

**OPEN STUDENT FOUNDATION**  
**Std-12 Business Administration**  
**Day - 12**

Chapters : 12

Date : 26/02/24

**Section A**

- Choose correct answer from the given options. [Each carries 1 Mark] [7]
1. In which year did Consumer Protection Act came into force ? (July- 2022)  
(A) 1951                      (B) 1955                      (C) 1969                      (D) 1986
  2. In which year did liberalization, privatization and globalization started in India ? (July-2022)  
(A) 1951                      (B) 1991                      (C) 2001                      (D) 2011
  3. How is India's currency symbolised?  
(A) Rupees                      (B) Rs.                      (C) ₹                      (D) R
  4. In which year did liberalization privatization and globalization started in India?  
(A) 1951                      (B) 1991                      (C) 2001                      (D) 2011
  5. In which year did Consumer Protection Act came into force?  
(A) 1951                      (B) 1955                      (C) 1969                      (D) 1986
  6. In which year the Industrial Development and Regulation Act came into force ?  
(A) 1951                      (B) 1955                      (C) 1969                      (D) 1986
  7. In which year did Essential Commodities Act came into existence?  
(A) 1951                      (B) 1955                      (C) 1969                      (D) 1986

**Section B**

- Write the answer of the following questions. [Each carries 1 Mark] [2]
8. Give the full form of GST. (March-2019, July-2019)
  9. Give the full form of FEMA. (Aug-2020)

**Section C**

- Write the answer of the following questions. [Each carries 4 Marks] [16]
10. State the technological factors, political factors and legal factors affecting business environment.
  11. Give the meaning of globalization and explain it in detail.
  12. Give your views on the positive and negative effects of globalization on the Indian economy.
  13. What is privatization? State the factors which led to privatization and explain the favourable effects of privatization on the Indian economy.

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3. How is India's currency symbolised?  
(A) Rupees                      (B) Rs.                      (C) ₹                      (D) R
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7. In which year did Essential Commodities Act came into existence?  
(A) 1951                      (B) 1955                      (C) 1969                      (D) 1986
- ⇒ Ans : (B)

**Section B**

- Write the answer of the following questions. [Each carries 1 Mark] [2]
8. Give the full form of GST. (March-2019, July-2019)
- ⇒ GST : Goods and Service Tax
9. Give the full form of FEMA. (Aug-2020)
- ⇒ FEMA: Foreign Exchange Management Act.

**Section C**

- Write the answer of the following questions. [Each carries 4 Marks] [16]
10. State the technological factors, political factors and legal factors affecting business environment.
- ⇒ Factors affecting the business environment are as follows:
- (I) Technological factors :

- ⇒ Technological factors include the type of technology to be used in the production of a product or service so that consumers can easily use the product or service. The rapid changes in technology are due to research and development in the country and imports from abroad.
- ⇒ At one point in India, the concept of increasing employment by using less machines was accepted, but as part of liberalization, maximum use of machines was accepted. Many industries use robots to produce quality products.
- ⇒ All banks offer E-Banking and M- Banking services in a way that customers can understand and use them easily. The benefit of e- banking service is providing the service of M-banking through a computer having internet connection and smart mobile phone having internet connection.

(2) Political Factors :-

- ⇒ The factors related to the government and the factors related to the economic ideology of the ruling party are called political factors. Which political party is in government, attitude of the government towards industry, propaganda by interest groups, created by the government. Political factors include things like laws and their enforcement, ideologies of political parties etc.
- ⇒ E.g. When the Tata Group decided to shift its plant to another state due to massive opposition to the Tata Motors Company's 'Nano' motorcar project in West Bengal, the Gujarat government invited Tata Motors to set up the project near Sanand on the condition of providing many incentives, which the Tata Company accepted. An environment was created that generously accepted entrepreneurs. Due to which the industrial development rate of Gujarat increased rapidly.

(3) Legislative factors:

- ⇒ Legislative factors are the laws passed by the Parliament or Legislature which the business unit has to comply with compulsorily.
- ⇒ Any business activity is actually for the development of the society as a whole. Business activities take shape with the objectives of accelerating the development of the society, increase in welfare activities. There is a direct relationship between business development and social welfare. That is why the growth of the business should be accelerated and its good results should be shared to the maximum extent in the society. The government is vigilant so that the society does not have to bear the consequences.
- ⇒ Various laws have been passed for business regulation like Industrial Development and Regulation Act-1951, Essential Commodities Act-1955, Trade Mark Act-1999 , Standard Weights and Measures Act-1976 , Consumer Protection Act-1986 etc.
- ⇒ As per the need of the time, the old laws are amended or sometimes even repealed. Many Indian companies have been able to increase their size according to global standards due to the Competition Act implemented since 2002 by repealing the Monopolies and Restrictive Trade Practices Act-1969.

11. Give the meaning of globalization and explain it in detail.

- ⇒ **Meaning :** When any country allows foreign companies to do business in its own country and allows domestic companies to do business abroad, it is called globalization.
- ⇒ **Concept:** In earlier times, every country adopted a policy of protecting its business industries from foreign competition and therefore the policy of globalization was less acceptable. Initially developed country companies started doing business in other countries and then developed countries allowed companies from other countries to do business in their country. Hence, globalization started and then developing countries also joined the process.
- ⇒ Globalization is in fact a two-way process. Companies in the country where multinational companies are allowed to do business are also allowed to do business abroad. Thus the internationalization of the country's businesses and industries is seen.
- ⇒ For the development of the world's businesses, the creation of a system on a global scale became

necessary and the dream of the World Trade Organization (WTO) came true. This organization strives for the growth of businesses all over the world. This organization strives to remove obstacles in the way of globalization of its member countries. India has been a member of this organization since its inception so the process of globalization has become a little easier in India.

➡ As part of adopting globalization policy, India also accepted the General Agreement on Trade and Tariff (GATT) and allowed import of foreign products or services into the country subject to certain conditions. Globalization has been responsible for the rapid growth of the service sector. Limitations of the country's political borders should be removed in banking, insurance, transport, communication and companies have been able to extend such services to most countries of the world. That is, the whole world has become a village (Global Village). The world consumer market is developing and now India is also becoming an important part of this system.

➡ **Positive Effects of Globalization :**

- (1) Production on large scale becomes possible.
- (2) Protection of consumer rights by increasing competition.
- (3) Consumers receive innovative and affordable technology.
- (4) As the price of a quality good or service falls, more consumers can use it.
- (5) Employment opportunities are created.
- (6) Creation of infrastructure in the country is accelerated.
- (7) As the importance of education increases, the extent of education in the country increases.
- (8) Establishment of new industries becomes easier.
- (9) The whole world becomes a village.
- (10) Freedom from government bureaucracy.

➡ **Negative Effects of Globalization :**

- (1) The task of market management becomes difficult and costs increase.
- (2) Production and sale of leisure goods and services increases at the expense of necessities of life.
- (3) Slow improvement in people's mentality creates new questions.
- (4) The economic condition of one country or subcontinent or continent has a rapid effect on other countries.
- (5) Income and wealth inequality increases.
- (6) Integrity is often sacrificed due to constant competition.
- (7) Large size units get more benefits and small size units struggle for survival.
- (8) If the spread of education remains slow relative to the spread of development, the workforce proves to be competitively weak.
- (9) Multinational companies are generally seen to be more loyal to the country in which they originated.
- (10) Companies with global empires align with the political parties of that country to make the economic policy of that country more favourable to their company.

12. Give your views on the positive and negative effects of globalization on the Indian economy.

➡ **Positive Effects of Globalization : (March-2018, March-2019, March-2023)**

- (1) Production on a large scale becomes possible.
- (2) Protection of consumer rights by increasing competition.
- (3) Consumers receive innovative and affordable technology.
- (4) As the price of a quality good or service falls, more consumers can use it.
- (5) Employment opportunities are created. \*
- (6) Creation of infrastructure in the country is accelerated.
- (7) As the importance of education increases, the amount of education in the country increases.



(8) Establishment of new industries becomes easier.

(9) The whole world becomes a village.

(10) Freedom from government bureaucracy and bureaucracy.

➡ **Negative Effects of Globalization: (July-2018, July-2019, July-2022)**

(1) The task of market management becomes difficult and costs increase.

(2) Production and sale of entertainment goods and services at the expense of goods and services of necessities of life. Increases.

(3) Slow improvement in people's mentality creates new questions.

(4) The economic condition of one country or subcontinent or continent has a rapid effect on other countries.

(5) Income and wealth inequality is increasing.

(6) Many times a victim of ethics due to constant competition is taken.

(7) Large size units get more benefits and small size units struggle for survival.

(8) If the spread of education remains slow relative to the spread of development, the workforce proves to be competitively weak.

(9) Multinational companies are generally seen to be more loyal to the country in which they originated.

(10) Companies with global empires align with the political parties of that country to make the economic policy of that country more favourable to their company.

13. **What is privatization? State the factors which led to privatization and explain the favourable effects of privatization on the Indian economy.**

➡ **Privatization:** "Privatization is the process of handing over the ownership and management of public enterprises to private sector entities or companies i.e. the process of handing over the management and ownership of public enterprises to private entities.

➡ **Origin:** After the independence of the country, it was assured that some objectives necessary for the development of the economy would be achieved through the public sector. The public sector was responsible for creating the necessary infrastructure and key industries for the country. The government also gave great importance to the public sector in the Five Year Plans.

➡ After 1991, there was a change in economic policy in the country. The country's public sector, which was continuously loss-making, changed its structures or closed these units, while private investors were allowed into some units. This is called the process of privatization. When public sector units offer some part of their capital to the public for purchase, it is called disinvestment. Government of India has started a separate ministry for this purpose.

➡ The government began to focus more on education and building infrastructure. A very important reason was that projected targets were not being met due to increasing inefficiencies by the public sector.

➡ There were many reasons for public sector inefficiency such as (1) bureaucracy (2) outdated technology (3) increasing level of bribery (4) lack of accountability (5) increasing influence of employee unions (6) political interference etc.

➡ **Benefits of Privatization to Indian Economy:**

(1) Increased efficiency

(2) Lack of political interference

(3) Quality goods or services

(4) Systematic Marketing

(5) Use of advanced technology

(6) Establishment and enforcement of accountability standards

(7) Creating an atmosphere of refinement

(8) Benefit of new discoveries

- (9) Leverage of creativity and innovation
- (10) Optimum utilization of means of production
- (11) Creation of infrastructure etc.