

**K. J. SOMAIYA INSTITUTE OF MANAGEMENT STUDIES AND RESEARCH,**  
**Vidyavihar, Mumbai- 400077**

**Program: MMM (Batch2017-20), Sem- III**  
**Subject: Business Environment**  
**(End Term Exam)**

**Maximum Marks: 50**

**Duration: 3 hours**

**Date: 21/11/2018**

**QUESTION I: Read the case given below and answer the questions given at the end.**

**10**

**Marks**

**What to do with unspent money?**

Ajay Jadhav runs a social organization to “Teach for Tomorrow” for street children. The organization provides quality informal education to street children and help them enter into mainstream school programs. In the initial period, Ajay struggled a lot to setup the organization. He spent his entire savings, developed the team, worked with the communities from local slums, and convinced volunteers to contribute in terms of teaching or taking activities for the children. Slowly he started getting recognition and his organization created a goodwill in the society. One local top bureaucrat asked him to apply for the government grant. He specifically mentioned that there are very few genuine social organizations like “Teach for Tomorrow” where government funds are going. As education is one of the main agenda of the government he would be able to get grant regularly which will help the organization grow more. He applied for government grants for Rs. 50 lakh and with good words from the bureaucrat and the goodwill of the organization, he received a grant of Rs. 50 lakhs with the understanding that 30 lakh will be for capital investment and Rs. 20 lakhs will be for recurring expenses such as salaries, administration expenses, etc which can be renewed provided the organization shows the good results.

The entire team was very happy and started working zealously. They had decided to use the money for getting books, stationery, sport equipment and recruiting new people. Everything was going as per plan except one thing. It was very difficult to get the committed people with required skillsets and experience. As a result they could not recruit as per their requirements. At the end of the financial year, they realize that out of 20 lakhs provided for recurring expenses, only 15 lakhs were spent and five lakhs are remaining.

Ajay was in dilemma. If he returned the money as per the government rules, it would have lot of repercussions. The government may not give the same amount of money next year as the organization is not able to use full funds. It may give an impression that the organization is in-effective. One way was to show payment in terms of salary for some fictitious names or family members and use that money for charity or some other work

later on. His colleagues who have also worked in other NGOs told him that this is a usual practice of all the social organizations. His entire team is convincing him that not returning money is ethical and justified especially when we are just starting up and our future existence depends on government grants.

**Questions:**

- a) If you are in Ajay's position, what stand will you take? Explain.
- b) How will this decision affect various stakeholder in the long-run?

**QUESTION II: Answer any two questions from below: 20 Marks**

- a) What is the importance of national income accounting and what are its limitations as a measure of economic welfare of the country?
- b) What is the difference between monetary and fiscal policy? Explain any two monetary and fiscal policy tools each. How do they impact the economy?
- c) What is the CSR Act 2013? What are the main challenges which organizations face in implementing CSR programmes? Give examples.

**QUESTION III: Write short notes on any two: 10 Marks**

- a) PESTLE analysis
- b) Impact of Artificial Intelligence on business
- c) Doing Business in India report
- d) Challenges of and limitations in implementing GST

**QUESTION IV: Answer any two from the following: 10 Marks**

- a) True or False: Socio-cultural environment such as languages spoken, religion, festivals, and gender stereotypes in the society has no role to play in the business. – explain.
- b) “There is a two-way relationship between business and ecology” do you agree? Explain. What new business opportunities have come along with better environmental consciousness and regulations?
- c) Explain a growth model of any other country in comparison with India's growth model.

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