

Q.2 → Explain the nature and concept of Business environment.
Explain Liberalization?

Ans Business environment:- Business environment is the aggregate of all conditions, events and influence that surrounds and affect it.

These are following nature and concept of business environment

- ① Environment is inseparable from business
 - ② Environment is dynamic
 - ③ Internal and external factors
 - ④ Business lacks control over environment
 - ⑤ Environment is complex
- ① Environment is inseparable from business:-
The most essential element of any business is the environment. No business can function without its environment - legal, political, social, cultural and economic environment. There is a mutual relationship between the business and environment.

② Environment is dynamic:-
It is difficult for any business environment to remain constant for a long period of time. Environment is considered dynamic in nature.

③ Business internal and external factors:-
There are internal and external factors which influence the business environment. The factors such as business objectives, policies, staff members, etc. combine to form the internal environment. The external environment comprise of micro and macro factors.

④ Business lacks control over environment
Business environment keeps on changing continuously. Business can influence the internal environment but the external environment. It may be considered that internal environment is controllable and external environment is uncontrollable.

⑤ Environment is complex:-
There are several difficult situations in the environment which the enterprise must be aware of, and must make the

best use of them. The charges like increasing government interference and social awareness unfavourably affect the business enterprise.

Liberalization :- Liberalization is a process whereby a state lifts restrictions on some private individual activities. Liberalization occurs when something which used to be banned is no longer banned, or when government regulations are relaxed.