

Q. 1. (A) Select the paper option from the brackets given & rewrite the same. (5 marks)

1. The Maharashtra State Co – operative Act was come in force in 1960.
(a) 1912 (b) 1960 (c) 1956
2. There is no limit on the frequency of withdrawals from a Current account.
(a) Saving (b) Fixed (c) Current
3. In bigger shops situated in shopping malls or branded stores, there is a POS terminal.
(a) SSL (b) POS (c) HTTP
4. Concentrating of power of authority is stated in the principle of Centralisation.
(a) Centralisation (b) Remuneration (c) Equity
5. Staffing is a Continuous activity.
(a) Basic (b) Continuous (c) Neutral

(B) Match the pairs. (5 marks)

Group – A	Group – B
1. Time Study	a. Study the body movements by workers
2. District Judge	b. President of district forum
3. Consumers	c. Good quality product
4. Courier Services	d. Owned by private companies
5. Registration of a company	e. Compulsory

(c) Write a word or phrase or a term which can substitute each of the following statements. (5 marks)

1. An elected body representatives of a cooperative organization for its day to day administration.
Ans. Managing Committee.
2. A bank which is known as bankers bank
Ans. RBI
3. An element of business ethics in which opinions and feedbacks from clients are considered.
Ans. Openness
4. Non - profit and non - political independent group working for a definite cause.
Ans. NGO
5. Father of scientific management
Ans. F.W. Taylor

Q.2. Distinguish between [Any Three]**(15 marks)**

1. Private company and public company

Ans.

Sr. No.	Point of Distinction	Private Company	Public Company
1	Definition	A private company is a company which by its articles restricts the right to transfer its shares, if any, limit the number of its members to 50.	A public company means a company which is not a private company
2	Number of Directors	In a private limited company a minimum number of 2 directors is essential	In a public limited company a minimum number of 3 directors is essential
3	Transfer of share	Shares in Private company are not transferable	Public company can invite public for issuing its shares and debentures.
4	Number of members	The minimum number of members are 2 and maximum 50	The minimum number of members are 7 and there is no maximum limit of members.
5	Name	It is compulsory to add the word 'Private Limited' after the name of private company.	It is compulsory to add the word 'limited' after the name of public company.
6	Issue of Prospectus	It is not compulsory to issue the prospectus and statement in lieu of prospectus	It is compulsory to issue of prospectus and in the absence of prospectus to sent statement in lieu to the registrar.
7	Minimum Capital	Minimum paid-up capital is one lakh rupee	Minimum paid up capital is five lakh rupees.
8.	Quorum	For a meeting of members the quorum is minimum two members	For general meeting of members the quorum is minimum five members.

2. Bonded warehouse and duty paid warehouse

Ans.

Sr. No.	Points of Distinction	Bonded Warehouse	Duty Paid Warehouse
1.	Meaning	Bonded Warehouse is the warehouse where imported goods on which duty is not paid are stored.	Duty paid Warehouse is the warehouse where imported goods on which duty is already paid is stored.
2.	Location	They are located within the dock area.	They are located in port-town outside the dock area.
3.	Markets	The imported goods stored here are mostly for the domestic markets.	The imported goods stored here are mostly re-exported.
4.	Supervision	The customs authority closely supervises the working of these warehouses.	These warehouses are not supervised by the customs authority. They are supervised by port authority.
5.	Delivery	Delivery of goods is done after payment of Import duty. In case of re-export, the import duty need not be paid, only rent and service charges need to be paid.	Delivery of goods can be obtained after payment of the rent charges of the warehouse.

6.	Purpose	Main purpose would be that either the importer may not be in a position to pay the import duty or he may not require immediate delivery of goods.	Main purpose would be that the importer does not have suitable warehousing facility or he faces any problem in the transportation of the goods.
7.	Ownership	Such warehouses are owned by public authorities.	Such warehouses may be owned by private or dock authorities.

3. Life insurance and fire insurance

Ans.

Sr.No.	Points of Distinction	Life Insurance	Fire Insurance
1.	Meaning	A contract whereby the insurance company undertakes to pay a certain sum of money either on death or maturity (whichever is earlier) for a consideration (Premium).	A contract which insurer promises to pay compensation to insured if something happens to the subject matter due to fire or related events.
2.	Who takes it	It can be taken by an individual for his own life or for his family members	It can be taken by individuals for their properties or by businessmen for their goods, properties business liabilities, etc.
3.	Subject Matter	In Life Insurance, the life of the Insured is a subject matter	In Fire Insurance, the goods and assets or property of the insured is the subject matter
4.	Insurable Interest	It must exist at the time of contract	It must exist both at the time of contract and also at the time of loss
5.	Period	The policy can be issued for any number of years, even until death of the assured	It is generally for a short period like one year
6.	Compensation	It is paid either on death or maturity whichever is earlier	It is paid only if there is loss due to fire during the term of policy
7.	Point of Distinction	It is not applicable as a human life cannot be valued in terms of money for calculating the actual loss	It is applicable as insurance company compensates for the financial loss and the insured is brought back to the same financial condition that he was before the event
8.	Number of Policies	Insured can take any number of policies on the same life.	Generally, only one policy can be taken. However, double insurance is possible
9.	Beneficiary	The beneficiary can be insured (if the survives the selected term) or else the nominee or the legal heir on the death of the assured	The beneficiary is the insured who has insured the property or goods.
10	Surrendering of policy	The policy can be surrendered before the expiry of the term subject to certain conditions	It cannot be surrendered

4. Organizing and controlling

Ans.

Organizing	Controlling
1. Meaning	
Organizing is the process of defining and grouping the activities of the organization	Controlling measures the deviation of actual performance from the standard performance and takes corrective actions.
2. Objective	
The main objective is to identify and bring together all the resources	The main objective is to ensure that the targets must be achieved as per the plans.
3. Area of function	
It includes Identification of the activities Grouping of related activities.	It includes Fixation of standards Measurement of actual performance
4. Factors	
Internal and external factors are considered for making arrangement of resources.	It takes care of Internal as well as external factor for taking corrective action.
5. Order	
It follows planning, resources are organized as per the Planning	It follows all other functions. It is an end function of management process.
6. Resources	
All the resources needed are arranged i.e. men, machine, methods, material and money.	It is related with all the resources as it helps to achieve targets.
7. Targets	
All the resources are arranged to achieve targets.	Actual Performance is compared with standard performance are taken to achieve targets.
8. Nature	
It takes place till the time all the resources are collected	It is a process which starts once the actual target is achieved
9. Levels of Management	
Top level management and middle level managers are related with organizing of resources.	Top level management and middle level managers are responsible for proper controlling of activities.

5. District forum-and state commission

Ans.

Sr. No.	Points of Distinguish	District Forum	State Commission
1	Meaning	A consumer dispute redressal forum working at district level	A consumer dispute redressal forum working at state level
2	Monetary Jurisdiction	It can entertain the cases where the value of goods/services and the compensation claimed is less than rupees twenty lakhs	It can entertain the cases where the value of goods/services and the compensation claimed is more than rupees twenty lakhs and less than rupees one crore
3	Duration	Every member should hold office for a term of five years or up to the age of sixty-five years, whichever is earlier	Every member should hold office for a term of five years or up to the age of sixty-seven years, whichever is earlier.

4	Nature of complaints	Only original cases can be entertained which are within the local limits of a district	It can entertain original cases and also appeals against the order of District Forum within the geographical limits of the State
5	Members	Other than presidents it has minimum two members	Other than president it has minimum two members
6	Area Covered	It covers a particular district	It covers a particular state
7	President	District Judge or equivalent	High Court Judge or equivalent

Q.3. Short notes [Any three]

(15 marks)

1. Nature of principle of management

Ans. 1. Management principles are universal: Management principles are universally applicable. They can be applied everywhere and all situations of business. Not only that, they are applicable to all types of business organizations, irrespective of size of business, nature of business, etc. Similarly they are applicable to all level of management.

2. **Management principles are flexible:** Management principles are flexible in nature. It means they can be changed or modified according to the situation. Managers can bend these principles to suit the requirement. The situations in a business organization keep on changing continuously. No two circumstances are same. Management principles can be adjusted or modified and used in the organization according to its needs.

3. **Cause and effect relationship:** Principles of management are the base for taking decisions. They determine the cause or reason for a particular effect e.g. Payment of good wages and incentives helps in increasing the output of workers or making effective advertisement increased the sale of a product.

4. **Management principles are aimed at influencing human behavior:** Management is a group activity. Management aims at achieving certain goal through a group of human beings. Management principles are designed to influence human beings. These principles control a group of persons and direct them to achieve the objective.

5. **All principles are of equal importance:** All the principles of management are equally important. All are to be practiced simultaneously to get a perfect result. No one principle is more important than other. If any single principle is not practiced or followed by the manager, it affects the working of the organization.

6. **Management principles are relative in nature:** Management principles are the principles of social science. They are no absolute like principles of science. It means these principles are applied in different ways in different situations. They are to be changed or modified according to the situation to get the correct and desired result.

2. Importance organizing

Ans. Following are the points showing the importance of organizing function of an organization.

1. **Specialisation:** In an organization, the work is divided into units and departments. The division of work helps in bringing specialization in various activities of organization. It also helps to complete maximum work in a minimum possible time.

2. **Well defined jobs:** Organizing helps in putting right individual on right job which can be done by selecting people from various departments according to their qualification, skills and experience. This helps in defining the jobs properly which clarifies the role of every individual.

3. **Proper Authority:** Organizing clarifies the positions and powers of every managers. The way they have to exercise their power should be clarified in orders to avoid misuse of power.

4. **Responsibility:** For smooth functioning of an organization, the co-ordination between authority and responsibility is very important. There should be co-ordination between different relationships. Clarity should be made for having an ultimate responsibility attached to every authority.
5. **Effective Administration:** The organizational structure helps in defining the right job to the right individual. The role of each and every employee in an organization is well defined. This division of work leads to specialization and finally leads to effective and efficient administration.
6. **Job Satisfaction:** Organization clarifies the jobs/roles assigned to every manager and also their powers. Clarity of powers helps in increasing job and mental satisfaction and thereby sense of security in an organization.
7. **Dynamic Function:** The roles and activities to be performed are clear and every manager gets independence in his working. This helps him to use his talents, knowledge and can take decisions, e.g. like to adopt new techniques of production, etc.
8. **Facilitates Growth:** Growth of an organization depends on the efficiency of their employees. Efficiency is possible by clarifying the positions of the managers, co-ordination between authority and responsibility and concentrating on specialization. All these leads to the path of progress and growth of an organization.
9. **Optimum Utilisation of Resources:** Organizing function provides different jobs to every different employee. Specialization of work is also possible. Not only manpower is used to the optimum but also machines and other resources are used to the maximum level so that desired results are achieved.
10. **Innovation:** Division of work and specialization brings the best out of the employees of an organization. They enjoy freedom of expression at work by contributing their innovative ideas and creative thinking. All this in turn leads to the path of bringing improvement in an organization.

3. Consumer's responsibilities

Ans. A responsible consumer is the one who takes active part in consumer protection. While exercising the rights described above a consumer is expected to shoulder responsibilities and take an active role in consumer movement. Responsibilities of consumers are as under:

1. **Critical Awareness:** It is the responsibility of the consumer to be alert and question about the price and quality of the goods and services he buys and uses. Consumer should look, listen and ask questions. He should assess the value for money, value for people and the value for environment.
2. **Action:** It is the Consumer's responsibility to be assertive and act to ensure that he gets a fair deal. As long as he remains as a passive Consumer he will continue to be exploited. When something is wrong, one should act to put it right. One should value relationship with others in the community. The Consumer needs to ensure that he does not compromise his culture and customs to get a fair deal.
3. **Social Concern:** It is responsibility of a consumer to be aware of the impact of his use of consumer goods and services on the citizens, especially disadvantage and powerless groups whether in the local, regional or international community. He needs to make sure that the products and services he uses are not produced in an environment that harms others.
4. **Environmental Concern:** The consumer should understand environmental and other consequences of his consumption. He should recognize his individual and collective responsibility to conserve natural resources and protect the earth for future generations. He needs to make sure that the production, use and disposal of goods and services do not harm the environment.
5. **Sustainable Consumption:** The consumer, before buying goods or before availing services should satisfy himself about the need for the same and also should consume only up to his requirement and should not let goods or services go waste.
6. **Working Together:** A consumer should shoulder the responsibility to promote and protect the interests of consumers. One should organize consumers and make them work together for the welfare of all consumers at large.

4. Features of business ethics

Ans.

1. **SECTIONS OF SOCIETY** : Business ethics protects the interests of all sections of society. It creates healthy and competitive business atmosphere. It contributes to welfare of the society.
2. **CODE OF CONDUCT** : Business conducts various activities. At times, the businessman is under a dilemma between what is right and what is wrong. Business ethics is a code of conduct which guides businessmen in such circumstances.
3. **RELATIVE TERM** : Ethics is a relative term. It changes from situation to situation and country to country.
4. **APPLICABILITY** : Business ethics is applicable to all organizations, be it small, medium, large, sole trading, joint stock company, not for profit enterprises etc.
5. **PRINCIPLES** : Business ethics works on the principle of honesty, integrity and fair treatment. It promotes fair treatment to everyone like workers, consumers, government, competitors, etc. alike.
6. **DEFINES BOUNDARIES** : business ethics define the social, legal, cultural and economic limits for business. Businessmen should plan its activities within these boundaries.
7. **DECISION MAKING** : Business ethics define the principles and boundaries within which business activities should be carried out. This helps the businessmen in decision making and they can frame their business policies accordingly.

5. Features of Joint Hindu family business

Ans.

DEFINITION: When a Joint Hindu family (Hindu Undivided family or HUF) conducts business inherited by it as per Hindu Law, it is called Joint Hindu family firm. Thus in a Joint Hindu Family firm, the business is passed on from one generation to another.

FEATURES OF JOINT HINDU FAMILY BUSINESS

1. **Formation:** Joint Hindu family firm is formed as per the operation of Hindu Law. Each member of the family becomes the co-parcener in the family business by birth and not by the virtue of an agreement with other co-parceners.
2. **Karta and Co-parceners:** The senior most member of the Hindu Joint family becomes head of the firm who manages the business on behalf of the other members. He is known as Karta.
3. **Joint Ownership:** The property of a Hindu is jointly owned by the three generations after him jointly. Karta is the custodian of the joint property of the Joint Hindu Family firm. The liability of co-parceners is limited but that of Karta is unlimited. Unlimited liability of Karta means that, if the property of Joint Hindu family firm is not sufficient to pay off the third party liabilities, his personal property can be utilized for the purpose. If the Karta takes any wrong or irrational decision, he has to take the responsibility for it and pay off the liabilities even by using his personal property if the need arises.
4. **Membership:** The membership of Joint Hindu family firm is unlimited. In other words, there is no limit for membership in Joint Hindu family business. Every child (even girls in the Maharashtra state) born in the Joint Hindu Family becomes the co-parcener in the Joint Hindu family firm by his/her birth. No agreement is required to be entered into by a family member to become the co-parcener of the firm. There is no restriction on the number of members and membership keeps on changing depending upon the birth and death in the family.
5. **Management:** The joint Hindu family business managed by the senior most member of the Joint Family is called Karta. Karta is only manager, controller and co-ordinator of the business. He can enter into contracts with third parties, draw bills of exchange, issue receipts, sell or mortgage the property of Joint Hindu Family firm in the interest of the co-parceners, during the course of conducting the business.

6. **Profit Sharing:** The Hindu law does not specify the ratio of the profits and losses shared by Karta and co-parceners in a Hindu Family firm. The profit sharing ratio keeps on changing depending upon the births and deaths in the family.
7. **Quick Decisions :** Karta, being the sole decision maker, can take quick decisions and act upon them immediately. It is assumed that Karta's decisions are always correct.
8. **Good Relations:** Small scale business, which is operated in local market with a few employees. It is possible for a Joint Hindu Family firm to maintain personal contact with its customers and good relations with employees.
9. **Secrecy:** The Karta is the manager or controller of the business. Moreover, only the family members are the co-parceners of the business. The firm does not have to publish its financial result. Thus the firm can maintain complete secrecy about his business.
10. **Operational Flexibility:** Since all decisions in the Joint Hindu family firm are taken by the karta only, the firm can easily & quickly expand or reduce the business activities or diversify the business as per the changing market conditions. Thus, it is said to be a flexible organization.

Q.4. State with reasons whether true or false [Any three]

(15 marks)

1. A sole trading Concern is easiest to form

Ans. **True.**

(1) Minimum legal formalities.

Unlike joint stock company, sole trading company need not follow complicated legal formalities. There are few, simple legal formalities to be observed. This makes the formation easy. Anybody who is a major and normal person can start the business. It requires no special qualification.

(2) No registration.

There is no long procedure of getting the organisation registered under any law. He can start the business as soon as the idea is born.

(3) Small size.

The business is usually of small size. There is no need to go for establishment of strong infrastructure including machinery and modern technology. Therefore it can be easily organised.

(4) Small capital.

The sole trading business requires small capital which can be easily mobilised through personal sources. He need not go for public issue of shares and debentures which require a time consuming procedure.

(5) One man show.

Every aspect of businesses individually under the control of sole trader himself. There is no member or partner. It makes the task easy and quick. There is no need to consult or meet anybody to take a decision.

2. Transport helps in raising the standard of living

Ans. **True.**

(i) Promotes standard living.

Transport facilitates movement of goods from factory to consumers. Modern transport assures quick distribution of goods at national and international level. Thus consumer stands to enjoy variety of goods of their choice.

The availability of all means of transport encourages competition among sellers. Goods of -reasonable quality are sold at cheap prices. As a result, the standard of living improves.

(ii) Supply of essential goods.

Transport facilitates supply of essential goods like foodgrain, fruit, vegetable, medicines in adequate quantity to people. Nobody can live without the assurance of supply of such goods. Adequate supply at reasonable prices improve their standard of living

(iii) Price stability

Transport enables quick transport of essential goods from one place to another place. In the absence of transport, there may be scarcity of goods. It results on black marketing and rising prices. Thus transport plays an important role in stability prices
Employment.

Transport sector acts as a source of employment for millions of job seekers. The various types of transport like road, railways, airways and seaways, generate pie"-opportunities.

(iv) Industrialisation

Transport contributes towards the success of industrialisation. Industrialisation contributes to national income and percapita income. When per capita income increases, standard of living rises.

3. Lok Adalat can be rightly described as people's court

Ans. **This statement is TRUE.**

Reasons:

- a. Lok Adalat can be rightly described as people's court.
- b. Lok Adalat is established by the government to settle disputes by compromise.
- c. It is a mock court held by State / District authority, Supreme Court / High Court / Taluka Legal Service committee.
- d. It accepts cases pending in regular courts.
- e. The cases are settled on the basis of compromise.
- f. Both the parties have to agree to transfer the case to Lok Adalat from the regular court.
- g. No court fee is charged.
- h. If the matter is not resolved by Lok Adalat, then it is referred back to the regular court.
- i. Resolution of disputes by Lok Adalat gets Statutory recognition.
- j. Railways, Telephones, Electricity Boards also hold Lok Adalat.

4. Controlling is the indispensable function of management

Ans. **This statements is TRUE**

Reasons:

- a) Control is an important function of management and consists of all managerial functions such as planning organizing and staffing.
- b) Nature of controlling at different levels of the organization is different.
- c) For instance, top management is responsible for administrative control, middle level management is responsible for execution of policy and low level management is responsible for execution of activities.
- d) If controlling is excluded, all other functions of management are rendered meaningless.
- e) Thus, controlling is the indispensable function of management.

5. Principles of management are rigid.

Ans. **False.**

(i) Dynamic.

Unlike the natural sciences like physics and chemistry, the principles of management* are dynamic in nature. They are flexible and not rigid or static. They act under the influence of several socio-cultural and economic factors.

The principles of management are made so flexible that they are applicable to people and environment which are frequently changing. Thus dynamic attitude is the basic feature of management.

(ii) Relativity

Unlike scientific principles which are absolute and uniform, the principles of management can not be used for readymade solutions. They are only guidelines to solve the problem Management principles are relative and adjusted in accordance with the existing environment. They do not offer immediate remedy. They only help the manager to

understand the situation and find out the necessary solution. They can not be accepted blindly. The manager must keep in mind the size, nature and requirements of the organisation while applying these principles.

(iii) Management principles are universal.

According to thinkers like Megginson, Fayol and Dalton Mc Farland management principles are universal and are applicable everywhere. It is practiced by all organisations under all kinds of situations whether it is business, government, military university, clubs or church.

In the words of Professor Megginson - "Management principles are true in all managerial situations and are universally applicable in business, government, religious.

(iv) Management principles are easily transferable.

Management principles can be transferred from one person to another person and one country to another country. According to Fayol presidents, college deans, bishops and heads of government follow same principles.

People from developing countries can learn management principles from developed countries.

(v) Management principles can be altered.

Management principles are only guidelines. Managers can not follow them blindly. They have to alter them according to the situation existing. They can not be applied in rigid form. It is possible to alter them as per the situation warrants.

Q.5. Answers the following [Any Two]

(10 marks)

1. State the social responsibilities of business towards Government.

Ans. Government provides incentives for administration. Government has passed many acts and has laid down many rules and regulations for this purpose. It also declares various policies related to business. E.g. Government has passed policy for entry of foreign traders in retail trade. Following are the responsibilities of organization towards government.

1. **Timely payment of Proper taxes:** The Government has levied various taxes on business units such as excise duty, sales tax, corporate tax, etc. Business units should give proper information of product and should pay taxes accurately as per the provisions. The tax revenue helps the government to provide infrastructure and other welfare facilities.
2. **Respecting Rules and Regulation:** Business unit should follow various laws and regulations created by government. While setting up the business, they must follow guidelines set by the government. However, they can make suggestions to government to modify the rules if it is in interest of the society. They should conduct business in lawful manner. This helps in smooth conduct of activities of corporate sectors.
3. **Earning Foreign Exchange:** Especially large scale business should enter in export trade to earn foreign exchange. They should enable the government to import capital goods and technical know-how. All rules and regulations pertaining to imports and exports should be strictly followed.
4. **Political stability:** For economic growth the national security, political stability is required. A stable government often brings more returns and peace in a democratic society. Business units should not support those groups or individuals who are interested in creating political disturbance.
5. **Implementation of Socio-Economic Programme:** The government declares various policies for achieving economic, social and industrial progress of society. Business organization is expected to help the government in the implementation of various socio-economic programmes. They should provide expert advice and the required funds. They should help the government in solving the problems of unemployment, illiteracy, decreasing rate of sex ratio etc.

6. **Miscellaneous:**

- Helping government during natural calamities.
- They should not seek any favour from government officials by bribing or influencing them.
- They should provide complete and correct information to government officials.
- Giving timely advice to government in framing important policies in field of export-import, retail etc.
- Providing economic and other help to welfare schemes of the government.

2. **Explain the functions of entrepreneur.**

Ans. The functions of an entrepreneur are many as they are the sole arranger of an entire organization. They can be explained as follows:

1. **Determination of objectives:** An entrepreneur has to determine the aims and objectives of the enterprise. He should change them as per required conditions or prefer those which are advantages to the enterprise.
2. **Innovation:** An entrepreneur is basically an innovator who introduces new combinations of means of production. He introduces something new in any branch of economic activity. Innovation implies doing new things or doing those things that one already is being done in a new way. Innovation also involves problem solving and the entrepreneur gets satisfaction from using his capabilities in attacking problems.
3. **Good relations:** The development of an enterprise greatly depends on the efficient relations of the superiors, subordinates and all employees. Coordination among the employees of the enterprise will have great effect on the success of an enterprise.
4. **Organizing funds:** To keep the enterprise run successful the need of adequate financial resources has to be looked after by the entrepreneurs. A good relation with the existing and potential investors has to be looked after.
5. **Acquiring new technology:** The requisition of new efficient technological equipment and the timely revision of it as new machinery appears.
6. **Development of market:** The entrepreneurs from time to time try different acts to develop the market for its products. It should also develop the new product in the market or look forward to consumer's demand.
7. **Risk bearer:** Future is uncertain and unknown. The entrepreneur has to take risk in any circumstances. If the enterprise succeeds, the entrepreneur gets profits, if it does not, losses occur. Risk is of two types, insurable or non-insurable. Non-insurable risk can be reduced by the entrepreneur by using his skills and good judgment of the PREVAILING environment.
8. **Taking decisions:** When an entrepreneur is convinced with his idea of a new production, he decides to enter the market with all his motivation and ability. He has to take wise decisions for formulate a proper action plan.

3. **Explain scientific principles of management.**

Ans.

1. **Development of Science for each part of men's job:** According to this principle the manager should use the scientific method to determine every activity performed by the employee in the organization. For this he should consider the following points:
 - a. To calculate the time required for each job by observing the employee.
 - b. To determine how much work can an employee perform in a day.
 - c. To find out the best way to do a particular job.
 - d. Instead of using trial and errors method for determining the job use systematic way such as data collection, analysis of data and then drawing conclusions.

2. **Scientific Selection, Training & Development of Workers:** According to Taylor selection of employees is an important task before the manager. The selection procedure should be perfect and systematic. For this purpose the following points should be considered.
 - a. The procedure of selection should be scientific. It means the selection should not be based on the judgement of a single person.
 - b. The physical, mental, technical or other qualities required for the job should be clearly defined. This makes the selection easier.
 - c. The employees should be selected on the basis of tests and interviews.
 - d. The employees should be trained from time to time. Training makes employees capable to survive in the job.
3. **Co-operation between Management and Employees:** To achieve the objectives or goals there should be proper co-operation between the employees and management. The relations between them should be harmonious. Following points should be noted in this regard:
 - a. In the organization the emphasis should be given co-operation between the management and workers and not to individualism.
 - b. The goals can be achieved effectively only by co-operation.
 - c. The interests of the management and the workers should be one and the same. They should harmonise.
4. **Division of Responsibility:** While dividing the work there should be the division of responsibility between the managers and the employees. This can be done by the following way:
 - a. The nature and roles played by different level of managers and employees should be determined properly.
 - b. The managers should be given the responsibility of planning whereas the workers or employees should concentrate on the execution.

This principle helps the employees to perform their best.
5. **Mental Revolution:** This principle focuses on the complete change in the attitude of the management and employees as regards their relations are concerned. For this change the following points should be taken into account.
 - a. The manager should create a suitable working condition for the employees.
 - b. All the problems should be solved scientifically.
 - c. The employees should perform their jobs carefully and with devotion.
 - d. The employees should use the resources carefully. They should not waste the resources.
 - e. On the other hand management should provide fair remuneration to the employees and boost up their morale.

If there is a change in the attitude of the management and the employees it will help in achieving the goals, increase in the production, creating discipline in the organization and creating a sense of belongingness among the employees.
6. **Maximum prosperity for Employer and Employees:** The aim of scientific management is to give maximum prosperity to the employer and employee. However, it is possible with the help of following points.
 - a. Each employee should be given proper opportunity to attain his highest efficiency
 - b. The employees should give maximum output
 - c. There should be the optimum utilization of resources.

4. Explain the ways and means of consumer's protection.

Ans. Even though we have the Consumer Protection Act and many other legislations passed by the government to protect the interests of consumers, consumer exploitation is not restricted. As a matter of fact, the judiciary system alone cannot restrict consumer exploitation. So many other ways and means are adopted for consumer protection. They are as follows:

1. **Lok Adalat:** It is one of the ways to resolve consumer problems. It can also be referred as People's Court. It is established by the government to settle disputes by compromise. **It is held by State authority, District authority, Supreme Court Legal Service Committee, High Court Legal Service Committee or Taluka Legal Service.** It accepts cases pending in regular courts and can be settled by compromise. However both the parties should agree to transfer the case to Lok Adalat from the regular court or if on the application of one party the court sees any chance of compromise. No court fees are charged. If a matter cannot be resolved by compromise it is returned to the regular court. Resolution of disputes by Lok Adalat gets statutory recognition. Some organizations hold Lok Adalats regularly e.g. Railways, Electricity Boards, Telephone Exchanges, Insurance Companies in public sector.
2. **Public Interest Litigation (Janahit Yachika):** Under this scheme any person can approach court of law in the interest of the public. It does not involve any individual interest. Its aim is to provide legal remedy to unrepresented groups of the society. One such group is the consumers. It lies before High court.
3. **Redressal Forums:** Under the Consumer Protection Act, 1986, Consumer Dispute Redressal Agencies have been established by the State and Central Government. These agencies are District Forum, State Commission and National Commission. Supreme Court of India plays the role of the final court of appeal. The main objective of these forums is to protect the rights of the consumers and to offer speedy and inexpensive redressal for consumer complaints.
4. **Awareness Programmes:** The Government of India has adopted various publicity measures to increase the level of consumer awareness. The government makes use of journals, brochures, posters, etc. to convey the message of consumer protection, consumer courts, etc. The society in general observes World Consumer Rights Day on 15th March and National Consumer Day (of India) on 24th December. Various consumer related programmes are telecasted on various TV channels. Even all India Radio and FM channels are used for this purpose.
5. **Consumer Organizations:** Many consumer organizations are active throughout the world as well as in India. It was realized that just by talking about moral conduct or about code of fair business practices or even by making legal provisions, it is not possible to discipline all the members of the business community. Instead, it is necessary to strengthen the consumer movement. Thus, more and more consumer organizations are helping the consumers to fight for their rights through protests, campaigning, lobbying, etc.
6. **Consumer Welfare Fund:** It is created by the Department of Revenues for providing financial assistance to voluntary consumer movement, particularly in rural areas. This money is used in consumer education, complaint handling, counseling, guidance, etc.
7. **Legislative Measures:** Indian Government has passed many acts to protect consumers. Some of them are Drug Control Act 1950, Prevention of Food Adulteration Act 1954, Essential Commodities Act 1955, The Standards of Weights and Measures Act, 1976 etc. An important act was also the Monopolies and Restrictive Trade Practices Act, 1969. However, these acts could not protect consumers in the real sense. So a more elaborate legislation was passed i.e. the Consumer Protection Act in 1986. Under this act a consumer can file a suit against any manufacturer or seller in case of loss due to the use of any product or services.

Q.6. Define cooperative society and explain the features of cooperative society. **(10 marks)**

Ans. Indian Co-operative societies Act, 1912, “Co-operative society is a society which has its objectives for the promotion of economic interests of its members in accordance with co-operative principles”.

FEATURES OF CO-OPERATIVE SOCIETY

1. **Voluntary Association and Open Membership:** Co-operative organization is a voluntary association of individuals. In other words the membership of a co-operative society is voluntary i.e. the membership is open to all. Because co-operative society is managed and controlled on democratic principles, there is a common goal for all the members which is to work together for the benefits of all the members and any person of any caste, creed or religion can join the organization.
2. **Equal Voting rights:** There is equality in voting rights. The principle of voting is ‘one member one vote’ unlike a company which follows the principles of ‘one share one vote’. Thus the co-operative society members having a very large capital cannot dictate their terms. Similarly, while providing services, all members are treated.
3. **Service Motive:** Co-operative organization differs from other forms of organization in the sense that the main purpose of co-operative organization is not to maximize profit but to provide services to its members. Its main motto is not to accumulate wealth and exploit consumers but to work in the interests of members and provide goods and services to them by treating every member at par with others. Moreover, there is no distinction among members based upon the number of shares held by them.
4. **Limited Liability:** The liability of a member in a co-operative organization is limited to the extent of the unpaid amount of shares held by him i.e. if the business assets are not sufficient to pay off its debts, the personal property of members cannot be utilized for the purpose.
5. **Democratic Management:** The management of a co-operative organization is based on democratic principles. Each member is given an opportunity to express his opinion. The principles of voting is “**One member One Vote**”. Decisions are taken by majority of votes. Managing committee is an elected body of representatives of members of a co-operative organization for its day to day administration.
6. **Independent Existence:** According to the Co-operative Societies Act, 1912, a co-operative society has an independent legal status different from its members. Therefore, it enjoys a stable and continuous life.
7. **Registration:** The registration of a co-operative society is compulsory as per the relevant act in the concerned state e.g. A Co-operative organization in the state of Maharashtra has to be registered under Maharashtra State Co-operative Societies Act, 1960.
8. **Surplus Profit:** After payment of dividend and bonus, a part of the profit is transferred to the statutory reserve and remaining is utilized for the welfare of the locality where the co-operative society is situated.
9. **State control:** Every co-operative organization must be compulsorily registered as per the relevant act of the state according to the Co-operative Societies Act, 1960. The co-operative societies are subjected to state control and supervision. At the same time, they are given various concessions and facilities by the Government.
10. **Separate Legal Status:** The co-operative society has a separate legal status according to the co-operative societies Act, 1912. In the eyes of law, the co-operative society and its members are not considered one and the same.

OR

Q.6. Explain principles of insurance.

Ans. Insurance is a contract between two parties. Hence, all the elements of a valid contract should be present in every insurance contract. Besides these elements, there are certain other principles also to be followed essentially at the time of entering into an insurance contract, which are as follows:

1. **Principles of Utmost Good Faith (Uberrimae Fidei):** All types of insurance contracts require utmost good faith towards each other. The insurer and the insured must also disclose all material facts, clearly, correctly and completely.

If the insurer finds that certain material facts relating to the contract was not disclosed the insurer may avoid the contract, this principle is more important for life Insurance as the information disclosed will affect the decision of the Insurance Company to decide whether to accept or reject the proposal. e.g. Mr. A takes Insurance Policy for Rs.10 Lakhs for himself. He had not disclosed his medical illness (heart problem) in the contract. Mr. A died with a heart attack after 2 years of taking the policy. The insurance company comes to know about Mr. A's illness only after his death. Under these circumstances, Insurance company is not liable to pay any amount to the dependents of Mr. A, as the contract between Mr. A and insurance company is void. Mr. A did not follow the principle of utmost good faith. Hence, the insurance company can cancel the contract.

2. **Principle of Insurable Interest:** The insured must have insurable interests (financially) in the subject matter of insurance. In Life Insurance it refers to the life insured. In Fire and General Insurance, it must be present at the time of policy and occurrence of loss and in Marine Insurance, the insurable interest exists only at the time of taking the occurrence of the loss. The owner of the contract is said to have insurable interest as long as he is the owner. It is applicable to all contracts of insurance. Following are the cases insurable interest.

a. A person has insurable interest in his own life and his property.

b. A wife has insurable interest in the life of her husband.

c. A businessman has insurable interest in the goods he deals with and in the business property.

d. A creditor has insurable interest in the life debtors to the extent of loan given.

e. A partner has insurable interest in the life of other partners (partnership firm).

The subject matter of insurance must be a physical object and must be subject to risk. Absence of insurable interest will make the contract of insurance invalid. Insurable interest must be present at the time of taking the policy and at the time of making the claim. e.g. Owner of the house has insurable interests in his house, therefore, he insures the house.

3. **Principle of Indemnity:** Indemnity means a guarantee or assurance to put the insured in the same position in which he was immediately prior to the happening of the uncertain event. The insurer undertakes to make payment of actual loss incurred by the insured.

Insurance contract is signed only for getting protection against unpredicted financial losses arising to the future uncertainties. Insurance contract is not made for making losses arising due to the future uncertainties. Compensation is paid in proportion to the losses incurred. The amount of compensation is limited to the amount assured or the actual loss, whichever is less. It is applicable to fire, marine and general Insurance. However, in case of life insurance, the principle of indemnity does not apply because the value of human being cannot be assessed in monetary terms. e.g. If a person has insured his property for Rs.3 lakhs and it is destroyed by fire and actual loss is worth Rs.2 lakhs then he will be paid the actual loss of Rs.2 lakhs.

4. **Principle of Contribution:** This principle is a corollary to the principle of indemnity. It is applicable to all contracts of indemnity. Under this principle the insured can claim the compensation only to the extent of actual loss either from any one insurer or all the insurers. If one insurer pays full compensation then that insurer can claim

proportionate claim from the other insurers. e.g. (i) Mr. Raj insured his house worth Rs.60 lakhs with three insurance companies. A. Co. Ltd.- Rs.10 Lakhs, B. Co. Ltd.- Rs.20 Lakhs and C.Co. Ltd. – Rs.30 Lakhs. At the time of loss incurred, the compensation will be paid by the insurance companies in the ratio of 1:2:3. (ii) Mr. S Insures his property worth Rs.1 lakh with 2 insurers, with A. Co. Ltd. for Rs.90,000 and with B. Co. Ltd. for Rs.60,000. Mr. S actual property destroyed is worth Rs.60,000, then Mr.S can claim the full loss of Rs.60,000 either from A. Co. Ltd. or B.Co.Ltd.. Or he can claim Rs.36,000 from A. Co. Ltd. and Rs.24,000 from B. Co. Ltd. in the ratio of 3:2.

5. **Principle of Subrogation:** According to principle of Subrogation, after the insured is compensated for the loss due to damage to property insured then the right of ownership of such property passes on to the insurer. This principle is corollary of the principle of indemnity and is applicable to all contracts of indemnity. This principle is applicable only when the damaged property has any value after the event causing the damage. The insurer can benefit out of subrogation rights only to the extent of the amount he has paid to the insured as compensation. e.g. (i) A person has insured his furniture for Rs.50,000 against fire and a part of the furniture was destroyed by the fire and the actual loss was Rs.35,000. Applying this principle, a compensation of Rs.50,000 will be paid by the insurer and he will take charge of the remaining furniture. (ii) Mr. A insures his house for Rs. 1 Crore. The house is totally destroyed by the negligence of his neighbor Mr. B. The insurance company shall settle the claim of Mr.A for Rs.1 Crore. At the same time, it can file a lawsuit against Mr.B for Rs.1.2 Crores., the market value of the hose. If Insurance company wins the case and collects Rs.1.2 Crores from Mr.B, then the insurance company can retain Rs.1 Crore (which it has already paid to Mr.A) plus other expenses such as court fees, etc. The balance amount, if any, will be given to Mr.A, the insured.
6. **Principle of Mitigation of loss:** Under this principle, insured must always try his level best to minimize the loss of his insured property, in case of uncertain events like fire outbreak, blast etc. The insured must take all possible measures and necessary steps to control and reduce the losses. The insured must not neglect and behave irresponsible during such events just because the property is insured. Hence, it is responsibility of the insured to protect his insured property and avoid further losses. e.g. Mr.A's house is on fire due to an electric short circuit. In this tragic incident, Mr. A must try his level best to stop the fire by all possible means like calling fire brigade, use fire extinguishers (if available), etc. He must not remain inactive and watch his house burn, only because it is insured.
7. **Principle of Causa-Proxima (Nearest Cause):** Principle of Causa-Proxima means when loss is caused by more than one causes, the proximate (nearest) cause should be taken into consideration to decide the liability of the insurer. The property may be insured against some causes and not against all causes, in such an instance, the proximate cause of loss to be found. If the proximate cause is the one which is insured against, the insurance company is bound to pay the compensation and vice versa. e.g. A ship was insured against losses resulting from collision. There was a collision and the ship was delayed for a few days. Due to the delay, a cargo of Mangoes in the ship became rotten an unfit for consumption. Now, there are two causes of loss, collision and delay, but the nearest / proximate cause for rotten mangoes was delay. As the ship was insured against collision and not delay, the insured will not get any compensation from insurance company

