

Q1. (A) Select the proper option from the options given below and rewrite the statements: (5)

1. Henri Fayol is regarded as the father of modern management.
2. Business is a Socio economic unit.
3. The Principle of Utmost Good Faith is applicable to all types of Insurance.
4. In a Joint Stock Company, there is perpetual succession.
5. The directing function is related with human factor.

Q1. (B) Match the pairs: s(5)

- | | |
|-----------------------|-----------------------------|
| 1. Company Management | - (e) Indian Companies Act |
| 2. Coordination | - (j) Essence of management |
| 3. Unauthorized entry | - (g) Hacking |
| 4. State Commission | - (i) 20 Lakhs – 1 Cr |
| 5. Warehousing | - (f) Time utility |

Q1. (C) Fill in the blanks and rewrite the complete sentence: (5)

1. The form of business in which the main objective is promotion of interest of its members. – Co-operative Society
2. To provide help during contingencies, timely payment of taxes, etc is a responsibility of business towards this interest group. - Government
3. The virtual equivalent of a physical Point of Sale. – Payment Gateway
4. The line of communication at the same level of management. – Gang Plank
5. The law which provided for a three-tier system for safeguarding consumer rights. – Consumer Protection Act, 1986

Q2. Write short notes (Any THREE): (15)

1. Sole trading concern.

Ans:- The following are the main features of the Sole Trading Concern.

1. **Minimum Government Regulations:** There are minimum government regulations on the activities of a sole trader. Proprietary concerns are not governed by any separate law and are easy to form, because no rigid legal formality has to be followed for either forming, running or closing down the organization. Only the tax laws and labour laws have to be followed.
2. **Unlimited Liability:** The liability of a proprietor is unlimited. The liability of the Sole Trader can be more than the capital invested by him. Unlimited liability means, there is no distinction between his personal and private property and the property of the business. In the case of heavy loss and if it is not possible to make the payment with the help of the assets of the business, then the personal assets of the proprietor can be attached for paying or setting that liability
3. **Freedom in Selection of Business:** A Sole Trader can select any business as per his desire. There is no restriction on the type of business, which may be conducted by a proprietary concern. Any legal business can be conducted by the concern. Any method of keeping books of accounts may be followed by him. Generally Sole Traders in India adopt the Single Entry System of book-keeping.

4. **Secrecy:** Secrecy plays the most important role in the sole trading concern. The information about all the important matters concerning the business rests only with the owner and no outside party can take any undue advantage out of it. The proprietor can ensure maximum business secrecy.
5. **Individual Ownership:** Sole Trader is the sole owner of all the assets and resources of business. There is no other person who shares in the profit or loss of the sole trading concern.
6. **Direct contacts with customers and Employees:** Since a proprietor usually deals directly with his customers and employees, he can maintain good relations with his employees and provide personal attention to his customers.
7. **Suitable for some special Business:** There are some special business and trades which require individual attention and service and can only be started as a sole trade for example, Beauty Parlour, Cake Shop and Agricultural products.
8. **No sharing of profits and risks:** A proprietor gets all the profits of the business concern and assumes all the losses and risks involved in business. There is nobody to share in his profits or losses.
9. **Formation:** The formation of a sole trading concern is very simple. There is no separate legal act governing a proprietary concern. Therefore, no legal formalities are required for its formation, function and closing down. The business can be started without getting it registered. Only a few laws and labour laws are applicable.
10. **Separate legal status:** A sole trading concern does not have a separate legal status. In the eyes of law, the sole trader and his sole trading concern are treated as and the same.

For eg:

- The income of the business will be considered as income of the proprietor
- A legal case on the proprietary concern will be considered as a legal case on the proprietor.

2. Role of transport.

Ans:- ROLE OF TRANSPORT

1. **Helps in Production:** Transport system helps the manufacturer to take the raw materials and other requirements quickly from the places, where it is available to the production centres. It helps the movement of the labour from their houses to the place of their work. It also makes possible quick dispatch and distribution of finished goods to the centres of consumption.
2. **Expanding Markets:** It reduces the gap between the producers and consumers. It helps to cover the wider area of market places by making the goods available, whenever need arises. Transport plays an important role in distribution and marketing of goods. Air transport plays an important role in the success of an international trade.
3. **Creates Place Utility:** Transport is useful for carrying the goods from the place of its availability to the place of its requirements. Only, because of transport, it has been possible for the people staying at far places to get the benefit of goods, which are not available near to them. e.g. Apples from Kashmir are transported throughout the country, Mangoes from India are exported to different countries, etc.
4. **Stability of Prices:** Transport helps to maintain the prices of the goods by providing the goods at the proper time and satisfying the consumer demand for the goods. It helps to maintain balance between the demand and supply of goods, which ensures stability of prices. If there is a shortage of goods at a certain place, it can easily be satisfied with the help of efficient transport system.
5. **Creates Employment:** Transport provides direct employment to transport owners, drivers, mechanics, helpers and so on. It also provides indirect employment by facilitating the movement of goods and people from one place to another. So, it provides direct and indirect employment to the number of people.
6. **Improves Standard of Living:** Transport helps people to enjoy a better standard of living by providing them with goods of their choices from faraway place or places of its

availability. As transport creates employment, it gives an opportunity to people to earn good amount of income. e.g. Imported cars can be transported from foreign countries.

7. **Cost Reduction:** The cost of Production and distribution can be reduced with the help of efficient, cheap and quick means of transport. The goods can be sold at low prices which in turn will increase demand and expand market. Increase in demand for goods can lead to large scale production and demand can be fulfilled by transporting finished goods to the places of its demand for consumption.
8. **Provides help during Emergency:** People are badly affected during natural calamities like floods, earthquakes, landslides, etc. and also during riots, bomb blasts, accidents, fire, etc. Transport helps the people by providing them with the necessities like food, water, medicines, etc. and also helps them to travel to their destinations. Various transport facilities can be used during the time of emergency and rescue operations can be done with helicopters, fire brigades, etc.

3. Responsibilities of a business towards its employees.

Ans:- Employees are human resource that must be treated with dignity and respect. Mutual confidence and trust on employee will bring success to managerial goals. Government has passed various labour laws to safeguard the interest of employees. Business has following responsibilities towards employees.

1. **Job Security:** Some companies employ workers on temporary basis for years together. Employees should get guarantee of employment. Security of job provides mental peace and employees can work with full dedication and concentration. It will raise their moral and loyalty towards organization.
2. **Fair Remuneration and Allowances:** A Business Organization must pay adequate wages and other incentives like bonus, overtime allowances etc. Remuneration should be fixed according to nature and importance of work. Suitable wages plans providing increments and revision of wages is essential.
3. **Good Working condition:** The employees should be provided with good working conditions such as adequate lighting ventilation, drinking water etc. Necessary steps should be taken to avoid air, water and sound pollution. There should be proper working hours (shift wise if any) with lunch breaks, rests pauses, etc. Provisions of proper working conditions increasing the efficiency of the employees.
4. **Protect Health and Provide Safety:** Business should protect health and hygiene of employees Canteen facilities, medical facilities as well as proper sanitation must be provided to workers. Proper maintenance of machines and premises must be done to prevent accidents and control pollution. Safety equipment's like hand gloves, industrial shoes, helmets, goggles, masks etc. should be provided to concerned employees.
5. **Promotion and Career Opportunities:** Business should offer adequate opportunities of promotion to their talented employees. They should give proper information about qualifications, skills and experience required to obtain promotions. It will increase awareness among employees, and they will be motivated to take efforts. Moreover the employees who have exceptional talent should be offered with career opportunities and try to make all development of personality.
6. **Workers Participation in Management:** Workers should be encouraged to participate in management through various schemes such as common suggestions system to save cost, quality circles, profit sharing, co-partnership etc. It will raise their moral and give them a sense of belonging to organization. It will also create relationship between labour and management.
7. **Education and Training:** Organization should make every possible attempt to educate employees. Guidance and methods of trainings depends on nature of job. "Introduction training", "Refresher training" is conducted to keep employees updated on latest development. Training makes employee confident and also it increases their efficiency.
8. **Proper Grievances Procedure:** There should be proper grievances procedure to handle employee complaint. All queries should be sorted quickly. The employees must feel satisfied. Investigation and necessary actions should be taken to settle their grievances.

9. **Recognition of Trade Unions:** To maintain industrial peace is the responsibility of commercial organizations. They must recognize the right of workers to join trade unions. They should not suppress formation of workers union. "Divine and Rule" policy should not be followed. Management should sort out various problems of workers or employees by holding talks or negotiations with such unions. Management and union should agree to ban strikes and lockout to protect interest of both the parties.

4. **Any 5 Principles of Henri Fayol's Administrative Management.**

Ans:- Henry Fayol (1861-1925) : Henry Fayol was a French mining engineer. He worked as the director of mines also. After conducting many experiments in management, he developed fourteen principles of management. These principles are explained in his famous book 'General and Industrial Administration'. Due to his contribution to management, he is called 'the father of Modern Management'.

The principles laid down by Fayol are explained below.

1. **Principle of Division of Work:** According to this principle the total work should be divided into small sub parts. The divided work should be assigned to different employees, as per their capacities, skills and interests. Fayol says division of work leads to specialization.
2. **Principles of Authority and Responsibility:** When the work is assigned to a person, he should be given proper authority to carry out that work. e.g. a manager should be given authority to take managerial decision on his own. Then only he can function properly. However authority is always accompanied by responsibility. When a person is given the authority, he should be held responsible for the same task. Authority the responsibility always go hand in hand. If the manager is given the authority to complete a task within a given time, he should be held responsible if he does not do that in time.
3. **Principle of Discipline:** According to Fayol, discipline is the most essential thing in the organization. Employees must obey and respect the rules that govern the organization. Discipline helps to achieve the goals set in the organization. Good discipline is the result of effective leadership. For that there must be a clear understanding between the management and workers regarding the organization's rules.
4. **Principles of Unity of Command:** In any organization every employee should receive orders from one superior (boss) only. This is applicable from top management to bottom. The principle of unit of command tries to avoid confusion. If an employee receives orders from more than one superior he will be confused and will not be able to work with concentration. The work will not be performed properly. Whereas if he gets orders from only one person, he will finish his work accurately.
5. **Principle of Unity of Direction:** Unit of command explains about single person getting directions from a single person. But unity of direction explains about a group working with the same objective under the directions of a single person. According to this principle each group in the organization should have the same objective. The group should be directed by one manager using one plan. Thus this principle explains about group working in the organization.
6. **Principles of Subordination of Individual Interest to General Interest:** According to this principle the interest of an individual must be given less importance than the interest of the whole organization. While taking decision in the organization the manager should always consider the interest of the whole group rather than the interest of a single employee. Similarly the employee should also protect the interest of the organization and consider his interest subordinate. If the organization prospers automatically the employee will prosper.
7. **Principle or Remuneration:** This principle states that the employees must be paid a fair wage for their services. While paying remuneration the skill, expertise, knowledge, tenure etc. of the employee should be taken into account. When the employees are paid fair remuneration they show greater productivity and given more output.
8. **Principle of Centralization:** Centralization refers to the concentration of power or authority. In some organizations this power is vested in one hand or few hands. This

situation occurs in the small organizations. But if the size of the organization is large then centralization becomes difficult. Then there is a decentralization of the power or authority. The power is given to different people e.g. in large organizations there are departmental heads or managers handling different tasks or line supervisors. According to this principle there must be a proper balance between centralization and decentralization in the organization. This is to be done according to the size of the organization, nature of the activity etc.

9. **Principle of Scalar Chain:** Usually in the organization there is a particular system of communication. It is through a chain. e.g. The Managers will inform about a decision to the departmental head, the departmental head will inform the supervisor, the supervisor will inform the foreman and the foreman will inform the workers. On the other hand the communication can flow from the worker to the manager in the upward direction also. It is known as scalar chain. However this type of communication at times is very time consuming. Therefore sometimes cross communication i.e. communication not exactly following the chain, should be allowed. This is known as 'Gang Plank'. It avoids delays. Gang plank must be done with proper permission of the authorities.
10. **Principle of Order:** According to this principle people and materials should be in the right place at the right time. It means there must be proper arrangement of material. It must have right place. Similarly there must be proper placement of personnel. They must be appointed to do right work at right place. This principles emphasizes on the proper utilization of physical and human resources.
11. **Principle of Equity:** This principle is about fair and equal treatment to all employees. Managers should be kind and fair to their subordinates. There should not be any discrimination between the employees e.g. The employees working on the same level but in different department should be paid same wages. Their wages should not depend on the department but the level at which they are working. While distributing work between people and the departments this principle should be followed by the manager. As far as possible there should be equal division of work. This avoids conflicts in the organization.
12. **Principle of stability of Tenure:** While appointing an employee the manager should assure the stability of tenure or job security to the employee. This creates a sense of belonging among the employees. There should not be any uncertainty in the mind of the employees regarding the stability of the job.
13. **Principle of Initiative:** Initiative refers to taking the first step. It also means thinking of new ideas. According to this principle the managers should encourage the employees to take initiative. The employees should come up with the new ideas and the manager should welcome their ideas. This approach helps the organization to grow. It also creates a sense of belonging about the organization in the minds of the employees.
14. **Principle of Esprit de Corpse:** Esprit de Corpse means union is strength. Management is a group activity. Human resource is the great asset of the organization. The managers should create a spirit of team work among the employees. Manager should build a sense of togetherness among the employees. If the workers work with unity the goal can be achieved easily.

5. Rights of consumer.

Ans:-

1. **Right to Safety:** It is one of the basic rights of consumers. It protects them against marketing of those goods and services which are hazardous to their life and property. In other words, traders should assure that the goods to be sold will not cause any damage to life or property of the consumer. If the goods are of hazardous nature then clear instructions must be given on how to use the goods and also the risk involved in the improper use of the goods. Even in case of ordinary goods, care has to be taken. e.g. a chemist should not sell the medicines after its expiry date or a hotel owner should not service stale food to his customers. Sometimes, it may happen that the product is found to be hazardous after selling it in the market. In such a situation the Right to Safety expects

the trader to recall the product or to modify it or he should compensate the consumer for the damage.

2. **Right to Information:** According to this right, consumers should get correct information about the price, quality, purity, quantity, ingredients, etc. of the goods to be purchased. He should also be properly instructed about the use of the product and risks involved in improper use of the product. e.g. the wrapper should contain the information regarding date of manufacturing, date of expiry, ingredients used, price etc. or packs of electronic item should contain Instruction Manual etc. This information allows consumers to make right choice of goods and services. It also assures safety of consumer as well as the article itself.
3. **Rights to Choose:** Today's markets are full of variety of goods. The consumer should be able to make a choice from a wide range of products. He has a right to choose the goods as per his need and budget. Very often traders use pressure tactics for selling poor quality goods. The Right to Choose enables a consumer to select a suitable product from among the available variety in the market at a competitive price. This right restricts monopolistic tendencies in the market. No seller can compel consumers to buy a particular product or service.
4. **Right to be heard:** This right assures that consumer grievances and complaints will be heard and will receive due consideration at appropriate forums. This right allows a consumer to express his views about the product or service brought by him. Every consumer has the right to file a complaint and be heard about it. e.g. a consumer watches an advertisement on TV that promises free home delivery of an article. He orders the article by making payment on line. But at the time of actual delivery of the article the person denies the delivery without paying delivery charges. In such a situation the consumer has every right to file a suit against the seller for misleading advertisement.
5. **Right to Redressal:** Only filing a complaint is not sufficient for a consumer to get justice, so the Right to Redressal is also recognized along with the Right to Represent. This right enables a consumer to seek redressal against unfair trade practices or unscrupulous exploitation. This right assures proper legal arrangement to attend to his complaint and to get it redressed. It is done through Consumer Protection Act, 1986 under which District Forum, State Commission and National Commission is established. It entitles the consumer to get due compensation in case of any loss suffered by him.
6. **Right to Education:** This right entitles the consumer to know about consumer rights, market practices and remedies available to them. This knowledge creates awareness among consumers and they can protect themselves from unfair trade practices in a better way. The government, media as well as various NGOs can play a significant role to create awareness among consumers and to educate them. e.g. Jago Grahak Jago campaign. Consumer awareness and education are very essential to stop malpractices in the market. Consumers should be educated about the ways in which they can be cheated, relevant laws which can help them and the procedure involved in taking legal help.
7. **Right to Healthy Environment:** As a human being the consumer has the right to lead his life in a health environment. They must have clean and pollution free environment in the present as well as the future. e.g. if production process of a manufacturer is creating air and water pollution then society can take objection. Measures like public interest litigation can be used.
8. **Right to Protect Against Unfair Trade Practices:** As the name suggests, this right offers protection to consumers against any kind of unfair trade practices. Consumers can raise their voice against wrong measurements, artificial shortages, exorbitant prices, etc. This right was incorporated by the Amendments Act, 1993.
9. **Right to Protect Against Spurious Goods:** This right has been added to the Consumer Protection Act by the Amendments Act, 2002. According to this right, consumers are protected from marketing of spurious and hazardous goods. It protects public health and life.

Q3. Distinguish between (Any THREE):**(15)****1. Private Limited Company and Public Limited Company.****Ans:- 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.	Quoram	For a meeting of members the quorum is minimum two members	For general meeting of members the quorum is minimum five members.

2. Cheque and Bank Draft.**Ans:- CHEQUE AND BANK DRAFT**

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	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

		only to the order of a certain person.	
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.

3. District Forum and National Commission.

Ans:-

Sr. No.	District Forum	National Commission
1.	A consumer dispute redressal forum working at district level	A consumer dispute redressal forum working at national level
2.	It can entertain the cases where the value of goods/services and the compensation claimed is less than rupees twenty lakhs	It can entertain the cases where the value of goods/services and the compensation claimed is more than rupees one crore
3.	Every member should hold office for a term of five years or up to the age of sixty-five years, whichever is earlier	Every member should hold office for a term of five years or up to the age of seventy years, whichever is earlier.
4.	Only original cases can be entertained which are within the local limits of a district	It can entertain original cases and also appeals against the orders of State Commission.
5.	Other than presidents it has minimum two members	Other than presidents it has minimum four members

6.	It covers a particular district	It covers the entire country
7.	District Judge or equivalent	Supreme Court Judge or equivalent

4. Cooperative Society and Partnership Firm.

Ans:-

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

5. Planning and Controlling.

Ans:-

Planning	Controlling
1. Meaning	
Planning is deciding in advance what to do, how to do it, when to do it and who is to do it.	Controlling measures the deviation of actual performance from the standard performance and takes corrective actions.
2. Objective	
The main object is to set goals and choosing the means to achieve these goals	The main objective is to ensure that the targets must be achieved as per the plans.
3. Area of function	
It includes Setting objective Identifying alternate course of action Select the best plan	It includes Fixation of standards Measurement of actual performance
4. Factors	
Internal as well as external factors are considered while setting targets	It takes care of Internal as well as external factor for taking corrective action.
5. Order	
It is the starting point of management. Other functions depends on Planning.	It follows all other functions. It is an end function of management process.
6. Resources	
Planning is done as per the resources required for achieving the targets.	It is related with all the resources as it helps to achieve targets.
7. Targets	
The targets set are analysed and then selected	Actual Performance is compared with standard performance are taken to achieve targets.
8. Nature	
It is continuous in nature. Planning will never come to an end till the organization exists.	It is a process which starts once the actual target is achieved
9. Levels of Management	
Top level management is with related planning of activities	Top level management and middle level managers are responsible for proper controlling of activities.

Q4. State whether the following statements are true or false: (Any THREE)

(15)

1. Warehousing is important for businesses. – (True)

Ans:- Warehouses preserve goods on a large scale in a systematic and orderly manner. They provide protection to goods against heat, wind, storm, moisture, etc. and also cut down losses due to spoilage, wastage, etc. This is the basic function of every warehouse. There are many other functions in addition to these basic functions which are as follows:

- Storage of goods:** The basic function of warehouses is to store large stock of goods. These goods are stored from the time of their production or purchase till their consumption or use.
- Protection of goods:** A warehouse provides protection to goods from loss or damage due to heat, wind, dust, etc. It makes special arrangements for different products according to their nature. It also helps to reduce the losses due to spoilage or wastages during storage.
- Financing:** When goods are kept in a warehouse, the depositor gets a receipt which acts as a proof about the deposit of goods. The warehouse, also issues a document in favour

of the owner of goods which is called a warehouse-keeper's warrant. The warehouse warrant and receipt are negotiable instrument and can be negotiated by endorsement and delivery. Thus the owner of the goods can raise finance from banks, financial institutions, etc.

4. **Risk-Bearing:** The entire responsibility of the goods stored in the warehouse is passed to the warehouse keeper, once the goods are handed over to him for storage. Thus, the risk of loss or damage to goods in storage is borne by the warehouse-keeper. Since he is bound to return the goods in the same condition, warehouse becomes responsible for any loss, theft, damage, etc. Thus warehouses take all precautions to prevent the goods from any loss.
5. **Grading and Branding:** Warehouses also perform the functions of grading and branding of goods on behalf of the manufacturer, wholesaler and the importer of goods. It also provides facilities for packaging of goods for the convenience of handling.
6. **Processing:** Certain commodities are not consumed in the form they are produced. Processing is required to make them consumable. e.g. Paddy is polished, timber is seasoned, fruits are ripened, etc. Sometimes warehouses undertake these activities on behalf of the owners.
7. **Transportation:** Warehouses can provide transport facility to the bulk depositors. It collects goods from the place of production and also sends goods to the place of delivery on the request of the depositors.
8. **Time and Place Utility:** Warehouses create time utility by preserving the goods till it is demanded. It also creates place utility by providing the goods at the place, where they are required.

2. There is no payment mechanism involved in an online transaction. – (False)

Ans:- Working of a payment gateway

Any customer who uses the payment gateway goes through the following steps:

1. He / She places an order for the goods to be bought and clicks on a button called "SUBMIT" once the merchandise is chosen.
2. The site then asks for the customer's credit card details. Once the details are entered, the browser codes the information
3. The transaction details are forwards by the e-business website to the payment gateway. At this stage again information is coded.
4. The payment gateway forwarded the information to the payment processor which is used by the credit card issuing bank.
5. The payment processor sends the information to the card association (VISA/MASTER/AMEX)
6. The card association forwards the transaction to the card issuing bank.
7. The card issuing bank authorities the payment. Then it sends its request back through the same process to the merchant website. Once the authorization is received, the sale is .
8. The entire process does not take more than 2-3 minutes depending on the speed of the internet connection.
9. If the internet connection fails at any step of the process, then the appropriate procedure is adopted. E.g. if the connection fails after payment has been made but before the order is finalized, then the payment is credited back to the card account within a stipulated time.

3. An entrepreneur should possess no values. – (False)

Ans:- ENTREPRENEURSHIP VALUES:

Attitudes and Motivation- Meaning and Concept of Entrepreneurship Values

Values are "enduring beliefs that a specific mode of conduct or end state of existence is personally or socially preferable to an opposite or converse mode of conduct or end state of existence." They are center to our functioning and are said to be most significant creation in social sciences.

Values act as chief motivations for basic psychological needs through representing beginning of desirable influences on the way that individuals select behavior and evaluate

their worlds. Individuals use their values to help rationalize and guide their beliefs, attitudes, and behaviours. Values are considered to be shaped largely by pre-audit socialization and have been viewed as situationally invariant, however, values can and do change with time and events.

A List of Values (LOV) is prepared by some researchers. It consists of nine values. A sense of belonging excitement, fun and enjoyment of life, warm relationships with others, self-fulfillment, being well-respected, a sense of accomplishment, security, and self-respect.

Various studies have demonstrated that these nine values can be reduced to three dimensions. It includes external values (sense of belonging, warm relationships with others, being well-respected, security), internal values (self-fulfillment, sense of accomplishment, self-respect), and fun and excitement values (excitement, fun and enjoyment in life).

4. In a Partnership Firm, the liability of partners is unlimited. – (True)

Ans:- The liability of every partners is unlimited.

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.

5. Profit should be the only aim of business organization. – (False)

Ans:- Tangible goal of earning profit is the sole objective of business.

(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 a 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 a socio-economic activities. Therefore, the sole aim of the business organisation is not maximising profit. The business organization have social responsibility.

Q5. Answer the following (Any TWO):

(10)

1. What are the advantages and disadvantages of e-business?

Ans:- ADVANTAGES AND DISADVANTAGES OF E-BUSINESS

• **Advantages of e-business**

1. **ALLOWS FLEXIBLE BUSINESS HOURS:** The internet is available 24 x 7. Hence, an e-business is never closed. The customer can visit the website of the business at any point of the day. Further, the employees may also be allowed to choose their working timings as per their convenience.
2. **DIRECT COMMUNICATION:** In e-business there is direct communication between the supplier and consumer without any middlemen. Further, there is no face-to-face interaction. This results in easy approach and save time.
3. **VERY LOW SET-UP COST:** It is easy to set up an e-business. The initial investment for starting up an e-business is generally lower than the costs required for starting a traditional retail business. The technology is slowly becoming cheaper to obtain.
4. **ALSO CONVENIENT TO CUSTOMERS:** Customer can get products at their door-step by just few clicks. They do not even have to step out of their house. This gives comfort to customers and saves time.
5. **NOT RESTRICTED TO GEOGRAPHIC BOUNDARIES:** E-business is not restricted to a particular place, since the business is conducted over the internet, the entire world becomes the market. For eg: Zomato.com a popular restaurant listing and search site is now present in more than 11 countries.
6. **TOTAL SPACE REQUIREMENT IS LESS:** a company which sells its goods online may require a lesser space as compared to a traditional retail shop. Also, e-business can allow its employees to work from home and they may not need a big office space.
7. **ALLOWS EASY ENTRY IN THE MARKET:** Since the cost of starting an e-business is less, more people are able to enter the market with their business ideas. This is a big boost to the entrepreneurship and also consumers get more options to choose the entrepreneurship and also consumers get more options to choose from.
8. **GOVERNMENT SUPPORT:** The government is also supporting e-businesses have global presence and this benefits the economy in many ways.

• **DISADVANTAGES OF E-BUSINESS**

1. **SUITABILITY:** E-business is not suitable for marketing certain products, Also, e-business is not suitable in rural areas.
2. **ISSUES IN DELIVERY:** Due to lack of good transport system in many parts of country, it becomes very difficult for suppliers to deliver goods on time. Also, it becomes really expensive to deliver goods in remote areas.
3. **MISSING PERSONAL TOUCH:** The personal touch of the seller is missing in e-business. The buyer is not able to interact face-to-face with the seller. Therefore, it may be difficult for a buyer to develop trust.
4. **INTERFERENCE BY THE GOVERNMENT:** Sometimes government makes new rules or policies about e-business which leads to interference in business.
5. **LACK OF SAFETY:** Many people still feel that purchasing products over the internet is not safe. The buyer is required to share his bank/credit card details for making the payment. The buyer may be scared that the information may leak out and he will be cheated.

6. **AWARENESS ABOUT E-BUSINESS IS LESS:** Many of the consumers are still unaware about e-business. This is due to lack of education and low internet penetration in the country.
7. **REISITANCE FROM BUYERS :** Since the buyer cannot touch and feel the product before purchasing, many consumers avoid online transactions. Thus, it makes difficult for users to switch from physical stores to online stores.

2. **Why is consumer protection important? Explain its need.**

Ans:- The following points emphasise the importance of consumer protection:

1. **Seller dominant market:** If the market is dominated by sellers then the consumer's choice as well as his welfare gets the last preference. All the transactions are finalized in favour of sellers, middlemen and manufacturers, e.g. if there is shortage of goods then the buyer will have to buy a product at the price quoted by the seller.
2. **Ignorance of consumers:** Ignorance of consumers about their rights, market conditions, price levels, product details, etc. result into consumer exploitation. Many times consumers do not even realize that they are being cheated. e.g. a shopkeeper may sell a product which is actually received by him as free sample, free gifts offered by company may not reach upto the consumer.
3. **Tendency of the consumers:** Majority of the consumers get attracted towards the products of cheap prices, discounts, various schemes, etc. This weakness of the consumers leads to their exploitation without their knowledge.
4. **Unorganised Consumers:** Consumers are neither organized nor united. Compared to them the producers and sellers are in a superior position. An individual consumer cannot fight against powerful traders. Thus, it is easy to exploit unorganized and widely spread consumers.
5. **Nature of Products:** Modern products are the end result of complicated production processes. It is beyond the capacity of poor and illiterate consumers to judge the quality or safety aspects of a product. Moreover, these consumers/customers cannot take legal help even though they realize that they are being cheated because they do not understand production process thoroughly.
6. **Lack of information:** Today's consumer lives in a complex world. Distance between producer and consumer is vast. It is impossible to establish direct contact between producer and consumer. After globalization and liberalization policy of the government, the market is full of domestics as well as imported products. But is it difficult for the consumer to get reliable information about the product before it is purchased. He relies on commercials of the product or on trial and error method. In both the cases chances of consumer exploitation are high.
7. **Lack of participation of consumers:** It is observed that certain decisions, which directly affect consumer's interests are taken without any consultation with consumers or their organizations. e.g. Charges of daily necessities such as public transport, cooking gas, telephone, electricity, etc. Only a strong consumer movement can pressurize various organizations to allow consumer participation in the decision making process.
8. **Increase in consumption rate:** Compared to earlier period, consumption rate is increased due to increase in population as well as tendency of the people to lead a comfortable life. It results into mass production, many varieties, increased prices, unfair trade practices, etc. Such a situation in the market confuses the consumers and they fall prey to exploitation.
9. **To restrict unfair trade practices:** When more and more consumers starts taking support of Consumer Protection Act (1986) to resolve their grievances then it will automatically pressurize the manufacturers, middlemen and traders for not conducting the trade by unfair means.

3. What is outsourcing? What are its advantages and disadvantages?

Ans:- • Advantages of Outsourcing

1. **SHARING OF RESPONSIBILITY:** Outsourcing certain activities of business process helps the organization to shift certain responsibilities to the outsourced agency. The agency is then completely responsible for the function and reports regularly to the company.
2. **OPTIMUM UTILIZATION OF RESOURCES:** Since outsourced agencies are specialized in their field, they have technical expertise and experience. Hence, outsourcing leads to better efficiency and effective use of its resources.
3. **REDUCTION IN COST:** Outsourcing leads to cost reduction of the companies. Outsourcing is cheaper than appointing a separate set of people for that particular job. Eg: if a company runs its own canteen, it will have to spend on setting up the kitchen, food ingredients, waste disposal etc. It would be a very costly affair for a company. On the other hand, if it outsources the canteen to a canteen contractor, it would have to pay per plate consumed which would be cheaper for the company.
4. **CAN FOCUS ON CORE ACTIVITIES:** Company can focus on their core activities when non-core activities are outsourced. The managers of the company can focus on product improvement, marketing, improving customer relation and future strategies. They don't have to bother about things which are non-core to the business.
5. **ENTREPRENEURSHIP & EMPLOYMENT:** Outsourcing stimulates entrepreneurship in the country. Many businesses have been built only on outsourcing opportunities. Further, outsourcing also creates many employment opportunities.
6. **INVESTMENT:** Hiring and training staff can be very expensive. By outsourcing a business activity, the company reduces the investment required on hiring and training the people required for such activity.

4. Which are the six principles of F. W. Taylor's Scientific Management?

Ans:- PRINCIPLES OF SCIENTIFIC MANAGEMENT

1. **Development of Science for each part of men's job:** According to this principle the manager should use the scientific method to determine every activity performed by the employee in the organization. For this he should consider the following points:
 - a. To calculate the time required for each job by observing the employee.
 - b. To determine how much work can an employee perform in a day.
 - c. To find out the best way to do a particular job.
 - d. Instead of using trial and errors method for determining the job use systematic way such as data collection, analysis of data and then drawing conclusions.
2. **Scientific Selection, Training & Development of Workers:** According to Taylor selection of employees is an important task before the manager. The selection procedure should be perfect and systematic. For this purpose the following points should be considered.
 - a. The procedure of selection should be scientific. It means the selection should not be based on the judgement of a single person.
 - b. The physical, mental, technical or other qualities required for the job should be clearly defined. This makes the selection easier.
 - c. The employees should be selected on the basis of tests and interviews.
 - d. The employees should be trained from time to time. Training makes employees capable to survive in the job.
3. **Co-operation between Management and Employees:** To achieve the objectives or goals there should be proper co-operation between the employees and management. The relations between them should be harmonious. Following points should be noted in this regard:
 - a. In the organization the emphasis should be given co-operation between the management and workers and not to individualism.
 - b. The goals can be achieved effectively only by co-operation.

- c. The interests of the management and the workers should be one and the same. They should harmonise.
4. **Division of Responsibility:** While dividing the work there should be the division of responsibility between the managers and the employees. This can be done by the following way:
- a. The nature and roles played by different level of managers and employees should be determined properly.
 - b. The managers should be given the responsibility of planning whereas the workers or employees should concentrate on the execution.

This principle helps the employees to perform their best.

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

If there is a change in the attitude of the management and the employees it will help in achieving the goals, increase in the production, creating discipline in the organization and creating a sense of belongingness among the employees.

6. **Maximum prosperity for Employer and Employees:** The aim of scientific management is to give maximum prosperity to the employer and employee. However, it is possible with the help of following points.
- a. Each employee should be given proper opportunity to attain his highest efficiency
 - b. The employees should give maximum output
 - c. There should be the optimum utilization of resources.

The principles of scientific management cannot be applied unless the techniques of scientific management are studied. They are given below.

Q6. 1. Features of Joint Stock Company.

(10)

Ans:-

- 1. **Artificial Legal Person:** A company is artificial person created by law. It has a separate name and uses a common seal as a substitute for its signature, it doesn't have a physical existence because it is not a natural person. However, it can enter into contracts with third parties e.g. it can buy and sell property, borrow money, etc.
- 2. **Separate Legal Entity:** A Joint stock company is created by law and enjoys an independent legal status different from its members. Therefore the company's liabilities are its own i.e. share holders are not liable for the debts of the company. Similarly share holders cannot act on behalf of the company or bind person or persons.
- 3. **Limited Liabilities:** The most important advantages of a joint stock company is limited liability to the extent of unpaid amount on shares held by them. They cannot be held liable for debts of the company. Their personal property under no circumstances be used for satisfying the claims of creditors of the company.
- 4. **Common Seal:** The company is an artificial person, which cannot sign as a human being. Therefore a common seal is used as a substitute for the signature of the company. It is the symbol of the company incorporate existence. The common seal shows the name of the company which is engraved in a particular manner. It is to be affixed on all the important documents of the company and is to be witnessed by the signature of two directors of the company.

5. **Registration:** The registration of Joint Stock company is compulsory. Every Indian company should be registered with the Registrar of companies as per Indian companies Act, 1956.
6. **Transferability of Shares:** The ownership capital of the company is divided into shares, the ownership of which is the pre-condition on membership. These shares are freely transferable in a public limited company, i.e. members can buy or sell these shares without seeking permission from the company or other members of the company. Thus there is a high degree of liquidity involved in buying shares of the company. The shares of private limited company however cannot be transferred freely.
7. **Separation between ownership and Management:** The shareholder in the company is large and they are spread all over the country. Therefore they cannot take part in the day to day routine of the company. So in order to run the affairs of the company they elect their representative who are called directors and Directors form the 'Board of Directors' to run the business on their behalf. Thus, ownership of joint stock company is separated from its management.
8. **Membership:** In the case of public limited company, minimum number of members is seven. However, there is no maximum limit on the number of members. Such large membership helps in raising large capital. In private companies minimum 2 and maximum 50 shareholders can come together.
9. **Registered Office:** The address of the registered office of the company must be mentioned in the domicile clause of Memorandum of association. The registered office of the company is very important since it is such a place, where all the important documents of the company like Register of Members, Annual returns, Minute Books etc. are kept, to be inspected by the members and general public. Moreover, all the correspondence between the Registrar and the company on one hand and between the company and shareholders, creditors and third parties on the other hand take place through the registered office.
10. **Voluntary Association:** A joint stock company is a voluntary association of persons. To become a member, any person of any caste, creed, religion can buy number of shares at any time. At the same time the shares may be sold by a member at his free will (except in a private limited company) moreover, the company business is managed on democratic principles.
11. **Perpetual Succession:** Joint stock company ensures perpetual succession, i.e. it enjoys continuous and stable life. Joint Stock company is an artificial person created by law, having a common seal which acts as a substitute for its signature. It enjoys an independent legal status different from its members. The death, retirement, insolvency or insanity of any of its member does not result into dissolution of company.

OR

2. Explain the significance of Planning.

Ans:- IMPORTANCE OF PLANNING

Planning is an important function of management. It acts as base for the achievements of organizational goals. Importance of planning is as follows.

1. **Provides direction:** A proper plan always gives proper direction for the achievement towards the desired goals. A manager can give proper direction to his subordinates so that rights works can be done at the right time so as to get the right results. Planning helps to perform all the activities in smooth and systematic manner.
2. **Reduces risks and uncertainties:** Modern business world is full of risk and uncertainties. Planning helps to reduce these risks and uncertainties as it involves anticipation of future events and prepare for possible risks.
3. **Increases efficiency:** Good planning leads to proper and efficient working of the employees in an organization. Planning helps to define the objectives of the organization with reference to available resources. Plans are efficient if they achieve their purpose at a

reasonable cost, where cost is measured not only in terms of time or money or production but also in the degree of individual and group satisfaction.

4. **Integrated process:** Planning is done for all the departments in the organization. All the departments are interconnected and hence their plans need to be integrated with each other in order to achieve the desired results.
5. **Provide clear objectives:** Planning begins with determination of objectives. It makes clear the purpose of objectives, in fact, it makes objectives more clear and specific. It helps employees in achieving their objectives or goals of the organizations.
6. **Improves morale of employees:** Planning brings order and discipline in an organization. Employees know in advance as to what is expected of them and how to achieve that. This helps them to bring the best in their performances and also brings healthy attitude towards work, which in turn boosts the confidence, morale and efficiency in them.
7. **Helps in optimum utilization of resources:** Effective planning leads to proper allocation of resources for various activities. It also facilitates optimum utilization of resources which brings higher efficiency and better results.
8. **Encourage Innovation:** In a planning process, manager gets opportunities by providing suggestions for improving performances. Planning is basically a decision making process which involves creative thinking and imagination that ultimately leads to innovations and in turn growth and prosperity for the organization.
9. **Facilitates Controlling:** An effective controlling is possible with well thought plans. Planning provides pre-determined goals against which actual performance is compared. Continuous monitoring is one on the performance so that immediate corrective action can be taken if anything goes wrong. In fact, Planning and Controlling are the two sides of the same coin. If planning is the root, controlling is the fruit.
10. **Facilitates Co-ordination:** All managerial functions lead to co-ordination in the organization. Planning revolves around organization goals. Integrated efforts from various departments leads towards achieving organizational goals and it is possible co-ordination among various departments. It is truly said that co-ordination is essence of managements and planning is the base for it.