

J. K. SHAH CLASSES

SYJC - O.C

PRELIMINARY TEST - 2

Branch - Andheri, Borivali & Vasai

Date: 30 /01/2017

Total Marks : 80

Total time: 3 hours

SOLUTION

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

1. F. W. Taylor
2. socio economic
3. general Insurance
4. common seal
5. coordinating

Ans.1. (B) Match the pairs: (5)

- | | |
|------------------------|---|
| 1. Cooperative Society | (d) Bye-laws |
| 2. Staffing | (f) Appointing and managing human resources |
| 3. Payment gateway | (a) Authorises online payments |
| 4. National Commission | (b) Above 1 Cr |
| 5. Transportation | (j) Place utility |

Ans.1. (C) Fill in the blanks and rewrite the complete sentence: (5)

1. Joint Stock Company
2. Consumers
3. Outsourcing
4. Scalar chain
5. Consumer Protection Act

Ans.2. Distinguish between (Any THREE): (15)

1. Partnership firm and Sole Trading Concern.

Sr. No.	Basis of Difference	Sole Trading Concern	Partnership Firm
1	Meaning	Owned and controlled by only one person	In this form of business organization two or more persons come together to undertake a business and share profits.
2	Formation	It can be formed at any time when proprietor decides	It can be formed by an agreement between two more competent persons.
3	Ownership	Sole trading concern has	Minimum number of members

		only one owner	are 2 and maximum 10 in banking and 20 in other firm.
4	Registration	Registration is not necessary	Registration is not necessary, but it is useful. (compulsory in Maharashtra)
5	Secrecy	A sole trading concern ensures maximum secrecy	Secrecy is shared by the partners
6	Managerial	The entire burden of management lies on owner.	All partners contribute these skills so there is division of work and expertise.
7	Capital	Because of only one owner, amount of capital is very small.	Contribution of all partner's capital increases.
8	Profit & Loss	A Proprietor is himself receiver all the profit or loss	Profit is shared by partners as per their agreement.
9	Disputes	No question of disputes as it is a one man show	There are chances of disputes among the partners
10	Flexibility	A sole trading concern is flexible	A partnership firm is less flexible

2. Air Transport and Rail Transport.

No.	Point of Distinction	Rail Transport	Air Transport
1.	Speed	It has considerable speed since it runs on tracks which rarely gets disturbed	It is the fastest mode of transport
2.	Carrying Capacity	It has huge carrying capacity	It has limited carryings capacity
3.	Cost of construction and maintenance	The cost of construction of trains, railway tracks is high. Also the maintenance of trains, tracks and stations is high.	It uses airways which are natural and hence there is no cost involved. However, there is a huge cost for constructions of aircrafts and airports. These costs are very high compared to other modes of transport.
4.	Distance	Recommended for both short and long distance	Suitable for long distances.
5.	Transport Charges	Transport charges are relatively low and are fixed according to the distance.	Transport charges are the very high
6.	Door to Door service	It does not provide door to door service	It does not provide door to door service
7.	Means of Transport	It uses passenger and goods train	It uses aircraft, helicopeters, jets, etc.
8.	Suitability	It is suitable for transporting	It is suitable for transporting

		heavy goods in large quantity over long distance.	light weight perishable and valuable goods to any part of the world.
9.	Safety	Goods are kept in locked wagons which provides protection against sun, wind, rain etc.	Goods are safe as they are specially packed.
10.	Accidents	Chances of accidents are less because of one way track and good signal system.	Chances of accidents are less because of good maintenance and expert.
11.	Ownership	Ownership is in the hands of the government	It is owned by both private sector as well public sector.

3. Cooperative Society and Joint Stock Company.

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

		one member one vote	share one vote
8	Remuneration	Managing committee works honorary capacity	Directors are paid fees (allowances) for attending Board Meetings.

4. Planning and Controlling.

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 nevers 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.

5. National Commission and District Forum.

Sr.No.	Points of Distinguish	District Forum	National Commission
1	Meaning	A consumer dispute redressal forum working at district 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 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	Duration	Every member should hold office for a term of five years or up to the age of sixty-five years, whichever is earlier	Every member should hold office for a term of five years or up to the age of seventy years, whichever is earlier.
4	Nature of complaints	Only original cases can be entertained which are within the local limits of a district	It can entertain original cases and also appeals against the orders of State Commission.
5	Members	Other than presidents it has minimum two members	Other than presidents it has minimum four members
6	Area Covered	It covers a particular district	It covers the entire country
7	President	District Judge or equivalent	Supreme Court Judge or equivalent

Ans.3. Write short notes (Any THREE):

(15)

1. Partnership firm.

FEATURES OF PARTNERSHIP FIRM

- 1. Agreement:** A partnership is formed when two or more persons voluntarily agree to do business. This agreement may be oral or written. In France and Italy, a written agreement among partners is a legal requirement. However, in U.S.A., U.K. and India, the partnership agreement may be oral or written. If the firm is not registered, it is however, advisable to have a written agreement due to the following reasons.
Partnership agreement spells out the terms and conditions regarding internal management, profit sharing and roles of partners.
- 2. Lawful Business:** Partnership business cannot undertake any business activity which is forbidden by law, i.e. which is illegal e.g. smuggling or gambling.
- 3. Sharing profits and losses:** Partners share profits and losses in the agreed ratio as mentioned in partnership deed. If the partnership deed does not mention the profit sharing ratio, it is assumed that all partners are equal partners.
- 4. Number of partners:** The minimum number of partners required for forming a partnership firm is Two. The maximum number of partners for conducting banking

business is Ten and maximum number of partners for conducting ordinary business is Twenty.

5. **Joint Ownership:** All partners are Joint owners of business, therefore all the business assets and properties must be utilized for conducting business and not for personal use.
6. **Unlimited liabilities:** The liability of every partner of a firm is unlimited, joint and several. Thus if the business assets are not sufficient to pay off the third party debts, no distinction will be made between the business and person. Property of partners may be attached to fully settled liabilities.
The partners of a firm are jointly liable to third parties for liabilities. At the same time each partner is severally liable to third parties for liabilities. If any one of the partners is declared insolvent, his liability will be borne by the solvent partners.
7. **Dissolution:** The death, insolvency or insanity of any partner results into dissolution of partnership unless specified. Otherwise the remaining partners may continue to conduct business on the basis of a fresh agreement among them.
The partnership at will is compulsorily dissolved when any partner serves at 14 days notice to other partners regarding his unwillingness to continue the business.
8. **Joint Management:** All the partners have equal managerial rights as per the Act. However for convenience, some partners act as managing partners and other partners voluntarily surrender their managerial right in favour of managing partners. However, the responsibility of partners is joint and several.
9. **Principal agent Relationship:** Every partner of the firm works in two capacities – viz – As a principal and as a agent. When he is with other partners, he is known as a principal and when he is working with third parties on behalf of the firm he is known as an agent.

2. Types of Banks.

1. **Central Bank:** Central Bank is the apex bank of the banking structure of a country. It plays an important role in a country's monetary and banking system. Central Bank is the most important bank of a country. The main function of this bank is to maintain economic stability of the country and in reference to the underdeveloped countries, its main function is to bring economic development. This bank issues currency, controls other banks and works as a bank of the government. The Central Bank provides guidance to other banks, whenever they face any problem. It is therefore known as the banker's bank.

In India, the Reserve Bank of India, in England, The Bank of England and in America, The Federal Reserve Bank are the Central Banks.

2. **Commercial Banks:** These banks accept the deposits from the general public and provide short term loans to traders, manufacturers and businessmen by way of cash credits, overdrafts, etc. Commercial banks provide various services like collecting cheques, Bills of Exchange, remitting money from one place to another place, etc. Nowadays some of the commercial banks are also providing housing loans on a long

term basis to individuals. Commercial banks are of three types i.e. Public Sector banks, Private sector banks and Foreign Banks.

a. Public Sector Banks: These are banks where majority of the stake is held by the Government of India or Reserve Bank of India. Example of Public Sector Banks are State Bank of India, Corporation Bank, Bank of Baroda, Dena Bank, etc.

b. Private Sector Banks: In case of private sector banks majority of share capital is held by private individuals. These banks are registered as companies with limited liability. e.g. The Jammu & Kashmir Bank Ltd., Bank of Rajasthan Ltd. Global Trust Bank, Vyasa Bank, etc.

c. Foreign Banks: These banks are registered and have their headquarters in a foreign country but operate their branches in our country. Foreign Banks operating in our country have increased since the financial reforms of 1991. Examples of the foreign banks operating in our country are Hong Kong and Shanghai Banking Corporation (HSBC), Citibank, American Express, Standard Chartered Bank, etc.

3. Development Banks: Business often requires medium and long term capital for purchase of Machinery and equipment, for using latest technology or for expansion and modernization. Such financial assistance is provided by Development Banks. They also undertake other development measures like subscribing to the shares and debentures issued by Companies, in case of under subscription of the issue by the public. Examples of Development Banks are Industrial Finance Corporation of India (IFCI) and State Financial Corporation (SFCs).

4. Co-operative Banks: Co-operative Banks are financial institutions registered under the co-operative societies Act. The main objective of such a bank is to give credit to economically backward people. In India co-operative banks are the main source of rural credit. These banks encourage saving habit among the villagers and give loans at a low rate of interest. There are three types of co-operative banks at different levels.

a. Primary Credit Societies: These are formed at the village or town level with borrower and non borrower members residing in one locality. The operations of each society are restricted to a small area so that members know each other and can keep a watch over the activities of all the members to prevent frauds.

b. District Central Co-Operative Banks: These banks operate at district levels having some of the primary credit societies belonging to the same district as their members and functions as a link between the primary credit societies and state co-operative banks.

c. State Co-operative Banks: These are the apex co-operative banks in all the states of the country. They mobilize funds and helps in its proper channelization among various sectors. The money reaches the individual borrowers from the state co-operative banks through the central co-operative banks and primary credit societies.

5. Specialized Banks: There are some banks which cater to the requirements and provide overall support for setting up business in specific areas. Exim Bank, SIDBI and NABARD are examples of such banks.

a. Export Import Bank of India (Exim Bank): For setting up business for exporting products or importing products from foreign countries for sale in our country, EXIM Bank can provide the required support and assistance. The bank grants loans to exporters and importers and also provides information about the international market.

b. Small Industries Development Bank of India (SIDBI): To establish small scale business unit or industry, loan on easy terms can be availed through SIDBI. It also finances modernization of small scale industrial units, use of new technology, etc. The main aim of SIDBI is to promote, finance and develop small scale industries.

c. National Bank for Agricultural and Rural Development (NABARD): It is an apex institution for financing agricultural and rural sectors. For people engaged in agricultural or other activities like handloom weaving, fishing, etc. NABARD can provide credit both short term and long term through regional rural banks.

6. Regional Rural Banks: These banks were established in 1975 to enhance the banking facilities in the rural areas. In these banks, the features of commercial and co-operative banks are found. These banks are sponsored by some commercial banks. 50% of their capital is provided by the central Government. 35% by the Commercial bank concerned and 15% by the State Government concerned. The main functions performed by these banks are to provide loans to small traders, small farmers and for the development of agricultural activities.

7. Exchange Banks: Exchange banks are mainly concerned with financing foreign trade. Main functions of Exchange bank are remitting money from one country to another country, discounting of Foreign Bills, helping import and export trade, etc. Bank of Tokyo, Bank of America are examples of exchange banks working in India.

8. Indigenous Bankers: In India, Indigenous or native/domestic bankers have been carrying on banking functions for generations before properly organized commercial and other banks started functioning. They mainly deal in "hundis" and promissory notes. They charge a very high rate of interest on loan. Hundis are regarded as native Bills of Exchange.

9. Savings Bank: This bank accepts small savings from public who have fixed income. It creates the saving habit among people. In India, post office saving bank is one of the saving banks. Commercial bank and Co-operative Bank also play a role of saving bank.

3. Responsibilities of a business towards its consumers.

RESPONSIBILITIES 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 decent, fair and just treatment to consumer.
- To help consumers welfare by assisting government and consumer's association.
- Avoid monopolistic Competition
- Provide Consumer Oriented production

4. Any 5 Principles of Administrative 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.

5. Responsibilities of a Consumer.

CONSUMER RESPONSIBILITIES

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

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

Ans.4. State whether the following statements are true or false:(Any THREE)

(15)

1. Profit should be the only aim of business organisation.

False

- 1. Trustee of the society:** Business acts as a trustee of society. This is because it is one of the most important B elements of society. Therefore it must discharge its obligations towards various secta of the society. It is the duty of the enterprise to protect the interest of the members of it? Society by supplying good quality goods in adequate quantity regularly.
- 2. Protection of environment:** Excessive use of renewable and non-renewable resources can only bring harm to society. Business firms should restrain themselves from misuse of resources which have adverse effects on environmental and ecological balance. They must follow safety measures to prevent air, sound and water pollution.
- 3. Social responsibility to workers and consumers:**
Business organisations try to maintain their standard in order to create goodwill a image in society. For this purpose business organization takes care of every society. They look after workers by giving fair wages and non-monetary benefit. They take care of consumer by providing better quality of goods at reasonable . They pay regular taxes to government.
- 4. Social responsibility activity :** Business activities are now considered as a socio-economic activities. Therefore sole aim of the business organization is not maximizing profit. The business organ have social responsibility.
- 5. Social responsibility to the society:**
It is the society which provides economic resources, i.e, land, labour, capital enterprise. Therefore, without the support of the society business organization can exists for a long time. In times of crisis like droughts, floods, cyclones, the business organisations should come forward to donate generously help government in providing relief.

2. Transportation is not important for businesses.

False

- 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 centers. 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 centers 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. There is no need to secure e-business transactions.

False

Reasons:

Security and Safety of Business Transactions

While transacting on line, payment gateways ensure that the details of the debit / credit cards are protected from misuse. This is done by a method of encrypting sensitive information. Encryption is a process by which readable text information is converted into coded information which can be read only through a special process. A major role for this process is played by software companies. In e-business, the data or information about payments made online is protected through the process of encryption. The information is made secure and then passed on to the merchant establishment or the company which processes these payments. One of the most well-known methods of encryption is Secure Sockets Layers (SSL)

- 1. Secure Sockets Layers (SSL) :** This was developed by the company Netscape in the nineties for transmitting private documents over the internet. The encryption is done

using mathematical programs or protocols which use logical reasoning. SSL is a protocol which is used by many web sites. The sites use the protocol to obtain confidential user information like credit card number etc. Many search engines on the internet such as internet explorer support SSL. A secure connection between client and server is created by using SSL.

In addition to SSL, there is another protocol known as secure HTTP (Hyper Text Transfer Protocol) (s-HTTP). This provides security in transmitting individual messages. Both SSL and s-HTTP have been approved by the Internet Engineering Task Force (IETF) as standards.

4. An entrepreneur should possess no values.

False

Reasons:

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

5. A Joint Stock Company possesses perpetual succession.

True.

a) Continuous existence

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

b) A artificial person created by law

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

c) Closure involves a legal procedure.

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

d) Stability

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

Ans.5. Answer the following (Any TWO):

(10)

1. What are the merits and limitations of e-banking?

E-BANKING E-banking refers to electronic banking. E-banking is also called as Virtual banking or "Online Banking", E-banking is a result of the growing expectations of bank's customers. Under E-Banking system, all the working of the banks is done on computerised system. An account holder can deposit or transfer the money through online trading i.e. there is no need to go to the bank to deposit the money or withdraw the money. The person can transfer his funds from one account to another through e-banking and the person can get information of his account on the computer itself. E-banking system makes the transaction of banking system much faster.

1. Automated Teller Machine (ATM): ATMs are electronic machines which are operated by the customer himself to deposit or to withdraw cash. For using an ATM, the customer has to obtain an ATM card from his bank. The ATM card is magnetically coded. It can be easily read by the machine. To operate an ATM card, the customer has to insert the card in the machine, he has to enter the password (number). If the authentication or password is correct, the ATM permits a customer to make entries for withdrawal or for deposit. On completion of the transaction, the customer's card is ejected from the machine.

ATM provides 24 hours service and convenience for the bank customers. It is also beneficial for travellers as they can withdraw money from anywhere in the country or outside the country. ATM provides privacy in the banking transaction, so it is safe and not risky.

2. Credit Cards: Credit cards (VISA OR MASTER CARD) are issued by the bank to the persons who may or may not have an account in their bank. Credit cards are used to make payments for purchase so that the individual does not have to carry cash. Banks allow certain period to the credit card holder to make payment of the credit amount. The bank may charge a high rate of interest if payment is not done till the due date.

3. Debit Card: Banks are now providing Debit Cards to their customers having savings or current account in the banks. The customers can use this card for purchasing goods or services at different places instead of cash. The amount paid through debit card is automatically debited from the customer's account.

4. Electronic Fund Transfer (EFT): Under this system, money can be transferred from one account to another account. There can be Direct credits, which includes dividend on shares, interest on debentures, commission, salary, pension, etc. And Direct debits which include telephone and electricity bills, loan instalments, insurance instalments, credit card dues, etc.

5. Core Banking: 'Core Banking Solution' or 'Centralised Banking Solution' is popularly known as CBS. CBS is that banking system which makes banking convenient by changing the status of customer from 'Customer of a Branch' to 'Customer of the Bank' facilitating speedy and effective banking anywhere and at all times. In this system, a customer by opening a bank account in one branch (which has CBS facility) can operate the same account in all CBS branches of the same bank anywhere across the country.

6. Internet Banking: Computer and Internet are commonly used by the people. So as to facilitate them, banks have started transactions over internet. The customer having an account in the bank can log on to the banks website and access his bank account. He can make payments for bills, give instructions for money transfers, fixed deposits, collection of bills, etc.

7. Phone Banking: Customer of the bank having an account can get information of his account, make banking transactions like fixed deposits, money transfers, demand draft, collection and payment of bills, etc. by using telephone. As most of the people are using mobile phones, phone banking is possible through mobile phones. In mobile phone, a customer can receive and send messages (SMS) from and to the bank in addition to all the functions possible through phone banking.

8. National Electronic funds Transfer (NEFT): NEFT refers to a nation-wide system that facilitates individuals, firms and companies to electronically transfer funds from any bank branch to any individual, firm or company having an account with any other bank branch in the country. NEFT settles transactions in batches. The settlement takes place at a particular point of time. All transactions are held till that time. E.g. NEFT settlement takes place 6 times a day during the week days (9.30 am, 10.30 am, 12.00 noon, 1.00 pm, 3.00 pm, 4.00 pm) and 3 times during Saturdays (9.30 am, 10.30 am, 12.00 noon). Any transaction initiated after a given settlement time will have to wait till the next given settlement time.

9. Real Time Gross Settlement (RTGS): RTGS refers to fund transfer system where transfer of funds takes places from one bank to another on a 'Real Time' and on 'Gross' basis. Settlement in 'Real Time' means payment transaction is not subjected to any waiting period. The transactions are settled as soon as they are processed. 'Gross' settlement means the transaction is settled on one to one basis without bunching or netting with any other transaction. This is the fastest possible money transfer system through the banking channel. The RTGS service for customers is available from 9.00 am to 3.00 pm on week days and from 9.00 am to 12.00 noon Saturdays.

2. What is the need for consumer protection?

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 it is 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? Explain its advantages and disadvantages.

- **Advantages of Outsourcing**

1. It leads to better efficiency and effectiveness.
2. The companies are able to focus their attention on improving the quality of their product.
3. Outsourcing leads to cost reduction for the company. The cost of outsourcing services is much less than keeping such a large work force on the rolls of the company.

4. Manpower through outsourcing is available at a lower cost.
5. Investments requirements of the company are reduced.
6. Outsourcing helps in knowledge sharing between organizations.
7. It stimulates entrepreneurship, employment and exports in the country from where outsourcing is done.

- **Disadvantages of Outsourcing**

1. There is always a danger of the misuse of company information by the contractor.
2. Many companies compromise on the quality of outsourcing in order to cut costs. This is especially seen in the IT sector where companies try to get cheap manpower from the other countries.
3. In some cases, companies ignore ethical related to outsourcing.
4. The quality of the outsourced service is sometimes not up to the mark.

4. Which are techniques of F. W. Taylor's Scientific Management?

TECHNIQUES OF SCIENTIFIC MANAGEMENT

The techniques of scientific management help a manager to apply the principles of scientific management effectively. These techniques are discussed below.

1. **Time Study:** This technique helps a manager to calculate the time required to perform a particular job. He can take the decision about production or completion of an activity with the help of this technique. The time study is based on the speed of average worker. Every part of the total work is studied in details and the time required to perform that job is calculated. This enables the manger to ascertain the standard time taken to complete a specific job. The manager can decide the remuneration to be paid to the worker based on this.
2. **Motion Study:** Motion study is the close study of body movements. That is the movements of hands, legs and other body parts. Manager should study these movements. This study helps the manager to understand the movements required for a person do to a particular task. This technique cn be used by the manger to eliminate the unnecessary movements for doing the job. With the help of motion study the manager can eliminate or combine some actions in the process. Motion study increases efficiency and productivity of the employees.
3. **Functional Foremanship:** This technique refers to the guidance given to the worker by a specialist foreman. According to this technique a single worker is supervised by different supervisors. For doing a particular job, the worker performs various small tasks. While doing this job he will get the guidance and will be supervised by different superiors for each task. This techniques is exactly opposite of Fayol's principle of unit of command. According to Fayol there should one boss for worker but according to this technique for one worker there can be many supervisors. Taylor says that work can be done accurately by this technique. This method is mainly useful for production department.

4. Standardization: Standardization in the production implies (i) Selecting the standard tools and equipments for production and (ii) maintaining standard working conditions at the place of work.

The management should provide good quality of tools and equipments used for production of a good quality. This helps the workers to perform the job easily and efficiently. Secondly the working conditions should be good so that the workers can give their best output. This technique minimizes the cost of production and makes best use of available resources.

5. Different Piece Rate Plan: According to Taylor there should discrimination between the efficient and inefficient workers. The payment should be made according to the performance of the worker. The efficient workers should be paid more whereas inefficient workers should be paid less remuneration. In this method a standard is fixed for production. Those who produce more than the standard should be paid more in the form of an incentive and those who perform less than the standard be paid less as penalty. This system gives encouragement to those who perform well and motivates those who have underperformed to improve their performance.

6. Others Techniques: In addition to the above techniques some others techniques are also suggested by Taylor. They include the use of instruction cards, strict rules of discipline, and use of charts, graphs, slides, charts to instruct the workers etc. These techniques are also used to develop better relations between the employers and employees.

Q6. Define a Cooperative Society. Explain its merits and demerits.

(10)

CO-OPERATIVE SOCIETY

INTRODUCTION

A co-operative organization is a voluntary organization of individuals formed in order to achieve certain economic objective. The nature of co-operative organization is service oriented. Each for all and all for each is the principle of a co-operative society.

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".

MERITS OF CO-OPERATIVE SOCIETIES

- 1. Easy Formation:** A co-operative society can be formed easily. Minimum ten members are required for the registration of co-operative society. Then any adult member can join hands to start a co-operative society. Though the registration of a co-operative society is compulsory, the procedure for registration is simple and the fees for registration are nominal.
- 2. Democratic Management:** The management of co-operative organization is democratic in nature. Each member enjoys an equal right to vote. The principle of

voting is 'one member one vote'. Thus each member is involved in decision making. The managing committee which manages the day-to-day administration of the co-operative society which is elected by members from themselves and it works for providing services to members.

- 3. Limited liability:** The liability of the members of the co-operative society is limited to their shares or to the extent of the unpaid amount of the shares held by them or the guarantee given by them, i.e. their personal property cannot be used even if the assets of the society are insufficient to pay of its debts to the third parties.
- 4. Stability:** Since a co-operative society enjoys an independent legal status different from its members. It enjoys a stable and a continuous life, i.e. its continuity does not get affected by the death, insolvency or insanity of any members. Any member may leave or join the organization but the co-operative society remains unaffected.
- 5. Open Membership:** The membership of a co-operative society is voluntary. It is open to all, i.e. any person of any caste, creed, religion etc. can become a member by purchasing shares in the society. There is no force or compulsion on any person to join or leave the organization. People join the organization at their free will and become members. Similarly, any member can leave the organization any time as per his wish.
- 6. Tax concession:** Since co-operative societies play an important role in the economic and social development of the country, the government gives many concessions to them which include exemption of payment of income tax upto a certain limit. This helps in increased profitability.
- 7. Less Operating Expenses:** The operating expenses of co-operative societies are very little because members offer administrative services without any remuneration. There are no advertisement expenses and no middlemen are involved. Various concession, reliefs, and privileges related to registration fees, stamp duty, income tax, etc. are given to co-operative organizations by the government.
- 8. Supply of goods at cheaper Rate:** Co-operatives society makes bulk purchases directly from manufacturer or wholesale trader, so goods are available at cheaper rate. Co-operative societie's main aim is to provide services to members rather than earning profits.
- 9. Self financing and charity:** After paying maximum dividend of 15% p.a. (as per the latest amendment to the act) on the shares of members and bonus as per their purchases, the surplus profit is utilized for financing growth and development of the organization and also for charitable and social activities.

DEMERITS OF A CO-OPERATIVE SOCIETY

- 1. Lack of capital:** The members of co-operative society belong to lower and middle income group. Hence they can invest only a limited capital in the co-operative society. Buying more shares does not help the members in dictating their terms in the management since the principle of voting is 'one member one vote' unlike a company where it is 'one share one vote'. There is no capital appreciation. A maximum dividend of 15% is paid on the shares.
- 2. Rigid Government Rules and Regulations:** There is strict control and supervision by the state government on the working of co-operative organizations. Registration is

compulsory as per the co-operative society act of the concerned state. The concentration of power is in the hands of Registrar. Various Statements are required to be sent to the Government from time to time. Due to excessive Government interference, the spirit of co-operation is lost.

- 3. Incompetent Management:** Members constitute Managing committee which is responsible for day to day administration of the society, Members may not possess the required skills, abilities, time and experience for managing the affairs efficiently. Members work in an honorary capacity. Therefore they lack motivation. Due to limited funds, the services of experts cannot be engaged for efficient management. There is unnecessary interference by government officials and politicians in the working of the co-operative society.
- 4. Lack of Public Confidence:** It is observed that only some particular members become members of the managing committee and they are politically motivated. Co-operative society do not enjoy public confidence as many co-operative societies have failed miserably in achieving their objectives. This is because unnecessary interference by politicians, corrupt government officials in the working of co-operatives.
- 5. Lack of Motivation:** The managing committee members work in an honorary capacity. There is no incentive for them to work hard. There is direct effort reward relationship. This may result in lack of interest by the management in affairs of the co-operative society.
- 6. Mutual Disputes:** There are constant conflicts among members as they lack the maturity and experience in handling the affairs of the society. Some members purchase their requirement from other sources rather than from the co-operative society of which, they are members. Moreover, some members try to set concessions and privileges enjoyed by co-operatives for their personal gain. These matters result in further disputes and may also result winding up of the co-operative society.
- 7. Limited Scope for Expansion:** Due to limited financial and managerial resources, a co-operative society cannot expand the business beyond certain limit.

OR

Explain the features of Coordination.

NATURE OF CO-ORDINATING

Nature of Co-ordinating can be explained with the help of following points:

- 1. Team Work:** Co-ordination is a group effort and not individual effort. An individual working in isolation does not affect functioning of others and no need of co-ordination arises. To achieve the common objectives, all have to work in a team and this is possible through co-ordination.
- 2. Continuous Activity:** It is a continuous process and not a one time job. Co-ordination among employees is needed at each and every step from planning function to controlling function of management.
- 3. Dynamics Process:** In every organization, co-ordination plays an important role in success of any business. It is dynamic because functions themselves are dynamics and

may change over a period of time. These changes are implemented immediately, if required, so as to achieve the desired target in a given period of time.

- 4. Integration:** Co-ordination itself related to group effort but not to an individual. There is always a need of integrated efforts from all the employees to perform various functions in an organization. Integrated efforts lead towards the success of an organization.
- 5. Pervasive Function:** Co-ordination is required at all the levels of management and in all the departments of an organization. The nature of co-ordination is such that it is applicable to all from the superiors at the top levels to the subordinates at the lower level.
- 6. Responsibility:** All the activities performed at different levels are important. It is the responsibility of all the managers to make the needs efforts at all the levels to have co-ordination among themselves as well as with the other employees of an organization.
- 7. Synchronization of Efforts:** Co-ordination is a responsibility of every manager in the organization, as he tries to synchronise the efforts of his subordinates with each other for achieving organizational goals. Managers through their various functions try to achieve this synchronization so that each effort contributes positively towards the organizational goals
- 8. Co-ordination is different from Co-operation:** The concept of co-ordination is much broader than co-operation. The basic objective of co-ordination is the synchronization of efforts of individuals in a work group so that no effort goes in waste. On the other hand, the basic objective of co-operation is to protect the interest of members of a group specially from the threats and helping each other.
- 9. Common Objectives:** The common objective of the employees in an organization is to achieve the targets within the given time. Through co-ordination between all the departments and employees of a department the common objective of the organization can be accomplished. A timely completion of task is possible through proper co-ordination.
- 10. Essence of Management:** Co-ordination is required in every function of the management. It is an essence of management. It is the basic responsibility of the manager to co-ordinate with the subordinates for the achievement of organizational objectives. Co-ordination between top level management to the middle level managers and then from middle level managers to the lower level employees is very essential at every point of time.

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