

SPECIMEN PAPER - 1 (With Solution)

[Time : 3 Hours]

[Maximum Marks : 80]

Note:

- (a) All questions are compulsory.
- (b) Figures to the right indicate full marks.
- (c) Figures to the left indicate question numbers.

Q.1 (A) Select the correct option from the bracket.

(05)

1. Member of organization should receive orders from _____
(a) many superior (b) one superior (c) all superiors
2. _____ sets out standard for controlling.
(a) Staffing (b) Planning (c) coordinating
3. Start up India is an initiative of the _____
(a) RBI (b) Government of India (c) World Bank
4. Principle of _____ is not applicable to life insurance.
(a) insurable interest (b) utmost good faith (c) indemnity
5. The term market is derived from the _____ word 'mercatus'.
(a) French (b) Latin (c) Italian

- Ans.** 1. (b) one superior 2. (b) Planning 3. (b) Government of India
4. (c) indemnity 5. (c) Latin

Marking Scheme: 1 mark for each correct answer

Q.1 (B) Match the pairs.

(05)

Group A		Group B	
1.	14 Principles of Management	(a)	Time Utility
2.	Planning	(b)	BPO
3.	Warehousing	(c)	Right to live freely
4.	Outsourcing	(d)	Henry Fayol
5.	Consumer right	(e)	Deciding in advance
		(f)	RTO
		(g)	Process of instructing, guiding and motivating
		(h)	Place utility
		(i)	F.W Taylor
		(j)	Right to information

- Ans.** 1. (d) Henry Fayol 2. (e) Deciding in advance 3. (h) Place utility
4. (b) BPO 5. (j) Right to information

Marking Scheme: 1 mark for each correct answer

Q.1 (C) State true or false.

(05)

1. Consumer protection act is not required in India.
2. NEFT stands for National Electric Fund Transfer.
3. Every function of management is not based on planning.

4. Businessmen are trustees of society.

5. Market may be defined as aggregate demand by potential buyers for a product or service.

Ans.	1. False	2. False	3. False	4. True	5. True
-------------	----------	----------	----------	---------	---------

Marking Scheme: 1 mark for each correct answer

Q.1 (D) Answer in one sentence.

(05)

1. What is E-business?

Ans. The term E-Business means Electronic Business. It is conducting business via the internet.

2. What type of advertising should be avoided?

Ans. False, misleading and vulgar advertisement should be avoided.

3. What do you mean by branding?

Ans. Giving of distinct name to the product is called branding.

4. What is debit card?

Ans. Debit card enable users to pay for various transactions directly from their accounts.

5. What is directing?

Ans. Directing is said to be a process in which the managers instruct, guide and analyze the performance of the workers to achieve predetermined goals.

Marking Scheme: 1 mark for each correct answer

Q.2 Explain the following terms/concepts (Any four)

(08)

1. Management

Ans. Management can be defined as the process of administering and controlling the affairs of the organization. Management is Essential to any organisation that wishes to be efficient and achieve its aims.

2. Bank

Ans. A bank is a financial institution which deals with deposits and advances and other related services. Banks provides various services related to money or finance requirement of consumers.

3. LPO

Ans. LPO is a type of KPO that is specific to legal services like drafting legal documents, legal research and offering legal consultation.

4. Social responsibility

Ans. Social responsibility of business implies the obligation of the management of a business enterprise to protect the interest of the society. Every part of the society contributes towards the success of a business. Thus, it becomes a responsibility of the business to do something for the society.

5. Marketing Mix

Ans. The Marketing mix refers to the set of actions or tactics that a company uses to promote its brand or product in the market. It is the way in which you take a product or service to market.

6. Lok Adalat

Ans. Lok Adalat is the effective and economical system for quick redressal of the public grievances.

Marking Scheme: 2 mark for each correct sentences

Q.3 Study the following case/situation and express your opinion (Any Two) (06)

1. Mr. Jagan is a salaried person. He wants to take a policy for his two children which assures them protection as well as completes their financial needs once they become major by age.

In the above case

(a) Suggest him a policy which can satisfy requirements of his children.

Ans. Mr. Jagan should buy Child Insurance as it is designed to meet child's future financial needs.

(b) Who are the beneficiaries of policy?

Ans. Both of his children's are beneficiaries of policy once they become major.

(c) In above case which principle is involved?

Ans. Principle of Insurable interest

2. Mr. Raj visited a shop to buy a pair of shoes of Rupees.500 . The salesman forced him to buy a pair of bigger size shoes of ordinary company claiming this size would be suitable to him. After reaching home, he discovered that shoes are too big for him. He complained about the shoes to the shopkeeper. It was denied by the shopkeeper to replace the shoes despite of availability of stock.

In the above case

(a) Which right has been violated?

Ans. Right to choose and Right to heard.

(b) Do Mr. Raj have right to complain?

Ans. Yes, as a consumer he have right to complain under Consumer protection Act, 1986.

(c) Where can Mr. Raj file his complaint?

Ans. Mr. Raj can file his complaint in district consumer forum.

3. In ABC Company, Mr. Rakesh gives instructions to the employee working under him, provides guidance and motivates them for their best performance. On the other hand Mr. Peter takes effort to harmonize the work done by the employees of different departments while achieving organizational goal. Mr. Irfan is looking after the arrangement of required resources to the business organisation.

Mention the name of employee engaged in the following functions:

(a) Organizing (b) Direction (c) Coordination

Ans. (a) Organizing – Mr. Irfan

(b) Direction – Mr. Rakesh

(c) Coordination – Mr. Peter

Marking Scheme: 1 mark for each correct sentence

Q.4 Distinguish between (Any 3)**(12)****1. Central Bank and Commercial Bank**

Ans.	Point	Central Bank	Commercial Bank
(i)	Function	The Central Bank regulates the supply of money in the economy and administers the banking system operations in a country	A Commercial Bank is a financial institution which initiate deposits, provide loans and invest the public's money to earn profits
(ii)	Ownership	Central bank is owned by the State(Public)	Commercial Bank are owned by Public and private parties.

(iii) Motive or Objective	The objective of the central bank is to promote economic growth of the nation; and create conditions towards a stable monetary system, in the economy.	The primary objective of commercial banks, as the name implies, is to earn profits.
(iv) Loans	It is Lender of the last resort for commercial banks	It provides commercial loans, personal loans, housing loans, trade finance, vehicle loans and mortgage loans
(v) Issue of currency	It Issues currency and control the supply of money in the Market.	It does not Issue currency, but only adds to the approval of the central bank.

2. District commission and state commission

Ans.	Point	District commission	State commission
(i)	Meaning	It is a consumer dispute redressal forum working at district level.	It is a consumer dispute redressal forum working at state level
(ii)	President	A person who is or has been or is qualified to be District Judge may be its President.	A person who is or has been a Judge of High Court may be its President.
(iii)	Complaints	It can entertain complaints claiming not exceeding Rs. 20 lakhs.	It can entertain complaints claiming more than Rs. 20 lakhs but not exceeding rupees one crore.
(iv)	Members	Other than president it has two members.	Other than president it has minimum two members.
(v)	Duration	Every member should hold office for a term of five years or up to the age of sixty five years, whichever is earlier.	Every member should hold office for a term of five years or up to the age of sixty seven years, whichever is earlier.

3. Planning and organizing

Ans.	Point	Planning	Organizing
(i)	Meaning	Planning is deciding in advance what to do, how to do it, when to do it and who is to do it"	Organizing in management refer to the relationship between people, work and resources used to achieve the common objectives.
(ii)	Objectives	Planning is done to set goals and choosing the means to achieve goals.	Organizing is to identify and bring together all required resources.
(iii)	Level of Management	Top level is concerned with planning activities.	Top and middle level is related with organizing the resources.
(iv)	Order	It is the first and foremost function of management.	It is based on planning.

4. E-Business and Traditional Business

Ans.	Point	E-Business	Traditional Business
(i)	Formation	E- Business is easy to form.	Traditional Business takes lengthy procedure to form.
(ii)	Scope	It can cover entire world, so its scope is vast.	It is limited to a particular region, so scope is limited.
(iii)	Setting up cost	Setting up cost is low.	It takes huge capital in order to setup the business.
(iv)	Customer interaction	There is absence of face to face interaction.	Face to face interaction is possible.
(v)	Accessibility	It is available around the clock.	It is available during the limited time.

Marking Scheme: ½ mark for each correct point. Four main points expected

Q.5 Answer in brief (Any 2)

(08)

1. Define entrepreneur. Explain functions of entrepreneur.

Ans. "An entrepreneur is a person who starts a business and is willing to risk loss in order to make money". – Webster dictionary.

An entrepreneur should perform the following entrepreneurial function:

- (i) **Innovation:** An entrepreneur should be innovative, enough to bring about the change in product or service. Only with innovation he can counter the competition effectively.
- (ii) **Risk-Taking:** Entrepreneur should be ready to face any risk while going through the entrepreneurship process. He should be intelligent enough to diverse various risks.
- (iii) **Taking Initiative:** Entrepreneur is a pro – active activity. Taking initiative in every work is of utmost importance.
- (iv) **Organizing Resource:** It is the job of an entrepreneur to organize all factor of production and put the use in an effective manner to achieve desired result.
- (v) **Identifying opportunities and prospects:** Entrepreneur searches those activities of value that have an economic and social contribution. He identifies new opportunities which have got profitable prospects.
- (vi) **Development of Market:** The entrepreneur has to find out various ways for marketing the product and services of his enterprise. He should conduct research, survey to understand consumer's demand.

2. Explain any five principles of management of Henry Fayol.

Ans. The principles of management created by Henri Fayol are explained below:

- (i) **Division of work:** In practice employees are specialized in different area and they have different set of skills. According to Fayol division of work leads to specialization and promotes efficiency of workforce and increase productivity.
- (ii) **Authority and Responsibility:** In order to get things done in an organisation, management should have proper authority to give orders but at the same time he should be responsible for his actions. Fayol insisted there should be a balance between Authority and responsibility.
- (iii) **Discipline:** Discipline means respect for the rules and regulations. Discipline may be self Discipline or it may be enforced. No bending or breaking of rules to be allowed in any organisation. To establish discipline, good supervision and impartial judgment are needed.

- (iv) **Unity of command:** According to Fayol, a subordinate must have and receive orders from only one supervisor. He must report to only one supervisor. It helps to prevent Dual – subordination which creates confusion and problem.
- (v) **Unity of Direction:** One head and one plan for a group of activities with the same objective. All Activities which have the same objective must be directed by one Manager.

3. Explain 4Ps of product marketing mix.

Ans. Elements of Marketing Mix are as follows:

- (i) **Product:** A product is an item that is produced to satisfy the needs of a certain group of people. The product can be tangible or intangible. The product must deliver a minimum level of performance and should be in demand otherwise even the best work on the other elements of the marketing mix won't do any good.
- (ii) **Price:** It refers to the value that is put for a product. Pricing always helps to shape the perception of your product in consumer's eyes. It depends on cost of production, segment targeted demand and supply, competition etc. The product should be sold at a price which the target audience deems to be good value- for- money.
- (iii) **Place:** It refers to the point of sale. Distribution is key element of placement. You have to position and distribute the product in a place that is accessible to potential buyers. In fact the mantra of successful placing of products is 'location, location, location'. That's why, retailers pay a premium for right location.
- (iv) **Promotion:** The product should be promoted. To the appropriate audience via appropriate channels, using advertising methods which resonate with that audience. Promotion is a very important component of marketing as it can boost brand recognition and sales.

Marking Scheme: 1 mark for each point, four points expected

Q.6 Justify the following statements (Any 2)

(08)

1. Management principles are helpful in optimum utilization of resources.

- Ans.** (i) Principles of management help in optimum utilization of resources by equipping managers to foresee the cause and effect relationships thereby reducing the wastages related with trial and error approach.
- (ii) Management principles help in thoughtful decision-making because they are based on logic rather than blind faith.
- (iii) Principles of management helps the managers to take right decisions at the right time.
- (iv) Principles of management aim at improving the productivity and efficiency of employees which helps in reducing wastage

2. Expectations of society towards business are changing.

- Ans.** (i) Society expectations from business firm have undergone a drastic change over the years. Today, Society expect business to be responsible towards society.
- (ii) The society expect the business organization should make proper use of the available resources in the larger interest of the society.
- (iii) The society requires that the business organization should be started in backward areas. It will help to create employment opportunities and increase purchasing power of people.
- (iv) The society expects donation and financial assistance for various social issues like poverty, diseases, illiteracy, developmental activities etc.

3. **Aim of consumer organizations is to protect the rights of the consumer.**

Ans. The role of consumer organisation and NGOS in protecting and promoting consumer welfare.

- (i) Educating consumer of their rights.
- (ii) Encouraging consumer to take legal action against fraudulent.
- (iii) Conducting Periodic test to check the quality of consumer products.
- (iv) Publishing consumer related materials.
- (v) Filing complaint on behalf of consumer.
- (vi) Providing legal advice and help.
- (vii) Protecting against various consumer issues
- (viii) Extending support to government.

4. **Promotion played an important role in marketing.**

- Ans.**
- (i) Promotion is a combination of various activities to bring information about the merits of the product to potential consumers and to stimulate their desire to buy it.
 - (ii) The product should be promoted. To the appropriate audience via appropriate channels, using advertising methods which resonate with that audience.
 - (iii) Promotion is a very important component of marketing as it can boost brand recognition and sales.
 - (iv) The role of promotion in the marketing mix is critical for brands who want to ensure the right consumers are reached and objectives are met.

Marking Scheme: 1 mark for each point, four points expected

Q.7 Attempt the following (Any 2)

(10)

1. **Explain nature of principle of management.**

Ans. By Nature is meant qualities and characterization of anything. Principles are general propositions which are applicable when certain conditions are present. These principles are guidelines for action.

The following points explain the nature of the principle of management:

- (i) **Universal applicability:** The principles of management are intended to apply to all types of organisation business as well as non business, small as well as large public sector as well as private sector manufacturing as well as the services sector. Universality refer to that truth which is equally applicable everywhere.
- (ii) **Formed by practice and Experimentation:** Principles of management are the result of various problems faced by the professional people. First of all problems appeared and then through careful research work solution were found.
- (iii) **Flexibility:** The principles of management do not exist in form of final truth. As and when social, political, economic, Technological changes take place, new kinds of problem arise, old principles are altered and new principles are formed.
- (iv) **General guidelines:** Management principles provide general guidelines in tackling the organizational problem wisely. They are not rigid, principles are to be applied depending on situations.
- (v) **Mainly behavioral:** Management principles aim at influencing the behaviour of human beings. Therefore the principles of management are behavioural in Nature.
- (vi) **Consistent:** Though flexible in nature, they are consistent. It means they produce similar results in similar situation.

2. Explain types of warehouse.

Ans. Types of Warehouse:

- (i) **Private Warehouse:** The Private Warehouses are owned and managed by manufacturers, traders or resellers and are used for their own distribution activities.
- (ii) **Public Warehouse:** These warehouses are owned by government and semi government bodies and are made available to private firms to store goods on payment of rent.
- (iii) **Bonded Storage:** These warehouse are owned, managed and controlled by government as well as private agencies. Bonded warehouses are storage facility used to store imported goods for which import duty is still to be paid.
- (iv) **Cold Storage Warehouse:** Cold storage warehouse provides facilities for perishable commodities like fruits, flowers, vegetables, dairy products, fishes etc
- (v) **Co-operate Warehouse:** These warehouses are owned, managed and controlled by co-operative societies. They mainly provide warehousing on most economical rates.

3. What is corporate social responsibility?

Ans. CSR refers to the commitment of business to contribute to sustainable economic development. CSR is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce as well as of the local community and society at large. India is the first country to bring mandatory corporate social responsibility.

Need of CSR:

- (i) To reduce the social loss.
- (ii) To enhance performance of employees.
- (iii) To bring industrial peace.
- (iv) To create goodwill.
- (v) To Satisfy Stakeholders.
- (vi) Helps to avoid government regulation and control.
- (vii) Support to social cause like poverty, education, and environment.

Marking Scheme: 1 mark for each point, five points expected

Q.8 Attempt the following (Any 1)

(08)

1. Explain the functions of marketing in detail.

Ans. Marketing refers to activities a company undertake to promote the buying or selling of a product or service. Marketing includes advertising, selling and delivering products to consumer or other business.

"Marketing is a societal process by which individuals and group obtain what they need and want through creating, offering and freely exchanging product and services of value with others." - Philip Kotler.

The following discussed are functions of marketing:

- (i) **Marketing Planning:** In order to achieve the objectives of an organisation with regard to its marketing, the marketer Marketing 3 has to chalk out its marketing plan. It will help to decide as to who will do what, when and how.
- (ii) **Product Development:** As per consumer research, the firm has to develop the product that suit the need of the consumer. The design of the product should also be kept in mind
- (iii) **Standardisation and grading:** Standardisation involves producing goods at predetermined specification. Standardisation ensures that product meets the establish quality. Grading is classification of goods in various groups. It involves the control standards of size, weight etc. Grading helps in pricing decision as well

- (iv) **Branding:** Giving of distinct name to the product is called branding. Thus, the objective of branding is to show that the products of a given company are different from that of the competitions.
- (v) **Packaging and labeling :** Packaging means designing the package for the products. While labeling is concerned with putting label on the package; attractive package helps to increase sales and brand image of products
- (vi) **Pricing:** This may be one of the most important functions of the marketing. The price of a product will largely determine its success or failure.
- (vii) **Customer Support service:** Customer is the king of market therefore, it is one of the main function of marketer to offer every possible help to the customer after sales services, technical services, handling customer complaints are few examples of support service.
- (viii) **Promotion:** Promotion means informing the consumer about the products of the company and encourages them to buy these products.

2. Define bank. Explain different types of banks.

Ans. A bank is a financial institution which deals with deposits and advances and other related services. Banks provides various services related to money or finance requirement of consumers. In India Banks are regulated by The India Bank Regulation Act, 1949.

Types of Banks are as follows:

- (i) **Central Bank:** In each country there exists central bank which controls country's money supply and monetary policy. It acts as a bank to other banks and a lender of last resort. Reserve Bank of India is a Central Bank of India.
- (ii) **Commercial Bank:** A bank dealing with general public, accepting deposits from making loans to large numbers of household and firms. Through the process of accepting deposits and lending, commercial banks create credit in the economy.
- (iii) **Co-Operative Bank:** Co-Operative banks are organised under the provisions of the co-operative society's law of the state. These banks were originally set up in India to provide credit to the farmers at cheaper rates but they function also in urban areas.
- (iv) **Foreign Banks:** A foreign bank is one that has its headquarters in a foreign country but operates in India as a private entity. Bank of Bahrain, Citi Bank, HSBC are examples of foreign bank.
- (v) **Small Finance Bank:** This is niche banking segment in the country and is aimed to provide financial inclusion to sections of the society that are not served by other banks. The main customers of small finance banks are Micro Industries, Small and marginal farmers.
- (vi) **Payments Banks:** This is relatively new model of bank in the Indian Banking Industry. It was conceptualized by the RBI and is allowed to accept a restricted deposit. The amount is currently limited to 1 lakh per customer.
- (vii) **Exchange Banks:** The exchange banks facilitate foreign exchange transactions. e.g. of Exchange banks are Barclays Banks, Bank of Tokyo.
- (viii) **Specialised Banks:** These banks cater the requirements and provide overall support for setting up business in specific areas. (i) Export – Import Bank (EXIM) (ii) Small Industries Development Bank of India (SIDBI) (iii) National Bank for Agriculture and Rural development (NABARD)

Marking Scheme: 2 marks for meaning and definition

1 mark for each point, six points expected