SmartKalike

CBSE Class 12 · Business Studies

Business Environment

10 most probable questions for Boards 2027

Q1. 0.5 marks · Very short answer

What is a threat in the business environment?

Answer

A threat is an external environment trend or change that hinders a firm's performance; the environment is also a source of many threats.

Q2. 1 mark · Multiple choice

Which option best defines the business environment?
(A) Only the resources owned by a business enterprise
(B) External individuals, institutions and forces that may affect an enterprise but are outside its control
(C) Only the internal policies set by a firm's managers
(D) The products and services sold by an enterprise

Answer

(B) External individuals, institutions and forces that may affect an enterprise but are outside its control — these external forces may influence the performance of a business enterprise.

Q3. 2 marks · Short answer

What is an opportunity in the business environment? Explain how environmental awareness can provide an early warning of a threat.

Answer

Opportunities refer to positive external trends or changes that help a firm improve its performance. Environmental awareness identifies threats on time, serving as an early warning; a foreign multinational entering with new substitutes may prompt Indian firms to improve quality and reduce costs.

Q4. 3 marks · Medium answer

Name the five dimensions of the business environment and state any three components of the economic environment.

Answer

1. The five dimensions are economic, social, technological, political and legal conditions. They constitute the general environment.
2. Three components of the economic environment are the rates of growth of GNP and per capita income at current and constant prices; rates of saving and investment; and the volume of imports and exports of different items.

Q5. 4 marks · Long answer

State how understanding the business environment helps an enterprise. Also describe the effects of demonetisation on cash transactions and bank deposits, and on private and public-sector wealth.

Answer

Understanding the business environment helps an enterprise recognise external changes and respond effectively.
1. It enables the identification of opportunities and helps an enterprise gain the first mover advantage by acting before competitors.
2. It helps identify threats and provides early warning signals, enabling the enterprise to prepare for challenges.
3. Understanding the environment helps enterprises cope with rapid changes and assists them in planning and making policies.
4. After demonetisation, cash transactions declined, bank deposits increased and financial savings rose. Private wealth declined because some high demonetised notes were not returned and real estate prices fell; public sector wealth was unaffected.
Effective understanding and timely responses to the business environment can improve an enterprise's performance.

Q6. 5 marks · Long answer

Name the five dimensions of the business environment. Explain the factors included in the economic and social environments.

Full answer on SmartKalike: https://smartkalike.com/cbse/class-12/business-studies/business-environment

Q7. 1 mark · Very short answer

Name one institution outside a business enterprise that forms part of its environment.

Full answer on SmartKalike: https://smartkalike.com/cbse/class-12/business-studies/business-environment

Q8. 2 marks · Short answer

A study of ten families shows that their consumption habits have changed over the last five years. State two ways in which such changes could affect the working of business enterprises.

Full answer on SmartKalike: https://smartkalike.com/cbse/class-12/business-studies/business-environment

Q9. 3 marks · Medium answer

Explain how political stability can affect long-term business investment. How may government officials' attitudes influence business?

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Q10. 5 marks · Long answer

What is the technological environment? Explain how technological advances can change business operations, and how innovations in different fields can create opportunities and threats for enterprises.

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