

**Q. 1. A Select the proper option from the options given below & rewrite the statements. [5 Marks]**

1. The Maharashtra Co-operative Societies Act came into force in \_\_\_\_\_.  
a) 1956 b) 1960 c) 1912

**Ans.** 1960

2. In bigger shops, situated in shopping malls or branded stores there is a \_\_\_\_\_ terminal.  
a) SSI b) POS c) HTTP

**Ans.** POS

3. Business Ethics deals with \_\_\_\_\_ in business organisation.  
a) Profitability b) Honesty c) Morality

**Ans.** Morality

4. A District Forum can entertain a claim up to Rs. \_\_\_\_\_.  
a) 10 lakhs b) 20 lakhs c) 1 crore

**Ans.** 20 lakhs

5. Technique of study of \_\_\_\_\_ concentrates on the body movements of the worker.  
a) Time b) Motion c) Organization

**Ans.** Motion

**Q.1 B) Match the correct pairs**

**[5 Marks]**

A	B
1. Mitigation of loss	a. To minimise the loss
2. Fixed deposit Account	b. Withdrawals After Fixed period of time
3. EMS Mandatory in	c. In USA
4. Lok Adalat	d. Settlement by compromise
5. F.W. Taylor	e. Father of scientific management

**Q.1C) Write a word or a phrase or a term which can substitute each of the following statements**

**[5 Marks]**

1. A partner who gave his name to partnership firm

**Ans.** : Nominal partner

2. A device through which calls and messages can be sent & received

**Ans.:** Mobile

3. The right of consumer which allows him to express his views.

**Ans.:** Right to be heard

4. A function of management that ensures that actual activities match with the planned activities.

**Ans.:** Controlling Function

5. Father of modern management.

**Ans.:** Henry Fayol

**Q.2 Distinguish between [Any Three]****[15 marks]****1. 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-parceners to 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

**2. Road Transport & Rail Transport**

Sr.No.	Point of Distinction	Road Transport	Rail 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
2.	Carrying Capacity	It has limited carrying capacity	It has huge carrying capacity
3.	Cost of construction and	It requires limited	The cost of

	maintenance	capital investment in terms of construction of road, vehicles and their maintenance	construction of trains, railway tracks is high. Also the maintenance of trains, tracks and stations is high.
4.	Distance	Recommended for short distance	Recommended for both short and long distance
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.
6.	Door to Door service	It provides 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
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.
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.
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.
11.	Ownership	Ownership is in the hands of private parties	Ownership is in the hands of the government

**3. Bonded Warehouse & Duty paid warehouse**

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 re-exported.	The imported goods stored here are mostly for the domestic markets.
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 either the importer needs to re-export the goods or the importer may not be in a position to pay import duty.	Main purpose would be that the importer does not have suitable warehousing facility. Also, he may not require immediate delivery of goods.
7.	Ownership	Such warehouses may be owned by private or dock authorities.	Such warehouses are owned by public authorities.

**4. State commission & National commission**

Sr.No.	Points of Distinguish	State Commission	National Commission
1	Meaning	A consumer dispute redressal forum working at state level	A consumer dispute redressal forum working at national level
2	Monetary Jurisdiction	It can entertain the cases where the value of goods/services and the compensation claimed is more than rupees twenty lakhs and less than rupees one crore	It can entertain the cases where the value of goods/services and the compensation claimed is more than rupees one crore
3	Duration	Every member should hold office for a term of five years or up to the age of sixty-seven 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	Nature of complaints	It can entertain original cases and also appeals against the order of District Forum within the geographical limits of the State	It can entertain original cases and also appeals against the orders of State Commission.
5	Members	Other than president it has minimum two members	Other than presidents it has minimum four members
6	Area Covered	It covers a particular state	It covers the entire country
7	President	High Court Judge or equivalent	Supreme Court Judge or equivalent

**5.Planning & Staffing**

Planning	Staffing
<b>1. Meaning</b>	
Planning is deciding in advance what to do, how to do it, when to do it and who is to do it.	Staffing is the process of recruitment selection, development, training, promotion, etc.

2. Objective	
The main object is to set goals and choosing the means to achieve these goals	The main objective is to appoint right type of people at the right positions and at the right time.
It includes Setting objective Identifying alternate course of action Select the best plan	It includes Recruitment Training, Promotion, Transfers, etc.
Internal as well as external factors are considered while setting targets	Staffing is mostly concerned with Internal factors
5. Order	
It is the starting point of management. Other functions depends on Planning.	Human Resources are needed for the organization so it follows Organizing.
6. Resources	
Planning is done as per the resources required for achieving the targets.	It is related with Human Resources.
7. Targets	
The targets set are analysed and then selected	It includes proper allocation of human resources to achieve better results
8. Nature	
It is continuous in nature. Planning will never come to an end till the organization exists.	It is a continuous process as it deals with human beings.
9. Levels of Management	
Top level management is with related planning of activities	Middle level management are related with recruitment training, promotion, etc.

**Q.3. Write short notes [Any Three]**

**[15 marks]**

**1. Steps in on-line Transactions**

• **Steps involved in on-line transactions:**

- 1. Registration:** Registration is required for online transactions. The person who wants online transaction needs to register with the online vendor by filing up a registration form. Among various details to be filled in is a 'password' relating to the registered 'account' and 'shopping cart'. For security reasons 'Account' and 'Shopping cart' are password protected.
- 2. Placing an order:** The online shopper can pick and drop the things in the shopping cart. The shopping cart maintains the record of what items have been picked up while browsing the online store. After making sure about the items to be purchased, the shopper can choose a payment option.
- 3. Payments:** Payment can be done in a number of ways like:
  - **Cash on Delivery (CoD):** After physical delivery of goods, payments for the online goods ordered is made.
  - **Cheque:** The vendor collects the cheque from the customer and after realization of the cheque, the goods are delivered.

- **Net banking Transfer:** It is an electronic facility of transferring funds through the internet. The buyer transfers the agreed amount to the online vendor's account. After receipt of the amount the vendor delivers the goods.
- **Credit or Debit Cards:** This is popularly known as 'plastic money'. They are mostly used for online payments. The vendors get the amount from the buyer through credit or debit card and make the delivery of goods after receiving the payment.
- **Digital Cash:** It is a form of electronic currency that exists only in cyberspace. It has no real physical properties, but offers the ability to use real currency in an electronic format.

In all the transactions information plays a very important role. Information is exchanged in both traditional as well as on line (internet) business. But as compared to traditional business internet transactions are easier. In traditional business, time is required to travel, to negotiate, to convince, presence of both the parties for face to face interaction. In this process lot of time is wasted. Whereas in on line transaction required information is provided with terms and conditions and it is free from most of the problems referred above. So online transactions are easier and result oriented than traditional business.

## 2. **Social responsibility towards consumers**

Ultimate goal of business must be satisfaction of consumer's wants. The consumer is the king of market but in reality experience is different. Exploitation of consumer is very common due to lack of information and many other reasons. However, existence of business is dependent on consumers only. To protect their interest, business should perform following responsibilities.

1. **Good quality products:** A business enterprise should provide higher quality of goods and services. Every organization should have to quality control department that inferior and substandard products can be rejected. International Standard Organization ISO is the latest trend towards quality control. Good quality can be maintained by using high quality materials and spare parts and high standard of techniques of production. This ensures customers about quality product.
2. **Consumer Safety:** While manufacturing the products, health and safety of consumers should be the prime factor. Unsafe products should not be marketed. Consumer should be warned of any unsafe good. Some rival organizations may introduce imitation articles of inferior quality, in such circumstances the producer of genuine products must alter consumer.
3. **Changing Fair Prices:** The products and services should be available to consumers at fair prices. They should not be cheated by changing unreasonable prices. Such practice will spoil the image of organization in long run. All efforts should be made to change fair prices. This is moral and social responsibility of

business. Maximum Retail Price (MRP) Inclusive All taxes should be printed on every packed product. Retailer should not charge any extra amount.

4. **Services Regarding Products:** Organization should consider following services to customers about the goods or products:
  - Regular supply of goods on the right price and right place.
  - Provide sufficient quantity and quality of goods as per demands.
  - A large variety of products should be provided to consumers.
  - The goods must meet the needs of consumers of different classes, taste, purchasing power etc.
  - Quick efficient after sales services should be provided especially in case of consumer durable products.
  - Free repair and maintenance as well as guidance about how to use product should be available.
5. **Research and Development:** The organizations should adopt new methods and techniques of production and distribution. They should conduct research and development to improve the quality of goods and to reduce cost of production. It will minimize final prices charged to customers.
6. **Accurate information:** Accurate Information of product should be provided to consumers through advertising, packing and labeling. Such information includes contents of product, their uses, ways of maintaining products, side effects, date of manufacturing and expiry, MRP, etc. This is necessary when product is new or some technical knowledge is required for proper use of product. Printed leaflet may be provided to take proper precautions. This will avoid possibility of improper use of product or injury or damage.
7. **Customer Service Cell:** An organization must attend all complaints of customers without any delay. Quick and effective service regarding grievance should be provided. Suggestions of customers should be welcomed and required modifications should be considered.
8. **Advertising Ethics:** Advertisement of products should convey facts of products, its uses merits, demerits etc. False, misleading and vulgar advertisement should be avoided. Only honest advertising can be appreciated by consumers in the long run.
9. **Avoiding Consumer Exploitation:** Business should avoid unfair trade practices which lead to exploitation of consumers. They should not take undue advantage of certain situations and create artificial scarcity of goods.
10. **Miscellaneous:**
  - Supplying goods in pure form
  - Supply of spare parts
  - Fulfilling guarantees and warranties.
  - To honour the rights of consumers under consumer protection act 1986.
  - To give descent, fair and just treatment to consumer.



- To help consumers welfare by assisting government and consumer's association.
- Avoid monopolistic Competition
- Provide Consumer Oriented production

### 3. 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 needs to be integrated with each other in order to achieve the desired results.
5. **Provide clears 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 bests in their performances and also brings healthy attitude towards work, which in turn boost 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 effects 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.

#### 4. 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:
  - i. To calculate the time required for each job by observing the employee.
  - ii. To determine how much work can an employee perform in a day.
  - iii. To find out the best way to do a particular job.
  - iv. 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.
  - i. The procedure of selection should be scientific. It means the selection should not be based on the judgement of a single person.
  - ii. The physical, mental, technical or other qualities required for the job should be clearly defined. This makes the selection easier.
  - iii. The employees should be selected on the basis of tests and interviews.
  - iv. 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. Followings points should be noted in this regard:
  - i. In the organization the emphasis should be given co-operation between the management and workers and not to individualism.
  - ii. The goals can be achieved effectively only by co-operation.
  - iii. 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:
  - i. The nature and roles played by different level of managers and employees should be determined properly.
  - ii. 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.
  - i. The manager should create a suitable working condition for the employees.
  - ii. All the problems should be solved scientifically.
  - iii. The employees should perform their jobs carefully and with devotion.
  - iv. The employees should use the resources carefully. They should not waste the resources.
  - v. 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.
  - i. Each employee should be given proper opportunity to attain his highest efficiency
  - ii. The employees should give maximum output
  - iii. 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.

## 5.Features of Entrepreneurship

### CHARACTERISTICS OF ENTREPRENEURSHIP

Entrepreneurship is a process of setting up a new business organization. It is the process where one decides to build a business career by findings the market options and mobilizing the available resources. The following are the characteristics of entrepreneurship.

1. **Economic activity:** An entrepreneur produces a new product for the consumers as per their needs. He feels the need of this to satisfy human wants and as well in exchange earn a better livelihood. It is a systematic plan activity as per the skills and knowledge of an entrepreneur. Hence entrepreneurship is an economic activity.
2. **Innovation:** Entrepreneurship is an innovation. The introduction of new combination of various factors of production is innovation. A new product arrives in the market, uses new production technology, discovers new source of supply of raw materials and opens a new market for the specific product. In view of changing taste of consumers from time to time, entrepreneurship is of research and development to produce goods to satisfy the customers.

3. **Creative activity:** Innovation should have a strong support of creativity. Introducing creativity in producing some new is a big challenge for the entrepreneur. Thus creativity is an essential part of entrepreneurship.
4. **Organisation building:** It is an activity where various factors of production have to be organized. Different factors like place utility, time utility, form utility, etc. have to be considered to collect them under one roof for new production.
5. **Managerial skill and leadership:** A person who wants to be a successful entrepreneur should have more passion of doing something new than just earn profit. Leadership and managerial skills are the most important facets of entrepreneurship. Other skills can be considered secondary. An entrepreneur must have the ability to lead and manage.
6. **Risk bearing:** Uncertainty is defined as a risk which cannot be insured against and is incalculable. Entrepreneur is an agent who buys factors of production at certain prices, in order to combine them into a product, to sell them at uncertain prices in future. Thus they too are risk-bearing agents of production.
7. **Gap filling function:** The most significant feature of entrepreneurship is gap filling. It is the entrepreneur's job to fill the gap or make up the deficiencies which always exist in the knowledge about the production function.
8. **Skillful management:** The success of any entrepreneurship depends on the management of the organization. With professional management and skilled managers, entrepreneurship becomes a successful activity.

**Q.4 State True or False with reasons [Any Three]**

**[15 Marks]**

**1. 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.

**2. Principles of management are rigid**

**Ans.: This statement is FALSE**

**Reasons:**

- a. Principles of management are not rigid. They are flexible.
- b. As and when political, economic and social changes take place, old principles are altered and new principles are developed.
- c. They can be changed or modified by the management at any time according to the need of the given situation.
- d. Whenever managers feel, they can do improve and modify these Principles.

- e. Therefore Principles of management are dynamic in nature and cannot be called rigid.

**3. Transport helps in raising the standard of living**

**Ans.: This statement is TRUE.**

**Reasons:**

- a) Transport helps in raising the standard of living.
- b) Transport makes various goods from different place available at any place.
- c) It provides the people with a wide variety of goods.
- d) Wide variety of goods also gives the option of choice to the people.
- e) Transportation also leads to the generation of employment.
- f) Transportation links place of production with market and facilitates trade.
- g) Transportation also leads to development of industry in the area. It makes transport of raw materials easy. This helps in economic growth of the region.
- h) Thus by providing a wide variety of goods of their choice and by generating employment, transportation helps in raising the standard of living.

**4. Consumer being king of market does not have any responsibilities.**

**Ans.: This statement is FALSE.**

**Reasons:**

- a. Consumer being the king of the markets does have responsibilities.
- b. Consumer exercises his rights therefore he is also expected to shoulder his responsibilities.

Following are the consumer responsibilities:

- c. The consumer has to be critically aware. He should buy goods which gives value for the money.
- d. A consumer should ensure (make sure) that he gets a fair deal and does not get exploited.
- e. It is the responsibility of consumer to be aware of the impact of the use of consumer goods and services on citizens.
- f. A consumer should recognize his individual and collective responsibility to conserve natural resources for use of future generation.
- g. Consumer should buy goods for fulfillment of his requirement only and thereby avoid wastage of goods and services.
- h. Above all consumers have to promote and protect their interest.

Thus, a consumer has to shoulder the above responsibilities.

**5. Shareholders can manage the business.**

**Ans.: The statement is FALSE.**

**Reasons:**

- a) Joint Stock Company is a voluntary association of individuals for profit having capital divided into transferable shares, the ownership of which is the condition on membership.

- b) Company has large number of shareholders.
- c) They are spread all over the country.
- d) They cannot take part in day to day affairs of the company.
- e) Shareholders may lack the expertise needed to run such vast organization.
- f) So they elect their representatives i.e. directors.
- g) Board of Directors run the business on their behalf.

**Q.5 Answer the following [Any 2]**

**[10 marks]**

**1. Explain the Types of Partners**

## **TYPES OF PARTNERS**

When a person who deals with the firm, must know the partners of the firm and to what extent each partner is liable. Some partners in a partnership take active part in firm and they are also directly related with the firm. They invest money in the firm and have a share in its profits and loss. Some partners who do not have full interest in the partnership firm. It is compulsory to make investment in the business, so they don't get any share in the profit. Following are the types of partners.

1. **Active partners/Actual Partners:** The partners who take active participation in the day to day work of the firm or take active part in the conduct of the business are called Active Partners. They contribute money in the firm and have a share in its profit or loss. These partners act as agent of the firm and they have unlimited liabilities. Active partners must give public notice of their retirement. These partners are also known as Ordinary or General partners.
2. **Sleeping or Dormant Partners:** Sleeping or Dormant partners are those who do not take active part in the conduct of business. They have invested money in the business and have share in profit and loss. They do not give public notice of their retirement. They have unlimited liability.
3. **Nominal Partners:** They lend their names to the firm without having any real interest in the firm. They neither contribute to the capital nor share the profits or take part in the conduct of the business of the firm. The firm make them partners to join form, to use personal goodwill. So they have no direct attachment with the firm and not answerable to any other party.
4. **Minor Partner:** According to the Indian Contract Act, 1872, a person below 18 years is called minor. But according to the provisions in the Indian Partnership Act, 1932, a minor can be a partner in the profit of the firm if all of the other partners give their consent. Minor has liability and is not liable for losses.
5. **Partnership in Profits only:** He can share the profits of the firm. But his liability is unlimited like other partners. He must give public notice of his retirement. Such partners have no right to take part in the daily work.
6. **Limited Partners:** A person whose liability of the firm is limited to the extent of his investment is called limited partner. He has no right to take part in day to day work. But such a partnership must have at least one partner having unlimited liability.
7. **Partner by Holding out:** A parson who is not a partner in the firm but he represents himself to be a partner by word spoken or written or by his conduct

is called a partner by holding out. If the other person acting on the faith of such representation and have given loan to the firm, then he will be liable to discharge debts in the same manner as other partners will be.

8. **Secret Partner:** When the relation of the partner with the firm is unknown to the general public is known as secret partner. Secret partners have all the features like other partners. His liability is unlimited and he has to invest capital into firm and also get the shares in profit. He also takes part in daily working or management.

## 2. Advantages of E-Business

### • Advantages of e-business

1. It is easy to set up e-business as compared to traditional business.
2. E-business does not require physical space. It requires highly qualified technical professionals.
3. Communication is easy as there is no face-to face interaction. This results in easy approach.
4. Cost of setting up e-business is comparatively low as compared to traditional business.
5. There is a direct communication between suppliers and consumers.
6. Relationship building is very strong in e-business.
7. The World Wide Web (internet) offers a lot of exposure to business on a global platform e-business.
8. There is a lot of support from the government for e-business.

## 3. District Forum Explain

It is the consumer redressal forum at each district to be established by the State Government.

### Composition of the District Forum.

- a. **President:** A person who is or has been or is qualified to be a District Judge.
- b. **Members:** Two other members, one of whom shall be a woman. These two members shall have the following qualifications:
  - They should not be less than 35 years of age.
  - They should possess a Bachelors Degree from a recognized university.
  - They should be persons of ability, integrity and standing and have adequate knowledge and experience of at least 10 years in dealing with problems related to economics, law, commerce, accountancy, industries, public affairs or administration.

The appointment of the President and the Members is made by the State government at the recommendation of the Selection Committee. Every member of the District Forum shall hold the office for a term of 5 years or up to the age of 65, whichever is earlier. If recommended by the Selection Committee, the members are eligible for reappointment up to the age of 65 years. Establishment of District Forum in each district is a mandatory provision, particularly when the workload exceeds minimum monthly 150 cases for 6 months.

### **Jurisdiction of the District Forum:**

- i. It can entertain those cases in which the value of the goods or services and the compensation if any, does not exceed Rs.20 lakh.
- ii. It can exercise its jurisdiction within the limits of its district.

### **4. Features of principles of management**

Management principles are applicable in every business organization and in every situation. These principles are tested and practiced for years in all parts of the world. Therefore it is important to study its importance or significance. It can be studied with the help of following points.

1. **Management principles help to improve understanding:** The principles of management help the manager to understand the organization. The study of the principles of management helps to improve the understanding of the situations and problems. It further helps the manager to find out the solutions to the problems and handle situations.
2. **Help in increasing the efficiency:** By using these principles the organization can increase the efficiency of the employees. Principles can guide the managers about handling the human resource, reducing the wastage, co-ordinate the activities of different departments, etc. All this helps to improve the productivity in the organization.
3. **Help to develop the objective approach:** The principles of management help the manager to develop an objective approach. Thus the manager can identify the problem in correct manner and he can provide solutions in an objective manner. This approach builds confidence in the minds of the managers.
4. **Help to co-ordinate and control:** Management principles give the guidelines for better co-ordination and control. While practicing management the managers can make use of these principles to coordinate the activities of different departments. Manager can exercise better control over the organization. Thus the given target can be achieved easily.
5. **Understanding Social responsibility:** In modern world more importance is given to understand the social responsibility of business organization. It is because organization are the part of the society. Business organizations should not only emphasise on making profit but they should discharge their responsibility towards the society also. Management principles help the managers to understand this responsibility. They show the ways to fulfill this responsibility. e.g. Payment of good remuneration is one of the principles of management which is the responsibility towards employees.
6. **Research and development:** Principles of management are dynamic. Their nature go on changing along with the changes in the business world. Over years they have developed to suit the current needs. Therefore these principles give encouragement to research and development in the organization.



Define Cooperative society and Explain its features.

## DEFINITIONS

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

## FEATURES OF CO-OPERATIVE SOCIETY

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

8. **Surplus Profit:** After payment of dividend and bonus, a part of the profit is transferred to the statutory reserve and remaining is utilized for the welfare of the locality where the co-operative society is situated.
9. **State control:** Every co-operative organization must be compulsorily registered as per the relevant act of the state according to the Co-operative Societies Act, 1912. The co-operative societies are subjected to state control and supervision. At the same time, they are given various concessions and facilities by the Government.

**OR**

**[10 Marks]**

**Define Insurance and Explain the Principles of Insurance.**

### **DEFINITION**

1. A contract of insurance may be defined as “a contract between two parties whereby the insurer agrees to pay to the insured a certain sum of money on the happening of certain events or agrees to indemnify the insured or assured from losses arising from certain specified events.”
2. According to Insurance Act of 1938, Insurance is defined as “A provision which a prudent man makes against inevitable contingencies.”

### **PRINCIPLES OF INSURANCE**

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

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

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

2. **Principle of Insurable Interest:** The insured must have insurable interests (financially) in the subject matter of insurance. In Life Insurance it refers to the

life insured. In Fire and General Insurance, it must be present at the time of occurrence of loss and in Marine Insurance, the insurable interest exists only at the time of the occurrence of the loss. The owner of the contract is said to have insurable interest as long as he is the owner. It is applicable to all contracts of insurance. Following are the cases insurable interest.

- a. A person has insurable interest in his own life and his property.
- b. A wife has insurable interest in the life of her husband.
- c. A businessman has insurable interest in the goods he deals with and in the business property.
- d. A creditor has insurable interest in the life debtors to the extent of loan given.
- e. A partner has insurable interest in the life of other partners (partnership firm).

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

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

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

4. **Principle of Contribution:** This principle is a corollary to the principle of indemnity. It is applicable to all contracts of indemnity. Under this principle the insured can claim the compensation only to the extent of actual loss either from any one insurer or all the insurers. If one insurer pays full compensation then that insurer can claim proportionate claim from the other insurers. e.g. (i) Mr. Raj insured his house worth Rs.60 lakhs with three insurance companies. A. Co. Ltd.-Rs.10 Lakhs, B. Co. Ltd.-Rs.20 Lakhs and C.Co. Ltd. – Rs.30 Lakhs. At the time of

loss incurred, the compensation will be paid by the insurance companies in the ratio of 1:2:3. (ii) Mr. S Insures his property worth Rs.1 lakh with 2 insurers, with A. Co. Ltd. for Rs.90,000 and with B. Co. Ltd. for Rs.60,000. Mr. S actual property destroyed is worth Rs.60,000, then Mr.S can claim the full loss of Rs.60,000 either from A. Co. Ltd. or B.Co.Ltd.. Or he can claim Rs.36,000 from A. Co. Ltd. and Rs.24,000 from B. Co. Ltd. in the ratio of 3:2.

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

compensation and vice versa. e.g. A ship was insured against losses resulting from collision. There was a collision and the ship was delayed for a few days. Due to the delay, a cargo of Mangoes in the ship became rotten and unfit for consumption. Now, there are two causes of loss, collision and delay, but the nearest / proximate cause for rotten mangoes was delay. As the ship was insured against collision and not delay, the insured will not get any compensation from insurance company.