cuts: The WTO monitors the impact of significant tariff cuts on the global trading system and works to ensure that these cuts are implemented in a way that is fair and consistent with WTO rules.
6. Implements WTO agreements: The WTO is responsible for implementing the agreements that have been reached by its member countries, such as the General Agreement on Tariffs and Trade (GATT) and the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS).
7. Administers international trade: The WTO provides a forum for member countries to negotiate trade agreements and resolve trade disputes. It also publishes trade statistics and conducts research on trade-related issues

The World Trade Organization (WTO) is guided by nine principles and they are:

1. Transparency: The WTO promotes transparency in trade policy making and decision-making processes, so that all member countries have access to the same information and can participate in the decision-making process.
2. Most favored nation treatment: The WTO requires member countries to treat all other member countries equally and not to discriminate against any particular country. This principle, known as "most favored nation" treatment, ensures that no country is unfairly disadvantaged in international trade.
3. National treatment (non-discrimination within the country): The WTO requires member countries to treat imported goods and services the same as domestic goods and services, so that imported goods are not unfairly rated in the domestic market.
4. Free trade: The WTO promotes free trade by reducing barriers to trade, such as tariffs and quotas, and by eliminating trade-distorting practices such as subsidies and dumping.
5. Dismantling trade barriers: The WTO encourages member countries to dismantle barriers to trade, such as tariffs and quotas, in order to promote a more open and fair global trading system.
6. Rule-based trading system: The WTO operates under a set of rules that are designed to ensure a fair and open global trading system. These rules cover a wide range of areas, including trade in goods, trade in services, intellectual property, and dispute settlement.
7. Treatment for less developed countries: The WTO provides special treatment for less developed countries in order to help them benefit from international trade and to encourage their economic development.
8. Competition: The WTO promotes competition by preventing member countries from engaging in anti-competitive practices, such as price fixing and monopolies.
9. Environment protection: The WTO recognizes the importance of protecting the environment and encourages member countries to adopt environmentally friendly trade policies.

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5. Why should Social Responsibility be a Social Objective of Business? Explain the barriers to Social Responsibility.

Answer:

Social Responsibility of Business also termed as “Corporate Social Responsibility” (CSR) refers to the voluntary efforts made by corporations to operate in an ethical and responsible manner, taking into account the social and environmental impacts of their operations.

Businesses have a responsibility to contribute to the well-being of society and the environment.

Mentioned below are a few reasons why social responsibility should be a social objective of business:

- Social responsibility can help businesses to address important social and environmental issues by adopting practices that are sustainable and responsible. For example, businesses can invest in renewable energy, reduce their carbon emissions, and adopt sustainable sourcing practices to help protect the environment. They can also support local communities and invest in initiatives that address social issues, such as education and healthcare. By addressing these issues, businesses can make a positive impact on the world and contribute to the well-being of society.
- Social responsibility can help businesses to create a more equitable and inclusive society by promoting diversity and inclusion. This can involve initiatives such as hiring and promoting diverse candidates, providing equal opportunities and support to all employees, and supporting initiatives that promote inclusivity and diversity in the wider community. By promoting diversity and inclusion, businesses can help to break down barriers and create more opportunities for marginalized groups, contributing to a more equitable and inclusive society.

  Social responsibility can also create value for all stakeholders, including employees, customers, investors, and the wider community. For example, by adopting sustainable practices, a business can reduce its environmental impact and improve its reputation, which can lead to increased customer loyalty and higher sales. Similarly, by investing in the well-being and development of its employees, a business can improve retention rates, increase productivity, and create a positive work culture. Social responsibility can also create value for investors, as it can lead to long-term financial success and increase the value of the company's stock. Finally, social responsibility can create value for the wider community by supporting local initiatives and contributing to the overall well-being of society.

Every business organization has social responsibility, but there may be some obstacles like the urge to make profit, the desire to amass huge wealth, low profitability, problems of exploitation, and frequent changes in government which make it difficult for the effective fusion of social welfare objectives with the corporate policy. These obstacles can be called “barriers to social responsibility”.

- The urge to make profit is a common barrier to social responsibility, as businesses are often driven by the need to generate revenue and increase shareholder value. This can lead to a focus on short-term financial goals, rather than long-term social and environmental impacts.
- The desire to amass huge wealth can also be a barrier to social responsibility, as some individuals or organizations may prioritize personal gain over the well-being of others or the environment.

- Low profitability can be a barrier to social responsibility, as businesses may struggle to afford investments in sustainable practices or community programs if they are not generating enough revenue.
- Problems of exploitation can also be a barrier to social responsibility, as some businesses may be exploited and may not make much profits to invest on the environment.
- Frequent changes in government can also be a barrier to social responsibility, as different administrations may have different priorities and policies that affect the way businesses operate and their ability to engage in socially responsible practices.

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6. What is Globalization in Economy? How Globalization affected Business Sector in India?

Answer:

Globalization refers to the increasing interconnectedness and interdependence of economic, cultural, and social systems around the world. It is characterized by the growth of international trade and the movement of capital, services, human-resource, technology, information, etc driven by advances in communication and transportation technology. Globalization is a process of development of the world into a single integrated economic unit. It describes the process by which regional economies, societies and cultures have been integrated through a global network.

Globalization has been driven by advances in transportation, communication, and technology, which have made it easier for businesses to operate across borders and for people to connect with one another. It has also been influenced by changes in government policies, such as the lowering of tariffs and the establishment of free trade agreements, which have facilitated the flow of goods, services, and capital between countries.

Globalization has had a significant impact on the global economy, leading to increased economic growth and the rise of international trade. It has also led to the creation of new job opportunities, as businesses have been able to access new markets and take advantage of lower labor costs in other countries. However, globalization has also had its critics, who argue that it has led to economic inequality, cultural homogenization, and environmental degradation.

Globalization has tremendous affected the business sector in India and has had a huge impact on the Indian economy. A few notable points are:

- Globalization has facilitated an increase in foreign investment in India, as foreign companies have been attracted by India's growing market and relatively low labor costs.
- Unimaginable progress in the areas of communication, transportation and computer technology have given the process a new lease of life.
- Many foreign businesses have established industries in India, particularly in the pharmaceutical, BPO, petroleum, manufacturing, and chemical sectors, which has helped to create jobs for many people in the country.
- The highly advanced technology bought by them has helped to make India industries more technologically advanced. Additionally, technological advancements have improved the comfort and quality of living.
- Earlier, the maximum part of GDP in the economy was generated from primary sectors but now the service industry contributes to the maximum part to the GDP
- The major sectors of the economy have been opened to competition as foreign companies have entered the market and established themselves in the various sectors.
- Private sectors have proven to be incredibly effective, and GDP growth has been rising, from 5.6% in the years between 1980 and 1990 to 7% in the years between 1993 and 2001 and 9.7% in the years between 2007 and 2008.
- Cities like Bangalore, Gurgaon, Hyderabad, Pune, and Ahmadabad have risen in prominence and have become centers of rising industries and destination for foreign investments
- The Indian corporate sector learnt to withstand fierce competition from abroad and then took the battle to the most advanced countries