

**SPECIMEN PAPER - 3 (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) Correct the underlined word and rewrite the sentence (05)**

1. The loan taken under stand-up India scheme is repayable in ten years.

**Ans.** The loan taken under stand-up India scheme is repayable in seven years.

2. Services are tangible in nature.

**Ans.** Services are intangible in nature.

3. E-business is hard to start.

**Ans.** E-business is easy to start.

4. MRP should not be printed on every packet.

**Ans.** MRP should be printed on every packet.

5. Pricing bridges the time gap between production and sale-of – goods.

**Ans.** Warehousing bridges the time gap between production and sale-of – goods.

**Marking Scheme:** 1 mark for each correct answer

**Q.1 (B) Find the odd one. (05)**

1. People, Promotion, Physical evidence, Process
2. Job security, safety measures, good working conditions, reasonable profit.
3. Debit card, credit card, Aadhar card, ATM card
4. Endowment policy, Whole life policy, Money back policy, Blanket policy
5. Selecting, Training, Co-ordinating, Placing

<b>Ans.</b>	1. Promotion	2. reasonable profit	3. Aadhar card
	4. Blanket policy	5. Co-ordinating	

**Marking Scheme:** 1 mark for each correct answer

**Q.1 (C) Give one word /phrase/term. (05)**

1. The principle which deals with 'to do work with innovative way'
2. Last function of management.
3. Sub segment of BPO.
4. Getting good quality products is the basic right of this group of society.
5. Organizations which aim at promoting the welfare of the people.

<b>Ans.</b>	1. Principle of Initiative	2. Controlling	3. KPO	4. Consumer	5. NGO
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**Marking Scheme:** 1 mark for each correct answer

**Q.1 (D) Select the correct options. (05)**

[Agro Tourism, Niche Tourism, apex financial institution, Principal institution for MSMEs, NABARD]

Group A		Group B
1.		SIDBI
2.	Agro Tourism is a form of	
3.		The idea of bringing Urban resident to agriculture farm.
4.	Central Bank	
5.		Institution related to Agriculture

Group A		Group B
Ans.	1. Principal institution for MSMEs	SIDBI
	2. Agro Tourism is a form of	Niche Tourism
	3. Agro Tourism	The idea of bringing Urban resident to agriculture farm.
	4. Central Bank	Apex financial institution Marking Scheme
	5. NABARD	Institution related to Agriculture

**Marking Scheme:** 1 mark for each correct answer

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

**(08)**

**1. Staffing**

**Ans.** Staffing is the process of hiring eligible candidates in the organization for specific purpose. It is that part of the management function which is concerned with people at work and their relationship within the organization.

**2. State commission**

**Ans.** A state level court works at the state level with cases where compensation claimed is above twenty lakh to one crore. The State Commission also has the appellate jurisdiction over the District Forum.

**3. B2C**

**Ans.** When a consumer buys products from a seller directly. Then it is business to consumer transaction. People shopping from Flipkart, Amzone, Snapdeal etc are example of such business.

**4. Product**

**Ans.** Product is an item that is produced to satisfy the needs of a certain group of people. The product can be tangible or intangible.

**5. Entrepreneur**

**Ans.** An entrepreneur is an individual who creates a new business, bearing most of the risks and enjoying most of the reward. He is an agent of change. Entrepreneurship is the process of discovering new ways to combining resources.

**6. Consumer**

**Ans.** The Word 'consumer' is derived from the Latin word 'Consumere' which means to eat or to drink. A consumer is a person who buys goods or services for his personal use.

**Marking Scheme:** 2 mark for each correct sentences

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

1. Ms. Saba has started new business two years ago. Her customers are located in different parts of the country and hence they are directly depositing bill amount in her business account. At the same time she used to pay various payments from this account only.

**(a) Identify type of account maintained by Ms. Saba.**

**Ans.** Current account

**(b) Suggest any modern way of money transfer to Ms. Saba**

**Ans.** She can use digital wallets like paytm, google pay, phone pay, UPI Bhim etc.



**(c) What kind of facilities does she get on her bank account?**

**Ans.** Current account facilities:

- (i) Allows for prompt business transactions.
- (ii) No limit on withdrawals.
- (iii) No limit on deposits in the home branch.
- (iv) Enables businessmen to make direct payments using cheques, demand drafts, or pay orders.
- (v) Provides overdraft facility.

**2.** Mr. Alex made his payment by cheque at the same time Mr. Deep made his payment by fund transfer.

**(a) Whose payment is faster?**

**Ans.** Mr. Deep

**(b) Whose payment is related to traditional business?**

**Ans.** Mr. Alex

**(c) Whose payment is related to E-business?**

**Ans.** Mr. Deep

**3.** 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.

**Marking Scheme: 1 mark for each correct sentence**

#### **Q.4 Distinguish between (Any 3)**

**(12)**

##### **1. Savings Account and Current Account**

<b>Ans.</b>	<b>Point</b>	<b>Savings Account</b>	<b>Current Account</b>
<b>(i)</b>	<b>Meaning</b>	A savings account is designed with the primary purpose to help you save.	Current Accounts derive their name from the purpose they are suited for, regular transactions.
<b>(ii)</b>	<b>Suitability</b>	A savings account is most suitable for people who are salaried employees or have a monthly income.	Current Accounts work best for traders and entrepreneurs who need to access their accounts frequently.
<b>(iii)</b>	<b>Interest</b>	Savings accounts earn interest at a rate of around 3-4%	A Current Account is actually a no interest-bearing deposit account.
<b>(iv)</b>	<b>Overdrawing</b>	In the case of a savings account, banks neither offer nor allow overdraft facilities.	Overdraft facility is provided with a Current Account.

## 2. District commission and National commission

Ans.	Point	District Commission	National Commission
(i)	<b>Meaning</b>	It is a consumer dispute redressal forms working at district level.	It is a consumer dispute redressal forms working at National level.
(ii)	<b>President</b>	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 or is qualified to be Judge of Supreme Court may be its President.
(iii)	<b>Complaints</b>	It can entertain complaints claiming not exceeding Rs. 20 lakhs.	It can entertain complaints claiming exceeding Rs one crore.
(iv)	<b>Members</b>	Other than president it has two members.	Other than president it has minimum four members.

## 3. Organizing and Directing

Ans.	Point	Organizing	Directing
(i)	<b>Meaning</b>	Organizing in management refer to the relationship between people, work and resources used to achieve the common objectives.	Direction consists of the process and techniques utilizing in issuing instruction and making certain that operations are carried out as planned.
(ii)	<b>Objectives</b>	Organizing is to identify and bring together all required resources.	To direct the subordinates to get things done in right manner.
(iii)	<b>Level of Management</b>	Top and middle level is related with organizing the resources.	Middle level is related with directing the employees.
(iv)	<b>Order</b>	It is based on planning.	It follows organizing and staffing.

## 4. E-Commerce and E-Business

Ans.	Point	E-Commerce	E-Business
(i)	<b>Meaning</b>	Trading of merchandise, over the internet is known as E-commerce.	Running business using the internet is known as E-business.
(ii)	<b>What is it?</b>	E-Commerce is subset of E-Business.	E-Business is superset of E-Commerce.
(iii)	<b>What they carry out?</b>	E-Commerce carryout Commercial transactions.	E-Business carryout Business transactions.
(iv)	<b>Network used</b>	E-Commerce involves use of Internet.	E-Business involves use of Internet, Intranet and Extranet.

**Marking Scheme:**  $\frac{1}{2}$  mark for each correct point. Four main points expected

### Q.5 Answer in brief (Any 2)

#### 1. State any four rights of consumer.

(08)

**Ans. (a) Right to safety:** Means right to be protected against the marketing of goods and services, which are hazardous to life and property. The purchased goods and services availed of should not only meet their immediate needs but also fulfil long



term interests. They should preferably purchase quality marked products such as ISI ISI, AGMARK etc.

- (b) **Right to Information:** This right mentions the need for consumers to be informed about the quality and quantity of goods being sold. They must also be informed about the price of the product and have access to other information related to product.
- (c) **Right to choice:** According to this right every consumer has the right to choose the goods or services of his / her liking. The right to choose means an assurance of availability, ability and access to variety of products and services at competitive price.
- (d) **Right to be heard:** Every consumer has the right to be heard after being exploited. It means that consumer interest will receive due consideration at appropriate forums. It also includes right to be represented in various forums formed to consider the consumer welfare.

## 2. State four social responsibility of business towards government.

- Ans. (i) To obey Laws:** The laws control the behavior of the individuals with each other and with its community. If business obeys laws the society can function smoothly business can prosper.
- (ii) Payment of Taxes:** The main source of income for the government is taxes. The business pays taxes on goods produced by them, goods imported and income of its employees. Timely payment of taxes is expected from business.
- (iii) Implementation of socio-economic programmes:** The Government declares various policies for achieving economic, social and industrial progress of society. Business organization is expected to help the government in the implementation of these programs.
- (iv) Earning Foreign Exchanges:** The government expects the organization to earn foreign exchange by exporting goods. The government requires foreign exchange for importing other goods.

## 3. What is BPO? Explain in detail.

**Ans.** BPO is basically of work to some third party service provider. It involve one organisation hires another company to perform a task (process) that the hiring organization require to operate its own business successfully.

**Advantages:** (i) Experts are available at service. (ii) Outsourcing frees up the business from monotonous work and helps business to concentrate on core business. (iii) It helps to control unnecessary expenses. (iv) It is cost effective. (v) Optimum utilization of resources.

**Disadvantages:** (i) There can be communication gap between client and vendor. (ii) Loss of control to certain extent. (iii) Data protection and privacy issues. (iv) Difference in time zone can create many problems during online meeting.

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

## Q.6 Justify the following statements (Any 2)

(08)

### 1. Successful businessman takes calculated risk.

**Ans.** A risk is an integral part of any Business. The entrepreneur should always take calculated risk. Entrepreneur must have adventurous and risk taking personality. A calculated risk involves a fair amount of research. The results won't always be positive, but you've done enough work to know that the chances of success are higher than the chances of failure. Successful entrepreneur almost never lays everything they have on the line.



## 2. Warehousing is important.

**Ans.** Warehousing refers to storage of goods and consists of all those activities which are connected with storage and providing of goods. This is the basic function of warehousing. Surplus commodities which are not needed immediately can be stored in warehouse. It plays an important role in the process of the price stabilization. It helps in creating time utility. As it creates place and time utility importers-exporters can take advantage of warehousing facilities and can release goods when required. Now-a days warehouses also provide functions like packing, processing and grading of goods.

## 3. Online transaction is done with the help of the Internet.

**Ans.** Online transaction is a payment method in which the transfer of fund or money happens online over electronic fund transfer. Online transactions occur when a process of buying and selling takes place through the internet. So online transaction is done with the help of the internet. It can't take place without a proper internet connection.

## 4. Business organizations should avoid environmental pollution and ecological balance.

**Ans.** Business organization is socially responsible for the environment. The business establishment must realize natural resources are limited and use it wisely. It is their responsibility to check the consequences of their actions and also to protect environmental resources. The adoption of social responsibility positively affects the protection of the environment from pollution. For a business to continue in an ethical manner, it must respect the planet by limiting its impact on the environment as much as possible.

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

## Q.7 Attempt the following (Any 2)

(10)

### 1. Explain advantage of outsourcing.

**Ans.** Outsourcing is the process of contracting a business function to specialized agencies mostly to non- core areas. It helps in reducing the cost and enables to use the expertise of the firm which specializes in a particular kind of service.

#### Advantages of Outsourcing:

- (i) It reduces the cost and save time and effort on training cost.
- (ii) Outsourcing stimulates entrepreneurship employment and experts.
- (iii) The Manpower cost is much lower than that of the host company.
- (iv) It helps to bring specialization.
- (v) It increases efficiency and productivity.
- (vi) Outsourcing enables the organization to share knowledge and best practice with each other.

### 2. What is staffing? Explain the importance of staffing.

**Ans.** "Staffing is the process involved in identifying, assessing, placing, evaluating and directing individual at work".

– S. Benjamin

#### Importance of staffing:

- (i) **Build cordial relationship:** Staffing helps in building healthy relationship among all levels of employees in the organization. A smooth relation among employees brings better communication and co-ordination in the organization.



- (ii) **Improves Efficiency:** Training and development programmes are offered to the employee for self development and organization development. Through proper selection and training it helps to improve efficiency of workforce.
- (iii) **Optimum utilization of Human Resources:** If staffing function is performed in efficient manner it brings full utilization of human resources as it creates optimum output from the personnel.
- (iv) **Facilitates Control:** Well trained staff works according to plans and help in the achievement of the organizational objective. They help in reducing the deviations in performance.
- (v) **Efficient use of Technology and other resources:** It is the human resources that is important in the effective use of technology, capital, material. By proper staffing policy, management can ensure right kind of personnel is placed in right place.
- (vi) **Motivation:** The human aspect of organization is very important and behavior of individuals is shaped by many factors. The workers can be motivated through financial and non-financial incentives.
- (vii) **Long-term implication:** Investment in human resources has long-term effects. Since staffing function has long-term implication these decision should be properly taken as it is crucial for the efficiency of the staff.
- (viii) **Support to other function:** If the organization does not have competent people it can't perform, planning, organizing and controlling function properly. Staffing supports other function of management.

### 3. Explain various functions of marketing.

**Ans.** *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 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 Labelling :** Packaging means designing the package for the products. While labelling 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.



- (ix) **Transportation:** Transportation means physical movement of goods from the place of production to the place of consumption. Not only finished goods but also raw materials should be transported.
- (x) **Warehousing:** As we know, there is always a time gap between the production and consumption of most goods. Sometimes the products are seasonal or its supply is irregular so warehousing of goods are necessary to maintain a smooth flow of goods.

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

**Q.8 Attempt the following (Any 1)**

**(08)**

**1. Explain any 10 principles of Henry Fayol in detail.**

**Ans.** Henri Fayol (29 July 1841 -19 November 1925) was a French mining engineer who developed general Theory of Business administration. He is widely acknowledged as a founder of modern management method and known as 'Father of modern management Theory.' The fourteen 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 promote 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 is 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.
- (vi) **Subordinate of Individual Interest:** In order to have an organisation function well, Henri Fayol indicated that personal interest are subordinate to the interest of the organisation. The prime focus is to be on organizational objective and not on those of individual.
- (vii) **Remuneration:** Motivation and productivity are close to one another Fayol argues that the remuneration should be sufficient to keep employees motivated and productive.
- (viii) **Centralisation:** In centralization, the authority is concentrated only in a few hands. However in decentralization, the Authority is distributed to all the level of management. No organisation can be completely centralized or decentralized so there should be a balance of both.
- (ix) **Scalar Chain:** Scalar Chain means the hierarchy of Authority from the top level to the lower level for the purpose of communication. This helps to ensure proper flow of information and communication. Traditionally, organization used frame large scalar chain which is time consuming. For avoiding this sometimes in emergency situation cross on direct communicate route can be followed which is termed as a "Gang Plank".



- (x) **Principle of order:** There should be an order for material things and people in the organization. The work environment must be safe, clean and tidy.
- (xi) **Equity:** According to Henri Fayol, every employee must be treated kindly and equally. Employee must be in the right place to do things and manager should supervise and treat everyone fairly and impartially.

## 2. Explain Functions of commercial banks.

### Ans. I. Primary Function:

The primary functions of commercial banks are known as banking function. This includes:

- (i) **Accepting Deposits:** Commercial Banks are mainly depending on public deposits. There are two types of deposits.
- (a) **Demand Deposit:** These are kind of deposits that can be easily withdrawn by individual without any prior notice to the bank. Owners of these deposits can withdraw money at any time.
- (b) **Time Deposit:** These deposits are for certain period of time. Bank pays higher interest on time. Deposit and can only withdraw after completion of specific period.
- (ii) **Advancing Loans:** The public deposits are used by commercial banks for the purpose of granting loans to individual and business enterprises. They offer loans inform of overdraft, cash credit and discounting of bills.

### II. Secondary Functions:

Secondary functions of commercial banks are classified into two groups:

- (i) **Agency Functions:** Commercial Bank acts as an agent to its customers for various services like - Collecting bills, drafts, cheques etc. - Paying insurance premium, loan instalments (EMI), rent etc. - Work as an agent of customer for purchasing or redeeming securities in stock exchange. - Preparing income tax returns claiming refunds.
- (ii) **Utility Functions:** A commercial Bank performs utility function for the benefits of its client. It provides certain facilities or products to its clients. - Locker Facilities - Issue of draft and cheques - Gift Cheques - Underwriting Services - Issuing Debit and Credit Cards.
- (iii) **E - Banking:** E-Banking stands for Electronic Banking. It is also known as virtual banking. E-Banking is possible because of the development in the field of Electronics and computers. Under E-Banking operations are computerized.

### Some Elements of E-Banking are: -

- (a) **Automated Teller Machine (ATM):** ATMs are electronic machines which can be operated by customer on his own to withdraw or deposit money. It can also be used for Balance Enquiry, Request Cheque Book, Bank Statement etc.
- (b) **Credit Cards:** A credit card is a payment card. It allows the card holder to pay for different transaction he performs. Banks gives line credit to its customer.
- (c) **Debit Card:** Debit card enable users to pay for various transactions directly from their accounts. Here, like in credit cards banks don't give credit.
- (d) **RTGS:** It stands for Real Time Gross Settlement. It is a fund transfer system where transfer of funds or money takes place from one bank to another bank.
- (e) **NEFT:** NEFT stands for National Electronic Fund Transfer. Under this system funds are transferred electronically from one branch to another branch or one bank to another.



- (f) **Net Banking and Mobile Banking:** With the help of computers and internet, customers can perform various banking functions this service is called Net Banking. Mobile banking refers to the use of banking services with the help of mobile phones. The client can perform balance request, transfer of funds, issue of cheque book, etc.
- (g) **IMPS Facility:** IMPS stands for immediate payment services. This facility allows customer to instantly transfer for funds to any other bank account

**Marking Scheme:** 2 marks for meaning and definition

1 mark for each point, six points expected

