

**SPECIMEN PAPER - 5 (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. Esprit de corps means 'division is strength'.  
**Ans.** Esprit de corps means 'unity is strength'.  
 2. Controlling measures are rigid to some extent.  
**Ans.** Controlling measures are flexible to some extent.  
 3. Insurance helps to maximize the risk in business.  
**Ans.** Insurance helps to minimize the risk in business.  
 4. There are five stages of online transactions.  
**Ans.** There are three stages of online transactions.  
 5. In India, Sellers are widely dispersed and are not united.  
**Ans.** In India, Consumers are widely dispersed and are not united.

**Marking Scheme: 1 mark for each correct answer****Q.1 (B) Select the correct options.****(05)***(E. Jerome McCarthy, 1930, Booms & Bitner, 1986, Henry Fayol)*

Group A		Group B
1.	Consumer Protection Act	
2.		Sales of goods Act
3.	4 Ps	
4.		3 Ps
5.	14 Principles	

**Ans.** 1. 1986 2. 1930 3. E. Jerome McCarthy 4. Booms & Bitner 5. Henry Fayol

**Marking Scheme: 1 mark for each correct answer****Q.1 (C) Give one word/phrase/term.****(05)**

1. Giving a distinct name to one's product.  
 2. Employment generation is the social responsibility of the Organization towards this group.  
 3. Sub segment of BPO.  
 4. An employee who has an authority and support of the organization to implement his creative ideas.  
 5. The right person at the job with right pay.

**Ans.** 1. Branding 2. Government 3. KPO 4. Intrapreneur 5. Staffing

**Marking Scheme: 1 mark for each correct answer****Q.1 (D) State true or false.****(05)**

1. Only some principles of management are important.  
 2. Successful businessmen take calculated risk.  
 3. LPO stands for legal product outsourcing.

- Specimen
4. Consumer protection act is not required in India.  
5. Market is a place only for sellers.

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

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

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

**(08)**

**1. Promotion**

Ans. The product should be promoted. To the appropriate audience via appropriate channels, using advertising methods which resonate with that audience.

**2. Social responsibility**

Ans. Social responsibility of business implies the obligation of the management of a business enterprise to protect the interest of the society. No business exists in liabilities. Every part of the society contributes towards the success of a business.

**3. Warehousing**

Ans. Warehousing refers to storage of goods and consists of all those activities which are connected with storage and providing of goods. It is the means of storing the goods.

**4. Directing**

Ans. Direction consists of the process and techniques utilizing in issuing instruction and making certain that operations are carried out as planned.

**5. 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.

**6. LPO**

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

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

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

**1. Raj purchases watch from Titan shop and his friend Roy purchases from online shopping site.**

**(a) Which shopping is from traditional business?**

Ans. Raj shopping from Titan shop.

**(b) Which shopping is from E-business?**

Ans. Roy's shopping.

**(c) Which business involved high risk?**

Ans. Business of Online shopping as there is no direct contact between parties.

**2. Mr. Arun is young MBA degree holder. Mr. James is B.Com graduate. Mr. Arun is willing to start dairy farm at his village. Mr. James is willing to work as cashier in private company.**

**(a) Find out dreams of Arun and James.**

Ans. Arun want to be an entrepreneur and James like to work as an employee.

**(b) State any feature of Entrepreneur.**

Ans. Highly optimistic.

**(c) What government initiatives are there to help entrepreneurs?**

Ans. (1) Make in India (2) Start up India (3) Stand up India.



3. Ms. Reena 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. Reena

Ans. Current account.

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

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.

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

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

(12)

##### 1. Organizing and Co-ordinating

Ans.	Point	Organizing	Co-ordinating
(i)	<b>Meaning</b>	Organizing in management refer to the relationship between people, work and resources used to achieve the common objectives.	Co-ordination is a universal function; it is required at all the level of management. Co-ordinating function is the orderly arrangement of individual and group efforts to provide unity of action.
(ii)	<b>Objectives</b>	Organizing is to identify and bring together all required resources.	To ensure harmony of efforts of the employees for smooth functioning of organization.
(iii)	<b>Level of Management</b>	Top and middle level is related with organizing the resources.	It is related to all level of management.
(iv)	<b>Order</b>	It is based on planning.	If follows planning.

##### 2. Fire Insurance and Marine Insurance

Ans.	Point	Fire Insurance	Marine Insurance
(i)	<b>Meaning</b>	In this type insurance, the insurance company covers the damage to the property or assets caused by the fire.	In this type of insurance, the damage to the ships and the cargo is covered by the insurance company.
(ii)	<b>Objective</b>	Its objective is to cover the fire risk.	Its objective is to cover the sea perils.
(iii)	<b>Insurable interest</b>	Insurable interest must exist both while taking the policy and on the occurrence of loss.	Insurable interest must exist when the loss takes place.

(iv)	<b>Policy amount</b>	Policy amount is not more than the value of the property.	Policy amount may be equal to the market value of the cargo or ship.
(v)	<b>Moral responsibility of insured</b>	The moral responsibility of the insured is an important condition.	It does not have any clause related to the moral responsibility of cargo owner.

### 3. 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.

### 4. BPO and KPO

Ans.	Point	BPO	KPO
(i)	<b>Meaning</b>	BPO refers to the outsourcing of non-primary activities of the organization to an external organization to minimize cost and increase efficiency.	KPO is another kind of outsourcing whereby, functions related to knowledge and information are outsourced to third party service providers.
(ii)	<b>Service</b>	BPOs provide low-end services.	KPOs are hired to take care of the high-end services of their clients.
(iii)	<b>Educational qualifications</b>	Employees generally do not possess high educational qualifications.	KPO companies hire the expertise and skills of knowledgeable employees with high educational qualifications only.
(iv)	<b>Degree of complexity</b>	BPO is less complex in nature.	KPO is more complex nature.
(v)	<b>Relies on</b>	BPO relies on cost arbitrage.	KPO relies on knowledge arbitrage.

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



## 1. Explain any five principles of management of Henry Fayol.

- Ans.** (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 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

## 2. Discuss LPO.

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

**Advantages:** (i) Outsourcing of legal functions is cost saving. (ii) It allows organisation to access high level talent and expertise. (iii) Flexible staffing reduce Company's overhead.

**Disadvantages:** (i) There will be problem of confidentiality as some important document to be shared with the outsourcing firm. (ii) LPO gets affected by geographical hurdles between firm and clients. (iii) Communication gap can arise due to difference in culture and language.

## 3. Explain Start Up India.

**Ans.** Start-up India is an initiative of the government of India. The campaign was first announced by Indian Prime Minister, Mr. Narendra Modi during his 15th August, 2015 address from Red Fort. The action plan of this initiative is focusing on three areas: (i) Simplification and Handholding. (ii) Finding support and incentives . (iii) Industry – Academia Partnership and incubation A Start-up is defined as an entity that is head quartered in India which was opened less than 10 years ago and has an annual turnover less than 100 crores. Under this initiative, the government has already launched the I – made programme to help Indian entrepreneur build 10 lakh mobile app start-ups and MUDRA Banks Scheme to provide 10 W Interest loans.

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



Specimen 1  
**Q.6 Justify the following statements (Any 2)**

(08)

**1. Business should allow workers participation in management.**

- Ans.** (i) The worker must be encouraged to take part in management by forming workers committee, Profit Sharing, Suggestion schemes etc.  
(ii) Workers participation gives employees the mental and psychological satisfaction and thereby increase their involvement in the affairs of the organization.  
(iii) Workers' participation in industry improves relationship between workers and management and establishes better human relations.  
(iv) Workers' participation in management increases the worker's status in society. He is considered as a respectable member of the society.

**2. 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.

**3. Principle of subrogation is applicable to all contracts of indemnity.**

- Ans.** (i) Indemnity means compensation paid by the insurance company to the policyholder for the loss/damage suffered.  
(ii) Subrogation means substituting one creditor for another.  
(iii) According to the principle of subrogation, when the insured is compensated for the losses due to damage to his insured property, then the ownership right of such property shifts to the insurer.  
(iv) The principle of subrogation is applicable to all insurances other than the life insurance. If the insured party gets a compensation for the loss suffered by him, he cannot claim the same amount of loss from any other party.

**4. It is easy to setup e-business as compared to traditional business**

- Ans.** E - business does not require huge capital investments, a very large physical area. Communication can be done at fast phase, as there is no face to face interaction is required like traditional business.. In traditional process of transaction is manual but in e-business it is online. Scope in traditional business is limited to particular area but in e-business it is worldwide. Hence, it is easy to set up e - business as compared to traditional business.

**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. 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. What are the disadvantages of outsourcing?

**Ans. Disadvantages of Outsourcing:**

- (i) Outsourcing may lead to threat to security and confidentiality.
- (ii) The service provided by outsourcing company may be dis-satisfactory
- (iii) Lack of proper communication.
- (iv) Poor Quality and Delayed Services.
- (v) Less customer focus.

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



**Q.8 Attempt the following (Any 1)****1. Explain the responsibility of business towards society.**

**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.

- (i) **Reasonable use of Resources:** The business organization should make proper use of the available resources in the larger interest of the society. Optimum resource use is required as resources are scarce in nature.
- (ii) **Development of Backward region:** 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.
- (iii) **Employment generation:** Business firm should make all possible efforts to generate employment. Such efforts will help to solve problems caused due to unemployment.
- (iv) **Financial Assistance:** The society expects donation and financial assistance for various social issues like poverty, diseases, illiteracy, developmental activities etc.
- (v) **Restrain from Anti-social activities:** The society expects business organization not to get in to antisocial activities like bribery, Adultration, Smuggling etc.

**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.
  - **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.
  - **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 in form 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 :**

- (i) 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.
- (ii) 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.
- (iii) 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.
- (iv) 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.
- (v) 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.
- (vi) 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.
- (vii) 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

