

S.Y.J.C. – O.C.

INDEX

Sr. No.	Chapter Name	Pg. Nos.
1.	FORMS OF BUSINESS ORGANIZATIONS	1 – 26
2.	BUSINESS SERVICES	27 – 48
3.	EMERGING MODES OF BUSINESS	49 – 54
4.	SOCIAL RESPONSIBILITY OF BUSINESS	55 – 65
5.	CONSUMER PROTECTION	66 – 73
6.	PRINCIPLES OF MANAGEMENT	74 – 79
7.	FUNCTIONS OF MANAGEMENT	80 – 89
8.	ENTREPRENEURSHIP DEVELOPMENT	90 – 93
9.	BOARD QUESTION PAPERS	94 – 113

CHAPTER - 1
FORMS OF BUSINESS ORGANISATIONS

Q.1. DISTINGUISH BETWEEN

1. Sole Trading Concern and Partnership Firm

Sr. No.	Basis of Difference	Sole Trading Concern	Partnership Firm
1	Meaning	Owned and controlled by only one person	In this form of business organization two or more persons come together to undertake a business and share profits.
2	Formation	It can be formed at any time when proprietor decides	It can be formed by an agreement between two more competent persons.
3	Ownership	Sole trading concern has only one owner	Minimum number of members are 2 and maximum 10 in banking and 20 in other firm.
4	Registration	Registration is not necessary	Registration is not necessary, but it is useful. (compulsory in Maharashtra)
5	Secrecy	A sole trading concern ensures maximum secrecy	Secrecy is shared by the partners
6	Managerial	The entire burden of management lies on owner.	All partners contribute these skills so there is division of work and expertise.
7	Capital	Because of only one owner, amount of capital is very small.	Contribution of all partner's capital increases.
8	Profit & Loss	A Proprietor is himself receiver all the profit or loss	Profit is shared by partners as per their agreement.
9	Disputes	No question of disputes as it is a one man show	There are chances of disputes among the partners
10	Flexibility	A sole trading concern is flexible	A partnership firm is less flexible

2. Proprietorship and Joint Hindu Family Firm

Sr.No.	Basis of Difference	Proprietorship	Joint Hindu Family Firm
1	Meaning	It is a form of commercial organization which is owned and managed by a single person	It is a form of commercial organization. The ancestral business is conducted by the family members of a Joint Hindu Family
2	Membership	There can not be more than one owner	There is no maximum limit on membership

3	Ownership	The business assets and properties are owned by the proprietors.	All the family members are joint owners of business properties
4	Liability	The liability of sole trader is unlimited	Karta's liability is unlimited. Co-parcener's liability is limited.
5.	Financial Resources	The financial resources are available	The funds are more than that of a proprietor.
6.	Stability	It lacks stability since the existence of sole trading concern depends upon the survival of the sole trader	It is comparatively more stable since after the death of Karta, the next senior family member takes over as Karta and continues business activities.
7.	Profit and losses	All the profit of the concerned belong to the sole trader and all losses are to be borne by him.	The profit and losses are shared by all the co-parceners.
8.	Management	Sole trading concern is managed by sole trader himself	Joint Hindu Family business managed by Karta.

3. Partnership Firm & Joint Hindu Family Firm

Sr. No.	Basis of Difference	Partnership firm	Joint Hindu Family Firm
1.	Meaning	When two or more person come together to undertake some business activity and agree to share that profit, it is called a partnership firm.	When joint Hindu family conducts business, inherited by it as per Hindu law, it is called a Joint Hindu family firm.
2	Creation	Partnership firm emerges out of contract between the partners	Joint Hindu family firm is created by the operation of Hindu Law.
3	Membership	There can be a minimum of 2 partners and a maximum of 10 partners in banking business and 20 in non-banking business	There is no limit on the number of members since the membership keeps on changing depending upon the birth and death in the family
4	Management	All partners in partnership firm have equal managerial rights. The business is jointly managed by all the partners.	Karta is the key manager of business who may be assisted by co-parcenersto a limited extent.
5	Minor Members	A minor member can be admitted to the benefits of partnership with the consent of all the partners	A male minor become a member merely by his birth
6	Regulating law	It is governed by the Indian partnership Act, 1932	It is governed by the Hindu Law.

7	Liability of Members	The liability of all the partners is unlimited	Only Karta's liability is unlimited co-parcener's liability is limited.
8	Capital	Contribution is more	Contribution is comparatively less

4. Partnership Firm & Joint Stock Company

Sr.No.	Point of Distinction	Partnership firm	Joint stock company
1	Meaning	When two or more persons join hands to undertake a business activity, it is called a partnership firm.	It is voluntary association of individuals for profit having capital divided into transferable shares, the ownership which is the condition of membership
2	Membership	The minimum number of partners are 2, the maximum for banking business is 10, while for non banking business, it is 20	The minimum of number of members are 2 in private limited company and a maximum of 50. In a public limited company, minimum number of members are 7 and there is no maximum limit.
3	Formation	The formation is comparatively simple and less costly. Only a partnership deed is required to be prepared. Even registration is option (Except in Maharashtra)	The formation involves many complicated legal formalities. Therefore it is tedious, costly legal formalities. Therefore it is tremendously time consuming.
4	Liability	The liability of partners is unlimited. It is joint as well as several	The liability of every shareholders is limited to the extent of the unpaid amount on shares held by him
5	Act	Partnership is controlled under partnership Act, 1932.	Joint Stock company is controlled under the India companies Act, 1956.
6.	Legal Status	The partnership firm does not enjoy independent legal status distinct from its partners	The joint stock company enjoys independent legal status. Distinct from its shareholders.
7	Management	Partnership firm is managed by the partners themselves.	Joint Stock company is managed by the elected representatives of the shareholders i.e. the Board of Directors.

8.	Continuity and stability	The partnership firm lacks continuity and stability. Any partner can dissolve the firm by giving a fourteen days' notice.	Joint stock company enjoys continuity and stability. It is not affected by death, insanity or insolvency of the shareholders.
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5. Co-operative Society & Joint Stock Company

Sr. No.	Point of Distinction	Co-operative Society	Joint stock company
1	Formation	Formation of a co-operative society is comparatively cheaper	Formation of a joint stock company involves many legal formalities. It is lengthy, complicated and costly process
2	Motive	The main motto of a co-operative society is to provide services to members. Profit making is its secondary objective.	The main motto of a joint stock company is to earn profit. Providing service is the secondary motive.
3	Transferability of shares	Shares are not transferable to other members though they can be surrendered to the society.	Shares are freely transferable in a public limited company.
4	Numbers of Members	A minimum of 10 members are required for formation of a cooperative society though there is no maximum limit.	A private company must have at least 2 members and a maximum of 50 members. A public company has a minimum 7 members but there is no maximum limit.
5	Management	Managing committee is the managing body of cooperative society. However the management is not very efficient.	Board of Directors constitute the management of company. Directors run the business very efficiently since they possess the required expertise.
6	Capital Raising capacity	It can raise limited capital since the dividend is fixed and there is no capital appreciation	It can raise large capital since attractive dividend is paid and there is capital appreciation
7	Voting Rights	The principle of voting is one member one vote	The principle of voting is one share one vote
8	Remuneration	Managing committee works honorary capacity	Directors are paid fees (allowances) for attending Board Meetings.

6. Co-operative Society and Partnership Firm

Sr. No.	Point of Distinction	Co-operative Society	Partnership firm
1	Meaning	It is voluntary association of individuals which is formed for providing services to members	When two or more persons join hands to undertake certain activities with the objective of earning profits, it is called a partnership firm.
2	Motive	The main motive is to provide services to its members	The main motive is to earn profits.
3	Membership	A minimum of ten members are required to form a co-operative society. No maximum limit.	A minimum of 2 members are required to form a partnership firm. However the maximum limit is 10 for banking business and 20 for non-banking business
4	Transferability of shares	Shares can be transferred in favour of the society at any time by the members	No partner can transfer his share in favour of others without the consent of other partners
5	Legal status	Co-operative society enjoys an independent legal status different from its members.	Partnership firm does not enjoy an independent legal status. Legally there is no difference between the partnership firm and its partners.
6	Registration	Registration of co-operative society is compulsory under State Co-operative Society Act.	Registration of partnership firm is optional. Registration is compulsory in the state of Maharashtra.
7	Management	The general body elects the managing committee which looks into the management of co-operative society	The partners themselves manage the partnership firm.
8	Secrecy	There is no secrecy as members are more and books of accounts have to be published	Secrecy can be maintained as limited number of members and books of accounts need not be published.
9	Act	The co-operative society is governed by the State Co-operative Societies Act, 1960.	The partnership firm is governed by Partnership Act, 1932

7. Private Company and Public Company

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.

8. Sole Trading Concern and Co-operative Society.

Sr. No.	Sole Trading	Co-operative Society
Meaning		
1.	It is a private enterprise that belongs to a single individual	It is a voluntary association of persons, who come together to provide service to its members.
Regulating Law/Act		
2.	There is no law that governs proprietorship firm. General regulations, tax and labour laws have to be followed	It is governed by the Indian Co-operative Societies Act, 1912. However, every state has a separate regulating law.

Management		
3.	The sole proprietor is the owner and manager of the concern.	The management of a Co-operative society is based on the democratic principle of management. The managing committee is elected by the members and acts as a representative of the co-operative society.
Membership		
4.	The sole proprietor is the owner and the only member of the sole trading concern.	A minimum number of 10 members are required for the formation of a Co-operative society.
Motive		
5.	Profit making is its only motive.	Providing service to the members is its main motive.
Profit and Loss Sharing		
6.	Profits earned belong wholly to the proprietor as his personal income. Losses, if any, are also to be borne by him.	Profits are distributed in the form of dividend. (Max 15% p.a.).
Liability		
7.	The owner of a proprietorship firm has unlimited liability	The liability of the members is limited to the extent of the unpaid amount of shares held by them.
Legal Status		
8.	A proprietorship firm doesn't have a separate legal status.	Co-operative society has a separate legal status distinct from its members.

9. Joint Hindu Family Business and Co-operative Society.

Sr. No.	Joint Hindu Family Business	Co-operative Societ
Meaning		
1.	In this form of business organization, business is conducted by the members of Joint Hindu Family which is inherited by them as per the law.	It is a voluntary association of persons, who come together to provide service to its members.
Regulating Law/Act		
2.	It is regulated by the Hindu law.	It is governed by the Indian Co-operative Societies Act, 1912. However, every state has a separate regulating law.
Management		
3.	Karta is the key person responsible for the management of the business. He may be assisted by the coparceners to a certain extent.	The management of a Co-operative society is based on the democratic principle of management. The managing committee is elected by the members and acts as a representative of the co-operative society

Membership		
4.	There is no maximum limit on the number of members in a Joint Hindu Family Business.	A minimum number of 10 members are required for the formation of a Co-operative society.
Motive		
5.	Earnings profit is its main motive.	Providing service to the members is its main motive.
Liability		
6.	The liability of the Karta is unlimited whereas the liability of all the coparceners is limited.	The liability of the members is limited to the extent of the unpaid amount of shares held by them.

10. Sole Trading Concern and Joint Stock Company.

Sr. No.	Sole Trading Concern	Joint Stock Company
Meaning		
1.	It is a form of business organization which is owned and managed by a single person.	It is an incorporated association which is an artificial person created by law, having a common seal, ensuring perpetual succession and a common stock comprising of transferable shares carrying limited liability.
Membership		
2.	There can be only one owner of the business.	The minimum number of members in case of a public limited company is 7.
Liability		
3.	The liability of the sole owner is unlimited.	The liability of the members is limited to the extent of the amount unpaid on the shares held by them.
Legal Status		
4.	A sole trading concern does not have a separate legal status different from its owner.	A joint stock company has access to large financial resources.
Financial Resources		
5.	Financial resources are very limited in a sole proprietorship.	A joint stock company has access to large financial resources.
Stability		
6.	Since the sole trading concern depends on the survival of its sole owner, it lacks stability.	A joint stock company enjoys perpetual succession. Its stability and continuity is not dependent on its members.

11. Joint Hindu Family Firm and Joint Stock Company.

Sr. No.	Sole Trading Concern	Joint Stock Company
Meaning		
1.	It is a form of business which is conducted by the members of joint Hindu family.	It is an incorporated associated which is an artificial person created by law, having a common seal, ensuring perpetual succession and a common stock comprising of transferable shares carrying limited liability.
Regulating Law / Act		
2.	A joint Hindu family business is a family concern that operates under the provisions of the Hindu Law and Hindu Succession Act, 1956.	Joint Stock Company is controlled under the Indian Companies Act, 1956.
Membership		
3.	There is no maximum limit on the number of members in a joint Hindu family business.	The minimum number of members in case of a public limited company is 7. There is no maximum limit on the number of members. In a private company, the minimum number of members is 2 and the maximum number is 50.
Financial Resources		
4.	The financial resources of joint Hindu family firm are limited as compared to a joint stock company.	A joint stock company has access to large financial resources.
Liability		
5.	The liability of the Karta is unlimited and the liability of co-parceners is limited.	The liability of the members is limited to the extent of the amount unpaid on the shares held by them.
Stability		
6.	The stability of joint hindu family firm depends on the birth and death in the family. After the death of the Karta, the business is passed on to the next generation.	A joint stock company enjoys perpetual succession. Its stability and continuity is not dependent on its members.

Q.2. State with reasons whether the following statements are true or false.

1. Sole trading company 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. A sole trader has a limited liability.

Ans. False

(a) One man show.

A sole trader has unlimited liability. The sole trader himself invests entire capital and bears all the risks in business. There is no other member or partner to share the liability. He is entirely responsible for the consequences of his business.

(b) No distinction between personal assets and business assets.

The law does not make any distinction between personal assets and business assets of the sole trader.

(c) Debt liability falls on a single person.

Being the single owner of the firm, the sole trader is alone responsible for the debts of the firm. He has to single handled manage all affairs of business and faces risks and uncertainty. Eventually all the losses fall on his head.

3. A sole trader has a weak bargaining power.

Ans. True.

(a) Lack of capital.

A sole trader has limited financial resources. Therefore, he can invest only less amount of capital and sell goods in small quantity. M[^]has no position of strength.

(b) Small scale business.

As the sole trader does not undertake large scale business, he has a limited capacity as a bargainer in the market. In the absence of bulk purchase, he can not influence the market as a buyer.

(c) Lack of professional skills.

A sole trader may not possess the skills of bargaining. Unlike joint stock companies, he can not hire professional managers. Therefore, he may not be able to get goods at competitive terms from the market.

(d) Lack of expansion and diversification.

Big organisations like joint stock companies divert their surplus funds towards expansion and diversification and become leaders. More they grow, more they dominate and bargain. This is not the case of a sole trader who has no scope for expansion and diversification and plays a less important role with a weak bargaining capacity.

(e) Lack of competence.

A sole trader can also become a victim of sudden change in the market or a rise in the number of competitors. This may be due to his limited financial capacity.

„Thus a sole trader has a weak bargaining power

4. It is difficult for a sole trader to operate his business in an international market. or

Sole proprietor is useful for small business in local area.

Ans. True.

(a) Specialist of local market.

Sole trader generally operates in a local market. His activities are generally confined to a limited or local area, covering local consumers. His business activities are mainly spread in areas like groceries, tea stalls, fashion designing, furniture mart, laundry, restaurants etc. which are purely local in nature. Thus local business is suitable for a small business.

(b) Lack of capital

A sole trader has a limited capacity to raise finance. Limited financial resources restricts his operations within the local areas. National and International business requires large scale investment.

(c) Lack of expansion and diversification

Expansion or diversification of business requires special skills and professional management. He can not hire expensive managerial skills. He can not invest huge capital on modern infrastructure. Therefore he prefers to run a small business.

(d) Unlimited liability.

His liability being unlimited, he has to take calculated risk and never jumps to large scale business. Being a one man show, he can not expand business beyond certain limit.

(e) Weak bargaining capacity.

His bargaining power is weak due to limited financial resources. He can not influence market as a buyer. He can not become a leader and therefore remains a small player.

Thus he generally operates in a local market.

5. A sole trader can take quick decisions and prompt action for his business

Ans. True

(a) One man show.

A sole trader enjoys a complete authority over the affairs of the business. He invests the entire capital and become the sole authority of taking major decision.

(b) He is superior and other employees are sub-ordinates.

He is sole owner, manager and controller of the business. There is nobody to challenge his authority. Though he keeps assistants, they are only his sub-ordinates who readily accepts his decisions and implement the same.

(c) Lack of accountability.

Even if the business suffers losses, there is no need for him to provide an explanation to anybody. He is not even answerable for any action regarding the affairs of the business.

(d) No partners to share profit and losses.

Sole trader does not allow any outsider to join his business. It is distinctively meant for single man ownership. In the absence of partners, the entire responsibility of investment, decision making, risk taking and uncertainty bearing rests with him. Therefore his authority is unlimited.

(e) No meetings and consultation.

Unlike joint stock company, there is no need for sole trader to conduct board meetings and share holder meetings to get their approval. Sole trader is free from time consuming meetings and extensive discussions. There is no need to consult anybody to take decisions. Therefore, he can take quick decisions and prompt action for his business.

6. A sole trading concern can maintain complete business secrecy.

Ans. True

(a) One man show.

Being one man show he never consults anybody while taking business decisions. There is no source to leak information. He keeps all information and decisions close to his heart. If needed, he may not share information with his family members also.

(b) No legal formalities

A sole trader need not publish his books of accounts. There is no statutory requirements like publishing balance sheet, annual report, etc. Thus there is no source of leakage. All the secrets of business remain with him.

(c) Rivals are denied information

His new ideas for business promotion are not to be known to his competitors as he need not disclose this information to outsiders.

(d) All secrets remain within the company.

Even during crisis time no one will come to know about his position. In case he is suffering losses, no outsider would come to know unless he is ready to share the information. He never dares to open his mouth in this regard.

Thus complete business secrecy can be maintained by sole trading concern.

7. Profit motive is the primary objective of a business Organisation.

Ans. False.

a) **Profit motive is not primary objective.**

Profit motive is not the primary objective of all business organisations. Organisations like co-operative society and public sector units (PSUs) are not profit oriented. They have other objectives besides earning profit. Only private enterprises are purely profit oriented.

(b) **Service motive.**

Public Sector Business Organisations and co-operative organisations are not guided by self interest and profit motive. Their primary objective is to provide service. A part of the profit earned by public sector organisations is spent on Poverty Alleviation Programmes.

(c) **To promote welfare.**

Public Sector Organisations and co-operative organisations are welfare oriented. Though they earn profit their main goal is to promote welfare of the general public. "All for each -Each for all" is the principle of co-operative organisation. Balanced economic development, reduction of inequality are the goals of public sector.

(d) **Social and political considerations.**

The public enterprises like Indian Railways are influenced by various socio economic and political considerations and not by profit motive. Public organisations provide utility services like provision of water, electricity, health and education at reasonable cost. They generate millions of job opportunities.

e) **Helps in accelerating economic growth.**

Public sector units work towards stimulating economic growth. They serve the economy by providing strong net work of infrastructure. Their contribution spread in different areas including transport, communication, fertilizers, coal, oil etc.

8. The maximum number of members in a Joint Hindu Family Business is fifteen .

Ans. False

(a) **The size of family determines the number.**

The number of members in case of Joint Hindu Family business is uncertain. It is determined by the size of the family. There is no limit on maximum number of members in a Joint Hindu Family.

(b) **Membership by operation of law.**

Joint Hindu Family business comes into existence due to operation of Hindu Law. The person becomes member by status. Therefore, membership comes to a person naturally by birth.

(c) **Birth rate and death rate.**

The number of members fluctuates according to birth rate and death rate of the family. A male person who is born in a Hindu Family automatically becomes a member by the virtue of his birth. At the same time, the depth of a person reduce the number of members.

(d) **No outsiders allowed.**

Unlike Joint Stock Company, Outsiders can not become the members of a Joint Hindu Family. The membership is confined to family members. The firm does not entertain partnership outside.

9. **There is no limit for membership in Joint Hindu Business.**

(or)

There is no maximum number of members in Joint Hindu Family Firm.

Ans. True.

Answer: Refer - Q. No. D (1) above

10. **The liability of a 'Karta' in Joint Hindu Family firm is limited.**

Ans. False

(a) **Unlimited liability.**

The liability of a Karta in joint Hindu family firm is unlimited. All the debt obligations fall on the head of Karta. Though Karta is assisted by co-parceners, he is the final authority to take decisions. He individually faces risks and uncertainty. Thus Karta is held responsible for any wrong decision and has to pay off the liabilities.

(b) **No separate legal status.**

The joint Hindu family business does not enjoy a separate legal status. Karta is solely responsible for any outcome of business.

(c) **No distinction between personal assets and family assets.**

The law does not make any distinction between business assets and family assets of Karta. In case of a crisis, the Karta has to sell off all personal assets to meet debt obligations.

(d) **The liability of co-parceners is limited and Karta faces unlimited liability.**

All other members (co-parceners) have limited liability. Their liability is limited to the share of each member in the family business. On the contrary, Karta faces unlimited liability.

(e) **No membership from outside.**

Joint Hindu Family does not entertain any outsider to become coparcener. Thus there is no possibility of risks divided and liability shared. Therefore Karta faces unlimited liability.

11. **Joint Hindu Family emerges out of an agreement between co-oparceners. (or) Co-parcener are the partners of the Joint Hindu Family business.**

Ans. False.

(a) Co-parcener are the members of the business, but they are not partners of the business. Only Karta is authorized to enter into contract on behalf of the firm.

(b) **Existence by law and not by agreement.**

Joint Hindu Family business comes into existence due to status and not due to contractual agreement. It has no partnership deed. It comes into existence by the operation of Hindu Law. In the absence of agreement, the co-parceners are not partners though they share profit.

- (c) **No principal - agent relationship.** A partner has a right to represent himself as a principal as well as an agent of the firm to the third party, (principal agent relationship). A co-parcener has no right to act as a principal cum agent of the firm to the third party. (d) **Limited liability.** Every partner has unlimited liability. But the liability of the co-parcener is limited to the extent of their share in the joint Hindu family business.
- (e) **Equal share in profit.** In a partnership firm, every partner receives profit on the basic of ratio agreed upon. But there is no such ratio of sharing profit among co-parceners. Profit is equally shared between Karta and co-parceners. Thus co-parceners are not partners in business.

12. There is continuity in the Joint Hindu Family Business.

Ans. True

- (a) **Continuity and stability.** Joint Hindu Family business can continue for a long period of time. It does not come to an end and passes from one generation to another.
- (b) **Comes into existence by operation of law.** This business comes into existence due to operation of Hindu Law. According to Hindu law business is considered as a heritable asset. Hindu law states that the family business is passed on to three successive generations i.e. sons, grandsons and great grandsons become joint owners of the property due to birth in the family.
- (c) **Death of Karta is not the end of business.** Death of 'Karta' does not affect the existence of the firm. The next eldest member of a family can take over the position of 'Karta'. Even the death of Co-parcener does not affect the business.
- (d) **Unity of family.** Mutual trust and help keep the family united for ever. The wisdom of elders and leadership of Karta ensure togetherness. When one of the members faces a problem, the entire family stands behind him and show their solidarity. It strengthens the spirit of unity.

13. Joint Stock Company can raise huge capital.

Ans. True.

1. **Long term sources of finance.**
 - a. A joint stock company can raise capital through issue of shares and debenture.
 - b. It can raise loans from financial institutions like LIC, UTI, RCTC.
 - c. Development banks like IDBI, SIDBI, IPCI also provide long term loans
2. **Short term sources of finance.**
 - a. It can invite general public to keep their money in deposits .
 - b. It can approach commercial banks for overdraft, cash loans, cash credit, bills discounting, etc.

3. International sources.

A joint stock company can raise capital in international market through Global Depose Receipts (GDR) and American Depository Receipts (ADR).

4. Investors of all classes.

Joint stock company is in a position to sell its shares to all sections - rich, middle etc. and poor. Since capital of the company is divided into shares of small denominations, reaches even the poor sections of the society.

5. Incentive and options.

The features like attractive dividends, voting rights, transferability of shares etc. act incentive to impress large size of investors.

Joint stock company provides many options to investors such as equity shares, preferences shares, debentures etc. which suits different types of investors.

14. In partnership agreement may be oral or written.

Ans. True.

i. Agreement is a must.

Partnership is created out of agreement. In the absence of agreement, the partnership is not valid. In India the agreement may be" oral or written.

However it is advisable to have written agreement for the sake of security.

ii. Partnership is not based on status.

Partnership is not created out of relationship or status. Whatever may be the close relationship one may have with the partners, it can not quality them as partners. It is the agreement between them that constitutes partnership.

iii. Mere participation in business activities can not make them partners.

The fact that somebody is participating in the operation of the partnership firm does not mean he is a partner. For example, in case of joint Hindu family all family members (coparceners) operate the firm together and share the profit. But joint Hindu family business is not a partnership organisation. Therefore, an agreement is a must for partnership.

iv. Mere understanding between person is not an agreement.

A partnership firm may use the services of a person to assist the firm in it work. The person may be paid a certain percentage of profit for that work. Here the person works on good understanding and not on agreement. He will not be recognised as a partners unless they have agreed to that effect.

v. Partnership deed protects the rights of partners.

Partners put their agreements in the form of document called "partnership deed". It reveals all aspects including amount of capital invested by each partners, ratio of share of profit etc. This document is a security to protect the rights and claims of partners. Such an written agreement avoids misunderstanding and disputes.

15. The liability of every partner is unlimited.

Ans. True.

1. Unlimited liability.

All partners have an unlimited liability for the firm's obligation towards outsiders. They are jointly and severally liable for all debts and obligations of the firm whether incurred by themselves or other partners.

2. No separate legal existence.

It is a voluntary association which enjoys no separate legal status. The ownership as well as management lie with the partners. In other words there is no difference between the firm and the management in the eyes of the law.

Thus they are liable for all profit and loss arising out of their deals

3. No distinction between personal assets and family assets

All the partners have an unlimited liability for the firm's obligation towards outsiders. If the business assets are not sufficient to pay the debts, the personal assets of the partners may be attached for that purpose.

They are jointly and severally liable for all debts and obligations of the firm whether incurred by themselves or by other partners as agents of the firm.

4. No membership from outside to share liability.

Partnership allows only limited members. There is no outside member to share liability. They do not invite general public to become members. Thus all partners have to bear unlimited liability.

16. Co-operative society differs from other forms of business organisation.

Ans. True

a) Service motive.

The basic objective of all other commercial organisations is to earn profit, while the objective of a co-operative organisation is to provide service to its members. It is a voluntary organisation where membership is open to all irrespective of caste or religion.

b) Mutual interest and common welfare.

The co-operative organisation is formed to uphold the principle of "All for each and each for all". It stands for the view that self help and mutual help can promote common welfare. The other organisations are personal organisations promoting personal interest.

c) To protect the interest of weaker section.

The private organisations are guided by self interest and profit motive. The co-operative organisation is formed by people from weaker sections to protect their interest.

d) Principle of one man - one vote.

Private organisations like Joint Stock Company encourage concentration of power in the hands of few and growth of monopoly. It is based on the principle of one share one vote. In co-operative society, the voting rights are based on the principle of 'one man one vote'. There is democratic management and equality.

e) **To promote economic interest of the poor.**

Business organisation like Joint Stock Company serves the interest of rich and mid class who invest their money on shares. Co-operative society serves the interest of p people. It works for the noble cause of removing poverty and reducing inequality.

17. The membership of co-operative society is voluntary.

Ans. True

(a) Voluntary associates

Co-oprative organization is defined as a voluntary association of people who have joined together to promote their common economic interest.

(b) Free to join and quit.

It is voluntary association of persons and not of capital. It is formed with the consent of its members. Any person can join organization at his own will at time and also can leave at any time by giving due notice to the society. No one is compelled to become a member.

(c) Open membership

The membership of a co-operative society is kept open to any person. It is not based on caste or creed. No discrimination is applied on the basis of sex, colour race etc.

(d) Political and religious neutrality

A co-operative society is formed with the basic idea of promoting common social and economic interest. It is expected to remain away from the religion and politics i.e. people cannot form a co-operative society for a particular religion or a political party.

(e) Low face value of share

Generally the face value of share is kept at a relatively lower level. It enables everyone to become the member.

18. Maximization of profit is the main motto of co-operative society

Ans. False

(a) To promote mutual welfare.

The main motto of co-operative society is to promote mutual welfare of the members and not maximization of profit. Service above self is the spirit of co-operation

The primary objective of a co-operative society is to provide service to its members. The secondary objective of a co-operative society is to make profit.

(b) To protect weaker section from exploitation

The co-operative organization come into existence due to economic and social imbalance during the period of industrial revolution. Its main aim is to protect weaker sections from the exploitation of private monopoly.

(c) Low prices and fair quality of goods

Co-operative societies distribute goods of fair quality at lowest possible prices. Since many office bearers provide honorary services, its operating cost remains less. Thus it supplies goods at lower prices. The main objective is to provide service and not to earn profit.

(d) Promotes equality

It aims at mutual prosperity of all and not of few at the cost of others. Thus it safeguards the community against the evil of monopoly. The principle of 'One man - One vote' aims at maintaining equal status for all.

(e) Builds up good will

The co-operative organization gives scope for self - government to its members. It promotes the feeling of goodwill and co-operation among its members. Thus the basic and fundamental objective of co-operative is to provide service to its members.

19. The voting of the co-operative society is based on the principle of 'one share on vote

Ans. False

(a) Principle of equality

The voting rights of co-operative society are based on the principle of 'One man one vote' Co-operative organization is based on democratic management. In co-operative organization each member is given equal right.

(b) Co-operative mutual interest and not individual interest

Co-operative organization is formed with the purpose of avoiding individual domination and to promote mutual welfare. Therefore, voting rights are not based on number of shares.

(c) Promotes the spirit of democracy.

Unlike joint stock company the entire management body of the co-operative organization is elected by its members. Even the chairman is elected by its members. Thus it upheld the democratic principle.

(d) Avoids concentration of power.

In a joint stock company people who have majority shares enjoy excess power and keeps management under their control. They can influence decisions in favour of their ideas and earn surplus profit. It leads to concentration of economic power. In a co-operative society, individual domination is eliminated and mutual welfare is promoted.

20. The shares of a co-operative society are easily transferable.

Ans. False

(a) Shares are not easily transferable.

Shares of a co-operative society are not easily transferable in the market. Shares of a co-operative society are generally returned to the society.

(b) Shares are not listed in stock exchange.

Shares of a co-operative society are not listed on a stock exchange. Therefore they not be bought and sold. Thus there is proper trading centre for shares of co-open society.

(c) No incentive for investors.

The shareholders of a co-operative society neither get higher rate of dividend nor voting powers on the basis of individual holdings. Therefore, buying shares is not an attract option for the investors.

(d) Co-operatives encourage membership and not shares.

Co-operative society aims at the prosperity of all the members of the society. Therefore the membership is always kept open. Co-operatives, instead of offering shares to the members, encourages new membership.

21. The ownership and management are not separate in joint stock company.

Or

Shareholders can manage the business.

Ans. False

1. The company is an independent body altogether from owners(shareholders). Being registered organization, joint stock company enjoys a separate legal status. The members are not liable for the action of the company.
The company is an artificial person purely created by law. It can function independently.
2. **Shareholders are owners of the company.**
Shareholders enjoy the ownership of the company. They do not manage company affairs.
However company cannot manage and control management activities like human beings. Therefore shareholders elect among themselves directors who act as the in charge of the company.
3. **The staff of the company implements the decisions of the company.**
The directors recruit group of executives and other employees to manage company affairs.
These managers and other staff implement the decisions: of the directors. Thus management falls in the hands of directors an employees.
4. **Shareholders do not manage the company* directly.**
In a joint stock company there is complete separation of ownership and management. A member a owner but he cannot bind company by his act. His activities are personal and nothing to do with company affairs.
5. **Shareholders can influence management indirectly.**
Shareholders enjoy voting rights which can be used by them to influence management indirectly. If shareholders are not satisfied with the performance of directors, they can be ranged by the members. Policy decisions taken by the board must be approved by the shareholders.

22. Registration is not compulsory for Joint Stock Companies.

Ans. False.

a) Compulsory registration.

It is compulsory on the part of every joint stock company to register itself under Indian Companies Act 1956. Companies operating without registration are treated illegal.

b) Certificate of incorporation.

The company has to apply for registration in prescribed form. Once the Registrar is satisfied with the documents, he will enter the name in his register.

After registration, the Registrar issues a certificate of Incorporation. The company becomes a distinct legal entity from the date mentioned in this certificate.

c) Separate legal status.

Registration provides an exclusive identity to exist independently. The survival of the company does not depend upon members. Thus Joint Stock Company enjoys a separate legal status on account of registration.

d) Registration is the initial process.

The formation and working of the company is regulated by the provisions of the Indian companies Act. Registration signals the beginning of the company. No company can function without registration.

(e) Death or insolvency of a member or director does not affect survival

The existence of a joint stock company does not come to an end due to the death or insolvency of a member or director. The company is established by law. Even if all members and directors die, the company continues to survive.

23. Public limited company shares are freely transferable

Ans. True

a) Free transferability

There are no restrictions (except preference shares) on transferability of public limited company share. A shareholder of a public limited company can sell his shares to anybody he likes. Every member is free to transfer his shares to anyone without the concern of other members.

(b) Shares are traded in the stock market.

The shares of public limited company are traded in secondary market known as stock exchange. They can be purchased and sold through the stock exchange.

(c) Incentive to investment.

Free transferability of share encourages public to invest shares. Crores of shares are bought and sold in a day

(d) Voluntary association.

Joint Stock Company is a voluntary association where e; member join the company on their own will. Every member is free to invest in Initial Pu Offer (IPO) irrespective of their economic status and later they are free to sell the same anybody they like.

24. A joint stock company ensures perpetual succession.

Ans. True.

(a) **Continuous existence.**

The death, insolvency, lunacy etc. of its members and directors does not affect the sui of the company. Thus it enjoys perpetual succession.

(b) **A artificial person created by law.**

A joint stock company is an artificial person created by law. It has distinct legal state Members may come, members may go. But the company exists. Even if all member and directors die, the company continues to exist.

(c) **Closure involves a legal procedure.**

Since company is formed under the provisions of the companies Act 1956, it can would up its operations only through the legal process.

(d) **Stability.**

Compared to sole trader and partnership, the joint stock company **enjoy** greater degree of stability and growth. In fact stability and perpetual succession **and** complimentary to each other.

25. Company form of organisation has developed before industrial revolution.

Ans. False.

(a) **Industrial revolution necessitated the birth of company.**

Industrial revolution brought up sudden changes in the scale of operation of industry.

Company form of organisation is very suitable for large scale business. Therefore

joint stock company appeared after industrial revolution.

(b) **Lack of large scale industry.**

At the time of industrial revolution only two kinds of organisation were existing trading concern & ii) Partnership organisation. Both of these organisation could not cope up with the industrial revolution. It resulted in the arrival of company organisaion.

(c) **Larged scale production**

Industrial revolution brought major changes in production such as factory system, large scale investment and professional management. such changes necessitated the introduction of company form of organization.

(d) **Research and technology**

Industrial revolution mainly focused on innovation technology, market research and risk. A joint stock company fulfills such aspects.

(e) **Limitation of small units**

Small units suffered from various limitation such as limited resources, lack of professionalism, unlimited liability, lack of modernization etc. Joint Stock Company became the suitable organization to fulfill the objectives of industrial revolution.

Therefore, company form of organization was introduced after industrial revolution.

EXTRA OBJECTIVE TYPE QUESTIONS

Q.3. Select the Proper option from the options given below and rewrite the completed sentences.

- (1) A sole proprietorship is the _____ form of organization
(a) Private sector (b) Public sector (c) Joint sector
- (2) A sole partnership has _____ owner / owners
(a) one (b) two (c) unlimited
- (3) A sole proprietorship is a type of _____ organization in nature
(a) government (b) personal (c) legal
- (4) _____ is the oldest and simplest form of business organization
(a) Joint stock company (b) Joint Hindu Family firm (c) Sole trader ship
- (5) The Minimum number of owners in a sole trading concern is _____
(a) one (b) two (c) three
- (6) Sole trading concern generally operates in a _____ area.
(a) local (b) regional (c) national
- (7) The liability of a sole trading concern is _____
(a) limited (b) unlimited (c) personal
- (8) There is less scope for _____ under sole tradership.
(a) personal care (b) secrecy (c) specialisation.
- (9) The organisation that can spread its activities to remote areas is _____ .
(a) sole tradership (b) Joint stock company (c) partnership
- (10) The sole trading concern suffer from lack of
(a) motivation (b) supervisor (c) stability
- (11) Sole trading concern suffers from the limitation of
(a) continuity (b) personal touch (c) supervision
- (12) The liability of a Sole Trader is a _____
(a) unlimited (b) limited (c) limited by guarantee
- (13) The liability of the Karta is _____
(a) Unlimited (b) limited (c) Joint and several
- (14) The Joint Hindu Family business is normally restricted to _____ market
(a) local (b) regional (c) national
- (15) The control of the joint hindu family business is in the hands of _____
(a) Karta (b) Co-parcener (c) shareholder
- (16) The business organization that operates only in India is called _____
(a) Joint Hindu Family Business (b) partnership (c) Sole trading concen
- (17) The members of the undivided Hindu family are called _____
(a) Karta (b) Co-parceners (c) Partners
- (18) Business organisation which is controlled by Hindu succession Act is known as _____
(a) Joint stock company
(b) Partnership firm
(c) Joint Hindu family firm
- (19) Limited managerial skill is the _____ of Joint Hindu Family Business.
(a) feature (b) limitation (c) advantage

- (20) The head of Joint Hindu Family Business is called as
(a) proprietor (b) Karta (c) Director
- (21) The members of a Joint Hindu Family Business are known as
(a) partners (b) Karta (c) co-parceners
- (21) ____ is the business organisation where the membership is created by the status.
(a) Partnership firm (b) Joint stock company (c) Joint Hindu family
- (22) Female members enjoy co-parceneray rights in the state of ____ .
(a) Kerala (b) Tamilnadu (c) Maharashtra
- (23) For partnership Organisation minimum _____ number of persons are required
a) Two (b) Seven (c) ten
- (24) The maximum number of partners in a banking business is ____ .
(a) 10, (b) 2, (c) 20
- (25) The agreement signed between partners is called.
(a) Partnership deed (b) memorandum (c) bye-laws
- (26) The liability of the partners in a partnership firm is
(a) unlimited (b) limited (c) joint and several
- (26) The maximum number of partners in a non-banking business is
(a) 20 (b) 10(c) 50
- (27) Indian Partnership Act was passed in the year
(a) 1912 (b) 1956 (c) 1932
- (28) Registration of partnership firm is _____ in Maharashtra.
(a) Compulsory (b) not compulsory (c) optional
- (29) Registration of partnership firm is _____ in India
(a) not compulsory (b) compulsory (c) optional
- (30) The minimum number of members required for the registration of The a co-operative society is ____ (10/20/25)
- (31) The nature of _____ organisation is service oriented
(sole tradership/co-operative/partnership)
- (32) Each for all and all for each is the principle of ____ .
(Sole tradership/co-operative/partnership)
- (33) Indian co-operative societies act was passed in ____ .
(1920/1912/1925)
- (34) The Maharashtra co-op. society's act was passed in ____ .
(1960/1912/1925)
- (35) a co-operative society _____ principle is followed in voting.
(one share one vote / one man one vote / no vote)
- (36) The document containing rules and regulations of the co-operative society is called ____ .
(byelaws / agreement / rule book).

B. Write a word or phrase or a term which can substitute each one of the following.

- (1) Organisation whose owner is the sole manager and decision maker of his business.
- (2) Name the business organisation which can protect business secrecy to the maximum extent.
- (3) Type of organisation which suits the business based on fluctuations & speculation requiring quick decision.
- (4) The oldest and simplest form of business organisation.
- (5) 'One man show' type of business organisation.
- (6) The senior most members (head) of Joint Hindu Family Business
- (7) The Act that provides provisions for the existence of Joint Hindu Family
- (8) The members of the Joint Hindu Family
- (9) A business organization in which a person inherits business and funds from previous generation which automatically pass on from one generation to another generation
- (10) A business organization which comes into existence by law of inheritance
- (11) The name in which the business is carried on under partnership
- (12) Agreement of partners (or) the document which shows the ratios on which profits and losses are shared.
- (13) A partner who gave his name to partnership firm.
- (14) A partner in partnership firm who takes active participation in day to day work.
- (15) Partners whose name is unknown to general public.
- (16) A partner whose liability is limited to the extend of his investment.
- (17) A partner who does not take active participation in day to day work of the firm.
- (18) The documents containing rules and regulations laid by managing committee of co-operative organization
- (19) An elected body of members of co-operative society which is responsible for day to day administration of the society
- (20) A type of organization which has minimum 10 members
- (21) The type of commercial organization which is established for provided services

C) Match the column

A Group	B Group
(i) Sole tradership	(a) Owned and managed by government
(ii) Maximum secrecy	(b) Sole proprietorship
(iii) Corporate Organisation	(c) Joint Stock Company
(iv) Services of sole trader	(d) Remotest areas
(v) Public Enterprise	(e) One man business

A Group	B Group
(i) Karta's liability	(a) Depends on births and deaths in family
(ii) Membership in Joint Hindu Family Business	(b) Karta
(iii) Co-parcener liability	(c) By status
(iv) Management right	(d) limited
(v) Number of members	(e) unlimited
	(f) 50

Group A	Group B
i) Unlimited liability	a) Compulsory in Maharashtra
ii) Minimum Partners	b) Responsible upto debt by him
iii) Limited partner	c) Incase of general partnership
iv) Minor partner	d) Two
v) Registration of partnership	e) Limited liability
vi) Indian Partnership Act	f) Unlimited liability
vii) Nominal partner	g) Below 18 yeas
	h) 1932
	i) Lends name

A Group	B Group
i) Co-operative faming	a) Cash basis
ii) Voting rights co-operative societies	b) Co-operative organization
iii) Service motive	c) One man one vote
iv) Marketing co-operative	d) Farmers' co-operative society
v) Trading of co-operative	e) Formed by small producers
	f) One shares one vote



CHAPTER 2

BUSINESS SERVICES

Q.1. DISTINGUISH BETWEEN

A.

Sr. No.	Points of Distinction	Life Insurance	Fire Insurance	Marine 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.	A contract whereby the insurance company undertakes to pay compensation to the insured in case of loss to him due to dangers (perils) of the sea.
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.	It can be taken by exporters, importers and shipping companies
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	In Marine Insurance, Goods in ship, cargo and freight 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	It must exist 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	It is generally for a short period and may range from one month to a year. Normally, it does not exceed 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	It is paid only if there is a loss causing event during the term of the 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	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	Generally, only one policy can be taken. However, double insurance is possible. The beneficiary is the insured person or company.
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.	The beneficiary is the insured person or company.
10	Surrendering of policy	The policy can be surrendered before the expiry of the term subject to certain conditions	It cannot be surrendered	It cannot be surrendered

B.

Sr. No.	Point of Distinction	Current Account	Savings Account	Fixed Deposit Account	Recurring Deposit Account
1.	Meaning	It is that account which is maintained by businessman and others who have regular bank transactions	It is that account which is opened by individuals in order to save a part of their income	It is that account where a fixed sum of money is deposited for a fixed period	It is that account where depositors can regularly save fixed amount for a specific period

2.	Withdrawals	Customers can withdraw money by cheques	Customers can withdraw either by cheques or by withdrawals slip	Customers cannot withdraw during the fixed period. If withdrawn earlier, rate of interests will be less than applicable	Customers cannot withdraw during the fixed period. If withdrawn earlier, rate of interest will be less than applicable.
3.	Facilities	The bank gives a passbook, cheque book, statements of account and pay-in-slip book to the customers	The bank gives a pass book, cheque book and pay-in-slip book to the customers	The bank gives a fixed deposit receipt to the customers	The bank gives a pass book and pay-in-slip book
4.	Who takes it	It is suitable for traders, businessmen, firms or institutions.	It is suitable for fixed income group, wage ors salary earners	It is suitable for any person with temporary idle cash	It is suitable for fixed income group.
5.	Consideration Operations and Withdrawals	There are no restrictions on the operation of a current account as long as there is balance in the account	The Customer have certain restrictions on withdrawals	Payment is received only on expiry of the fixed period. If withdrawn earlier, then the rate of interest will be less than applicable	Payment is received after the expiry of the fixed period.
6.	Rate of Interest	Normally, interest is not given	Interest rate if low.	Interest rate is higher. Longer the period, higher will be the rate of interest	The rate of interest is higher than savings account but less than fixed deposit account
7.	Nature of Account	It is of continuous nature	It is of continuous nature	90% of the amount of fixed deposit can be given as loan	90% of the amount in the account can be given as loan

8.	Facilities	Temporary overdraft facility is given	No Overdraft facility is given	It is for fixed period of time except when the fixed deposit receipt renewed	It is for a fixed period of time.
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C.

Sr. No.	Point of Distinction	Road Transport	Rail Transport	Water Transport	Air Transport
1.	Speed	Road transport has limited speed due to bad road conditions, accidents, etc.	It has considerable speed since it runs on tracks which rarely gets disturbed	It is the slowest mode of transport	It is the fastest mode of transport
2.	Carrying Capacity	It has limited carrying capacity	It has huge carrying capacity	It has a very huge carrying capacity	It has limited carryings capacity
3.	Cost of construction and maintenance	It requires limited capital investment in terms of construction of road, vehicles and their maintenance	The cost of construction of trains, railway tracks is high. Also the maintenance of trains, tracks and stations is high.	It uses waterways which are natural high-ways and hence there is no cost involved. However, there is high cost involved for construction of ships and ports and also maintenance of ships and ports.	It uses airways which are natural and hence there is no cost involved. However, there is a huge cost for constructions of aircrafts and airports. These costs are very high compared to other modes of transport.
4.	Distance	Recommended for short distance	Recommended for both short and long distance	Suitable for long distances specially across countries and continents.	Suitable for long distances.
5.	Transport Charges	Transport charges are not fixed but are high due to increased fuel prices.	Transport charges are relatively low and are fixed according to the distance.	Transport charges are lowest	Transport charges are the very high
6.	Door to Door service	It provides door to door service	It does not provide door to door service	It does not provide door to door service	It does not provide door to door service

7.	Means of Transport	It uses animals, animal carts, motor-cycles three and four wheelers.	It uses passenger and goods train	It uses boats, big ships, liners, tankers, etc.	It uses aircraft, helicopeters, jets, etc.
8.	Suitability	It is suitable for transporting the goods in relatively smaller quantities for short distance.	It is suitable for transporting heavy goods in large quantity over long distance.	It is suitable for transporting very heavy goods, machineries in large quantities to any part of the world.	It is suitable for transporting light weight perishable and valuable goods to any part of the world.
9.	Safety	It provides limited safety to goods from sun, rain, wind, etc.	Goods are kept in locked wagons which provides protection against sun, wind, rain etc.	Goods are safe as they are specially packed.	Goods are safe as they are specially packed.
10.	Accidents	Chances of accidents are more due to poor road conditions and negligent drivers.	Chances of accidents are less because of one way track and good signal system.	Chances of accidents are less in waterways.	Chances of accidents are less because of good maintenance and expert.
11.	Ownership	Ownership is in the hands of private parties	Ownership is in the hands of the government	It is owned by both private sector as well as public sector.	It is owned by both private sector as well public sector.

D.

Sr. No.	Points of Distinction	Cheque	Bank Draft
1.	Meaning	According to the Indian Negotiable Instrument Act, A cheque is an unconditional order directing the banker to pay a certain sum of money only to the order of a certain person.	A draft is an order to pay money drawn by one office of a bank upon another office of the same bank for a sum of money payable to order on demand
2.	Aim	It aims at facilitating businessman for effecting local payments.	It aims at facilitating immediate outstation payments.
3.	Drawer	The drawer is the account holder of the bank	The drawer is the bank itself.
4.	Dishonour	The cheque may or may not be dishonoured	A draft can never be dishonoured as it is already paid for.
5.	Bank Charges	The bank may not charge for issuing cheque book.	The bank charges a nominal amount to issue a draft.
6.	Payments	Payment of crossed cheques cannot be obtained immediately	Payment of bank draft can be obtained immediately
7.	Facility extended to	Cheque facility is extended to account holders of the bank only	Draft facilities is extended to both account holders of the bank as well as outsiders.
8.	Reliable	Cheques issued by an individual may not be cleared due to many reasons such as sign not matching, post dated, less balance, etc.	A bank draft is more reliable as it is issued by the bank only after receipt of payment.

E.

Sr. No.	Points of Distinction	Loans	Overdraft
1.	Meaning	It is arrangement under which a certain amount is advanced for a certain fixed period	It is an arrangement under which the current account holder is allowed to overdraw from the account.
2.	Eligibility	Any account holder i.e. current, savings, fixed deposit can get a loan.	Only current account holders can gets overdraft facility
3.	Rate of interest	It is lower than that of overdraft	It is higher than that of loans
4.	Duration	It is for a long period	It is for a short period.

5.	Interest Charged	Interest is charged on the amount of loan sanctioned, whether withdrawn or not	Interest is charged on the amount actually withdrawn.
6.	Amount	Amount of loan is larger.	Amount of overdraft is smaller
7.	Separate Account	Separate account is to be maintained.	No separate account is required.
8.	Purpose	The purpose is to meet long term requirements.	The purpose is to meet short term working capital requirement.
9.	Repayment	Amount of loan is to be repaid in instalments or in lumpsum on the due date.	Amount of overdraft is adjusted against the deposits in the current account.
10.	Security	Some valuable assets are to be given as security	Overdraft is sanctioned against hypothecation of stock.

F.

Sr. No.	Points of Distinction	Commercial Bank	Central Bank (RBI)
1.	Function	The main function is to accept deposits from public for lending to industry and others.	The main function of the central bank (RBI) is to regulate money supply in the country.
2.	Printing of Currency	The commercial banks cannot print current notes.	The central Bank can print currency notes.
3.	Acceptance of Deposits	The commercial bank accepts deposits from public	The central bank does not accept deposits from public
4.	Loans	The commercial banks provides loan to industry and commerce.	The Central Bank provides loan to Bank and Financial Institutions.
5.	Ownership	It can be owned by private and/or by government agencies.	It is owned and controlled by the government of India
6.	Number	There are many Commercial Bank in India.	There is only one Central Bank (RBI) in India.
7.	Monetary Policy	The commercial banks do not frame any Monetary Policy	The Central Bank frames the Monetary and Credit Policy
8.	Monitoring	The Commercial Bank does not keep check on the Central Bank.	The Central Bank keeps a check on the Commercial Banks.

G.

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.

Q.2. State with reasons whether the following statements are true or false.

1. Central bank cannot accept deposit from general public.

Ans. True

(i) Bank of the government

Central bank act as the bank of the government. It accepts government deposits. It provides loans to government. But it does accept deposits from general public

(ii) General public cannot operate accounts with central bank

General bank does not entertain general public to open account and operate transactions. Central Bank only facilities government transaction not general public

(iii) Central bank does not invite deposits for commercial purpose

Central bank is the apex body of banking sector which works to promote economic growth of the nation. It brings price stability.

(iv) Central bank does not invite deposits for commercial purpose

Central bank is the apex body of banking sector which works to promote economic growth of the nation. It brings price stability.

Unlike commercial banks, central Bank is not profit oriented . It never invites general public to keep deposits to earn profit.

(v) **Central bank is a welfare oriented organisation.**

The primary objective of central bank is to work for the welfare of the nation. It does not involve in commercial operations for the sake of profit.

It designs and implements monetary policy. It helps commercial banks when they meet financial crisis. But it does not accept deposits from general public.

2. **Over draft facility is given to saving account holders.**

Ans. False.

i) **Overdraft facility is granted only to current account holders.**

Business firms, companies and businessmen holding current account are eligible to enjoy overdraft facility. It is granted to those account holders who enjoy a good track record and reputation in their business transactions.

ii) **Banks provide overdraft facility to adjust demand for and supply of funds.**

Businessmen holding current account face shortage of funds to meet their commitments. Overdraft facility helps to adjust their need for money.

iii) **Overdraft facility is a kind of indirect loan to current account holders.**

Over draft facility is an indirect loan available to current account holders. It supports businessman to withdraw over and above their actual balance so as to clear their cheques.

The extra amount is treated as loan and interest is charged.

iv) **Overdraft facility is not available to saving account holders.**

Overdraft facility is a special privilege enjoyed by current account holders. Other accounts like saving account do not enjoy such facilities.

3. **Current account is suitable for salaried people.**

Ans. False.

i) **Firms and businessmen operate current account.**

Current account is operated by businessmen to facilitate transactions in business. Current account is exclusively opened for the purpose of handling money transaction in their day to day business activities.

ii) **Current account suits business community not salaried people.**

Generally salaried people operate saving accounts. It is more convenient to salaried classes. Businessmen always operate current account. He can withdraw entire money keeping only minimum balance. There are no restrictions in withdrawals as long as balance is kept in the account. Therefore current account suits businessman more than the salaried people.

iii) **Overdraft facilities.**

Current account holders are eligible to enjoy overdraft facility. It enables the businessman to withdraw over and above the actual balance. It is very useful to businessman whenever he faces temporary shortage of funds. Therefore a businessman always prefers to operate current account.

iv) Short term finance

The businessman who have clean track record and reputation in their current account transaction stand to enjoy certain other facilities. They can get cash credit facility and other agency services from commercial banks.

4. Cash can be withdraw from ATM at any time.

Ans. True.

i. Availability of 24 hours service.

ATM provides 24 hours x 7 days service to customers throughout the year. Therefor customer can withdraw money at any time.

ii. Spreading all over the country.

ATM is installed all over the country almost at every important place. You can find A* at all shopping centres, near railway stations, business centres etc. As it covers a< important centres, the consumer has the option of withdrawing money from anywhere at anytime.

iii. Helpful at the time of travelling.

When the customers visit different places, they have to carry their ATM card to withti-aJ money. It is very helpful to travellers when they visit different locations and picnic spas

iv. Riskless operation.

ATM facilitates fast and quick money transactions for the customer. They can with money at restaurants, malls, shopping centres and any other place to settle the payments.

The customer can operate all his deals without the risk of carrying large amount cash. He can insert the card and receive money anytime at any place.

5. Profit motive is the primary objectives of commercial banks, (or) Commercial sanks are not service oriented organisations.

Ans. True.

i) Profit motive.

A commercial bank is a financial intermediary which performs certain functions purely for re purpose of earning profit. All its financial operations are based on profit motive.

ii) Interest acts as source of revenue.

Commercial banks accept deposits frojfn public by promising certain rate of interest. From such deposits, they grant loans ra households and business firms at a relatively higher rate of interest. The difference in interest becomes profit. Thus profit earning is the Tiotive behind such operations.

iii) Discounting bills and investment on shares.

Commercial banks are concerned with the business of investing money on government bills and securities. They also invest part of their money on shares. This provides them enough profit.

iv) Agency services.

Profitability is one of the fundamental principles of commercial banks. They undertake various agency services such as collection of bills, payment of premium, role of undertaker, issuing letter of credit, traveller cheque, Dmat service etc. For all such services they collect commission which adds to their income.

6. Duty paid warehouses help to provide storage for perishable goods.

Ans. False.

i. Duty paid warehouses accommodate imported goods.

Generally importer keep their imported goods until they are transported.

ii. Duty paid warehouses are set to help importers.

The duty paid warehouse are located near ports. Therefore it is very convenient importers to keep their goods in such warehouses. It is very helpful when they face problems in transportation.

iii. Duty paid warehouses do not provide cold storage facilities.

Duty paid warehouses do not provide cold storage facilities to store perishable goods are convenient for the importers to keep their goods until they are transported to their places

iv. Duty paid warehouses provide other services

Duty paid warehouse also provides various other services like assembling grading packaging, labelling etc. It promotes business prospectus of importers

7. Private warehouse are used by its owners

Ans. True

i) Private warehouses are owned and operated by manufacturers and their own purpose. They do not allow outsiders to use this facility. Most of the implant warehouses and field warehouses are private warehouses.

ii) Private warehouses are built to store only the goods of the manufacturer.

Private Warehouses are build by manufacturers to keep their finished goods before they are distributed to wholesalers and retailers. They are helpful to them to store the goods during the waiting period. Thus they are used for their own purpose and not to help others.

iii) They help to store emergency stock.

Manufacturers use these warehouses to keep safety stock. Whenever there is emergency demand, they release this stock immediately.

iv) Private warehouses help to meet seasonal demand.

Some goods are produced throughout the year. But they are demanded only during seasons. To meet such seasonal demand, the manufacturers keep the goods in private warehouses. There is no possibility of such warehouses extending services to other businessmen.

v) They act as mixing centres.

Some producers receive different goods from different plants which are to be mixed at one place. For example in case of fertilizer, different chemicals are to be mixed in right proportion. Private warehouses facilitate such service to their owners.

8. The principle of indemnity is applicable to life insurance.

Ans. False.

i. All contracts except for life insurance are contracts of indemnity.

The principle of indemnity is not applicable in case of life insurance. The contracts and marine are based on the principle of indemnity. This principle prevents the insuree to recover anything more than the value of his own insurable interest.

ii. The value of life can not be estimated in term of money.

The principle of indemnity ensures that the insured will not get compensation more than the value of loss. In case life insurance, loss is caused by death. It cannot be estimated in terms of money. No monetary compensation is equal to the value of life.

iii. Value of property or goods can be estimated.

In case of fire and marine insurance the subject matter is property or goods. The value of goods or property can be estimated in terms of money. Therefore principle of indemnity is applicable in case of fire and marine insurance.

iv. The principle of indemnity is based on security not on profitability.

In case of marine and fire insurance, the indemnity principle discourages the policyholder to exploit the opportunity to make profit out of loss. In the absence of indemnity, insured will intentionally destroy his property or goods to make profit. In case of life insurance, the compensation is paid at the time of death. Life of a person is more valuable and cannot be treated like property or goods. Therefore it is illogical to apply the principle of indemnity in case of life insurance.

9. The insured must have insurable interest at the time of taking policy.

Ans. True.

i) Insurable interest means the insured should suffer financial losses if any harm or damage happens to the property and he benefits if the insured object is safe.

ii) Person taking the insurance must have insurable interest in the subject matter he is going to insure.

iii) All the contracts of insurance follow this principle. If there is no insurable interest then the contract of insurance becomes invalid.

iv) Ownership of the property at the time of taking the policy as well at time of making the claim is essential in order for the insurer to have insurable interest in the property.

v) A person has insurable interest in his own life and property. A wife has insurable interest in the life of her husband. A businessman has insurable interest in the goods and property of his business.

Thus, for an insurance contract to be valid the insured should have an insurable interest in the subject matter at the time of taking the policy.

10. An individual must always tries to minimise the loss by fire as for as possible.

Ans. True.

i) **The insured must take care of the subject matter.**

According to the principle of mitigation of loss, the insured should take all necessary steps to take care of the subject matter. He should extend protection to subject matter as of no policy is taken.

ii) **The insured must minimise the loss.**

It is the duty of the insured to take utmost care and precaution to prevent damages on goods or property. He should not take it for granted in the matter of protection. Such an approach will minimise the loss.

iii) **It is his moral responsibility to protect the interest of the subject matter.**

The policy holder should personally take initiative to ensure security of the subject matter. For example, in case of fire insurance, the insured should have all security arrangements like fire extinguisher, water facility, sand etc.

iv) **The insured must be alert to face challenges.**

The insured should not have a casual attitude towards protection of the property. If Mr. A's godown is on fire, the insured should not simply watch the situation. He should try all possible efforts to stop fire like calling fire brigade, pouring water on fire, calling the neighbours to join fighting etc to stop spreading of fire.

11. Air transport is suitable for short distance.

Ans. False.

(i) **Expensive for short distance.**

Generally air journey is expensive. In case the short distance it is very expensive. As the cost of operation remains high, the average cost for short distance tends to be high.

(ii) **Airtransport is luxury.**

Inspite of arrival of several airlines, the competition has not reduced the cost drastically. Every year the fuel price is hiked and so the cost of air transport.

(iii) **Poor coverage.**

Most of the airports situated away from city. Air transport does not cover all the locations «e road transport. Air transport can not take the passengers directly to their destination. There is no door-to door service. It is common that the passengers seek assistance from -cad transport to reach their place from airport.

(iv) **Lack of options.**

In case of air transport, passengers do not have several options. Many airlines do not operate routes for short distance locations. The frequency of air journey to such places is els. Thus passengers find it difficult to book tickets to suit their time of convenience.

(v) Cancellations of air service.

Even advance booking will not help the passengers. Due to climate changes and management staff conflicts, there are cancellations. This will upset the schedule of the passengers. It is difficult to book tickets from alternative airlines.

12. Transport helps in raising 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

(iv) 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.

(v) 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.

13. Water transport is the costliest transport.

Ans. False.

(i) Cheapest means.

Water ways are the cheapest of all means of transport. Its operating cost is Practically there is no construction and maintenance cost for water ways.

(ii) Gift of nature.

Lakes, rivers and ocean are the gifts of nature. They are available at free of cos: I capital required to operate water transport is relatively lower.

(iii) Economical

They can carry goods at lower rates.

(iv) Energy saving

Since they consume less energy, they are cost effective. The average cost c remains low.

14. Rail transport provides door to door service.

Ans. False.

(i) No door to door service.

Unlike motor transport, trains cannot facilitate door to door service. People have to use further transportation to carry the goods from railway stations to homes or godowns. It also results in additional expenditure for loading and unloading.

(ii) Poor coverage :

The coverage of Indian railways is still inadequate. Most of the remote villages in the backward areas still remain isolated.

(iii) They can not take travellers directly to home

The buses, taxis and autos take you directly to your destination. The trains can only drop you at the respective stations. In some places, the railway stations are located far away from their home.

(iv) The businessman uses other means of transport goods from station

The goods trains which transport raw material and machinery do not take them to factories. The goods are left at stations. The businessman must arrange the means of transport to carry goods from railway stations to his factory.

(v) Lacks flexibility

Road transport is convenient to travel to any part of the country. There are different transport companies operating at different routes. Routes can be changed according to the convenience of the passengers.

Rail transport travels by one way track. Once entered, the routes can not be diverted. They can transport goods and passengers only those places which are located in this route.

15. Water transport promotes international trade

Ans. True.

(i) Promotes international trade.

Sea transport is very suitable for international trade. It is helpful in expansion of global trade. It enjoys greater scope than air transport. At present three - fourth of the world trade is based on sea transport.

(ii) Bulky carrier.

Ships possess higher carrying capacity. They are suitable for transporting bulky goods. The capacity of ship is greater than any other means of transport. They are more suitable for international trade.

(iii) Gift of nature.

Lakes, rivers and ocean are the gifts of nature. They are available at free of cost. Thus the capital required to operate water transport is relatively lower.

(iv) Flexibility.

Water transport enjoys the merit of flexibility. If required, sea route can be diverted during the time of voyage.

(v) Energy saving transport.

Unlike air and road transport, ships consume less energy to operate. Thus they save energy.

16. Post offices provide money remittance services.

Ans. True

(i) Money order.

Money order is a facility extended by post office to send certain amount of money to person to whom it is to be sent through post office. The name of the payee and amount written in the money order form. Payee is the name of the person to whom the money is sent. The money is delivered at the home of the payee.

(ii) Instant money order.

It is the facility of online transfer of money to the payee. It is very convenient, reliable and affordable. It is a web based system through which one can transfer amount Rs. 10000 to Rs. 50000. It is a simple process.

(iii) International money transfer

This is a scheme which is useful to send personal remittance from abroad to beneficiaries in India. It entertains only inward remittances into India. There is no service for outward remittances from India.

(iv) Money Gram

The Money Gram service is available to selected post office in India. This service was introduced in India since 29th September 2011. It facilitates international money transfer.

(v) Electronic International Money.

This scheme was launched in February 2008. This scheme facilitates quick and easy transfer of money between people of India and UAE. Indian post and Emirate post jointly run this scheme through an agreement signed by them.

17. E-payment facility is not available to general public.

Ans. False.

(a) Every one has access to e-payment.

E-payment means payment transaction carried out with the help of computer system. Any user having a PC and a browser can access the bank website and avail of services.

(b) Direct credits.

Salary, pension, dividend on shares, interest on debentures, commission, royalty etc. are directly credited to the bank account of a person.

(c) Direct debits.

Loan installment, school fees, insurance premium, telephone bills, electricity bills, water bills, club membership fee, credit card dues are directly debited to the bank account of the account holder.

(d) **Services available at any time.**

Customers can use e-payment facility at any time according to their convenience. Customers get 24 hours and 365 days a - year services. Customers can make transactions from residence or office or even while travelling.

Q.3. A) Fill in the blanks by using appropriate word given in the bracket, (or) Rewrite the following sentences by using proper substitute given in the brackets.

1. Deposits with a commercial bank are_____ of the banks.
(a) Liabilities (b) assets (c) borrowings
2. There is no limit on the frequency of withdrawals from a
(a) Saving account (b) fixed account (c) current account
3. _____deposits are those deposits which can be withdrawn only after maturity of the agreed time period.
(a) Demand (b) current (c) time]
4. Over draft facility given to
(a) savings account (b) Current account (c) Fixed account
5. The account suitable for creating a saving habit is
(a) current account (b)recurring account (c) saving account
6. _____ account in which the specific amount is deposited per month regularly is known as.
(a) fixed account (b) savings account (c) recurring account]
7. The cheque which is useful in travelling is
(a) traveller's cheque (b) crossed cheque (c) over draft)
8. Customers can withdraw money from _____ account without any notice.
(a) saving (b) current (c) fixed
9. _____is a primary function of commercial banks.
(a) purchasing and selling securities (b) accepting deposits (c) safe deposit vault)
10. Facility of E-banking is provided through
a) telephone (b) debit cards (c) internet
11. _____is not part of the functions performed by commercial banks.
a) Accepting deposits, b) Lender of the last resort, c) Lending loans and advances
12. Dmat account facility is useful for .
(a) retailers, (b) consumers, (c) customers dealing in sale and purchase of shares,
13. _____deposit which receives highest rate of interest is called
(a) saving account, b) current account, c) fixed deposit account
14. Current account is operated by
(a) household (b) businessman (c) salaried people
15. Land development banks provide loans to farmers
(a) short term (b) medium term (c) long term

16. Commercial banks generally grant loan for _____ loan
(a) Long (b) Medium (c) Short
17. _____ provides foreign exchange for financial imports and exports
(a) Industrial bank (b) R.B.I. (c) Exim bank
18. _____ account suit salaries people
(a) Current (b) Saving (c) Recurring
19. Perishable goods are stored in _____
(a) open ground (ii) duty paid warehouse (c) cold storage warehouse.
20. In _____ importers store their goods and pay duties in installments.
a) duty paid warehouse (b) bonded warehouse (c) cold storage warehouse
21. When the goods are transported from one place to another place _____
utility is create
a) Time (b) possession (c) place
22. Bonded warehouses are generally located at _____
a) railway station (b) villages (c) port.
- 23) Bonded warehouses support _____ trade.
a) Export (b) Import (c) domestic
24. Warehouses provides _____ utility by storing goods until season arrives.
a) Time (b) place (c) possession
25. Life insurance is a contract based on the principle of
a) utmost good faith (b) subrogation (c) indemnity
26. The amount of claim for an insurance is limited to the amount of policy or the actual a whichever is
a) more (b) less (c) insurable
27. The amount of premium depends upon the _____ of the person.
a) age (b) health (c) income
28. The contract of insurance starts as soon as _____
a) Loss taken place (b) proporsal is endorsed (c) premium is paid.
29. _____ is a contract between two or more than two insurance companies.
a) Reinsurance (b) Assurance (c) Double insurance
30. The principle of indemnity is not applicable to policy.
a) Marine (b) Fire insurance (c) Life insurance
31. The principle of _____ allows the insurer to enjoy all rights and claims on the subject matter after the compensation is fully paid.
a) Assignment (b) Contribution (c) Subrogation
32. _____ fire policy is the policy which insures goods which are spread over.
a) Average (b) Comprehensive (c) Floating
33. _____ fire policy covers different risks.
a) Replacement policy (b) Comprehensive policy (c) Adjustable policy
34. The policy which covers sea risk for a ship from the port of departure to the port of destr is called _____
a) Value policy (b) Voyage policy (c) Time policy

35. Insurable interest must exist in _____ contracts
a) Life Insurance b) Fire Insurance c) All
36. The principle which prevent the insured from making profit out of claim on loss
(a) Principle of insurable interest (b) Principle of indemnity c) Principle of utmost good faith
37. The contract between insured and two insurers is called
(a) Reinsurance (b) Assurance (c) Double insurance
38. In case of life insurance the insurable interest must exist
(a) at the time of taking policy
(b) at the time of event taking place
(c) at the time of taking policy and at the time of event taking place.
39. In case of fire insurance the insurable interest must exist
a) at the time of taking policy (b) at the time of event taking place (c) at the time of taking policy and at the time of event taking place.
40. In case of marine insurance the insurable interest must exist
a) at the time of taking policy (b) at the time of event taking place (c) at the time of taking policy and at the time of event taking places
41. Transport creates _____ utility.
a) Form (b) place (c) service
42. The _____ transport facilitates home delivery.
a) road (b) rail (c) air
43. The _____ transport is luxury but costly.
a) air (b) road (c) sea
44. The _____ transport spreads air pollution.
a) air (b) road (c) sea
45. The _____ transport is the cheapest transport for carrying bulky goods.
a) rail (b) air (c) sea
46. The _____ transport is the cheapest mode of transport.
a) rail (b) water (c) air
47. Canals are _____ water ways.
a) man made (b) nature made (c) none of them
48. Indian railways are owned and managed by
a) private sector (b) government (c) joint sector
49. _____ transport is the fastest mode of transport.
a) sea (b) road (c) air
50. _____ transport is the slowest mode of transport.
a) Road (b) Sea (c) Air
51. _____ transport is economical for short distance.
(a) Road (b) Sea (c) Railway
52. _____ transport is economical for long distance
(a) Road (b) Sea (c) Railway
53. _____ transport facilities door to door service
(a) Air (b) Water (c) Road

54. _____ transport is the oldest mode of transport
(a) Road (b) Air (c) Water
55. Postal services are administered by
a) Private companies (b) government of India (c) Panchayat
56. In case of urgency and to avoid delays _____ is sent.
a) registered post (b) speed post (c) insured post
57. Indian railway is owned and managed by
a) Private sector (b) government (c) co-operative society
58. _____ is used to send safe message along with enclosure.
a) Post card (b) Envelope (c) Inland letter card
59. _____ is the cheapest means of written communication.
a) post card (b) inland letter (c) envelope
60. _____ is the payment system under which international money transfer is done through selected post offices in India.
a) western money transfer (b) money gram (c) money order
61. _____ provides telecom services in Delhi and Mumbai.
(a) MTNL (b) VSNL (c) Department of telecom

B) Write a word or phrase or a term which can substitute each of the following statement

1. The account suitable for salaried people.
2. Overdraft facility is given to a certain definite account holder.
3. An account holder enjoys the privileges of any number of withdrawals.
4. An account where fixed amount is kept for a specific period.
5. A bank, which is known as banker's bank.
6. The bank which has right of monopoly of note issue in the country.
7. Loans which can be called back in one day.
8. Deposits for which generally no interest is paid.
9. Deposit which receives highest rate of interest.
10. Deposit which receives periodical payment at regular interval of time.
11. Banks which provide generally short term loans.
12. Banks which provide long term loans to industrialist.
13. Banks which provide loans at low rate of interest.
14. An insurance policy to which the principle of indemnity is not applicable.
15. Name the type of fire policy which covers risks for goods scattered / spread over different godowns at different places.
16. The principle of insurance which is not applicable to life insurance.
17. Name the type of policy which is based on age proof.
18. Name the party to whom the compensation to be paid by the insurance company.
19. Name the party which enters into contract with the insured.
20. The principle which insists on mutual trust between insured and insurer.
21. Name the principle of insurance which assures compensation not more than the _____ actual amount of loss.
22. The policy which covers risk jointly for wife and husband.

23. Fire policy which sticks to a specific compensation irrespective of value of property
24. Name the fire policy which is designed to cover risks for things like rare painting, etc.
25. Name the policy which covers risk throughout the life of the assured
26. Name the policy which covers sea risk during a particular voyage for a specific_____ period
27. Name the life insurance policy which covers risk for a specific period
28. Document containing the terms and conditions of the contract between insured_____ and the insurer.
29. Name the cheapest mode of transport.
30. Name the costliest mode of transport
31. Name the slowest mode of transport.
32. Name the fastest mode of transport
33. Name the most economical transport
34. Name the most economical transport for long distance
35. Name the cheapest transport for international trade.
36. Name the transport most affected by weather conditions
37. Name the cheapest mode of transport for internal (home) trade
38. Name the transport which facilitates door to door service
39. Name the transport which is most useful during crisis times like earth quake, floods etc.
40. Name the transport which carries light and perishable goods for international trade.
41. Name the transport which carries bulky goods for international trade.
42. Name transport which is used extensively in international trade.
43. Name the transport which carries bulky/heavy goods within the country.
44. Name the oldest mode of transport.
45. A device through which calls and messages can be sent and received.
46. An electronic letter through which the messages can be exchanged on computer
47. Name the type of warehouse required for agriculture / perishable goods.
48. Name the house where imported goods are stored once the duties are paid.
49. Name the warehouse which helps importers in paying duties in instalments.
50. Name the type of utility created by warehousing.

C) Match the Columns.

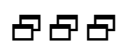
Group A	Group B
1. Commercial Bank	(a) holding shares of public sector banks
2. Central Bank	(b) Primary function of commercial banks
3. Government	(c) profit motive
4. Issuing traveller's cheque	(d) contingent function of commercial banks
5. Giving loans	(e) only accepting deposits
6. Over Draft	(f) commercial bank
7. Current Deposit	(g) Amount withdrawn above the actual balance
8. Fixed Deposit	(h) less rate of interest or no rate of interests
9. Saving Deposit	(i) time deposit
10. Recurring Deposit	(j) periodical payment
11. Bills discounting	(k) Reserve Bank of India
	(l) Demand deposit

Group A	Group B
1. Warehousing 2. Perishable goods 3. Bonded warehouse 4. Implant warehouse	(a) Private warehouse (b) Imported goods (c) Cold storage warehouse (d) Time utility (e) cold storage facility (f) Open ground

Group A	Group B
(1) Life insurance (2) Premium (3) Assignment of policy (4) Principle of sorogation (5) Reinsurance (6) Double insurance (7) Comprehensive policy (8) Mediclaim policy	(a) Fire insurance policy (b) The life insurance policy (c) Periodical payment (d) human life (e) covering risks against sickness (f) insured taking life insurance policies with two or more than two companies (g) wide range of risks (h) Transfer of risk by insurer to another insurance company

Group A	Group B
(1) Subject matter (2) Age proof (3) Group insurance (4) Contract of indemnity (5) Floating policy (6) Blanket policy (7) Voyage policy	(a) Joint cover for all employees / society (b) Not application to life insurance (c) Life insurance policy (d) Covering importers and exporters (e) Human life (f) Endowment policy (g) Goods spread over different places (h) Covers a specific trip from one port to another port

Group A	Group B
(1) Natural highway (2) Home delivery (3) Costly but luxury transport (4) Sea transport (5) air transport	(a) air transport (b) water transport (c) road transport (d) fastest transport (e) slowest transport (f) economical (g) cheapest mode (h) international trade



CHAPTER 3

EMERGING MODES OF BUSINESS

Q.1. Select the proper option from the options given below and rewrite the complete sentence:

1. In e-business payments have to be made _____.
a) in cash b) on credit c) online
2. The term "e-business" is derived from the terms _____ and e-commerce.
a) e-mail b) e-pay c) cash
3. The transactions under _____ are between business firms and consumers.
a) C to C b) B to C c) B to B
4. The process of contracting a business function to someone else is called as _____.
a) e-business b) outsourcing c) trading
5. For online transaction _____ is required.
a) trading b) registration c) business
6. The online shopper can pick and drop the things in the _____.
a) shopping mall, b) shopping cart c) shopping bag
7. An electronic facility of transferring funds through the internet is _____ transfer.
a) cash b) net banking c) credit
8. Credit or Debit Cards are popularly known as '_____ Money'.
a) paper b) plastic c) polymer
9. In bigger shops situated in shopping malls or branded stores, there is a _____ terminal.
a) SSL, b) POS, c) HTTP
10. Wedding Planning is an example of _____.
a) corporate organization, b) outsourcing c) buying and selling of goods
11. e-commerce is the _____ aspect of e-business.
a) manufacturing b) trading c) marketing
12. _____ process allows buyers and sellers to display information about their goods on the web.
a) C to C b) B to C c) B to B
13. www.flipkart.com is involved in _____ e-business transactions.
a) C to C b) B to C c) B to B
14. _____ is a form of electronic currency that exists only in cyberspace.
a) Digital cash b) Credit cash c) Net banking
15. Visa / MasterCard / Amex are examples of _____.
a) Card Issuing Bank b) Payment
16. The e-business website / merchant website forward the information to the _____.
a) Payment Processor b) Payment Gateway c) Card Association

17. _____ is the virtual equivalent of physical point of sale.
a) Payment Gateway b) Payment Processor c) Card Issuing Bank
18. Between a Website and Payment Processor there is a _____.
a) Payment Gateway b) Credit card Association
c) Credit Card Issuing Bank
19. Coding of information in an online transaction begins at _____.
a) Payment Processor b) Payment Gateway c) e-business website
20. The encryption of data is done using _____ programmes / protocols
which use logical reasoning.
a) Scientific b) Mathematical c) Statistical
21. URL of a secured website begins with _____.
a) http:// b) shttp:// c) https://
22. Generally companies outsource their _____ areas.
a) Core b) non - core c) Semi - core

Q.2. Match the pairs:

Group 'A'	Group 'B'
a. e-business	1. cost reduction
b. B to C	2. Hyper Text Transfer Protocol
c. ATM	3. encryption
d. Payment gateway	4. electronic business
e. HTTP	5. point of sale
	6. Business to consumer
	7. Business to Business
	8. authorize payments made onlin
	9. outsourcing
	10. Automatic Teller Machine

Q.3. Write the word or phrase or term which can substitute each one of the following:

1. The term derived from the terms email and e-commerce.
2. Name the term which is used by even common man effectively while collecting the needed information quickly.
3. Name the electronic facility of transferring funds through the internet.
4. Name the form of electronics currency that exists only in cyberspace.
5. Name the service provider which is used for payments through web.
6. Name the modern process of controlling a business function to someone else.
7. The sub - branch of e-business.
8. A well - known Payment Processor.
9. SSL stands for.
10. s-HTTP stands for.
11. This process helps in knowledge sharing between organizations.

Q.4. Distinguish between Traditional Business and e-business.

Sr. No.	Traditional Business	E-Business
Concept		
1.	In traditional business, an organizational entity (mostly thought of as a store, restaurant or agency) is designed to offer consumer goods and services	Any business conducted using electronic media is called e-business.
Access to Goods/Services		
2.	Consumers can visit only a few traditional outlets per day.	Consumers have access to countless web retailers at the same time.
Access to Information		
3.	In this form of business, consumers can get limited product information.	Consumers have access to an unprecedented amount of product information, not just from manufacturer's websites but also from online reviews written by previous consumers, employees and organization.
Price Comparison		
4.	Price comparison can be done for limited products in the traditional form of business.	It is possible to check the price offered by hundreds of online merchants.
Skills required		
5.	In traditional form of retailing, salesmanship and negotiation skills are of utmost importance	Online retailers rely on different skill sets to effectively market their product such as internet pop-ups, emails blast (e-mail to large group of people), google adwords, etc.
Face-to-Face interaction		
6.	It is possible to have face-to-face interaction in this form of business.	There is a very low possibility of face-to-face interaction in this form of business.
Areas covered		
7.	Role of middleman is indispensable in traditional business.	There is direct communication between the buyer and the seller on the internet which eliminates the role of the middleman in e-business.
Space		
8.	Physical space required in traditional business is more as compared to online business.	Online business does not require too much physical space.

Q.5. State with reasons whether the following statements are true or false.

1. The term E-business is derived from e-mail and e-commerce.

or

E-business is a broader concept than E-commerce.

True.

(i) **E-mail, E-commerce & E-business are inter-related concepts.**

The terms E-mail, E-commerce and E-business are based on computer application through internet. They use electronic technology to operate different activities. E-business is **raj** leading industry whereas E-commerce and E-mail act as branch and sub branch of the E business.

(ii) **E-commerce is a branch of E-business.**

E-commerce is a branch of E-business. E-commerce is concerned with distribution a goods and services whereas E-business is concerned with manufacturing goods. Thus I commerce is the trading aspect of E-business.

(iii) **E-commerce, E-mail and E-commerce go together.**

E-business covers the full range of business activities via E-mail and E-commerce E-business refers to production of goods and services which is carried out through electron[^] processing and transmission of data. E-commerce refers to all forms of trading activities d those goods which is carried out through electronic processing.

E-mail is handled by E-business to transfer valuable information to different places ar persons. E-mail connects E-business to various sections of the society.

(iv) **E-business is a wider term than E-commerce.**

E-business is a broader concept than E-commerce.

E-commerce deals exclusively distribution of goods and services whereas E-business involves production, sale, distribution, after sale, inter firm business transactions etc.

2. **In on-line transactions 'Account' and 'Shopping cart' are password protected. True.**(i) **To prevent access to unauthorised users.**

There is possibility of hackers entering into the account and misuse the same. Password protection is offered to check illegal entry of hackers.

(ii) **Security.**

Unlike traditional business, the buyer and seller do not see each other while doing business Anybody who is an expert in application of computer technology can easily enter and misuse shopping cart. Therefore password protection is necessary.

(iii) **Impersonification.**

E-business identity the person only in terms of numbers and names.

Anybody can visit the site in disguise as a customer and misuse the site. They can ente^r into the account of the customer and play a spoil game. Therefore it is necessary to keep pass words.

(iv) **E-business requires plenty of resources.**

Traditional business can be started by anybody who has sufficient capital. E-business requires technical resources other than money. In the absence of availability of such resources it is difficult to implement E-business. The success depends upon the efficiency of computer professional and technical experts.

(iv) Computer Hardware.

The primary requirement which is most essential for the operation of E-business is the 'availability of computer Hardware. The system must provide adequate speed and memory so as to meet the growing volume of business transactions.

(v) Hardware professionals with suitable qualifications.

There must be an army of highly skilled technical staff who are well versed with internet operations. They should be well trained in the art of handling trade enquires, contacting customers and book orders through internet. In the absence of well trained and adequate staff, it is impossible to implement E-business.

(vi) Comprehensive web-site.

One more important requirement is setting up of a comprehensive website. The company requires to keep communication with various sections like customers, suppliers, dealers, employees, government etc. The website facilitates all such communication. If the website does not work, the business has to be closed down.

(vii) Facility of tele-communication.

Tele-communication is a pre-requirement for implementation of E-business. E-business should be connected to effective telecommunication system to ensure smooth operation. In the absence of adequate and effective telephone lines and internet facilities, the E-business cannot succeed.

(viii) Reliable Payment System.

E-business needs to be supported by an effective and efficient system of payment. Payments are received and paid. The system should facilitate both the services smoothly. The customer makes electronic payments for settlement of orders. If the system goes defective, E-business will have to be closed down.

3. It is easy to set up E-business as compared to traditional business

True.

REASONS :

- Unlike a host of procedural requirements for setting up an industry, e-business is relatively easy to start.
- The initial investment for starting up an business is generally lower than the costs associated with starting an equivalent business using a traditional model.
- Online sellers are able to reduce their overheads as they don't need expensive shop fronts, too many employees or large inventory on hand.
- E-business does not require physical space. It requires qualified technical professionals. Thus, it is easy to set up e-business as compared to traditional business.

4. E-business allows you to work across the globe in any field.

True.

(i) Global presence.

E-business facilitates global contacts. It is possible to reach partners, agents, distributors globally. The most important benefit is to reach customers from any part of the world. It helps businessman to expand global market.

(ii) No Intermediaries.

E-business facilitates direct contacts with the customers and dealers. The customer from any country can contact businessman without the help of agents. Thus it keeps middle men away and saves money. Websites are loaded with simple instructions and sufficient directions to guide the customer.

(iii) Customer service.

The outstanding service provided by E-business is quick response. All queries from part of the world will be responded quickly and information reaches faster. Students can contact universities. Tourists can contact guides and book tickets. Hospitals can be contacted for any kind of medical treatment.

(iv) Technology Transfer.

E-business has become the most convenient tool to effect foreign collaboration. Ind^{ia} businessman can contact foreign firms and acquire technology.

(v) Foreign trade.

Exports can contact their customers through internet. They can contact every customer individually and look after their specific requirements. Importers can easily contact sour and collect necessary information regarding products, manufacturers, prices and terms and conditions. Both importers and exporters can make electronic payments through internet.

5. Credit Cards are used for cash payments.

- **This statement is FALSE.**

(Credit cards are used for making credit payments.)

REASONS:

- Credit Cards are also known as Plastic money. These are generally issued by banks to their customers.
- Credit Cards can be used for making online payments as there is no physical exchange of cash over the internet. Credit cards are also used at restaurants, retail outlets or stores.
- The payment made through credit card is usually authorized by the card issuing bank by way of a fully secured payment mechanism.
- Unlike, when using debit cards, where the amount gets debited from the account, here the payment is made by the card issuing bank on the customer's behalf. The bank generally gives a month's credit period to the cardholder to pay the credit amount.
- The card holder can later make the payment to the bank either in full or in installments.
- The advantage of credit card is the person can use his card even if he does not have money in his pocket or in his bank account. They are the replacement for currency notes.
- Therefore, credit cards are used for making credit payments and not cash payments.

CHAPTER 4

SOCIAL RESPONSIBILITY OF BUSINESS

Q.1. Distinguish Between: - Traditional Social Responsibility & Corporate Social Responsibility

Sr. No.	Basic of Difference	Traditional Social Responsibility	Corporate Social Responsibility
1.	Meaning	It refers to help poor through profit made by business.	It refers to commitment business to contribute economic development.
2.	Evolution	It is evolved in ancient India and Pre-Christian Era	It is evolved after World War II.
3.	Concept	It has philanthropic concept	It refers to ethical, legal and economic concept also.
4.	Scope	It is restricted at individual level.	In considers economy as a whole.
5.	Type	It is primitive a narrow approach	It is global and wider approach
6.	Goals	It has not considered intangible goals.	It has considered tangible as well as intangible goals.
7.	Nature of firms	Business firm adopting traditional social responsibility are generally smaller firms.	Business firms adopting corporate social responsibility are generally large firms including MNCs.
8.	Area Coverage	This concept is operated at local level because it is adopted by small firms.	This concept is operated at national and international level as it is adopted by large firms.

Q. 2. State with reasons whether the following statements are true or false.

1. The business is part of society.

Ans. True.

(i) **Business acts as a trustee of society.**

Business acts as a trustee of society. This is because it is one of the most important elements of society. Therefore it must discharge its obligations towards various sections of the society. It is the duty of the enterprise to protect the interest of the members of I society.

(ii) **Business serves society.**

Business provides goods and services to the society which are demanded by the socie] If there is change in expectation of society, business should provide goods and servia accordingly. Otherwise profit of business organisation will disappear.

(iii) **Public Image :**

Business organisations try to maintain their standard in order to create goodwill and image in society. For this purpose business organisation takes care of every element of society, (e.g.) They look after workers by giving fair wages and non-monetary benefits and take care of consumer by providing better quality of goods at reasonable prices which may increase their standard of living etc. This will enhance their image.

(iv) **Broader outlook.**

A business organisation has to look after the welfare of various interest groups such as shareholders, customers, employees, suppliers, creditors etc. A socially responsible organisation is in a position to work for the interest of all of them rather than serving a small segment of the society.

2. Tangible goal of earning profit is the sole objective of business.

Ans. False.

(i) **Profit is not the only objective.**

Modern business firms do not aim at profit alone. Besides profit they like to earn goodwill and reputation. Therefore they are more concerned about their social responsibilities.

(ii) **Corporate governance.**

The modern firms are very much interested in maintaining corporate governance. They want to be more responsible and more accountable business units. They believe in honesty and transparency. They want to adopt an open minded policy.

(iii) **Human rights responsibility.**

The corporate sector respects ethical values in terms of human rights. They want to ensure fair wages and other monetary incentives to workers. They take efforts to avoid unfair treatment and exploitation of workers.

(iv) **Protection of consumer rights.**

All business activities centre around consumers. Consumers are vital section of the society whose behaviour determines the future of the business organisation. Corporate governance can check such anti-consumer stand and promote the welfare of the consumers.

(v) **Socio Economic activities.**

Business activities are now considered as socio-economic activities. Therefore, the sole aim of the business organization is not maximizing profit. The business organizations have social responsibility.

3. Business organization can participate in solving complex social problems.

Ans. True.

(i) **Creates employment opportunities :**

The business organization should create employment opportunities and provide better life to the society.

- (ii) **Prevents pollution:**
The organization should prevent environmental pollution by taking the necessary preventive measures and maintain ecological balance.
- (iii) **Financial help to social and cultural activities :**
The organisation provides financial help to social and cultural activities by contributing towards society for education, primary health care, population control and rural development.
- (iv) **Development of rural area :**
The business organisation should try to promote and develop small scale industries rural area and also labor oriented industries in rural area. Thus it should help in development of underdeveloped areas.
- (v) **Prevent overpopulation in the cities :**
The business organisation should set up industries in different areas, which may avoid over population in big cities.

4. Business should not disclose their records to investors.

Ans. False.

Commitment to corporate governance.

Companies must ensure a fair degree of corporate governance in their behaviour. Corporate governance refers to open and honest policy in running company in the interest of shareholders.

- (i) **Financial responsibility.**
The companies are subject to financial accountability. They should not indulge in corrupt practices. They should submit standard financial report to shareholders and government.
- (ii) **Periodic information :**
The company should arrange proper communication facility to inform the shareholder about all developments of the company.
- (iv) **Proper disclosure:**
The management is expected to maintain proper accounts which are duly audited time to time. There should be high degree of transparency in such matters. Even shareholder must get a copy of balance sheet of the company along with the details profit and loss account.
- (v) **Proper system of accounting :**
It must not prepare manipulated accounts with suppressed profit in order to deny or reduce dividends to the shareholders. It should not falsify the accounts to escape the burden.

5. Business organisation is not liable to control pollution.

Ans. False.

- (i) **Environment responsibility.**
This is one of the important aspects of corporate social responsibility. The companies must have a suitable policy in with regard to carbon emissions and reduction. They should show responsibility to maintain sustainable growth. It is their duty to build a pollution free society.

(ii) Management of waste water

Every businessman must carefully handle the residuals like waste water so that they do not contribute to health hazards

(iii) Generation of renewable energy

Businessman must come forward to invest huge capital to generate energy by planting wind mills and solar units. This will go a long way to satisfy our energy needs besides making the country pollution free.

(iv) Pollution control measures.

It is the duty of the businessman to follow all the norms of pollution control. He must set up adequate pollution control units so that all pollutants are properly treated before they are released.

(v) It is their obligation to protect environment.

Business utilises all types of resources available on earth. The resources are the gift of nature. Therefore it is their turn to take all possible efforts to protect environment.

6. Business organisation cannot contribute to raise standard of living of society.

Ans. False

(i) Production of harmless goods.

A producer must produce and supply those goods which are environmentally free. He must avoid supplying goods which will harm the society by bringing environmental degradation. It will improve standard of living.

(ii) Creates employment opportunities :

The business organisation should create employment opportunities and provide better life to the society.

iii) Fair wages :

The organisation should pay fair wages and allowances to the employees. Employees should be given allowances like medical facilities, bonus, educational allowances, travelling allowance. There should be regular increment and revision in salary and wages.

iv) Development of rural area :

The business organisation should try to promote and develop small scale industries in rural area and also labor oriented industries in rural area. Thus it should help in development of underdeveloped areas.

v) Prevent overpopulation in the cities :

The business organisation should set up industries in different areas, which may avoid overpopulation in big cities.

7. Ethics is a branch of politics.

Ans. False.

(i) A branch of social science.

Ethics is a branch of social service which is concerned with the moral behaviour. It tells us what is good and bad. It guides us what to do and what not to do.

(ii) It is concerned with moral values.

Ethics is a system which prescribes moral values. It provides moral guidelines to give a good character to human being including businessman.

The term ethics is derived from greek word 'Ethos' which means character. Thus it is moral science which is a branch of social science.

(iii) Business ethics is concerned with morality in business activities.

Business ethics suggests rules or standards which a businessman must follow in order to maintain a good conduct or character. It is also concerned with corporate ethics which is to be followed by professionals and businessmen. Thus it is concerned with moral values and not politics.

(iv) Business ethics is a code of conduct

Business ethics is a code of conduct which is to be adopted by businessmen. It specifies what should be done and what should be avoided for the welfare of the society. It creates a healthy and competitive business atmosphere.

8. Business ethics is applicable to all business organisations.

or

Every business organisation should pay attention to business ethics while conducting their activities.

Ans. True.

(i) Business ethics must be followed by every businessman.

Business ethics refers to the code of conduct which every businessman must expect to follow. It is necessary to maintain a harmonious relationship with all sections of society.

(ii) Small as well as big business must adopt moral principles.

Business ethics is the common moral principle which is to be adopted by every business whether it is small scale or large scale. A businessman can create a healthy and competitive business atmosphere only by respecting moral values.

(iii) Business ethics is a global principle.

Business ethics is not restricted to a particular businessman or a particular country. Ethical principles are applicable to all places and organisations. All types of organisation whether sole trader or partnership, co-operative or joint stock company, small or big, Asian company or American company every one has to follow ethical principles.

(iv) Business ethics serves all the sections.

Ethics insists on fair treatment to all sections of the society. It assures equal importance to consumers, workers, shareholders, investors, government and society. Therefore every businessman recognises and respects business ethics.

(v) Business ethics guides all the businessmen.

Ethics provides guidelines for businessmen as how to frame their business policies in accordance with the values existing in the society.

9. Providing career opportunities to employees is the responsibility of business.

Ans. This statement is TRUE.

Reasons:

- a) Providing career opportunities to employees is the responsibility of business.
- b) Employees are the human resources of an organization.
- c) They must be treated with dignity and respect.
- d) Mutual trust and confidence on employees will bring success to managerial goals.
- e) Business should offer adequate opportunities of promotion to their talented employees.
- f) They should provide the employees with proper information about qualifications, skills, and experience required to obtain promotion.
- g) They should increase awareness among the employees so that employees will be motivated to take the efforts.
- h) Employees with talent should be provided with career opportunities.
- i) Organization should aim at all round development of personality.
- j) Organization should aim at all round development of personality.

Therefore, providing career opportunities to employees is the responsibility of business organization.

10. Management should avoid workers, participation while taking decisions.

Ans.: This statement is FALSE.

Reasons:

- a) Management should encourage workers' participation while taking business decisions.
- b) Employees are the human resources of an organization.
- c) They must be treated with dignity and respect.
- d) Workers should be encouraged to participate in the management.
- e) Workers are the people who face day to day problems arising in the functioning of company. So, they are well aware of these problems. Therefore, they are the right people to find practical solutions to these problems.
- f) Schemes such as common suggestion system for cost saving, quality, circles, profit sharing, co-partnership should be introduced, so as to encourage workers' participation in the decision making process.
- g) It will help to raise the morale of the employees.
- h) It will help to create a sense of belongingness with the organization.
- i) It will help create cordial labour-management relations.
- j) Mutual trust and confidence in employees will enable to achieve managerial goals.

11. Expectation of society and public towards business are changing.

Ans.: This statement is TRUE.

Reasons:

- a) Expectation of society and public towards business are changing.
- b) World is changing, growing, and expanding rapidly.
- c) Business must operate as per expectations of society.
- d) Over the years, social demands have changed and business has to respond positively to the changes.
- e) Public and society are becoming aware of their rights.
- f) They expect business organizations to protect and promote their rights.
- g) Overall knowledge level of public and society is also increasing.
- h) Business organization should not do anything that is harmful to the society.
- i) Expectations of society and public towards business are changing and business has to meet their expectation.

12. Business ethics can be considered as a tool for social development.

Ans.: This statement is TRUE.

Reasons:

- a) Business ethics is a code of conduct evolved for regulating the activities of business towards society and other business units.
- b) Business ethics is a relative term. It is different in every country.
- c) Business ethics is applicable to all business organizations.
- d) It protects interest of all the constituents of the society i.e. consumers, investors, employees, etc.
- e) It creates a healthy and competitive business atmosphere.
- f) It specifies what should be done and what should be avoided for the welfare of the society.
- g) It involves fair treatment with the consumers, workers, suppliers, shareholders, government, competitors and the entire community.
- h) It promotes honesty, sincerity, fairness, and justice in business dealings.
- i) Business ethics defines the social, legal, cultural and economics limits within which business organizations have to plan and conduct their activities.
- j) It guides the business organization to formulate the business policies in a justified manner.

Thus, business ethics practiced by businessmen in the right spirit can be considered as a tool for social development.

13. Business organization can use natural resources as they want.

Ans.: This statement is FALSE.

Reasons:

- a) Business organizations cannot use natural resources as they want.
- b) Business organizations operate within the society.

- c) They use the natural resources of the society.
- d) They should make proper use of the country's natural resources.
- e) There should be optimum utilization of the resources.
- f) As supply of natural resources is limited, their wastage should be avoided.
- g) The available resources should be used for the benefit of society.
- h) They should extract resources in limited quantity.
- i) Damage to environment should be avoided while utilizing the natural resources.
- j) Through proper use of resources the business organization can take care of the welfare of society.

14. Role of media exerts major influence on business organization.

Ans.: This statement is TRUE.

Reasons:

- a) Role of media exerts a major influence on business organization.
- b) Media plays a very important role in public life.
- c) Reach of media to common people is very easy.
- d) Media is very powerful and it can speak against wrong policies of business.
- e) It can raise its voice against business malpractices and consumer exploitation.
- f) Television channels, radio, newspapers can give publicity to unfair practices.
- g) Media is very vibrant and active.
- h) Media can easily influence the masses in the society.
- i) Business organizations should fulfill their social responsibilities.
- j) They should not ignore social values.

Therefore, it is rightly said that media exerts major influence on business organization.

15. Business organization is not liable to control pollution.

Ans.: This statements is FALSE.

Reasons:

- a) Business organization is liable to control pollution as working of business units result in pollution of air, water, and noise.
- b) The carbon particles, dust, harmful gases, chemicals create air pollution.
- c) Harmful chemicals drained in water resources causes water contamination.
- d) Sound of machines in the factories can cause noise pollution.
- e) Extraction of natural resources cause damage to eco-system.
- f) Smoke emitted from the factories causes air pollution.
- g) They should adopt eco-friendly products.
- h) They should introduce eco-friendly manufacturing process, use renewable and clean source of energy.
- i) They should follow highest standards of packaging.
- j) Business organizations should invest in renewable energy projects.

- k) They should aim at reducing carbon emissions.
- l) Business is a part of society. Therefore, it cannot ignore its responsibility of protecting environment.

Thus business organizations are liable to control pollution.

16. Introducing Environment Management techniques benefit business organization.

Ans.: This statement is TRUE.

Reasons:

- a) Introducing Environment Management techniques benefit business organization.
- b) Environmental Management System (EMS) is a document developed by business organization to assess their environmental impact and improve efficiency.
- c) ISO 14001 -2004 is an environmental management standard.
- d) It specifies a set of environmental management requirements.
- e) The purpose of this standard is to help all types of organizations to protect the environment, to prevent pollution, and to improve their environmental performance.
- f) ISO 14005-2010 EMS which has been recently introduced provides guidelines for the phased implementation of EMS including use of environmental performance evaluation.
- g) ISO 14006 - 2011 EMS provides guidelines for incorporating eco-design. Thus EMS is beneficial to a business organization as the organization can make a difference by reducing the impact of their products and services on environment from process of design, materials used, packaging, delivering, marketing, disposal, etc.

17. Business and environmental protection are contradictory.

Ans.: This statement is TRUE.

Reasons:

- a) Business and environmental protection seems to be contradictory.
- b) Rapid industrialization has placed tremendous burden on natural resources.
- c) Environmental components i.e. air, water, and land have been polluted.
- d) Industrialization has resulted in
 - i) Increase in pollution
 - ii) Increase in transportation
 - iii) Growing consumer economy
 - iv) Increase in population
 - v) Unrestricted extraction of resources.
- e) Though business and environmental protection seem to be contradictory, rules should be framed in a proper manner.
- f) It should be able to satisfy environmentalists as well as industrialists.
- g) Growth of business is essentially important and so is protection of environment also.

- h) Rules should be strong enough to protect environment.
- i) At the same time rules should not hurt the progress of business.

Q.3. A) Select the proper option from the options given below and rewrite the sentences.

1. Regular and prompt payment of wages is the responsibility towards .
(a) government (b) shareholders (c) employees
2. Businessman should always respect
(a) manufacturer (b) customer (c) retailer
3. A business organization should supply commodity of _____ quality to their customers.
(a) inferior (b) low (c) good
4. Social responsibilities of commercial organisation towards employees adopt _____ in the interest of the group.
a) fair wages, b) low wages, c) unfair rewards
5. Businessmen are _____ of the society.
a) representative, b) servants, c) trustees
6. Regular and prompt payment of taxes is the responsibility of business towards.
(a) customers (b) government (c) shareholders
7. To maintain industrial peace is the responsibility of .
(a) businessmen (b) government (c) shareholders
8. Business is a _____ activity
a) service (b) socio-economic (c) profit
9. A business organisation is part of .
(a) industry (b) government (c) society
10. To earn profit is the _____ objective of the business organisation.
(a) social (b) economic (c) moral
11. Business organisations should supply goods of _____ quality to their customers.
a) inferior (b) superior (c) medium
12. In modern business environment, _____ provides more opportunities and challenges
a) Privatisation (b) Globalisation (c) specialisation.
13. Business organisation should try to make _____ utilisation of natural resources.
a) minimum (b) maximum (c) optimum
14. Location of industries should be in _____ zones.
a) Residential (b) Industrial (c) commercial
15. For economic growth and national security, _____ stability is required.
a) Political (b) Social (c) Natural
16. Business organisation is a part of
a) Industry (b) Government (c) Society

17. Ultimate goal of business must be satisfaction of
a) Shareholders (b) Consumers (c) Owners
18. To maintain industrial peace is the responsibility of organisation towards
a) Customers (b) Employees (c) Society
19. Business or organisation should protect health and provide safety measures to _____
a) Employees (b) Shareholder (c) Customers
20. Business organisation can maximize profitable by wastage.
a) Ignoring (b) utilising (c) minimising.
21. Business should provide periodic information to
a) Customers (b) Owners (c) Employees
22. Business ethics refers to the system of _____ principles.
(a) Economic (b) Social (c) moral
23. Business ethics is a _____ structural examination of behaviour of people.
a) moral (b) critical (c) economical
24. Business organisation should not create _____ profit
(a) Reasonable (b) Secret (c) Maximum
25. Business organisation should avoid creation of
(a) trade union (b) consumer's cell (c) monopoly
26. Environmental Management System is mandatory in
(a) India (b) USA (c) China
27. Environmental Mangement System which provides guidelines for incorporating eco-design is _____
(a) ISO 14001-2004 (b) ISO 14005-2010 (c) ISO 14006 - 2011

B. Match the pairs from group A with Group B

Group A	Group B
(i) Economic objective	(a) To increase social welfare
(ii) Business ethics	(b) Fair wages
(iii) Pollution control	(c) To earn profit
(iv) Employees	(d) Branch of social science
(v) Obligation to government	(e) Social Responsibility
(vi) Social responsibility	(f) Regular payment of taxes
(vii) Fair Price	(g) consumer
(viii) Protection of Environment	(h) Responsibility towards society
(ix) Responsibility to Investors	(i) to maintain transparency



CHAPTER 5

CONSUMER PROTECTION

Q.1. State with the reasons whether the following statements are true or false.

1. Consumer Movement aims at the protection of consumer interest.

(or) Consumer protection act is the blessing for the consumers.

(or) Main object of consumer movement is to protect the rights of the consumers.

Ans. True.

(a) To put pressure on business community.

Consumer movement started to protect consumer interest in the market by putting consumers pressure on business community. The Consumer Protection Act. 1986 was passed in the interest of the consumers.

(b) To create awareness.

Consumer movement enables consumers to have better knowledge and information regarding the price structure, sizes, designs and quality of the various products available in the market Consumer protection Act creates awareness about basic rights like right to choose, safety choice, to be heard, redress etc. among consumers.

(c) To fight for consumer justice.

Individually the capacity of a consumer is limited to fight and get justice. Consumer protectic-act will help the consumer to get quick justice and protect all his rights. Consumer organisation! can provide a supporting hand in matters like filing cases, guidance and advice in facing lega disputes etc.

(d) To protect consumers from exploitation.

Consumers are exploited and cheated through malpractices and advertising. Most of the consumers in countries like India are ignorant and illiterates who have no idea of consume rights. Consumer organisation effectively uses the consumer protection Act to protect such consumers from great injustice and large scale exploitation.

(e) To assure fair treatment.

Many household appliances, equipment, electrical and mechanical devices sold in the market are defective in functioning. Consumer movement aims at helping such customers.

2. Consumer movement is a political movement.

Ans. False.

(a) Social movement.

Consumer movement is a social movement aiming at creating awareness among consumers who have no knowledge of their rights. Its main objective is to fight for the rights of the of consumers. It is not a political movement.

(b) Legal assistance.

The movement helps the consumer to fight and get justice through legal links. It helps them in filing cases, facing legal disputes etc. Thus there is clear objective of consumer welfare.

There is no political ambition in such a social movement.

(c) **To put pressure on government.**

Consumer movement in India has put pressure on government to introduce various legislative measures to protect consumer rights. The consumer protection Act 1986 has been introduced exclusively for the protection of consumer rights in India.

(d) **To promote consumer welfare.**

Consumer movement is purely a movement for consumer welfare. There is absolutely no interference of any political party or political person in such a consumer based movement.

(e) **To spread consumer education.**

Consumer movement is concerned with spreading knowledge of consumer rights. It aims at educating consumers about their rights.

3. **The Consumer Protection Act was passed in the interest of sellers.**

(OR) **Consumers have been given no rights in India.**

(OR) *Consumer protection Act provides protection to the sellers.*

Ans. False.

The Consumer act in India has been passed to protect the rights of consumer and to promote their welfare.

According Consumer Protection Act 1986, following are the consumer rights :

(i) **The right to safety.**

This is the right to protect consumer from the evil effects of hazardous goods and services. The goods and services marketed should protect long term life interest besides serving the present needs.

Consumers must insist on the quality of life as well as on the guarantee of the products and services.

(ii) **Right to be informed.**

This is the right to be informed about the quality, quantity, potency, purity, standard and price of goods so as to protect the consumers against unfair trade practices.

(iii) **Right to choice.**

This is right to have access to variety of goods and services at competitive price. When a consumer is given option of the products of varying qualities, prices, sizes and designs he enjoys the freedom to choose the best among them according to his needs and capacity.

(iv) **Right to be heard.**

This is the right to listen to consumer's disputes and to assure justice through various forums.

(v) **Right to consumer education.**

This is the right to provide necessary education and create awareness and understanding the market economy. Ignorance and lack of awareness among the consumers are the main factors responsible for exploitation. They should know their rights and exercise them.

(vi) **The right to redress.**

The manufacturer should recognise and readily redress the genuine claims and grievances of the consumer. The consumer must be compensated for misrepresentation or unsatisfactory services. The defective product must be repaired, replaced or taken back by the seller.

Thus consumer protection act has been passed with the main objective of protective interest of the consumers.

4. In India consumer movement is not necessary.

Ans. False

In India consumer movement is necessary.

(a) **To protect consumer rights.**

Consumer organisation can play a vital role in protecting consumer rights by influencing consumer behaviour in several respects. Since consumer organisations are organised at the community level, they can make the movement a success through collective action.

(b) **To extend legal service.**

Individually the capacity of a consumer is limited to fight and get justice. Consumer organisations can provide a supporting hand in matters like filing cases, guidance and advice in facing disputes etc. This will help the consumer to get quick justice.

(c) **To spread consumer education.**

Consumer movement can also spread consumer education. They can play an effective role in creating awareness among consumers and make them understand the need to fight for consumer rights.

(d) **To protect consumers from hazardous products.**

Unlike western countries, there are no effective laws to protect Indian consumers from sophisticated but hazardous products and equipments. Many household appliance equipment, electrical and mechanical devices sold in the market are defective in functional Use of such products may result in serious injuries or may result in death. Most of such victims in India are women and children. Consumer organisations fight for their rights.

(e) **To fight against pollution.**

Most of the industries in the fields of chemical, fertilizer and refinery do not follow adequate safety measures resulting air, water and food pollution. Consumer organisations can take such issues and fight for protection of consumers from pollution.

(f) **To fight against unfair trade practices.**

Big firms involve in deceptive and unfair trade practices to cheat and exploit innocent consumer. Consumer organisation educate consumers about their rights and help them to protect against business malpractices and frauds.

5. The government alone is fighting for consumer protection.

Ans. False.

Government has introduced various acts to protect consumer rights. However there are various other organisations which are fighting for consumer rights.

1. Business Associations.

Business associations like Federation of Indian Chambers of commerce and industry (FIO) and Confederation of Indian Industry (CII) have framed code of conduct to be followed by firms in trade practices.

They prescribe well defined guidelines to be followed in looking after grievances of consumers and recognising consumer rights.

2. Role of NGOs.

If the consumers are aware of their rights it is difficult to exploit them. Many social organisations (NGOs) take interest in educating consumers about their rights. They spread awareness among consumers and guide them how to fight for rights. Self-help is best device to keep away all forms of exploitation.

3. Consumer organisations.

The consumer organisations in India started appearing since 1915. The first consumer organisation called Passengers and Traffic Relief Association was formed in 1915. Its major objective is to check quality of food items and consumer durables

At present there are more than 500 consumer organisations functioning in India. Following are some of the important organisations.

Following are some of the important consumer organisations formed at the national level

- (i) Consumer Guidance Society of India. (CGSI).
- (ii) Council for fair business practices. (CFP)
- (iii) Consumer Action Group (CAG).
- (iv) Bombay Telephone users Association (BTUA).
- (v) Confederation of Indian Consumer Organisations (CICO).
- (vi) Consumer co-ordination Council (CCC).

4. LokAdalat.

Lok Adalat referred as People's Court is established by the government to settle disputes by compromise. It is held by state Authority, District authority, Supreme court Legal Services Committee, High Court Legal Service Committee or Taluka Legal Service. It accepts pending cases in the regular courts and solves disputes by compromise. The affected consumer can directly present his grievance to a LokAdalat. It charges no court fee. Thus it saves money and time. This system is speedy and economical.

6. Consumer being the king of the market does not have any responsibilities.

Ans .False.

Consumer has several responsibilities.

1. Consumers should show environment friendly attitude.

Consumers should respect environment and put all possible efforts to create environment awareness among others. They should co-ordinate with others to

create a pollution free society. They should put pressure on industrialists to adopt adequate safety measures to avoid air, water and sound pollution.

2. Spreading consumer education.

Consumer movement can also spread consumer education. They can play an effective role in creating awareness among consumers and make them understand the need to fight for consumer rights.

They involve in various kinds of activities such as seminars, conferences, workshops, public meetings, street plays, counselling, demonstrations and exhibition to spread awareness.

3. Checking defective and unfair trade practices.

Big firms involve in deceptive and unfair trade practices to cheat and exploit innocent consumers. Consumer organisations educate consumers about their rights and help them to protect against business malpractices and frauds.

Consumer organisation can play an useful role in moulding the consumer behaviour in the right direction.

4. Consumer must exercise their rights.

Every consumer must aware of his rights and come forward to exercise his rights whenever and wherever required. The consumer protection act 1986 provides rights and responsibilities to consumers. The consumer rights will deliver benefits only when the consumer himself exercise such rights. He must choose the commodity, according to his likes and dislikes. If he is not satisfied with the quality of the product, he must immediately protest and exercise his right to protect him.

5. Insists on issue of receipts/cash memo.

Most of the consumers do not show interest in collecting bills or cash memo. Every consumer must insist on the issue of cash memo or receipts for the goods delivered. Even for a product of small value, cash memo must be issued. They will act as legal documents to file cases if the products turn out to be defective or duplicate later. It will also put pressure on the seller to be more quality conscious.

7. 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.

8. Order issued by District Forum on a complaint is final

Ans. This statement is FALSE

Reasons:

- a. Order issued by District Forum on the complain is not final.
- b. The consumer Protection Act was passed in the Parliament.
- c. It is a quasi-judiciary machinery for redressing consumer grievances.

- d. A three tier machinery has been established.
 - i) District Forum ii) State Commission iii) National Commission.
- e. The District Forum is established by the State government in every district.
- f. It entertains complaints where value of goods and services and the compensation if any does not exceed Rs.20 lakhs.
- g. A person who does not agree with the orders of District Forum can file an appeal against the order to the state commission within 30 days of the order.
- h. A person aggrieved with the decision of State Commission can file an appeal to the National Commission within 30 days from the order.
- i. If consumer is dissatisfied with the order of national commission. He can appeal to supreme court within 30 days of such order.
Therefore the above statement that the order issued by District Forum on a complaint is final is false.

Q.2. A) Select the proper option from the options given below and rewrite the sentences.

1. District forum will entertain complains for which the value of goods or services and the compensation does not exceed rupees_____ .
(a) Rs. 20 lakhs (b) Rs. I crore (c) Rs. 10 lakhs
2. State commission will entertain complains for which the value of goods or services and the compensation does not exceed rupees_____.
(a) Rs. 10 lakhs (b) Rs. I crore (c) Rs. 20 lakhs
3. National commission will entertain complains for which the value of goods or services and the compensation exceeds rupees_____.
(a) Rs. 2 crores (b) Rs. I crore (c) Rs. 20 lakhs
4. The chairman/head of the District Forum is a _____
(a) District judge (b) Central minister of law (c) Supreme court judge
5. The Chairman of the National Commission is a_____.
(a) Supreme court judge (b) High court judge (c) District judge
6. The consumer protection Act came into force on_____
(a) 15th April 1986 (b) 15th April 1987 (c) 1st April 1986
7. A person who is not satisfied with the order of National Commission can go for appeal to_____
(a) President of India (b) Supreme court (c) Government of India
8. The maximum period of membership of the District Forum is_____.
(a) two (b) three (c) five
9. Consumer movement is_____ in nature.
(a) political (b) religious (c) social
10. The tenure of Central Consumer Protection Council is_____ years.
(a) five (b) four (c) three (March 09)
11. National commission is established by_____.
(a) Central Government (b) State Government (c) Zilla Parishad
12. State Commission is established by_____
(a) central government (b) state government (c) supreme court
13. District forum is established by_____
(a) central government (b) state government (c) district collector
14. Consumer protection Act 1986 provides a _____ system to look after the complaints of consumers.
(a) two tier (b) three tier (c) five tier
15. Consumer protection act was passed in the year_____
(a) 1985 (b) 1986(c) 1987
16. _____is the Father of consumer movement.
(a) Mahatma Gandhi (b) Ralph Nader (c) John F- Kennedy
17. _____ is the first country to start country to start consumer movement.
(a) U.S.A. (b) Japan (c) Briton
18. In the modern competitive market, consumer is regarded as_____
(a) King (b) servant (c) slave

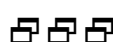
19. Under the consumer protection act 1986, there is a _____ quasi judicial consumer redressal machinery for solving the complaints of the consumers.
a) Two-tier (b) Five - tier (c) Three tier
20. Amendments were introduced to Consumer Protection Act in the year 1993 and _____
a) 1998 b) 2000 c) 2002
21. Any person who does not agree with the decision of State Commission can appeal to the _____
a) Supreme Court (b) High Court (c) National commission
22. Right to _____ restricts monopolistic tendencies in the market.
a) information (b) choose (c) safety
23. The Government has established _____ to settle the consumer disputes by compromise.
a) Lok Adalat (b) District forum (c) Supreme court
24. National Commission has _____ members in addition to the president.
a) 2 (b) 3 (c) 4

B. Write a word or a phrase or a term which can be suitable for each one of the following statements.

- 1) State the name of commission which settles the claims of the consumers of more than Rs. 1 crore.
- 2) State the name of commission which settles the claims of the consumers of less than crore but more than 20 lakhs.
- 3) State the name of commission which settles the claims of the consumers of less than 20 lakhs.
- 4) The right of a consumer which allows him to express his views.
- 5) The right of a consumer which creates an awareness in him about his rights.
- 6) Non-profit non-political independent groups working for a definite cause.

C. Match the pairs from group A with group 'B'

A	B
(i) National Commission Chairman	(a) King of the market
(ii) Three tier system	(b) National Commission
(iii) Consumer movement in India	(c) Consumer disputes redressal agencies
(iv) Consumer Protection Act.	(d) 1986
(v) State commission	(e) 1920
(vi) District Forum	(f) Supreme Court Judges
(vii) Consumer	(g) District Judge
(viii) Consumer movement	(h) Complaints valued above 20 lakhs and upto 1 crore
(ix) Mumbai Grahak Panchayat	(i) 1960
	(j) NGO



CHAPTER 6

PRINCIPLES OF MANAGEMENT

Q.1. A State with reasons whether the following statements are true or false.

1. Taylor is called the father of scientific managements.

Ans. True.

(i) Taylor introduced scientific methods.

Fredrick Winsloco Taylor, an American engineer is the first expert who advocated scientfo methods of management. According to him every element or movement of work and the performance of the worker must be scientifically analysed. This will help to frame a scientific approach in determining standard time, standard method of doing work with maximum efficiency.

(ii) Taylor favoured science to tradition.

Taylor never favoured traditional methods of management. According to him the decisiom of how to produce and how much to produce should not be decided on the basis of will and wish of the manager. The manager must adopt a scientific approach to determine **standard** time, production target and how many workers required to complete the job etc.

(iii) Observations and experience.

Most of the ideas of Taylor are based on his own observation and experience. Taylor himself adopted a scientific approach by introducing new techniques and principles, the methods must be tried to reach the best one. The method which exploits maximum resources with minimum cost must be selected. All such scientific techniques resulted! increasing productivity of workers and best performance.

(iv) Standardisation.

Taylor advocated pre-determined standards in connection with material, method, quality and time. He insisted on the application of scientifically developed standard tools and equipments. He advocated standardised working conditions and standard time. All **sin** syggestions are scientific in nature.

(v) Scientific training.

Taylor insisted that workers must be selected through a standard procedure to ensure right person for the right job. It must be followed up by scientific training. A well trained worker can assure perfection in his job.

Thus all his ideas and methods are based on scientific approach. Therefore he is rights ailed the father of scientific management.

2. Principles of management is rigid, (or) Principles of management are neither universal nor dynamic.

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 cannot be applied in rigid form. It is possible to alter them as per the situation warrants.

3. Principles of management improve the efficiency of workers.

Ans. True.

(i) Increase in efficiency.

Managers of business organisations are effectively guided and supported by the principles of management in their strategy to achieve the organisational objectives. Through application of such principles under different situations, a manager is bound to gain great experience and maturity. This will certainly improve his knowledge, ability and understanding of various managerial situations. These principles help them to learn from mistakes and guide them to take right decisions at the right time.

(ii) To train and educate managers.

Application of management principles provides necessary training to the managers and educate them how to face different challenges. It also facilitates them with a great degree of wisdom. The experience and the wisdom enable the manager to evaluate any kind of management job.

Taylor strongly believed that a well trained worker delivers maximum productivity.

(iii) To achieve optimum utilisation of resources.

Principles of management suggest systematic planning and scientific application of strategies, help to avoid wastage and improve efficiency. Taylor's scientific management suggests the best method to eliminate wasteful movements by setting up a standard time to complete a task.

(iv) To motivate employees.

The management principles motivate the employees to contribute their best to the company. The principles of management advocate a policy of incentives and promote to improve the performance of the employees.

(v) Team Spirit.

Many reputed organisations adopt principles which develop team spirit and cordination among the workers. Team spirit avoids confrontation and conflicts, ensuring smooth functioning of the organisation.

4. According to Taylor there must be scientific selection and training of workers

Ans. True.

(i) Proper selection :

The job of selection should be entrusted with experts and specialists who are capable of recruiting right persons for the right jobs. Such a responsibility should not be given to a foreman who may not possess the required knowledge.

Taylor suggested a variety of tests to be faced by the candidates before finalising selection.

(ii) Training.

(iii) Taylor strongly believed that workers need to be well trained for the jobs. Training makes them more efficient. The training must be given according to the requirements of the job.

(iv) Development of each man to his greatest efficiency and prosperity.

Scientific management believes in developing each worker to his greatest efficiency and prosperity. Workers are selected carefully and scientifically trained to attain the highest level of efficiency. Training is given in accordance with the requirements of the jobs. This will enable him to earn higher remuneration and mental satisfaction.

(vi) Maximum Prosperity of employer, coupled with maximum prosperity of employee.

According to Taylor the objective of scientific management is to achieve maximum prosperity for employer and employee. Maximum prosperity for employer means not huge profit in the short run. It is the overall development of the organisation in order to achieve permanent prosperity.

Workers achieve maximum prosperity not just by immediately getting higher wages but through development of their ability. This will enable them to work efficiently at higher grades which suits their natural abilities.

(vii) Standardised working conditions.

Scientific management prescribes standards in respect of physical conditions such as working space, ventilation, lighting, temperature, humidity etc. It ensures optimum utilisation of the capacity of machines and workers.

5. The principles of equity says that the employees should be differentiated while distributing the work and making payments.

Ans. False.

i. The principle of equity is not related to payment of wages and salary.

Equity does not mean equal salary or differentiated salary. It does not say that a peon should be paid equal salary like a manager. It is concerned about the equal treatment to all employees with respect to application of rules.

ii. The principle of equity advocates fair and just treatment to employees.

Equity favours fair and just treatment to all employees irrespective of their status and position. The manager must adopt a kind and fair approach to ensure justice for all. This will induce the workers to put their maximum efforts.

iii. Equity implies unbiased treatment.

Principle of equity advocates that a manager must remain unbiased in dealing with employees. He should not favour one group and unfavour another group. It will only divide the employees. If the manager is unbiased the employees will put their efforts unitedly.

iv. Uniform disciplinary rules.

A manager must follow same disciplinary rules for employees whether they are peons or supervisors. The procedure of application of rules must be uniform for all irrespective of their position, grade and gender.

Q.2. Distinguish Between: Unity of Command and Unity of Direction:

Sr.No.	Unity of Command	Unity of Direction
Meaning		
1	Unity of command states that an employee should receive orders from only one superior, else the employee may get confused and thus may not be able to perform efficiently.	Unity of Direction states that each group in the organization should have the same objective. Each group should follow one manager and work in the same direction.
Reference		
2	Unity of command speaks about the relation between a single employee and his superior (boss).	Unity of Direction refers to a group working with the same objectives to work in the same direction.
Motive		
3	The motive of this principle is to avoid any confusion in the mind of the employee and to facilitate the employee to work with clarity.	The motive of this principle is to ensure that all members in a team are working in the same direction.
Basis		
4	This principle is based on the idea of one employee one superior (boss).	This principle on the idea of single plan and single manager for one team.

Q.3. A) Select the proper option from the options given below and rewrite the sentences.

- (i) Management Principles are _____ in nature.
(a) static (b) limited (c) universal
- (ii) Henry Fayol has suggested _____ principles of management.
(a) 14 (b) 12 (c) 16
- (iii) _____ is the principle of specialisation.
(a) Division of work (b) Centralisation (c) Discipline
- (iv) Management principles influence _____.
(a) human behaviour (b) organisation (c) government
- (v) Concentration of power of authority is started in the principles of _____.
(a) Centralisation (b) Remuneration (c) Equity
- (vi) According to the principles of _____ all employees should be given same treatment
(a) Authority (b) Discipline (c) Equity
- (vii) Technique of study of _____ concentrates on the movements of the worker.
(a) Motion (b) Time (c) Organisation
- (viii) F.W. Taylor is called as the father of _____ management
(a) Modern (b) Scientific (c) Technical
- (ix) Technique that focuses on complete change in the attitude of the employee and employer is known as the principle of _____.
(a) attitude change (b) scientific management (c) mental revolution

- (x) _____ is the father of modern management
 (a) Fayol (b) Taylor (c) Peter Drucker
- (xi) _____ is the father of scientific management
 (a) Fayol (b) Taylor (c) Peter Drucker

B. Match the pairs from group A with group B:

A Group	B Group
(a) Henry Fayol	(a) F.W. Taylor
(b) Science not rule of thumb	(b) Traditional thought
(c) Management principle	(c) Scientific management approach
(d) Father of scientific management	(d) 14 principle of management
(e) Division of labour	(e) Universal
(f) Unity of command	(f) Work allotment to the workers
(g) Unity of direction	(g) Loyalty and devotion
(h) Principle of equity	(h) Equal Payment to all employees
(i) Esprit de corps	(i) Equal treatment to all employees
	(j) Specialisation
	(k) One employee one boss
	(l) One unit one plan

C. Write a word or a phrase or a term which can be suitable for each one of the following statements:

- (1) State the name of the expert who put 14 principle of management
- (2) Name the person who is the father of scientific management
- (3) The principle of management relates to justice and kindness.
- (4) Father of modern management
- (5) The principle of management which says unity is strength
- (6) The principle of management that says the work should be divided in to parts
- (7) The principle of management explaining the importance of fair payment to workers
- (8) The principle of management which explain the use of scientific method to determine the activity performed by the employee.
- (9) The technique of scientific management which talk about the change in the attitude of the employees.
- (10) The statements of fundamental truth of management



CHAPTER 7

FUNCTIONS OF MANAGEMENT

Q.1. State with reasons whether the following Statements are TRUE or FALSE.

1. Functions of managements have no role to play in success or failure of an organization.

Ans. This statement is FALSE

Reasons:

- a) The functions of management are forecasting and planning, organizing, commanding, coordinating and controlling.
- b) George Terry has given much importance to Planning, Organizing, Directing and Controlling. These functions are called the basic functions of management
- c) Manager needs to perform many activities in order to manage daily tasks. These are termed as functions of management.
- d) If all functions are performed effectively, and efficiently then organization can achieve its aims and objectives.
- e) Hence functions of management have significant role to play in success or failure of an organization.

2. Planning is an intellectual process.

Ans. This statement is TRUE

Reasons:

- a) Planning is chiefly an intellectual process which means thinking before doing. The success of planning depends on the manager and his ability to collect the facts which are likely to affect planning.
- b) Whether these facts are connected with the present situation or the estimated future change what matters is how correctly he takes his decision on their bases.
- c) The whole process happens to be intellectual and for the successful completion of all these activities the planner should have fair-sightedness, imagination power and decision making capacity.
- d) Therefore, it can be said that planning requires thinking at every step and hence it can be considered as an intellectual process.

3. Planning function alone can help to achieve organizational objectives.

Ans. This statement is FALSE.

Reasons:

- a) Planning is beginning of managerial activities. It is one of the foremost functions of organization.

- b) Control is always exercised in the light of planning. Control without planning is an impossible one. In absence of planning it would be very difficult to find out what is going wrong in the organization. It prevents managements from taking corrective measures to control the situation.
- c) Planning determines the activities of different individuals, groups and departments in such a way, that maximum coordination between physical and human resources may emerge. Thus, there will be better coordination in the enterprise.
- d) Planning provides direction for action by stating in advance how work is to be done.
- e) Thus, planning depends on other functions of management such as directing, controlling, coordination. Thus planning function alone cannot help to achieve organizational objectives.

4. Planning is of vital importance in the managements process

Ans. This statement is TRUE

Reasons:

- a) Planning is very first function of management. Planning means deciding in the present what to do in the future.
- b) It bridges the gap between where we are and where we want to be.
- c) Planning is performed by all three levels of management viz. Top level management, Middle level management, and Lower level management.
- d) A well prepared plan helps to improve moral of employees. At the same time effective planning helps to avoid or reduce wastage in the organization.
- e) Thus planning reduces risks and uncertainties, encourages innovation, facilitates controlling, facilitates coordination. Therefore planning is of vital importance in the managerial process.

5. Organizing is the process of defining and groupings the activities of the organization.

Ans. This statements is TRUE

Reasons:

- a) Organizing is an important function of management. It is concerned with bringing together various resources i.e. men, machines, materials, money methods and establishing relationships among them for the accomplishment of specific objectives.
- b) Organizing is process of implementing the plans by clearly defining the jobs, working relationships and effectively deploying physical, human and financial resources for achieving organizational goals.
- c) By means of organizing, various abilities are utilized and interest is fund together.
- d) Hence, organizing is the process of defining and grouping the activities of the organization.

6. Division of works is not required in organizing function.

Ans. This statement is FALSE

Reasons:

- a) Organizing is a division of work
- b) Total work to be done is divided into manageable activities so that duplication is avoided and work can be completed as per predetermined goals.
- c) Division of work facilitates specialization in work and skills which is essential, as no individual alone can perform the entire work efficiently and effectively.
- d) Division of work is an important organizing function.

7. Staffing is just to determine the number of people required in the organization.

Ans. This statement is FALSE.

Reasons:

- a) Staffing means appointing competent persons according to the importance of the post of the organization.
- b) It means that more capable persons are appointed on more important posts and comparatively less competent persons can be appointed on less important posts.
- c) Staffing involves recruitment and selection of employees, performance appraisal of the employees, promotion and transfer of employees, training and development, motivating and rewarding the employees.
- d) Hence, staffing is not just to determine the number of people required in the organization.

8. Staffing is one time process as people have to be appointed once.

Ans. This statement is FALSE

Reasons:

- a) Staffing means appointing competent persons according to the importance of the post of organization. It means that more capable persons are appointed on more important posts and comparatively less competent persons can be appointed on less important posts.
- b) Taking into consideration the long term needs of the enterprise, right men should be appointed at the right time for the right job. This can be done through recruitment.
- c) Recruitment is an activity of establishing contact between the employer and the employee.
- d) Once an organization could place the right man at the right job, it is easy to plan, organize, coordinate, direct and control the human activities to get desired results economically and efficiently.

- e) In short, staffing includes manpower planning, recruitment, selection, training, placement and development of the right personnel for the enterprise.

Therefore, staffing is not a onetime process as people have to be appointed from time to time.

9. Staffing includes human resource management.

Ans. This statements is TRUE

Reasons:

- a) Human resource management is the recruitment, selection, development, utilization, compensation and motivation of human resources of the organization.
- b) Human resource management is a wider term as compared to staffing.
- c) It includes staffing, record keeping, personnel policies formulation, conducting personnel research, providing expert services. etc.
- d) Hence staffing is a part of the human resource management and not all of it.

10. Every action in the organization is initiated through directing.

Ans. This statement is TRUE

Reasons:

- a) Directing as a function of management is concerned with instructing, guiding and inspiring people in the organization to achieve its objectives.
- b) Directing is one of the essential element of management process, therefore it is said that "Directing is the heart of management process'.
- c) Other functions of management i.e. planning, organizing, staffing are initiated when the directing function is performed.
- d) Actual actions are initiated when managers direct their subordinates. The subordinates in the organization start working when they get instruction from their superiors.
- e) Therefore, every action in the organization is initiated through directing.

11. Directing is not required at all in management of the organization.

Ans.: This statement is FALSE

Reasons:

- a) Directing as a function of management is concerned with instructing, guiding and inspiring people in the organization to achieve its objectives.
- b) Other functions of management i.e. planning, organizing, staffing are initiated when the directing function is performed.
- c) Directing motivates the workers by providing monetary and non monetary incentives to work efficiently and contribute their maximum efforts towards achievements of organizational goals.
- d) Effective directing results in efficient utilization of resources like time, money, material and even efforts.

- e) The directing function involves training and guiding of the subordinates and also their supervision. This enhances their efficiency. Thus to achieve organizational goals and objectives, directing is required at all levels of management of the organization.

12. Directing function is not directly related with human factor.

Ans. This statements is FALSE

Reasons:

- a) Directing as a function of managements is concerned with instructing, guiding and inspiring people in the organization to achieve its objectives.
- b) Directing is one of the essential elements of management process, therefore it is said that **“Directing is the heart of management process”**.
- c) Planning, organizing, staffing has no significance if directing function does not take place. It is the part of management process which ensures the efficiency and effectiveness of the employees.
- d) Many philosophers call directing as **“Life spark of an enterprise”** as it sets everything in motion.
- e) Hence, directing function is directly related with human factor.

13. Coordination is the essence of management.

Ans. This statement is TRUE

Reasons:

- a) Organization is a system which is made up of many parts and sub systems which are interdependent, interlinked and interactive.
- b) Coordination gives common direction to all the people in the organization.
- c) The harmony among these sub-system or parts decides the success of the system as whole.
- d) Without coordination any system will collapse in no time.
- e) Thus coordination is the essence of management.

14. Coordination is same as co-operation

Ans.: This statement is FALSE

Reasons:

- a) Coordination and co-operation are not one and the same.
- b) Co-operation means helping one another to reach individual targets.
- c) Co-operation can take place among managers or non-managers.
- d) However, coordination is the function of managers, whereby they try to interlink the activities of their subordinates.
- e) Coordination is broader in scope than co-operation.

15. Coordination is needed at all levels of management.

Ans. This statement is TRUE

Reasons:

- a) The element of coordination needs to be everywhere.
- b) Activities of all departments need to be coordinated. Within the department the efforts of individuals and teams should be coordinated.
- c) Managers need to coordinate money with materials, materials with machines, Machines with technology, products with market and so on.
- d) Thus managers at all levels and in all sections need to be coordinated. There is no area of management in an organization where coordination is not needed.
- e) Coordination is needed at all levels of management. Therefore, it is called pervasive.

16. 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.

17. Planning and controlling are interdependent and interlinked activities.

Ans.: This statement is TRUE

Reasons:

- a) Planning and controlling are two separate functions of management process. Despite being independent, both the functions are interdependent to each other.
- b) Controlling seeks to appraise the performance only in relation to objectives set in advance. Without prior objectives, there can be no performance and hence no appraisal and no controlling.
- c) Therefore, it can be said planning is pre-requisite for controlling.
- d) Thus, planning and controlling are complementary, supplementary and interdependent to each other.

18. Corrective action is not possible through controlling

Ans. This statement is FALSE.

Reasons:

- a) Controlling is a basic management function which implies measures of actual performance of subordinates, comparing it with standards set by plans and correction of deviations to ensure attainment of objectives according to plans.
- b) Therefore, the difference between the expected results and the actual results is reduced to the minimum.
- c) In this way, controlling is helpful in taking corrective action.

19. Co-ordination is similar to staffing.

Ans. False.

a) **Staffing and co-ordination are two different functions.**

Staffing is the process of matching jobs with right individuals. It is the process of filling all positions in the organisation with adequate and qualified personnel.

Co-ordination is the interrelating factor which brings together separate work units departments within an organisation.

b) **Areas of specialisation differs.**

Staffing specialisation are functions like selecting, training, placement, compensation etc.

Co-ordination specialises on uniting and co-relating, arrangement of group effort, inters and motivating working forces etc.

c) **Work for different objectives.**

The primary objective of staffing is to keep right type of people at right positions and at the right time.

The primary objective of co-ordination is to co-ordinate different departments for ensuring successful implementation of the policy.

d) **Importance.**

Staffing function has become important with growing size of organisation, technology advancement and recognition of human factor in industry.

Co-ordination enables the management to utilise the energies of the working force in the best possible manner.

Q.2. A) Select the proper option from the options given below and rewrite the sentences.

- 1) _____ function designs the future course of action.
(a) planning (b) directing (c) staffing
- 2) _____ process helps recruiting the right persons for the right places.
(a) planning (b) directing (c) staffing
- 3) The function of _____ establishes relationship of different people within the _____ organisation.
(a) organising (b) directing (c) staffing
- 4) _____ function takes group efforts to bring together different units and departments within the organisation.
(a) organising (b) directing (c) co-ordination
- 5) The process of management starts with _____ function.
(a) planning (b) controlling (c) co-ordinating
- 6) _____ involves all aspects of business
(a) planning (b) controlling (c) directing
- 7) Staffing is concerned with _____
(a) physical factor (b) financial factor (c) human factor
- 8) Planning is _____
(a) neutral process (b) basic function (c) forward looking
- 9) Planning is _____
(a) Advanced Function (b) Primary Function (c) End Function
- 10) Division of work is involved in _____ at _____ function.
(a) Planning (b) Organising (c) Directing
- 11) Directing is initiated at _____ level.
(a) Top (b) Middle (c) Lower
- 12) Staffing function is a _____ activity
(a) Basic (b) Continuous (c) Neutral
- 13) A process to establish harmony among different activities to achieve desired results is _____
(a) Controlling (b) co-ordinating (c) co-operation
- 14) The last function in managerial process is _____
(a) Co-ordinating (b) Controlling (c) Motivating
- 15) Unification, integration and synchronization of the efforts of group members so as to achieve common goals is a _____ function.
(a) planning (b) organising (c) co-ordinating
- 16) Controlling measures the _____ of actual performance from the standard performance and helps in correction action.
(a) Action (b) Deviation (c) Objective
- 17) Directing is a responsibility of _____ at all levels.
(a) Manager (b) Worker (c) People
- 18) Physical, financial and human resources to develop productive relationship is _____ a function.
(a) Organising (b) Directing (c) Staffing

- 19) Deciding in advance as what is to be done, when it is to be done and who is to do it is _____ function of management.
 (a) planning (b) organising (c) controlling

B) Match the pairs from group 'A' with group 'B':

A		B	
(i)	Planning	(a)	Departmentalization
(ii)	Staffing	(b)	Framing objectives or policy for Future course of action
(iii)	Organizing	(c)	promotion and transfer
(iv)	Directing	(d)	continuous commitment to improvement of quality
(v)	Controlling	(e)	to unite and co-relate
(vi)	Co-ordination	(f)	guiding and inspiring
		(g)	to order and restrain

A		B	
(1)	Planning	(a)	Individual Taste
(2)	organizing	(b)	Directly related to Human Beings
(3)	Staffing	(c)	Bridges the gap between where we are now and where we want to go
(4)	Directing	(d)	All the people are employed
(5)	Controlling	(e)	Not directly related to Human being
		(f)	Identify and grouping the work to be performed
		(g)	corrective Action taking
		(h)	Right people at Right Jobs
		(i)	Taking action against employees
		(j)	Aims only at organizational Goals

C) Write a word or a phrase or a term which can be suitable for each one of the following statements.

- (1) The first and basic function of management determining objectives and future course of action.
- (2) The function of management which organises people and resources and concerned with a division of work among managers-and staff.
- (3) The function of management concerned with providing man power with required skills.
- (4) The function of management which is concerned with guiding, instructing and inspiring people with the aim of putting in action the administrative decisions.
- (5) The function of management which involves harmonization or balancing of group efforts.

- (6) One of the functions of management is considered as a base for all functions.
- (7) A function of management that ensures that actual activities match up to the planned activities.
- (8) A function where right people are given right jobs.
- (9) A function where recruitment, selection, training, development, etc is done for the people.
- (10) A process where managers instruct, guide and communicate with employees.
- (11) A function rightly treated as the essence of management.
- (12) A process where standards are set, actual performance is measured and corrective action is taken.
- (13) An end function where the performance is evaluated in accordance with plan,
- (14) A function without which planning is meaningless.
- (15) A management function which is decided in advance as to what to do, how to do it, when to do it and who is to do it.
- (16) A function directly related to human beings.
- (17) A management function concerned with ascertaining whether the activities are carried out as per plan and take corrective action.
- (18) An orderly arrangement of group efforts to provide unity of action to achieve common goals.
- (19) A process of taking steps to bringing actual results and desired results closer together
- (20) A function which provides instructions from top level management to the lower level



CHAPTER 8

ENTREPRENEURSHIP DEVELOPMENT

Q.1. A) Select the proper options given from the options given below and rewrite the completed sentences:

1. The word 'entrepreneur' is derived from the _____ word 'entreprende'
a) Japanese b) English c) French
2. 'Entreprende' means to _____.
a) undertake b) enterprise c) businessman
3. The oxford English dictionary defines an entrepreneur as the _____ of a business
a) secretary b) employee c) director
4. The term entrepreneur was first used by _____.
a) J. Schumpeters b) R.Cantilon c) A.H.Cole
5. 13 functions of an entrepreneur was enumerated by _____
a) J.Scumpeter b) R.Cantilon c) Kilby Peter
6. The inner urge of a person to do something is _____
a) initiative b) hard work c) creativity
7. Entrepreneurial _____ is measured in terms of the individual's attitude toward opportunity recognition.
a) value b) attitude c) motivation
8. The basic element of the process of _____ is motive, behavior and goal.
a) value b) motivation c) attitude
9. Entrepreneur are referred to as _____ 'factor of production'.
a) Fourth b) Fifth c) Sixth
10. Enterprise is an organization which is involved in some _____ activity.
a) Political b) economic c) social
11. _____ among the employees of the enterprise will have great effect on the success of the company.
a) Co - ordination b) Positive c) Negative
12. The mental abilities of an entrepreneur consist of creative thinking and _____.
a) Intelligence b) dullness c) pessimistic attitude
13. _____ attitude is very important for the success of an enterprise.
a) Pessimistic b) Positive c) Negative
14. _____ is a pre-requisite to innovation.
a) Intelligence b) Positive attitude c) Creativity
15. Entrepreneur observes and waits for the best opportunity for their enterprise as they have the competency of being _____.
a) Persuasive b) Opportunity seeker c) Optimistic
16. EDP was first introduced in _____ in 1970.
a) Maharashtra b) Tamil Nadu c) Gujarat

17. The EDP's are based on the experiments conducted by _____ .
 a) McClellands b) Kilby Peter c) Joseph .A. Schumpeter
18. _____ is not an objective of EDP.
 a) Helping socially disadvantaged groups.
 b) Fostering entrepreneurial capability
 c) Identifying backward regions
19. Internal values include _____ .
 a) Excitement and fun and enjoyment in life
 b) Sense of belonging; warm relationships with others
 c) Self Fulfilment; sense of accomplishment and Self-respect.

B) Match the correct pairs:

Group 'A'	Group 'B'
a. Economic activity b. Highly optimistic c. External values d. Internal values e. Motivation	1. Self-fulfillment 2. Entrepreneurship 3. Passion 4. A sense of belonging 5. Entrepreneur 6. Positive or negative 7. Benefit 8. Dimension 9. Necessity Based 10. Market opportunity

Group "A"	Group "B"
1. Passion 2. Motive, goal and behaviour 3. Strong desire to do something 4. Profit Margin 5. List of values (LOV) - 9 values	a. J. Schumpeter b. Internal factor of motivation c. Entrepreneurial attitude d. B. Higgins e. Elements of motivation f. Enterprise g. External factor of motivation h. Entrepreneurship i. Three dimensions

C) Write a word or phrase or a term which can substitute each one of the following:

1. An undertaking or adventure involving uncertainty and risk and requiring innovation.
2. A function of creating something new for an economic activity
3. A person who is an innovator who innovator who introduces new combinations of means of production.

4. The process of enhancing entrepreneurial skills and knowledge through structured training and institution-building programmes.
5. The process that motivates a person into action and induces him to continue the course of action for the achievement of goals.
6. Uncertainty involved in an activity.
7. An entrepreneur can get the work done according to his ideas by sound arguments and logical reasoning with the help of this competency.
8. A combination of knowledge, skills, motive, attitude and habits.
9. A scheme of instructions which is planned, systematic, consistent, pervasive and monitored to measure its effectiveness.
10. The type of motivation when a person performs to earn rewards.
11. The type of motivation when a person acts in the fear of failure or frustration.

Q.2. State with reason whether the following statements are 'true' or 'false'

1. Training broadens the vision of entrepreneurs.

Ans.: This statement is TRUE.

Reasons:

- a. Training means the act of increasing the knowledge and skills of an employee or doing a particular job.
- b. Training implies activities that teach employees how to perform their present job better. It is the training that prepares people to perform their present jobs better. In short, training prepares people to perform their present jobs more efficiently.
- c. Training teaches employees required skills, knowledge or attitude and helps them in improving performance by improving new skills, new technique of doing the work and by improving their work habits.
- d. Training is thus aimed at improving performance of personnel in their present position or jobs.
- e. Thus, training broadens the vision of entrepreneurs.

2. Attitudes build an entrepreneur

Ans.: This statement is TRUE.

Reasons:

- a. An attitude can be defined as a positive or negative evaluation of people, objects, event, activities, ideas, or just about anything in business environment.
- b. Entrepreneurial Attitude is measured in terms of individual attitude towards opportunity recognition.
- c. Entrepreneur requires various attitude traits that enables for achieving entrepreneurial success.
- d. Attitude attributes such as a burning passion, trustworthiness, flexible-except with core value, free from fear of failure, timely decision, entrepreneur as a company assets, ego under control, belief in himself, accept criticism, maintain a strong work ethic, rebound quickly from

setbacks, get out from comfort zone can put an entrepreneur in the right mindset for achieving entrepreneurial success.

e. Thus attitudes build an entrepreneur.

3. Motivation is an important factor in the development of an entrepreneur.

Ans. This statement is TRUE.

Reasons:

- a. Motivation is the driving force that inspires people to put their efforts willingly for the achieving of organizational goals.
- b. It is a psychological phenomenon which energizes, activities and stimulated the internal feeling of the employees to accomplish desired goals.
- c. The objective of motivation process is to know from where does it start and where does it end. This is work that cannot be finished at one go but it is a combination of many steps.
- d. Hence Motivation is an important factor in the development of an entrepreneur.



ORGANISATION OF COMMERCE AND MANAGEMENT

Time : 3 Hours

MARCH 2014

Max Marks : 80

Q.1. (A) Select the proper option from the options given below

(5)(15)

and rewrite the sentences :

- (1) A sole trading concern ensures _____ business secrecy.
(a) minimum (b) Maximum (c) Limited
- (2) An electronic facility of transferring funds through the internet is called _____
Transfer.
(a) Cash (b) Net banking (c) Credit
- (3) Business organization is a part of _____
(a) industry (b) government (c) society
- (4) _____ is the President of State Commission
(a) The District Court Judge (b) The Supreme Court Judge (c) The High Court Judge
- (5) According to the principle of _____ all employees should be given fair treatment.
(a) authority (b) discipline (c) equity

(B) Match the correct pairs :

(5)

	Group 'A'		Group 'B'
(1)	Private company	(a)	Minimum 7 members
(2)	Overdraft	(b)	Saving Account
(3)	ATM	(c)	1996
(4)	Consumer Protection	(d)	Electronic Business
(5)	Act Controlling	(e)	Current Account
		(f)	Maximum 50 members
		(g)	Automatic Teller Machine
		(h)	1986
		(i)	Individual Taste
		(j)	To take corrective action

(C) Write a word a phrased or a term which can substitute each of the following statements:

(5)

- (1) The business organization which has minimum ten members.
- (2) The type of warehouse where early perishable goods are stored.
- (3) An activity motivated by profit.
- (4) Father of scientific management.
- (5) A function where right people are given right jobs.

Q.2. Distinguish between the following (Any THREE) :

(15)

- (1) Sole trading concern and Partnership firm.
- (2) Road transport and Rail transport
- (3) Private company and Public company.
- (4) State commission and National commission
- (5) Planning and Controlling

Q.3. Write short notes on Any THREE of the following: (15)

- (1) Types of Partners
- (2) Advantages of outsourcing
- (3) Rights of consumers
- (4) Importance of principles of management
- (5) Importance of directing.

Q.4. State with reasons whether the following statements are True or False (Any THREE) : (15)

- (1) The main purpose of a cooperative organization is to earn profit.
- (2) Transport is useful in raising standard of living
- (3) It is easy to set up e-business as compared to traditional business.
- (4) Management should avoid worker's participation while making decisions.
- (5) Co-ordination is needed at all the levels of management.

Q.5. Attempt the following (Any TWO) : (10)

- (1) State social responsibilities of business towards government.
- (2) State the importance of consumer protection.
- (3) State any 'five principles' of management given by Henry Fayol.
- (4) State the characteristics of an 'entrepreneur.'

Q.6. Define Joint stock company. Explain its merits and demerits. (10)

OR

Define 'insurance'. Explain the various principles of insurance.

ORGANISATION OF COMMERCE AND MANAGEMENT

Time : 3 Hours

OCTOBER 2014

Max Marks : 80

Q.1. (A) Select the proper option from the options given below and rewrite the sentences : (5)(15)

- (1) Tax maximum number of members in a private company are _____
(a) 50 (b) 40 (c) 20
- (2) The principle of indemnity is not applicable to _____
(a) Life insurance (b) Marine insurance (c) fire insurance
- (3) For online transactions _____ is required.
(a) trading (b) registration (c) business
- (4) To maintain industrial peace is the responsibility of business organisations towards _____
(a) customers (b) employees (c) society
- (5) F.W.Taylor is called as the father of _____ management.
(a) modern (b) scientific (c) technical

(B) Match the correct pairs : (5)

	Group 'A'		Group 'B'
(1)	Common seal	(a)	Related with human factors
(2)	Bonded warehouse	(b)	Located at railway station
(3)	B to C	(c)	Business to business
(4)	Mumbai Grahak	(d)	Joint Stock Company
(5)	Panchayat	(e)	Political organization
	Staffing	(f)	Business to consumer
		(g)	Located within the ports
		(h)	Partnership firm
		(i)	Related with financial factor
		(j)	Non-Government Organisation working for consumers.

(C) Write a word a phrased or a term which can substitute each of the following statements: (5)

- (1) 'One man show' type of business organization.
- (2) A set of principles of right conduct.
- (3) A consumer dispute redress all agency that handles claims upto rupees twenty lakhs (₹ 20,00,000)
- (4) The principle of management which says 'unity is strength'.
- (5) A process where managers instruct, guide and communicate with employees.

Q.2. Distinguish between the following (Any THREE) : (15)

- (1) Private company and Public company.
- (2) Water transport and Air transport.
- (3) District forum and National commission.
- (4) Organising and Staffing.
- (5) Joint Hindu Family Business and Sole Trading Concern.

Q.3. Write short notes on Any THREE of the following: (15)

- (1) Disadvantages of e-business.
- (2) Social responsibility of business organisations towards consumers.
- (3) Techniques of scientific management.
- (4) Importance of coordination.
- (5) Functions of an entrepreneur.

Q.4. State with reasons whether the following statements are True or False (Any THREE) : (15)

- (1) Planning has vital importance in the management process.
- (2) Business ethics is not applicable to all business organizations.
- (3) A Joint Stock Company can raise huge capital
- (4) The principle of indemnity is applicable to life insurance.
- (5) Consumer Protection Act is a blessing for the consumers.

Q.5. Attempt the following (Any TWO) : (10)

- (1) State the types of cooperative societies.
- (2) State the steps involved in online transactions.
- (3) State the ways and means of consumer protection.
- (4) State the importance of principles of management.

Q.6. Define a Sole Trading Concern. Explain its merits and demerits. (10)

OR

Q. 6. Define Bank and Explain different types of Bank ?

ORGANISATION OF COMMERCE AND MANAGEMENT

Time : 3 Hours

MARCH 2015

Max Marks : 80

Q.1. (A) Select the proper option from the options given below and rewrite the sentences : (5)(15)

- (1) Indian Partnership Act was passed in the year _____
 (a) 1932 (b) 1923 (c) 1942
- (2) In India railways are owned and managed by _____
 (a) Private companies (b) Government (c) Individuals
- (3) Staffing is concerned with _____
 (a) Physical factor (b) financial factor (c) Human factor
- (4) Businessmen are _____ of the society.
 (a) Representative (b) Members (c) Trustees
- (5) National Commission has _____ members in addition to the chairman.
 (a) 2 (b) 3 (c) 4

(B) Match the correct pairs : (5)

	Group 'A'		Group 'B'
(1)	Sole trader	(a)	Insurable interest
(2)	Life insurance	(b)	Branch of Social Science
(3)	Business ethics	(c)	Local Market
(4)	Henry Fayol	(d)	Father of scientific management
(5)	Planning	(e)	Principle of indemnity
		(f)	Father of Modern management
		(g)	Primary function of management
		(h)	To earn profit
		(i)	Last function of management
		(j)	National market

(C) Write a word a phrased or a term which can substitute each of the following statements: (5)

- (1) A partner who give only his name to the partnership firm.
- (2) The term derived from the terms 'e-mail' and 'e-commerce'.
- (3) The right of consumer which allows him to express his views.
- (4) The principle of management explaining about fair payment to workers.
- (5) The form of electronic currency that exists only in cyberspace.

Q.2. Distinguish between the following (Any THREE) : (15)

- (1) Joint Hindu Family firm and Joint Stock company.
- (2) Bonded warehouse and Duty paid warehouse.
- (3) District Forum and state Commission.
- (4) Organising and Coordinating.
- (5) Cooperative society and Partnership firm.

- Q.3. Write short notes on Any THREE of the following: (15)**
- (1) Features of sole trading concern.
 - (2) Any 'five types' of banks.
 - (3) Advantages of e-business.
 - (4) Any 'five cases'(needs)of social responsibilities of business.
 - (5) Nature of principles of management.
- Q.4. State with reasons whether the following statements are True or False (Any THREE) : (15)**
- (1) In partnership the liability of partners of a firm is unlimited
 - (2) Cash can be withdrawn from ATM at any time.
 - (3) Business organization is not responsible to control pollution.
 - (4) In India Consumer Protection Act is not required.
 - (5) Training broadens the vision of entrepreneurs.
- Q.5. Attempt the following (Any TWO) : (10)**
- (1) State the advantages of Road Transport.
 - (2) State the working of a Payment Gateway.
 - (3) State the responsibilities of consumers.
 - (4) State the principles of Scientific Management.
- Q.6. Define 'partnership firm'. Explain its merits and demerits. (10)**

OR

Define 'planning'. Explain its importance.

ORGANISATION OF COMMERCE AND MANAGEMENT

Time : 3 Hours

OCTOBER 2015

Max Marks : 80

Q.1. (A) Select the proper option from the options given below and rewrite the sentences : (5)(15)

- (1) A sole trading concern ensures _____ business secrecy.
(a) minimum (b) maximum (c) limited
- (2) For online transaction _____ is required.
(a) trading (b) registration (c) business
- (3) Credit or Debit cards are popularly known as _____ money.
(a) paper (b) plastic (c) polymer
- (4) To make timely payment of proper taxes is the responsibility of organization towards the _____
(a) shareholders (b) customers (c) government
- (5) Under the Consumer Protection Act 1986, there is a _____ quasi judicial consumer dispute redressal machinery for solving the complaints of consumers.
(a) two-tier (b) five-tier (c) three-tier

(B) Match the correct pairs : (5)

	Group 'A'		Group 'B'
(1)	Public Company	(a)	Father of scientific management
(2)	Henry Fayol	(b)	Corrective action taking
(3)	Controlling	(c)	Commercial bank
(4)	Reserve Bank of India	(d)	Withdrawal after fixed period of time
(5)	(R.B.I) Fixed deposit account	(e)	Maximum 50 members
		(f)	Central Bank
		(g)	Unlimited members
		(h)	Father of modern management
		(i)	Taking action against employees
		(j)	Withdrawal before the fixed period of time

(C) Write a word a phrased or a term which can substitute each of the following statements: (5)

- (1) The type of commercial organization established for providing services to its members.
- (2) Getting good quality products is the basic right of this group of society.
- (3) a consumer dispute redressal agency that handles claims more than ₹ 1(one) crore.
- (4) The statements which disclose fundamental truth of management.
- (5) A process wherein the manager instructs, guides and communicates with employees.

Q.2. Distinguish between the following (Any THREE) : (15)

- (1) Partnership Firm and Joint Stock Company.
- (2) Current Account and Saving Account.
- (3) State Commission and National Commission.
- (4) Planning and Controlling.
- (5) Cooperative Society and Joint Hindu Family Firm.

- Q.3. Write short notes on Any THREE of the following: (15)**
- (1) Advantages of e-business.
 - (2) Nature of principles of management.
 - (3) Features of co-operative society.
 - (4) Importance of organizing.
 - (5) principles of Insurance.
- Q.4. State with reasons whether the following statements are True or False (Any THREE) : (15)**
- (1) Maximization of profit is the main motto of co-operative society.
 - (2) E-business allows you to work across the globe in any field.
 - (3) Business organisaion has various types of social responsibilities.
 - (4) 'Lok Adalat' is one of the effective ways to resolve consumer problems.
 - (5) Principles of management are rigid.
- Q.5. Attempt the following (Any TWO) : (10)**
- (1) State the responsibilities of business towards government.
 - (2) Explain the characteristics of an entrepreneur.
 - (3) State the importance of co-ordinating.
 - (4) Explain the importance of consumer protection.
- Q.6. Define a sole trading concern. Explain its merits and demerits. (10)**

OR

Define Bank. Explain different types of banks.

ORGANISATION OF COMMERCE AND MANAGEMENT

Time : 3 Hours

MARCH 2016

Max Marks : 80

Q.1. (A) Select the proper option from the options given below and rewrite the sentences : (5)(15)

- (1) The maximum number of partners for a firm carrying on banking business is _____
 (a) 10 (b) 20 (c) 7
- (2) Door-to-door service is offered by _____ transport.
 (a) Rail (b) Road (c) Air
- (3) Business organization is a part of _____
 (a) Industry (b) Government (c) Society
- (4) In modern competitive market consumer is regarded as _____
 (a) King (b) Agency (c) Superintendent
- (5) Planning is _____ function.
 (a) advanced (b) basic (c) end

(B) Match the correct pairs : (5)

	Group 'A'		Group 'B'
(1)	Co-operative Society	(a)	The Father of Modern Management
(2)	'e' Business	(b)	President of national commission
(3)	District Judge	(c)	Not directly related to human beings
(4)	F.W.Taylor	(d)	Outsourcing
(5)	Staffing	(e)	One share one vote
		(f)	President of District forum
		(g)	Father of Scientific management
		(h)	Electronic Business
		(i)	Right people to right jobs
		(j)	One member one vote

(C) Write a word a phrased or a term which can substitute each of the following statements: (5)

- (1) 'One man show' type of business organization.
- (2) A bank which is known as bankers bank.
- (3) Name the modern process of controlling a business function to someone else.
- (4) Name the employees organization protecting their rights.
- (5) Principle of management that says that any work should be divided into small parts.

Q.2. Distinguish between the following (Any THREE) : (15)

- (1) Partnership Firm and Joint Stock Company.
- (2) Current Account and Fixed Deposits Account
- (3) Road Transport and Water Transport
- (4) District Forum and State Commission
- (5) Planning and Controlling

- Q.3. Write short notes on Any THREE of the following: (15)**
- (1) Features of Joint Hindu Family Business.
 - (2) 'e' Business
 - (3) Significance of Principles of Management.
 - (4) Right of Consumers
 - (5) Any 'five' principles of management.
- Q.4. State with reasons whether the following statements are True or False (Any THREE) : (15)**
- (1) The ownership and management is not separated in Joint Stock Company.
 - (2) Reserve Bank of India cannot accept deposits from public.
 - (3) Post offices provide money remittance services.
 - (4) Management should avoid worker's participation while making decisions.
 - (5) The Consumer Protection Act was passed in the interests of the sellers.
- Q.5. Attempt the following (Any TWO) : (10)**
- (1) State the features of sole trading concern.
 - (2) State the social responsibilities of business organization towards government.
 - (3) State the working of payment gateway.
 - (4) State the functions of an Entrepreneur.
- Q.6. Define Co-operative Society. Explain its merits and demerits of Co-operative Society (10)**

OR

Define 'Controlling'. Explain its importance.

ORGANISATION OF COMMERCE AND MANAGEMENT

Time : 3 Hours

OCTOBER 2016

Max Marks : 80

Q.1. (A) Select the proper option from the options given below and rewrite the sentences : (5)(15)

- (1) Indian Partnership Act was passed in the year _____
 (a) 1932 (b) 1923 (c) 1942
- (2) Overdraft facility is given to _____
 (a) Saving account (b) Current account (c) Fixed deposit account
- (3) In e-business, payments have to be made _____
 (a) in cash (b) on credit (c) online
- (4) Ultimate goal of business must be the satisfaction of _____
 (a) Shareholders (b) Consumers (c) Owners
- (5) In the modern competitive market consumer is regarded as the _____
 (a) Agency (b) Superintendent (c) King

(B) Match the correct pairs : (5)

	Group 'A'		Group 'B'
(1)	Private company	(a)	One man one boss
(2)	Principle of unity of	(b)	Basic function
(3)	command	(c)	12 hours service
(4)	Planning	(d)	Maximum 50 members
(5)	ATM	(e)	One man many bosses
	Road transport	(f)	24 hours service
		(g)	The cheapest means of transport
		(h)	Unlimited members
		(i)	End function
		(j)	The costliest means of transport

(C) Write a word a phrased or a term which can substitute each of the following statements: (5)

- (1) The senior most family members of a Joint Hindu family firm.
- (2) Getting good quality products is the basic right of the group of society.
- (3) A consumer disputes redressal forum working at state level.
- (4) Father of Modern Management
- (5) A function of management directly related to human beings.

Q.2. Distinguish between the following (Any THREE) : (15)

- (1) Co-operative society and Joint stock company
- (2) Road transport and Water transport
- (3) District forum and State commission.
- (4) Co-ordinating and Controlling
- (5) Private company and Public company

- Q.3. Write short notes on Any THREE of the following: (15)**
- (1) Advantages of outsourcing.
 - (2) Significance of principles of Management.
 - (3) Features of a Sole Trading concern.
 - (4) Importance of Directing.
 - (5) Functions of a Warehouse.
- Q.4. State with reasons whether the following statements are True or False (Any THREE) : (15)**
- (1) Co-operative society differs from other forms of commercial organisations.
 - (2) e-business allows you to work across the globe in any field.
 - (3) Business organization does not have various types of social responsibilities.
 - (4) 'Lok Adalat' is one of the effective ways to resolve consumer problems.
 - (5) Principles of management are rigid.
- Q.5. Attempt the following (Any TWO) : (10)**
- (1) State responsibilities of business towards employees.
 - (2) State the functions of an entrepreneur.
 - (3) State the importance of planning.
 - (4) State the rights of consumers.
- Q.6. Define a partnership firm. Explain its merits and demerits. (10)**

OR

Define Life Insurance. Explain the types of Life Insurance policies.

ORGANISAION OF COMMERCE AND MANAGEMENT

Time : 3 Hours

MARCH 2017

Max Marks : 80

- Note ; (i) All questions are compulsory.
 (ii) Figures to the right indicate full marks for the questions.
 (iii) Figures to the left indicate question numbers.
 (iv) Answer to every question must be started on a new pages.

[15]

Q.1. (A) Select the proper option from the possible question given below and rewrite the complete statements: (5)

- (1) The Karta in a Joint Hindu family business has _____ liability.
 (a) Unlimited (b) limited (c) Joint
- (2) Perishable goods are stored in _____
 (a) bonded warehouse
 (b) duty paid warehouse
 (c) Cold storage warehouse
- (3) The process of contracting a business function to someone else is called as _____
 (a) e-business (b) outsourcing (c) trading
- (4) Businessmen are _____ of the society.
 (a) representatives (b) members (c) trustees
- (5) Government has established _____ to settle consumers disputes by compromise.
 (a) Lok Adalat (b) District forum (c) Supreme Court.

(B) Match the correct pairs : (5)

Group 'A'		Group 'B'	
(a)	Co-operative society	(1)	Manager
(b)	F.W.Taylor	(2)	12 hours service
(c)	Directing function	(3)	One member one vote
(d)	A.T.M	(4)	Government owned
(e)	Rail transport	(5)	Father of scientific management
		(6)	24 hour service
		(7)	Owned by private companies
		(8)	Father of modern management
		(9)	Maximum business secrecy
		(10)	Worker

(C) Write only 'one' word or phrase or term which can substitute the following statements : (5)

- (1) A partner who give the name to a partnership firm.
- (2) Geeting products of better quality is the basic right of this group of society.
- (3) A Consumer dispute redressal agency that handles claims upto rupees twenty lakhs.
- (4) The Principles of management which advocates that work should be divided into small Sub-parts.
- (5) One of the functions of the management to considered as a base for all functions.

Q. 2. Distinguish between the following (Any THREE) : (15)

- (1) Sole trading concern and partnership firm.
- (2) Savings account and Fixed deposit account.
- (3) District Forum and National Commission.
- (4) Organising and Directing
- (5) Co-operative society and Joint Hindu family firm.

Q. 3. Write short notes on the following (Any THREE):

- (1) Disadvantages of e- business
- (2) Any 'five' principles of management
- (3) Types of partners
- (4) Importance of staffing
- (5) Role of transport

Q. 4. State with reasons whether the following statements are True or False (Any THREE) :

- (1) Maximisation of profit is the object of a co-operative society
- (2) e – business means using the internet to connect people and processes.
- (3) Business organization have various types of social responsibilities.
- (4) Consumer protection Act is not a blessing for the Consumers.
- (5) Principles of management improves the efficiency of Employees.

Q.5. Write short answers of the following (Any TWO) :

- (1) State the social responsibilities of a business towards consumers.
- (2) State the characteristics of Entrepreneurship.
- (3) State the important of controlling
- (4) State the rights of consumers.

Q.6. Define Joint Stock Company and explain its features.

OR

Define Fire Insurance? Explain the various types of fire insurance policy.

ORGANISAION OF COMMERCE AND MANAGEMENT
 Time : 3 Hours JULY 2017 Max Marks : 80

Q.1. (A) Select the proper option from the possible options given below and rewrite the complete statements: (5)

- (1) Indian Partnership Act was passed in the year
 (a) 1932 (b) 1923 (c) 1942
- (2) Postal services are administered by
 (a) Private companies (b) Government of India (c) Panchayat
- (3) Credit or debit cards are popularly known as ` Money `.
 (a) Paper (b) Plastic (c) Polymer
- (4) To maintain industrial peace is the responsibility of organisation towards
 (a) Customers (b) Employees (c) Society
- (5) Directing is initiated at Level.
 (a) Top (b) Middle (c) Lower

(B) Match the correct pairs: (5)

Group `A`	Group `B`
(a) Government company	(1) Recurring deposit account
(b) Overdraft facilities	(2) Authorizes payments made online
(c) A.T.M.	(3) 49% share capital held by Government
(d) Trade Union	(4) Father of modern management
(e) F.W. Taylor	(5) Job security
	(6) Current account
	(7) 51% share capital held by Government
	(8) Automated Teller Machine
	(9) Negotiations with management
	(10) Father of scientific management

(C) Write a word, Phrase or term which can substitute the following statements: (5)

- (1) One man show” type of business organisation.
- (2) Non Profit and non-political independent groups workings for definite cause
- (3) The principle of management explaining the importance
- (4) The court established by Government to settle consumer disputes by mutual compromise
- (5) A function of management where right people are given right job

Q.2. Distinguish between the following (Any THREE): (15)

- (1) Sole trading concern and Partnership firm .
- (2) Savings account and fixed deposit account
- (3) District forum and National Commission
- (4) Private company and Public company
- (5) Planning and Organizing

Q.3. Write short answers of the following (Any TWO): (10)

- (1) Merits of co-operative society
- (2) Features of a joint stock company
- (3) Merits and Limitations of air transport
- (4) Advantages of e-business
- (5) Elements of business ethics

Q.4. State with reasons whether the following statements are True or False (Any THREE): (15)

- (1) Maximum number of members in a joint hindu family firm is 20.
- (2) e – business allows you to work across the globe in any field
- (3) Business should not disclose their records to investors
- (4) Consumer being the king of the market does not have any responsibilities
- (5) Principles of management improve the efficiency of employees.

Q.5. Write short answers of the following (Any TWO): (10)

- (1) State the registration procedure for a partnership firm
- (2) State the importance of consumer of consumer protection
- (3) State any five principles of management
- (4) State the factors motivating the entrepreneur

Q. 6. Define commercial bank. Explain its primary functions

OR

What is organizing? Explain the nature of organizing

ORGANISAION OF COMMERCE AND MANAGEMENT

Time : 3 Hours

MARCH 2018

Max Marks : 80

- Note :
- (i) All questions are compulsory.
 - (ii) Figures to the right indicate full marks for the questions.
 - (iii) Figures to the left indicate question numbers.
 - (iv) Answer to every question must be started on a new pages.

Q. 1. (A) Select the proper option from the possible options given below and rewrite the complete statements: [15] (5)

- 1) The maximum number of partners for a firm carrying on banking business is _____.
 a) ten b) twenty c) seven
- 2) Bonded warehouses are located at _____.
 a) Railway stations b) villages c) ports
- 3) To maintain safety of investment is the responsibility of business towards _____.
 a) Community b) Investors c) Employees
4. The president of state commission is _____.
 a) District Court Judge b) Supreme Court Judge c) High Court Judge
- 5) Management principles influence _____.
 a) Human behaviour b) Organization c) Government

(B) Match the correct pairs: (5)

Group "A"	Group "B"
a) Indian Companies Act b) Air transport c) HTTP d) Trade Union e) Directing	1. Cheapest mode of transport 2. Directly related to human beings 3. Negotiations with management 4. 1956 5. Hyper transfer text protocol 6. 1932 7. Not directly related to human beings 8. Costliest mode of transport 9. Encryption 10. To maintain solvency and prestige.

(C) Write only a word or a phrase or a term which can substitute the following Statements: (5)

- 1) A partner who gives only his name to the partnership firm.
- 2) Name the form of electronic currency that exists only in cyberspace.
- 3) A consumer dispute redressal agency that handles claims of more than Rs. 1 (one) crore.
- 4) Father of modern management.
- 5) An end function where the performance is evaluated in according with the plan.

Q. 2. Distinguish between the following (ANY THREE):

[15]

- 1) Joint Hindu Family firm and Joint Stock Company
- 2) District forum and state commission
- 3) Fire insurance and marine insurance
- 4) Partnership firm and Co-operative society
- 5) Organizing and staffing

Q. 3. Write short notes on the following (ANY THREE):

[15]

- 1) Features of a co-operative society.
- 2) Advantages of e-business.
- 3) Responsibilities of business organization towards government.
- 4) Importance of consumer protection.
- 5) Importance of co-ordinating.

Q. 4. State with reasons whether the following statements are True or False (ANY THREE):

[15]

- 1) In a partnership firm, the liability of partners is unlimited.
- 2) Business organizations do not have various types of social responsibilities
- 3) Lok Adalat can rightly be described as "people's court".
- 4) According to Taylor, there should be scientific selection and training of employees.
- 5) Planning has no vital importance in the process of management.

Q. 5. Write answers of the following (ANY TWO):

[10]

- 1) State the various types of warehouses.
- 2) State the advantages of outsourcing.
- 3) State the importance / significance of the principles of management.
- 4) Explain characteristics of entrepreneurship.

Q. 6. Define 'Joint Hindu family firm'. Explain the features of a Joint Hindu family firm.

OR

[10]

Define 'bank'. Explain different types of banks.

ORGANISAION OF COMMERCE AND MANAGEMENT

Time : 3 Hours

MARCH 2019

Max Marks : 80

- Note ; (i) All questions are compulsory.
 (ii) Figures to the right indicate full marks for the questions.
 (iii) Figures to the left indicate question numbers.
 (iv) Answer to every question must be started on a new pages.

Q. 1. (A) Select the proper option from the possible options given below and rewrite the complete statements: [15] (5)

- (1) The Karta in Joint Hindu Family Business has _____ liability.
 (a) Unlimited (b) limited (c) joint
- (2) Perishable goods are stored in .
 (a) Bonded warehouses (b) Duty paid warehouses
 (c) Cold storage warehouses
- (3) The process of contracting a business function to someone else is called as _____.
 (a) e-business (b) outsourcing (c) trading
- (4) To maintain safety of investment is responsibility of business organization towards .
 (a) Community (b) investors (c) employees
- (5) According to the principles of _____ all employees should be given same treatment.
 (a) Authority (b) discipline (c) equity

(B) Match the correct pairs: (5)

Group "A"	Group "B"
(a) Co-operative society	(1) 1986
(b) e-business	(2) Primary function of management
(c) Consumer protection act	(3) Father of modem management
(d) F.W.Taylor	(4) 1956
(e) Planning	(5) Profit objective
	(6) Outsourcing
	(7) Father of scientific management
	(8) Electronic business
	(9) End function of management
	(10) Service objective

(C) Write only a word or a phrase or a term which can substitute the following Statements: (5)

- (1) "One man show" type of business organization.
- (2) The principle of insurance under which the insurer and insured must show complete faith towards each other.
- (3) Duties, obligations of business organization directed towards welfare of society.
- (4) A consumer dispute redressal agency that handles claims up to ₹ 20 lakhs.
- (5) A process where managers instruct, guide and communicate with employees.

Q. 2. Distinguish between the following (ANY THREE):

[15]

- 1) Partnership firm and Joint Stock Company.
- 2) Road transport and Air transport.
- 3) District forum and state commission.
- 4) Private company and Public company.
- 5) Staffing and Controlling.

Q. 3. Write short notes on the following (ANY THREE):

[15]

- 1) Merits of Co-operative society.
- 2) Disadvantages of e-business.
- 3) Elements of business ethics.
- 4) Rights of consumers.
- 5) Nature of planning.

Q. 4. State with reasons whether the following statements are True or False (ANY THREE):

[15]

- 1) There is no limit for membership in Joint Hindu Family Business.
- 2) Overdraft facility is given to savings account holder.
- 3) Credit cards are mostly used for online payment.
- 4) Consumer, being the king of the market does not have any responsibilities.
- 5) Principles of management are rigid.

Q. 5. Write answers of the following (ANY TWO):

[10]

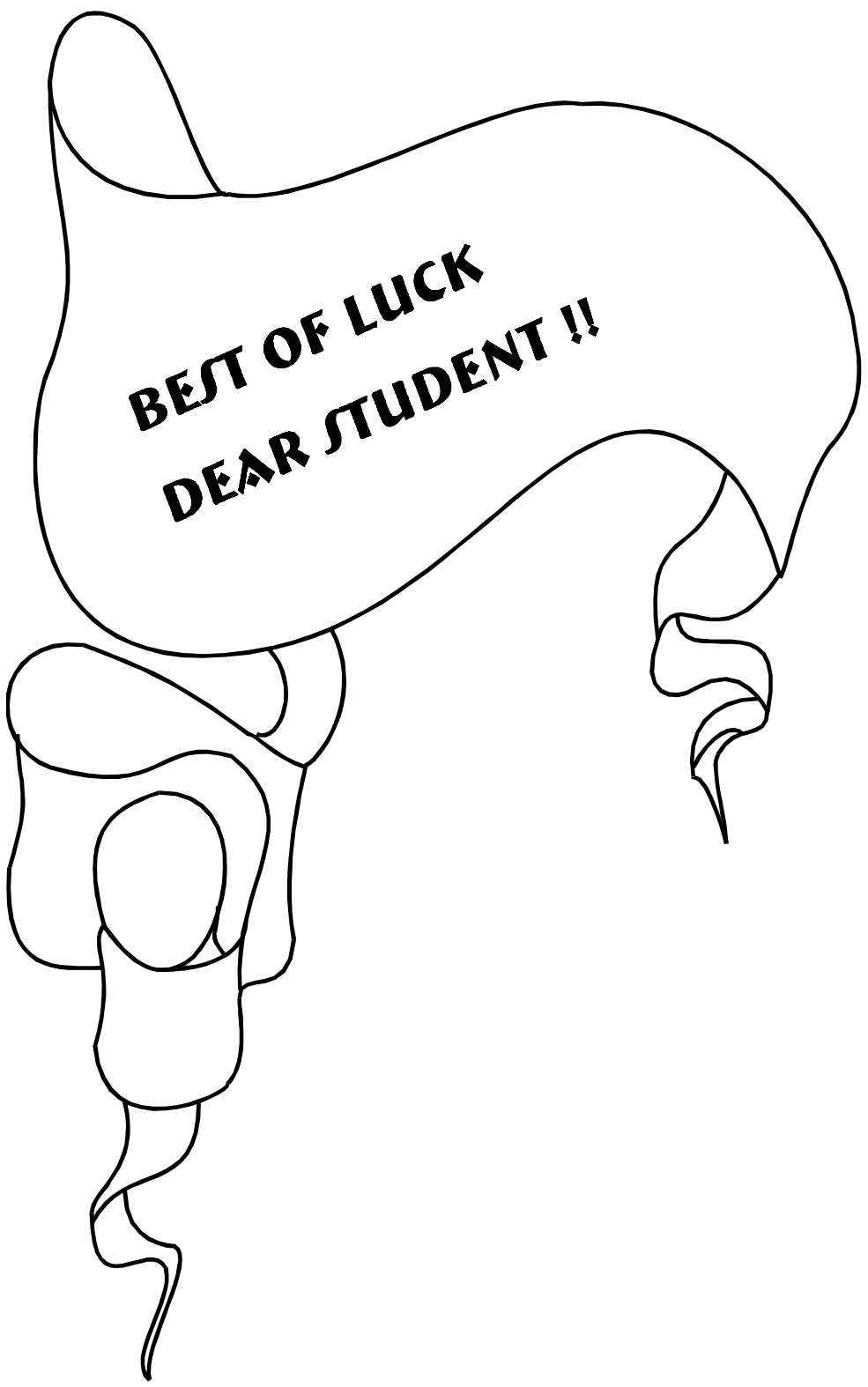
- 1) State the importance of co-ordination.
- 2) State the responsibilities of business organization towards employees.
- 3) State Henry Fayol's 'any five' principles of management.
- 4) State the functions of entrepreneur.

Q. 6. Define Sole Trading concern. Explain its merits and demerits.

OR

[10]

Define Insurance. Explain the various principles of insurance.



**BEST OF LUCK
DEAR STUDENT !!**