

BUSINESS STUDIES · CHAPTER 3

Business Environment

A 1-page guide for parents · 90-second read.

EXPECTED MARKS

**5-6 out of 6. Below 3
means the environment
concept and LPG impacts
are weak.**

TIME TO MASTER

6-8 hrs

HELPLINE

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WHAT THIS CHAPTER IS, IN PLAIN ENGLISH

Your child is learning that no business operates in a vacuum — every firm is surrounded by EXTERNAL forces it cannot control but must respond to: the economy (interest rates, inflation, income), society (customs, lifestyles, demographics), technology, the political climate, and the law. These are the five 'dimensions' of the business environment. The chapter also explains WHY managers must understand this environment (to spot opportunities and threats early), and it studies the biggest real-world example in India — the 1991 New Economic Policy of Liberalisation, Privatisation and Globalisation (LPG) and how it changed Indian business, plus a brief look at the 2016 demonetisation.

5 QUESTIONS TO ASK YOUR CHILD

- What is the business environment? Why is it called 'external' and 'beyond control'?
- Name and explain the 5 dimensions with one example each.
- Why is understanding the business environment important for a manager? Give 5 reasons.
- What were the three pillars of the 1991 New Economic Policy (LPG)?
- List the impacts of the 1991 reforms on Indian business and industry.

WEAK-SPOT INDICATORS

- Includes the firm's own employees/machines as part of the 'business environment' (these are internal, not environment).
- Cannot keep liberalisation, privatisation and globalisation distinct.
- Describes what LPG means but cannot list its IMPACTS on business.
- Cannot give a concrete example for each of the five dimensions.

WHEN TO WORRY — AND WHAT TO DO

Ch 3 is conceptual + example-heavy. Students lose marks by memorising definitions but failing to attach examples and by confusing the three LPG pillars. The fix is writing two full answers a week — one on dimensions/importance and one on the 1991 impacts — with real Indian company examples.

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