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Subject : - O.C.M.

**Question:- 1- Objectives (Four)**

**[20 Marks]**

[Note: - Any 4 bits (Objective Questions) will be asked from 10 bits (Objective Questions)]

From A,B,C,D,E,F,G,H,I,J ]

**Unit No.: - 1 Chapter Name: - Principles of Management**

**1.[A] Select the correct option and rewrite the sentence. [1 Mark each]**

**[5 Marks]**

1. **F.W.Taylor** was regarded as Father of Scientific management [OCT.-2021]  
a) Henry Fayol b) **F.W.Taylor** c) Philip Kotler
2. Principle of **order** is based on 'A place for everything and everything in its place.'  
a) disciple b) **order** c) equity
3. Member of organization should receive orders from **one superior**.  
a) many superior b) **one superior** c) all superiors
4. Scalar Chain means the hierarchy of **authority** from the top level to the lower level for the purpose of communication.
1. The function of management start with **planning** function.  
a) organizing b) **planning** c) coordinating
2. The function of management end with **controlling**.  
a) directing b) staffing c) **controlling**  
a) disciple b) **order** c) equity
3. **Planning** sets out standards for controlling.  
a) Staffing b) **Planning** c) Coordinating
4. Organization function is important for execution of the plans which have been prepared by **top level** management.  
a) **top level** b) middle level c) lower level
5. **Directing** is the function which supports to activate the plans with the help of employees.  
a) Staffing b) **Directing** c) Co-ordinating
6. **Directing** is the function of execution according to the plan and the organizational structure.  
a) Controlling b) **Directing** c) Staffing
7. **Co-ordinating** arranges the work in such a way that minimum conflicts are raised.  
a) **Co-ordinating** b) Organizing c) Controlling
1. The word 'entrepreneur' is derived from the **French** word 'entreprendre'.  
a) Japanese b) English c) **French**
2. 'Entreprendre' means to **Undertake**.  
a) **Undertake** b) Enterprise c) Businessman
3. Start Up India is an initiative of the **Government of India**  
a) RBI b) **Government of India** c) World Bank
4. **Agro tourism** is the idea of bringing urban residents to rural areas, by empowering to local communities both socially and economically.  
a) **Agro tourism** b) Medical tourism c) Entertainment
1. **Warehouse** creates time utility.  
a) **Warehouse** b) Transport c) Insurance
2. **Cold storage** warehouse provides facility for perishable commodities.  
a) Bonded b) **Cold storage** c) Government
3. **Port risk** policy covers all types of risks of a vessel while it is anchored at the port for a particular period of time.  
a) **Port risk** b) Voyage c) Floating
4. Principle of **indemnity** is not applicable to life insurance. [OCT.-2021]  
a) insurable interest b) utmost good faith c) **indemnity**
1. For online transactions **registration** required.  
a) **registration** b) trading c) business
2. The term 'e-business' is derived from the term **e-mail** and e-commerce.  
a) cash b) e-pay c) **e-mail**

3. The transactions under **C2C** are between consumers to consumers.  
a) B2B b) **C2C** c) B2C
4. The process of contracting a business function to someone else is called as **outsourcing**. [OCT.-2021]  
a) **outsourcing** b) trading c) e-business
5. In online shopping customers put the product in the **shopping cart**  
a) shopping mall b) **shopping cart** c) shopping bag
1. Business is a **socio-economic** activity.  
a) **socio-economic** b) service c) charitable
2. Business organization should try to make **optimum** utilization of resources.  
a) minimum b) maximum c) **optimum**
3. For economic growth and national security **political** stability is required.  
a) **political** b) social c) economic
4. Making timely payment of proper taxes is the responsibility of organization towards **Government**.  
a) Shareholders b) Customers c) **Government**
5. **Businessmen** are **Trustees** of the society.  
a) Representatives b) Leaders c) **Trustees**
6. Business should provide periodic information to **owners**.  
a) customers b) **owners** c) employees
7. Business should offer adequate opportunities of promotion to their **employees**.  
a) **employees** b) customers c) investors
8. Business organization should protect health and provide safety measures to **employees**.  
a) **employees** b) owners c) investors
9. At least **2%** of the average net profit should be spent on C.S.R. (Corporate Social Responsibility)  
a) 5% b) **2%** c) 3%
1. In India, the Consumer Protection Act was initiated in the year **1986**  
a) 1947 b) 1989 c) **1986**
2. The President of District Commission is a **District Judge** [OCT.-2021]  
a) **District Judge** b) High Court Judge c) Supreme Court Judge
3. The main objective of the consumer organization is to protect the interest of the **Consumer**.  
a) **Consumer** b) trader c) producer
4. **National Commission** is the highest authority to settle the consumer dispute under Act.  
a) State Commission b) **National Commission** c) District Commission
5. The Government has established **Lok Adalat** to settle the consumer disputes by compromise.  
a) District Commission b) **Lok Adalat** c) Consumer organization
6. National Commission has **4** members.  
a) 2 b) 3 c) **4**
7. District Commission entertain complaints of consumer for compensation which is less than **one crore**.  
a) **one crore** b) ten lacs c) ten crore
8. State Commission entertain complaints of consumer for compensation which is less than **ten crore**.  
a) one crore b) ten lacs c) **ten crore**
9. National Commission entertain complaints of consumer for compensation which is more than **ten crore**.  
a) one crore b) ten lacs c) **ten crore**
10. **15<sup>th</sup> March** is celebrated as World Consumer Day.  
a) 24<sup>th</sup> December b) 26<sup>th</sup> January c) **15<sup>th</sup> March**
11. **24<sup>th</sup> December** is celebrated as National Consumer's Day.  
a) **24<sup>th</sup> December** b) 26<sup>th</sup> January c) 15<sup>th</sup> March
12. In modern competitive market, consumer is regarded as the **king**. [OCT.-2021]  
a) **king** b) agency c) owner
1. The term market is derived from the **Latin** word 'mercatus'.  
a) French b) **Latin** c) Italian
2. In the **Exchange** concept of market, emphasis is given on 'buying and selling of goods or services.'  
a) Place b) **Exchange** c) Customer
3. Perishable goods such as vegetable, fruits, milk products, etc. are sold in **Very Short Period** Market.

- a) **Very Short Period** b) Short Period c) Long Period
4. Retail market is the market where retailer sells goods directly to the **consumer** in small quantities.
- a) producer b) wholesaler c) **consumer**.

[B] Match the pairs [1 Mark each]

[5 Marks]

Group 'A'	Group 'B'
A) Henry Fayol	1) Proper division of all activities
B) Principle of Unity of Directions	2) F.W.Taylor
C) Principles of Management	3) General guidelines
D) Scientific Management Theory	4) A place for everything and everything in its place.
	5) One Head – one plan
	6) Harmony between the employees and management.
	7) German engineer
	8) Modern Management

Ans: -

Group 'A'	Ans.
Henry Fayol	Modern management
Principle of Unity of Directions	One Head – one plan
Principles of Management	General guidelines
Scientific Management Theory	F.W.Taylor

Group 'A'	Group 'B'
A) Planning	1) It is a process of instructing, guiding, communicating and motivating
B) Organizing	2) It is an integration and synchronization of the efforts of group.
C) Staffing	3) Deciding in advance what to do, how to do, when to do and who is to do it.
D) Directing[OCT.-2021]	4) Management is what manager does.
E) Coordinating	5) To focus on the role of manager.
	6) Decides the ways and means to achieve what has been planned.
	7) It is a process of comparing the actual performance with the pre-determined standard performance.
	8) It is a set of principles.
	9) It is a process of recruiting, selecting, placing and remunerating.
	10) To manage is to forecast and plan.

Ans: -

Group 'A'	Ans: -
A) Planning	Deciding in advance what to do, how to do, when to do and who is to do it.
B) Organizing	Decides the ways and means to achieve what has been planned.
C) Staffing	It is a process of recruiting, selecting, placing and remunerating.
D) Directing	It is a process of instructing, guiding, communicating and motivating
E) Coordinating	It is an integration and synchronization of the efforts of group.

Group 'A'	Group 'B'
A) Gap filling function	1) 2016
B) Entrepreneur	2) Employment
C) Agro tourism	3) Old methods of production
D) Technology	4) 2019
E) Start up India	5) Self motivated
	6) Rural tourism
	7) Entrepreneurship

	8) Latest knowledge
	9) Necessity Based
	10) Medical tourism

**Ans: -**

<b>Group 'A'</b>	<b>Ans: -</b>
A) Gap filling function	Entrepreneurship
B) Entrepreneur	Self-motivated
C) Agro tourism	Rural tourism
D) Technology	Latest knowledge
E) Start up India	2016

<b>Group 'A'</b>	<b>Group 'B'</b>
A) Warehousing	1) Intangible in nature
B) Business Service [OCT.-2021]	2) Place utility
C) Government warehouses	3) Time utility
D) Policy	4) Tangible
E) Reserve Bank of India	5) Owned and managed by Government.
	6) Document contains terms and conditions of insurance contract.
	7) Central Bank
	8) Owned and managed by NGOs
	9) Written request by insured
	10) Commercial Bank

**Ans: -**

<b>Group 'A'</b>	<b>Ans: -</b>
A) Warehousing	Time utility
B) Business Service	Intangible in nature
C) Government warehouses	Owned and managed by Government.
D) Policy	Document contains terms and conditions of insurance contract.
E) Reserve Bank of India	Central Bank

<b>Group 'A'</b>	<b>Group 'B'</b>
A) E-business	1) Consumer to consumer
B) B2C	2) Exist everywhere
C) Outsourcing	3) First step
D) Digital cash [OCT.-2021]	4) Business to consumer
E) Registration	5) Electronic business
	6) BPO
	7) RTO
	8) Efficient business
	9) Exist only in cyberspace
	10) Last step

**Ans: -**

<b>Group 'A'</b>	<b>Ans: -</b>
A) E-business	Electronic business
B) B2C	Business to consumer
C) Outsourcing	BPO
D) Digital cash	Exist only in cyberspace
E) Registration	First step

Group 'A'	Group 'B'
A) Employees	1) Good quality product
B) Responsibility towards investors[OCT.-2021]	2) To maintain solvency and prestige
C) Responsibility towards government	3) Job security
D) Economic objective	4) Respecting rules and regulations
E) Trade Union	5) To Serve society.
	6) To earn profit
	7) protection and environment
	8) Negotiations with management
	9) Voluntary
	10) Compulsory

**Ans: -**

Group 'A'	Ans: -
A) Employees	Job security
B) Responsibility towards investors	To maintain solvency and prestige
C) Responsibility towards government	Respecting rules and regulations.
D) Economic objective	To earn profit
E) Trade Union	Negotiations with management

Group 'A'	Group 'B'
A) King of the market	1) 1930
B) National Commission	2) Socialist
C) Mumbai Grahak Panchayat	3) Exceeds Rs.Ten crore
D) Sale of Goods Act	4) Non Government Organization
E) Consumer Right	5) Consumer
	6) Legislative Measures
	7) Exceeds Rs. One Crore but does not exceeds Rs. Ten Crore
	8) 1956
	9) Consumer Protection Act
	10) Right to information

**Ans: -**

Group 'A'	Ans: -
A) King of the market	Consumer
B) National Commission	Exceeds Rs.Ten Crore
C) Mumbai Grahak Panchayat	Non-Government Organization
D) Sale of Goods Act	1930
E) Consumer Right	Right to information

Group 'A'	Group 'B'
A) Market	1) Single Seller
B) Registered brands	2) Stock Market
C) Monopoly	3) Distinct Name
D) Branding	4) Mercatus
E) Digital Marketing [OCT.-2021]	5) Single Buyer
	6) ISI
	7) Trade mark
	8) Use of traditional media
	9) Multiple seller
	10) Use of digital media

**Ans: -**

Group 'A'	Ans: -
A) Market	Mercatus
B) Registered brands	Trade mark
C) Monopoly	Single Seller
D) Branding	Distinct Name
E) Digital Marketing	Use of digital media

**C. Give One word/ phrase/ term for following statements. [ 1 Mark each]**

**[5 Marks]**

1.The principle which deals with 'to do work with innovative way'.

**Ans: - Principle of Initiative**

2.The principle which is based on 'a place for everything and everything in its place'

**Ans: - Principle of Order.**

3.Father of Scientific Management.

**Ans: - F.W.Taylor**

4.Father of modern management.

**Ans: - Henry Fayol.**

5.The principle of management which says unity is strength.

**Ans: - Esprit de corps**

6.The principle of management explaining about fair payment to workers.

**Ans: - Principle of Remuneration.**

7.Principle of management which states that every employee should receive order and instructions from one boss only.

**Ans: - Unity of Command**

1.The right person at the job with right pay.

**Ans: - Staffing**

2.A person who shows the correct path as well as guides employees in solving the problems.

**Ans: - Director**

3.First function of management.

**Ans: - Planning**

4.Last function of management.

**Ans: - Controlling**

5.It is the intellectual process of logical thinking and rational decision making.

**Ans: - Planning**

6.The term that is used to denote the structure.

**Ans: - Organization**

7.It is the process of attracting, recruiting, selecting, placing, appraising and remunerating the people.

**Ans: - Staffing**

8.The process that leads the employees towards the accomplishment of organizational goals.

**Ans: - Directing**

9.It increases the team spirit of work place.

**Ans: - Co-ordination**

10.It is a process of comparing the actual performance with the predetermined standard performance.

**Ans: - Controlling**

18.An undertaking or adventure involving uncertainty and risk and requiring innovation.

**Ans: - Entrepreneurship**

19.A function of creating something new for an economic activity.

**Ans: - Innovation.**

20.A person who is self employed, innovator who introduces new combinations of means of production.

**[OCT.-2021]**

**Ans: - Entrepreneur**

21.The process of enhancing entrepreneurial skills and knowledge through structured training and institution building programmes.

**Ans: - Entrepreneurship Development Programme.**

22.The process that motivates a person into action and induces him to continue the course of action for the

achievement of goals.

**Ans: - Entrepreneurship**

23. An employee who has an authority and support of the organization to implement his creative ideas.

**Ans: - Intrapreneur**

24. These warehouses are owned, managed and controlled by central and state governments or public authorities..

**Ans: - Government Warehouses.**

25. Warehouse in which perishable goods are stored. [OCT.-2021]

**Ans: - Cold Storage Warehouses**

25. The stage where the goods bought are delivered to the customer.

**Ans: - Delivery stage**

26. The term derived from the term e-mail and e-commerce.

**Ans: - E-Business.**

27. The transaction which is done with the help of the internet.

**Ans: - Online transactions.**

28. The first step in online transaction. [OCT.-2021]

**Ans: - Registration.**

29. The process of contracting business function to specialized agencies..

**Ans: - Outsourcing.**

30. Subset of outsourcing.

**Ans: - BPO (Business Process of Outsourcing)**

31. Sub segment of BPO.

**Ans: - KPO (Knowledge Process Outsourcing)**

32. One of the value added BPO service which involves legal work.

**Ans: - LPO (Legal Process Outsourcing)**

33. Name the philosophy related to social responsibility propounded by Mahatma Gandhi.

**Ans: - Trusteeship**

34. Duties, obligations of business directed towards welfare of society.

**Ans: - Social Responsibility**

35. Getting good quality of product is the basic right of this group of society.

**Ans: - Consumers**

36. Providing fair return on investment is the responsibility of organization towards this group.

**Ans: - Investors**

37. An activity motivated by profit.

**Ans: - Business**

38. Earning foreign exchange is the responsibility of the organization towards this group. [OCT.-2021]

**Ans: - Government.**

39. Employment generation is the responsibility of the organization towards this group.

**Ans: - Society.**

40. Latest trend towards quality product.

**Ans: - International Standard Organization (ISO).**

41. The commission which entertains case where the value of goods or services paid as consideration does not exceeds Rs. one corer.

**Ans: - District Commission.**

42. A legal action initiated in a court of law regarding a matter of general public interest.

**Ans: - Public Interest Litigation (Janahit Yachika)**

43. Organizations which aim at promoting the welfare of the people.

**Ans: - NGOs (Non-Government Organizations)**

44. The right of consumer which is about safety and protection of his life and health.

**Ans: - Right to Safety.**

45. One who consume or uses any commodity or service.

**Ans: - Consumer.**

46. Giving of distinct name to one's product.

**Ans: - Branding.**

47. A place where the goods and services are bought and sold. [OCT.-2021]

**Ans: - Market.**

**D) State whether the following statements are true or false. [ 1 Mark each]**

**[5 Marks]**

1.The principles of management are universal in nature.

**Ans: -True.**

2.Management principles are applied differently under different situations.

**Ans: -True.**

3.Only some principles of management are important.

**Ans: -False**

4.F.W.Taylor has proposed 14 principles of management.

**Ans: -False.**

5.Each member of organization should receive order only from one superior.

**Ans: -True**

6. Every function of management is not based on planning.

**Ans: -False**

7.Specialization in activities leads to increase in organizational efficiency.

**Ans: -True**

8.Qualified, efficient and skilled work force is always an asset of the organization.

**Ans: -True**

9.Cooperation is not necessary for smooth flow of organizational activities.

**Ans: -False**

10.Coordination motivates the employees to take initiative while completing their assigned task.

**Ans: -True**

11.Standards are not set for every performance in controlling function.

**Ans: -False**

12.An entrepreneur should not be ready to work hard.

**Ans:- False**

13.Agritourism can support agricultural economy.

**Ans: -True**

14.Successful businessman takes calculated risk.

**Ans: -True**

15.Entrepreneurship is a full time job which requires dedication and hard work.

**Ans: -True**

16.Startup is an initiative of the Government of France.

**Ans:- False**

17.Business services are important for the growth of business.

**Ans: -True**

18.Current account is opened by salaried persons.

**Ans: -False.**

19.NEFT stands for National Electric Fund Transfer.

**Ans: -False** ( Note: - National Electric that why False. If National Electronic then True. This is for your reference only)

20.Internet is the global system of interconnected computer networks that use the internet protocol suite to link devices worldwide.

**Ans: -True.**

21.It is easy to set e-business as compared to traditional business.

**Ans: -True.**

22.The term e-business is derived from the term e-mail and e-commerce.

**Ans: -True.**

23.e-business allows you to work across the globe in any field.

**Ans: - True.**

24.LPO stands for legal product outsourcing. (Note: -if legal process then true)

**Ans: - False**

25.KPO requires advanced, analytical and technical skills.

**Ans: -True.**

26.With the help of outsourcing, company cannot focus on the core areas.

**Ans: -False**

27.Businessmen are trustees of the society.



**Ans:** -True

28.The commercial organization are expected to uplift the weaker sections of the society.

**Ans:** -True

29.It is the responsibility of commercial organization to maintain industrial peace.

**Ans:** -True

30.Owners should not get complete and accurate information about the financial positions.

**Ans:** -False

31.Media does not play important role in public life.

**Ans:** -False

32.Social responsibility is broader than legal responsibility of business.

**Ans:** -True

33.Every business should undertake Research and Development.

**Ans:** -True

34.The seller has to recognize the rights of consumer.

**Ans:** -True

35.Consumer Protection Act provides protection to the producer.

**Ans:** -False

36.Consumer Protection Act is not required in India.

**Ans:** -False

37.Lok Adalat can rightly described as 'People's Court'.

**Ans:** -True

38.Consumer have no rights in India.

**Ans:** -False

39.The term market is derived from the Latin word 'mercatus'

**Ans:** -True

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

**Ans:** -True

**[E] Find the odd one.**

**[ 1 Mark each]**

**[5 Marks]**

1. Planning, Organizing, Staffing, Writing.

**Ans:** - Writing.

2. Selecting, Training, Co-ordinating, Placing. [OCT.-2021]

**Ans:** - Co-ordinating

3.Communicator, Innovator, Self-starter, Inactive

**Ans:** - Inactive

4.Trekking, Wildlife study, Horseback, riding, Indoor games.

**Ans:** - Indoor games

5.Innovation, Lack of communication, Development of market, Determining the objectives.

**Ans:** - Lack of communication

6. Primary credit co-operative society, State co-operative society, District co-operative society, Exchange bank

**Ans:** - Exchange Bank.

7. NABARD, RBI, SIDBI, EXIM

**Ans:** - RBI

8. Endowment policy, Whole life policy, Money back policy, Blanket policy [OCT.-2021]

**Ans:** - Blanket policy.

9. BPO, RTO, LPO, KPO

**Ans:** - RTO (Regional Transport Office)

10.Debit card, Credit card, Aadhar Card, ATM card

**Ans:** - Aadhar Card

11.Job security, Health and safety measures, Reasonable profit, Good working conditions. [OCT.-2021]

**Ans:** - Reasonable profit.

12.Good quality products, Fair prices, Honest advertising, Prevent congestion in cities

**Ans:** - Prevent congestion in cities

13.Timely payment of taxes, Earning foreign exchange, Creating goodwill, Political stability.

**Ans:** - Creating goodwill

14. Protection of environment, Maintain transparency, Employment generation, Development of backward region.

**Ans:** - Maintain transparency.

15. Proper conduct of meeting, Careful use of capital, Fair prices of products, Maintain solvency and prestige

**Ans:** - Fair prices of products.

16. District Commission, State Commission, NGO, National Commission. [OCT.-2021]

**Ans:** - NGO

17. District Judge, High Court Judge, Commissioner, Supreme Court Judge.

**Ans:** - Commissioner

18. Primary Market, Secondary Market, Retail Market, Terminal Market.

**Ans:** - Retail Market.

19. Price, People, Promotion, Product. [OCT.-2021]

**Ans:** - People

20. People, Promotion, Physical Environment, Process.

**Ans:** - Promotion.

**[F] Complete the sentences: -**

**[ 1 Mark each]**

**[5 Marks]**

1. The tasks of getting the things done by others is known as management.
2. The function of management start with planning.
3. The Directing function of management indicates action.
4. Recruitments are done under Staffing function.
5. Planning is the fundamental function of management.
6. Co-ordinating integrates departmental activities for achieving common goal of the organization.
7. Controlling is the last function of management.
8. An entrepreneur is a person who starts a business or enterprise.
9. 'Start-up India initiative was launched in 2016
10. The term bank comes from the French word Banco.
12. Cold storage warehouses provide facilities for perishable commodities.
13. In Fleet policy, several ships belonging to one owner are insured under the same policy.
14. Mobile banking refers to the use of banking services with the help of mobile phones.
15. E-business is an abbreviation for Electronic business.
16. The term e-business came into existence in the year 1997.
17. E-business means using the internet and connect people and process.
18. E-business is superset of e-commerce.
19. E-commerce is a subset of e-business.
20. The process of contracting a business function to specialized agencies is known as outsourcing.
21. Business organization can maximum portability by minimizing wastage.
22. Social responsibility is broader than legal responsibility.
23. The concept of trusteeship is propounded by Mahatma Gandhi.
24. Business should earn reasonable profit.
25. Remuneration should be fixed according to the nature and importance of work.
26. Maximum Retail Price should be printed on every product.
27. Business and society are interdependent.
28. The trade union protects the rights of employees.
29. All companies shall spend, in every financial year, at least 2% of the average net profits of the company.
30. 1. National Commission is to be established by Central Government.
31. Any person who does not agree with the decision of District Commission can appeal to the State Commission.
32. Any person who does not agree with the decision of State Commission can appeal to the National Commission.
33. Any person who does not agree with the decision of National Commission can appeal to the Supreme Court.
34. State Commission has four members.
35. District Commission has two members.
36. National Commission has four members.
37. National Commission entertains complaints of consumer for compensation that exceeds Rs. Ten crore.
38. The Consumer Protection Act established three Tier quasi-judicial system for consumer protection exist.
39. Market is a place where transaction of buying and selling of goods and services takes place in exchange of money or money's worth.
40. Label is a slip which is found on the product and provides all the information regarding the product and its producer.
39. Market is a place where transaction of buying and selling of goods and services takes place in exchange of money

or money's worth.

40. **Label** is a slip which is found on the product and provides all the information regarding the product and its producer.

**[G] Select the correct option from the bracket. [ 1 Mark each] [5 Marks]**

1. Planning is a detailed programme of (present/future/past) course of action.

**Ans:** - Planning is a detailed programme of **future** course of action.

2. Directing is a responsibility of ( manager/workers/people) at all levels.

**Ans:** - Directing is a responsibility of **manager** at all levels

3. Qualified, efficient and skilled workforce is always on ( liabilities/assets /expenses) of the organization.

**Ans:** - Qualified, efficient and skilled workforce is always on **assets** of the organization

**OR**

**[G] Select the correct option and complete the following table. [ 1 Mark each] [5 Marks]**

**1. (Staffing, Organizing, Planning, corrective actions taking)**

Group 'A'	Group 'B'
A).Right people at right jobs	1.-----
B).-----	2.Bridges the gap between where we are and where we want to go.
C).-----	3.Identify and grouping the work to be performed
D).Controlling	4.-----

**Ans.: -**

Group 'A'	Group 'B'
A).Right people at right jobs	1. <u>Staffing</u>
B). <u>Planning</u>	2.Bridges the gap between where we are and where we want to go.
C). <u>Organizing</u>	3.Identify and grouping the work to be performed
D).Controlling	4. <u>corrective actions taking</u>

**(Innovation, Niche tourism, Agro-tourism, Entrepreneurship)**

Group 'A'	Group 'B'
A).The idea of bringing urban resident to agricultural farm.	1.-----
B).Agro-tourism is a form of	2.-----
C).-----	3.To introduce new combination of products and features
D).-----	4.A full time job which requires dedication and hard work

**Ans.: -**

Group 'A'	Group 'B'
A).The idea of bringing urban resident to agricultural farm.	1. <u>Agro-tourism</u>
B).Agro-tourism is a form of	2. <u>Niche tourism</u>
C). <u>Innovation</u>	3.To introduce new combination of products and features
D). <u>Entprneurship</u>	4.A full time job which requires dedication and hard work

**(RTGS, SIDBI, apex financial institution in banking industry of country, recurring deposit, long term loans)**

Group 'A'	Group 'B'
A).-----	1.Fund transfer on real time and gross basis
B).Loans to meet long term capital	2.-----

requirements	
C).-----	3.Account operated by salaried and businessmen both.
D).Central bank	4.-----
E).-----	5.Principal financial institution for MSMEs

Ans.: -

Group 'A'	Group 'B'
A).RTGS	1.Fund transfer on real time and gross basis
B).Loans to meet long term capital requirements	2. <u>long term loans</u>
C) <u>Recurring deposit</u>	3.Account operated by salaried and businessmen both.
D) Central bank	4. <u>apex financial institution in banking industry of country</u>
E). <u>SIDBI</u>	5.Principal financial institution for MSMEs

(Business to Business, First step, e-commerce, payment mechanism, e-business)

Group 'A'	Group 'B'
A).Registration	1.-----
B).Superset of e-commerce	2.-----
C). -----	3.Last step
D).Subset of E-business	4.-----
E). -----	5.B2B

Ans.: -

Group 'A'	Group 'B'
A).Registration	<u>1.First step</u>
B).Superset of e-commerce	<u>2.e-business</u>
C). <u>payment mechanism</u>	3.Last step
D).Subset of E-business	4. <u>e-commerce</u>
E). <u>Business to Business</u>	5.B2B

(Responsibilities towards shareholders, Responsibilities towards consumers, Responsibilities towards government, Responsibilities towards society)

Group 'A'	Group 'B'
A).After sales service	1.-----
B).Timely payment of proper taxes	2. -----
C). -----	3.Protest Anti-Social activities
D). -----	4.Fair practices on Stock Exchange

Ans.: -

Group 'A'	Group 'B'
A).After sales service	1. <u>Responsibilities towards consumers</u>
B).Timely payment of proper taxes	2. <u>Responsibilities towards government</u>
C) <u>Responsibilities towards society</u>	3.Protest Anti-Social activities
D) <u>Responsibilities towards shareholders</u>	4.Fair practices on Stock Exchange

(High court Judge, Four, Consumer Organizations, does not exceeds Rs.one crore, 2019 )

Group 'A'	Group 'B'
A).Amount of compensation in District Commission	1 -----

B)-----	2. State Commission
C) Consumer Protection Act	3. -----
D) -----	4. non- profit and non- political organization.
E) Members of National Commission	5.-----

Ans.: -

Group 'A'	Group 'B'
A). Amount of compensation in District Commission	1. <u>Does not exceeds Rs.one crore</u>
B). <u>High court Judge</u>	2. State Commission
C) Consumer Protection Act	3. <u>2019</u>
D) <u>Consumer Organizations</u>	4. non- profit and non- political organization.
E) Members of National Commission	5. Four

(Mercatus, E.Jerome McCarthy, Booms & Bittner)

Group 'A'	Group 'B'
A).-----	1) To trade merchandise
B) 4 Ps	2) -----
C) -----	3) 3 Ps

Ans.: -

Group 'A'	Group 'B'
A). <u>Mercatus</u>	1) To trade merchandise
B) 4 Ps	2) <u>E.Jerome McCarthy</u>
C) <u>Booms &amp; Bittner</u>	3) 3 Ps

[H] Answer in one sentence.

[ 1 Mark each]

[5 Marks]

**1.What is the principle of unity of command?**

Ans: - Each member (employee) of organization should receive orders only from one superior (boss).

**2.What is Subordination of Individual interest into organizational interest?**

Ans: - The interest of an individual must be given less important than the interest of the organization.

**3.What is the meaning of Principle?**

Ans: - Principle is defined as “a fundamental truth or proposition that serves as the foundation for a system of belief or behaviour or for a chain of reasoning.” .

**4.What is management?**

Ans. The tasks of getting the things done by others is known as management.

**5.What is planning?**

Ans. Planning means deciding in advance what to do, how to do it, when to do it and who is to do it.

**6.What is staffing?**

Ans. Staffing includes proper recruitment, selection, transfer, promotion of the employees. Right man for right job with right pay is the basic principle of staffing.

**7.What is directing?**

Ans. Directing is a process which involves guiding, inspiring, instructing and motivating the people towards the accomplishment of goals.

**8.What is controlling?**

Ans. It is the process of monitoring actual performance with the predetermined standard (planned) performance and taking corrective actions (measures) if required.

**9.What is Agro tourism?**

Ans: - Agro-tourism involves any agriculturally based operations or activity that brings visitors to farm.

**10.Who is 'Entrepreneur'?**

Ans: - An entrepreneur is a person who starts a business and is willing to risk loss in order to make money.

**11.Who described 'Entrepreneurship' as the founding of a private enterprise?**

**Ans:** - In 1848, the famous economist John Sturt Mill, described 'Entrepreneurship' as the founding of a private enterprise.

**12.What is debit card?**

**Ans.:** - Most of the banks offer debit cards as soon as account is opened by account holder. Through debit card payment, the amount gets deducted from account holder's account.

**13.What is subject matter in insurance?**

**Ans:** - The property which is insured is called subject matter. In life Insurance, life of the person is the subject matter. In fire insurance, goods or property is the subject matter and in marine insurance, ship or cargo is the subject matter.

**14.What is government warehouse?**

**Ans.** The warehouses which are owned, managed and controlled by central and state government or public authorities.

**15.What is business services?**

**Ans.** Business services are those services which help in successful running of business. They are intangible in nature.

**16.What is E-business?**

**Ans:** - Electronic business is the administration of conducting business via internet.

**17.What is outsourcing?**

**Ans:** - Outsourcing means contracting a business function to specialized agencies.

**18.What is Online transaction?**

**Ans:** - Online transactions occur when a process of buying and selling takes place through the internet.

**19.What is shopping cart?**

**Ans:** - The shopping cart is an online record of all the items selected by the buyer to be purchased,

**20.What is digital cash?**

**Ans:** - Digital cash is a form of electronic currency that exists only in cyberspace.

**21.What is BPO? (Business Process Outsourcing)**

**Ans:** - BPO refers to the outsourcing of non-primary activities of the organization to an external organization.

**22.What is KPO? (Knowledge Process Outsourcing)**

**Ans:** - KPO refers to the functions related to knowledge and information are outsourced to third party service provider.

**23.What is LPO? (Legal Process Outsourcing)**

**Ans:** - LPO refers to the practice of law firm or corporation obtaining legal support services from an outside law firm.

**24.Who can raise voice against business malpractices?**

**Ans.** Media can raise voice against business malpractices.

**25.What should be done by management to keep workers updated?**

**Ans.** Refresher Training should be conducted to keep employees updated to increase their efficiency and confidence.

**26.What type of advertising should be avoided?**

**Ans.** Misleading and vulgar advertisement should be avoided by the organizations.

**27.What organization should do to improve quality of goods and to reduce cost of production?**

**Ans.** The organization should conduct Research and Development to improve the quality of goods and to reduce cost of production.

**28. When do we observe a National Consumer's Day?**

**Ans:** -On 24<sup>th</sup> December every year we observe a National Consumer Day.

**29, Who is consumer?**

**Ans:** - One who consumes or uses any commodity or service is called consumer.

**30. What information one should check before buying a product?**

**Ans:** -While buying the product, the consumer should enquire about the quality, quantity, price, utility of goods and services, etc.

**31. Which forum is set up at the national level for redressal for consumer complaints?**

**Ans:** -National Consumer Redressal forum (Commission) is set up at the national level for redressal (settlement) of consumer complaints.

**32.Who shall be appointed as President of National Commission?**

**Ans:** - A person who is or has been a judge of Supreme Court shall be appointed as the President of National Commission.

**33.When do we observe World Consumer's Rights Day?**

**Ans:** - On 15<sup>th</sup> March every year we observe World Or International Consumer's Rights Day.

**34.Define Market.**

**Ans:** - Market is the place where two or more parties (buyers and sellers) are involved in buying and selling.

**35.What do you mean by Standardization?**

**Ans:** - Standardization means to determine standards related to process, size, quality, design, weight, colour, etc. of the product.

**36.What do you mean by Branding?**

**Ans:** - Giving of distinct name to one's product is called branding.

**I] Correct the underlined word and rewrite the following sentences: [ 1 Mark each] [5 Marks]**

1. Security in job always affects adversely on the efficiency of employees.

**Ans:** - Insecurity in job always affects adversely on the efficiency of employees.

2. Esprit de corps means 'division' is strength.

**Ans:** - Esprit de corps means 'union' is strength

3. Each member of the organization should receive orders from only one subordinate

**Ans:** - Each member of the organization should receive orders from only one superior.

4. Decentralization means concentration of powers and authorities at a specific position.

**Ans:** - Centralization means concentration of powers and authorities at a specific position.

5. Management techniques are applied differently under different conditions.

**Ans:** - Management principles are applied differently under different conditions.

1. Factors of business environment are always fixed.

**Ans.:** Factors of business environment are always changing

2. Staffing is concerned with machines.

**Ans.:** Staffing is concerned with humans

3. Directing is a function of comparing the actual performance with the predetermined performance.

**Ans.** Controlling is a function of comparing the actual performance with the predetermined performance

4. Co-ordination helps to maximize the wastage of resources and controls the cost of work.

**Ans.:** Co-ordination helps to minimize the wastage of resources and controls the cost of work.

5. Controlling measures are rigid to some extent.

**Ans.:** Controlling measures are flexible to some extent.

6. The word 'Entrepreneur' come from the German verb 'entreprendre', it means 'to undertake'.

**Ans.:** The word 'Entrepreneur' come from the French verb 'entreprendre', it means 'to undertake'.

7. Entrepreneurs try to make a home a better place where the needs of consumers can be satisfied.

**Ans.:** Entrepreneurs try to make a market a better place where the needs of consumers can be satisfied.

8. 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

9. Overdraft facility is available for saving account holder.

**Ans.:-** Overdraft facility is available for Current account holder.

10. Services are tangible in nature.

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

11. Insurance helps to maximize the risks in business.

**Ans:-** Insurance helps to minimize the risks in business.

12. The foreign bank is the apex financial institution in banking industry in the country.

**Ans:** - The Central bank is the apex financial institution in banking industry in the country.

13. RTGS stands for Reasonable Time for Gross Settlement.

**Ans.:** - RTGS stands for Real Time for Gross Settlement.

14. E-Business is hard to start.

**Ans.:** - E-Business is easy to start.

15. There are five stages of online transactions.

**Ans.:** - There are three stages of online transactions

16. Registration is the Last step in online transactions.

**Ans.:** - Registration is the first step in online transactions

17. Digital cash is form of plastic currency.

**Ans.:** - Digital cash is form of electronic currency

18. KPO includes less knowledge based and specialized work.

**Ans.:** - KPO includes more knowledge based and specialized work.

19. Social responsibility is narrower term than legal responsibility of business.

**Ans.:** Social responsibility is **broader** term than legal responsibility of business.

20. All sorts of fair practices related to stock exchange should be avoided.

**Ans.:** All sorts of unfair practices related to stock exchange should be avoided.

21. Management and union should agree strikes and lockouts to protect the interest of both the parties.

**Ans.** Management and union should ban strikes and lockouts to protect the interest of both the parties.

22. Maximum Retail Price (MRP) should not be printed on every packet.

**Ans.** Maximum Retail Price (MRP) should be printed on every packet.

23. Dishonest advertising can be appreciated by customers in the long run.

**Ans.:** Honest advertising can be appreciated by customers in the long run. 24. Financial help should be provided general guidelines for anti-social activities.

**Ans:** -Financial help should not be provided general guidelines for anti-social activities.

25. An appeal can be filed against the order of the National Commission to the State forum

**Ans:** -An appeal can be filed against the order of the National Commission to the Supreme Court.

26. National Commission is established by the State Government.

**Ans:** -National Commission is established by the Central Government.

27. District Commission is also referred as People's Court.

**Ans:** -Lok Adalat is also referred as People's Court.

28. In India, sellers are widely dispersed and are not united.

**Ans:** -In India, consumers are widely dispersed and are not united.

29. National Commission entertains complaints where the value of the goods or services paid as consideration does not exceed Rs. one crore.

**Ans:** -District Commission entertains complaints where the value of the goods or services paid as consideration does not exceed Rs. one crore.

30. Pricing bridges the time gap between production and sale of goods.

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

31. Branding is the process of classification of products according to similar characteristics and / or quality.

**Ans:** -Grading is the process of classification of products according to similar characteristics and / or quality.

**J] Arrange in proper order:**

**[ 1 Mark each]**

**[5 Marks]**

1. Controlling, Organizing, Planning.

**Ans.:** Planning, Organizing, Controlling

2. Directing, Co-ordinating, Staffing.

**Ans.:** Staffing, Directing, Co-ordinating

3. Claim, Accident, Taking the policy, Compensation

**Ans:** - Taking the policy, Accident, Claim, Compensation.

4. Purchase or sale/ Delivery stage/ Pre purchase or sale.

**Ans:** -Pre purchase or sale, Purchase or sale, Delivery stage

5. Placing an orders, Cash on delivery, Registration

**Ans:** -Registration, Placing an orders, Cash on delivery

6. National Commission, District Commission, State Commission.

**Ans:** -District Commission, State Commission, National Commission.

7. District Judge, Supreme Court Judge, High Court Judge.

**Ans:** -District Judge, High Court Judge, Supreme Court Judge.

8. Grading, Market, Planning, Distribution.

**Ans:** -Market, Planning, Grading, Distribution.

9. Local market, international market, national market.

**Ans:** -Local market, National market, International market.



## Q.2. Explain the following terms/concepts. (Any 4 out of 6) [Each 2 Marks]

8

1. **Principle of Order**:- This principle is based on 'a place for everything and everything must be in its place.' Human resources and materials should be in the right place and at the right time for maximum efficiency.
2. **Principle of Equity**:- This principle is about fair and equal treatment to all employees. There should not be any discrimination (difference) between the employees. It is also suggested that the remuneration should not depend on the department but at the level on which subordinates are working.
3. **Principle of Centralization**:- Centralization refers to the concentration of powers and authorities in one hand or few hands. This situation occurs in the small organization. But if the size of organization is large then there is decentralization of power or authority. There must be proper balance between the authority and responsibility according to the size of the organization and nature of the activity, etc.
4. **Principle of Remuneration**:- This principle states that appropriate (proper) remuneration to staff is the principle to keep them satisfied financially as well as retain (keep) them for long span of time. While paying remuneration the skill, expertise, knowledge, tenure(period/term) etc. of the employees should be taken into account.
5. **Principle of Stability of Tenure**:- While appointing the employees the manager should assure the stability of tenure or job security(permanent job) to the employees. This creates a sense of belongs among the employees.
6. **Principle of Initiative**:- Initiative refers to the thinking of new ideas. According to this principle, the manager should encourage the employees to take initiative while working on given task(work). The employees should come up with the new ideas and the manager should welcome their ideas in creating healthy organizational structure.
7. **Principle of Esprit de corps**:- Henry Fayol has given emphasis on team work. Esprit de corps means union is strength. Human resource is the great asset of the organization. The manager should create a spirit of team work. He should build a sense of togetherness among the employees. If the workers work with unity the goal can be achieved easily.
8. **Principle of Scalar chain**:- Scalar chain means the hierarchy (level) of authority from the top level to the lower level for the purpose of communication. E.g., a General Manager informs the decision to Functional Manager then Functional Manager, will pass it to supervisor, the supervisor will inform to Foreman and vice versa. To avoid delay or in emergency situation Fayol, has suggested Gang Plank Principle .i.e. direct communication.
9. **Principle of Subordination of Individual Interest to Organizational Interest**:- According to this principle, the interest of an individual must be given less important than the interest of the organization. While taking decision in the organization the manager should always consider the interest of the whole group rather than the interest of a single employees.
10. **Mental Revolution [OCT.-2021]**:- This principle focuses on the complete change in the attitude of the management and employees as regards their relations are concerned. So, the managers should create suitable conditions for the employees. All the problems should be solved scientifically. The employees should perform their jobs carefully and with devotion.
11. **Management**:- Management is the art of getting the work done through the efforts of (subordinates) other people to achieve the organizational goals. According to Henry Fayol, "To manage is to forecast, to plan, to organize, to command, to co-ordinate and to control".
12. **Planning**:- Planning is the first (primary) and basic (Fundamental) function of management. Planning is a process that determines the future course of action. According to Koontz and O'Donnell, "Planning is deciding in advance what to do, how to do it, when to do it and who is to do it. Planning bridges the gap from where we are and where we want to go it makes possible things to occur which would not otherwise occur."
13. **Organizing**:- Organizing is an arrangement of people and resources. It is a process of identifying, bringing the required resources such as men, material, machinery, finance etc. It is concerned with Division of Work with management and Staff. According to Louis Allen, "Organizing is a process of identifying and grouping the work to be performed, defining and delegating the authority and responsibility and establishing relationships to accomplish

the goals.”

**14. Staffing:** - [OCT.-2021]

Staffing is a process of attracting, recruiting, selecting, placing, appraising, remunerating, developing and retaining the best workforce. Staffing function plays a very important role in organization as right person at right job with right pay is the basic principle of staffing.

**15. Directing:** - Directing is a process which involves guiding, inspiring, instructing and motivating the people towards the accomplishment of goals. Direction is a continuous function initiated at top level and flows to the lower level. Director is a person who shows the correct path as well as guides the employees in solving the problems whenever necessary.

**16. Co-ordination/ Co-ordinating:** - Co-ordination is the integration of different activities which is essential for their smooth flow. It establishes harmony among all the activities of an organization in achieving desired goal. Co-ordination is needed at all levels of management i.e. top, middle and lower level.

**17. Controlling:** -Controlling is a last function of management of comparing the actual performance with the predetermined standard performance and taking corrective measures if required.

**18. Banking:** - [OCT.-2021]

The term Bank comes from the French word ‘Banco’ which means a ‘bench’. A bank is a financial institution which deals with deposits and advances and other related services. Bank provides various services related to financial requirements of the customers. In India, banks are regulated by the Indian Banking regulation Act, 1949.

**19. Insurance:** - Insurance is a contract between the insurer (Insurance company) and the Insured (policy holder), whereby the insurer (Insurance company) agrees to compensate the insured(policy holder) against loss. The insured (policy holder) has to pay a certain fixed sum of money on timely basis to the insurer (insurance company).

**20. Warehousing:** -Warehousing refers to storage of goods and consists of all those activities which are connected with storage and preserving of goods. Warehousing creates time utility.

**21. E-business:** - [OCT.-2021]

The term E-business means Electronic Business. It is conducting business via internet. It includes buying and selling of goods or services through the internet. The concept of E-business was coined by IBM. The purpose was to provide buyers and sellers a platform on internet to buy goods and services.

**22. B2B:** -Here the transactions between business firms (Business to Business) involved in e-commerce transactions. Business firms interact with each other for a variety of services. These include supplying ancillary parts, components to manufacturers providing value added services like catering and also providing manpower.

**23. B2C** –The transactions under B2C are between business firms and consumers. Business firms use their sites for a range of marketing activities which include promotion, product information, review or delivery of the product etc,at the doorstep. Example of website: [www.flipkart.com](http://www.flipkart.com)

**24. C2C:** - Consumer to consumer involves the electronically facilitated transactions between consumers through some third party. A common customer posts an item for sale and other consumers bid (auction) to purchase it. The sites are only intermediaries, just to match the consumers. Example of website: eBay.

**25. Outsourcing:** - [OCT.-2021]

Outsourcing is a process of contracting a business function to specialized agencies mostly the non- core (not important) areas are outsourced by the company. The company makes a formal agreement (contract) with the agency (contractor). Examples: - The malls, offices, outsource facilities like canteen, sanitation, security, etc.

In the same way, arrangements for wedding anniversary, birthday celebration can also be outsourced.

**26. BPO:** - Business Process Outsourcing refers to the outsourcing of non-primary activities of the organization to an external organization to minimize cost and increase efficiency.

**27. KPO:** - Knowledge Process Outsourcing is another kind of outsourcing whereby, functions related to knowledge and information are outsourced to third party service providers.

**28. LPO:** - Legal Process Outsourcing refer to the practice of law firm or corporation obtaining legal support services from drafting legal documents, performing legal research and offering consultation.

**29. Social Responsibility:** - Social Responsibility of business implies the obligation of the management of business enterprise to protect the interest of the society. No business exists in isolation. Therefore, all the activities of business should be performed in such a manner that they will not harm any part of the society rather they will protect and contribute to the interest of the society.

**30. Concept of Trusteeship:** - Trusteeship is a socioeconomic philosophy that was propounded by Mahatma Gandhi.

Businessmen are considered to be Trustees of the society. According to Concept of Trust ship, “A business must be held in trust, legally and morally for the benefits of people”.

**31. Corporate Social Responsibility (CSR):** - CSR is a management concept whereby companies integrate social and

environmental concerns in their business operations and interactions with their shareholders”.

The companies having Net worth of 1500 Cr. or more or Turnover of 1000 Cr. Or more; or Net profit of 15Cr.or more during any financial year shall be required to constitute a Corporate Social responsibility Committee of the Board with effect from 1<sup>st</sup> April, 2014. All companies shall spend, in every financial year at least 2% of the average net profits of the company made during the three immediately proceedings financial years.

- 32. District Commission:** - A consumer dispute redressal commission at district level established by the State Government is known as District Commission. A person who is sitting or retired or qualified to be a District Judge shall be appointed by the State Government as a President of District Commission .Not less than two and not more than such number of members may be prescribed. The members will hold office for a term of five years or upto the age of sixty five years whichever is earlier. It can entertain consumer complaints where the value of goods or services paid as does not exceeds (not more than) Rs. Ten Crore or upto Rs.Ten Crore)
- 33. National Commission:** - A consumer dispute redressal commission at national level established by the Central Government is known as National Commission. A person who is or has been a Judge of the Supreme Court shall be appointed by the Central Government as a President of National Commission. Not less than four and not more than such number of members as may be prescribed. The members will hold office for a term of five years or upto the age of sixty seven years and President upto seventy years whichever is earlier. It can entertain consumer complaints where the value of goods or services paid as consideration , exceeds (more than) Rs. ten crore.
- 34. State Commission:** - A consumer disputes redressal commission at the state level established by the State Government is known as State Commission. A person who is sitting or retired Judge of High Court shall be appointed by the State Government as a President of State Commission. Not less than four and not more than such number of members as may be prescribed. The members will hold office for a term of five years or upto the age of sixty seven years whichever is earlier. It can entertain consumer complaints where the value of goods or services paid as consideration , exceeds (more than) Rs. One crore but does not exceeds(not more than) Rs.Ten Crore Or upto Rs.10 Crore.)
- 35. Lok Adalat:- [OCT.-2021]**  
Lok Adalat is the effective and economical system for quick redressal (settlement) of the public grievances (complaints). It can also be referred to as People’s Court. It is established by the Government to settle the disputes by compromise. The aggrieved (not satisfied) party can directly lodge the complaint. Issues are discussed on the spot and decisions are taken immediately.
- 36. Janahit Yachika:** -Public Interest Litigation is also called as Janahit Yachika. It means a legal action initiated in a court of law regarding a matter of general public interest. It is a legal facility under which any person can approach to the court of law in the interest of the society. The party which is not related to grievance (complaints) can also file public interest litigation. It is filed in the High Court as well as Supreme Court directly in some cases.
- 37. Market:** -The term market is derived from the Latin word ‘mercatus’ which means to ‘trade’ or ‘to trade merchandise’ or ‘a place where business is transacted’. In simple words, market the place where the buyers and sellers meet together for buying and selling with exchange of money.
- 38. Place Concept of Market:** - Under this concept, the place where buyers, sellers and other intermediaries come together and transaction of buying and selling of goods and services takes place in exchange of money or money’s worth.
- 39. Commodity Concept of Market:** - In this concept, the process of buying and selling of goods or services is important not the place of exchange. The buyer and seller as well as the commodity exchanged among them plays an important role.
- 40. Digital Concept of Market:** - New and sophisticated e-commerce Portals and mobile applications make the buying and selling easy and convenient for buyers and sellers. The communication media like telephone, mobile, computer, internet, etc. have made direct contact between buyer and seller. Digital Market can be defined as “ Market which uses Information Technology for buying and selling of the products or services.”
- 41. Product:** - Product refers to the goods or services that are offered to the customers for sale and are capable of satisfying the need of customers. The product can be tangible or intangible as it can be in form of services. The business need to decide the right type of product through extensive market research.
- 42. Price:** - Price plays an important role in creating demand for the product. The business needs to take utmost care to decide the price of the product. Cost of the product and willingness of the customers to pay for the product play an

important role in pricing the product.

43. **Promotion**: - Promotion is an important element of marketing as it creates brand recognition and sales. Promotion is a tool of marketing communication which help to publicise the product to customer. It helps to convey product features to the potential buyer and inducing them to buy it.
44. **Packaging**: -Packaging refers to the use of bottles, container, plastic bags, in, wooden boxed, etc. to reach the product to the final consumers. It helps to avoiding breakage, damage and destruction of the product.
45. **Labelling**: - Label is a slip which is found on the product and provides all the information regarding the product and its producer. The slip on which all this information is provides is called as label and its process is called as labelling.
46. **E-banking**: -It stands for 'electronic banking' it also called 'virtual Banking' or 'online banking'. E-banking is the result of the development in the field of electronics and computers.
47. **Automated Teller Machine (ATM)** : - The ATM's are electronic machine which are operated by the customer on his own to withdraw or deposit money. It can be used for other banking transactions such as balance enquiry, transferring money, request for cheque book or bank statements, etc. It provides 24 hours service.
48. **Credit Cards**: - It is a payment card which allows the cardholder to pay for different transactions. The issuing bank grants credit to cardholder and later on covers the dues from the user. This card offers convenience to the customers as they need not carry cash.
49. **Debit Cards**: - Now a days, most of the banks offer debit cards as soon as account is opened by account holder. Through debit card payment, the amount gets deducted from account holder's account.
50. **RTGS (Real Transfer Gross Settlement)** : - It is a fund transfer system where transfer of funds takes place from one bank to another bank on Real time (i.e. not subject to any waiting period) and Gross settlement (i.e. one to one basis with bunching any other transactions). The transactions are settled as soon as they are processed. It is the fastest money transfer through the banking channel. The minimum amount to be remitted through RTGS is Rs.2 Lacs while there is no upper limit for transferable. However, this amount differ from bank to bank.
51. **NEFT**:- (National Electronic Fund Transfer) : -Under this system, funds are transferred electronically from one branch to another branch and from one bank to another bank in the country.
52. **Net Banking and Mobile Banking**: -With the introduction of Net banking, the client is able to transact business operations with the help of computers, laptop and other gadgets. Mobile banking refers to the use of banking services with the help of mobile phone. The client registers with the bank for this facility and gets a unique for transactions. The client can perform various transactions such as request of balances, transfer of funds, stop payment, issue of cheque book, etc.
53. **IMPS facility**: -IMPS stands for Immediate Payment Services. This facility allows customers to instantly transfer funds to any other bank account.
54. **Entrepreneur**: - The word 'entrepreneur' comes from the French word entreprendre, it means to undertake. An entrepreneur is a person who starts a business and is willing to risk loss in order to make money.
55. **Intrapreneur**: - An intrapreneur is an employee who has the authority and support of his company or employer (owner of company) to implement his own innovative and creative ideas. He does not have to invest any capital from his pocket. The company provides infrastructure.
55. **Start-ups**: -One of the objectives of the Indian Government is to make India a nation of Job creators instead of job seekers. Thus, the Government wants to encourage entrepreneurship and to promote innovations which aims at creating an ecosystem which will nurture start-ups in the country. So that, sustainable economic growth and large scale employment can be generated.
56. **Stand-Ups**:- The objective of the Stand-Ups India scheme is to facilitate bank loans between Rs. 10 Lakh and Rs.1Crore to at least one Scheduled Caste(SC) or Scheduled Tribe(ST) borrower and at least one women borrower per bank branch for setting up a greenfield enterprise. This enterprise may be in manufacturing, services or the trading sector.
57. **Agro -tourism**: - Agro-tourism involves any agriculturally based operations or activity that brings visitors to farm. It offers tourists a chance to reconnect with the land and provides a 'hands on experience' with local foods. Agro-tourism activities include picking (choice) fruits, tending(supervision) bees (madhumakhiya), milking cows, etc.

### Q.3 Study the following case/ situation and explain your opinion. (Any 2 out of 3)

[Each 3 Marks]

6

1. Mr. Harshad is an entrepreneur and engaged in production of eco-friendly utensils. Both male and female employees are working in his factory. All male employees are directly working on machines whereas female employees are working in Packaging Department. Mr. Sharath is working as Finance Manager while Mrs. Naina is working as HR Manager who is responsible for recruiting employees in the factory.

On this basis: (1). Identify any one principle of management in above case.

(2). What is the designation of Mrs. Naina in this organization?

(3). Who is responsible for overall planning of the organization?

(1). Identify any one principle of management in above case.

Ans: - Principle of Division of Work is identified in above case.

(2). What is the designation of Mrs. Naina in this organization?

Ans: - Mrs. Naina is working as HR Manager.

(3). Who is responsible for overall planning of the organization?

Ans: - Mr. Harshad, an entrepreneur is responsible for overall planning of the organization.

2. Mr. Ram, an emerging entrepreneur has designed a structure of his business organization by taking into consideration the required resources such as land, money, machinery, workforce, etc. for his new business. He appointed Mr. Shyam as a manager. Mr. Ram has assigned the responsibilities such as recruitment, selection, training, and development and to determine the remuneration of the employees to Mr. Shyam. Mr. Ram has also appointed Mr. Shubham to supervise the work done by the employees according to the standards given to the employees. Mr. Shubham has also to suggest the remedies to the employees wherever necessary. In this context, find out the management functions performed by: [OCT.-2021]

(a) Mr. Ram

(b) Mr. Shyam

(iii) Mr. Shubham

Ans: - (i) Mr. Ram performs Planning function.

(ii) Mr. Shyam performs Staffing function.

(iii) Mr. Shubham performs Controlling function.

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

Mention the name of employee engaged in following functions:

(i) Organization (ii) Direction (iii) Co-ordination

Ans: - (i) Mr. Desai is engaged in Organizing function..

(ii) Mr. Lele is engaged in Directing function..

(iii) Mr. Sayyed is engaged in Co-ordination function.

4. Mr. Soham is a young MBA (Management of Business & Administration) degree holder, Mr. Navin is a B.Com graduate. Mr. Soham is willing to start a dairy farm at his village. Mr. Navin is willing to work as a cashier in a Private Company.

i) Find out dream of Soham and Navin.

Ans: - Dream of Soham is to become an entrepreneur whereas dream of Navin is willing to take a job as a Cashier in a Private company.

ii) State any one feature of Entrepreneur.

Ans.: - Intellectual capabilities, Hard work, Risk bearing capacity, etc. are the features of entrepreneur.

**iii) To become successful entrepreneur, which qualities Mr. Soham should have?**

**Ans.:** - Soham should have confidence, open minded, competitive, creativity, etc.

**5. Ms. Harshali 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.**

**(i) Identify type of account maintained by Ms. Harshali?**

**Ans:** - Ms. Harshali has maintained current account.

**(ii) Suggest any one modern way of money transfer to Ms. Harshali?**

**Ans:** - NEFT which stands for National Electronic Funds Transfer is one of the modern way of transferring fund from one branch to another branch or from one bank to another bank.

**(iii) What kind of facility does she get on her bank account?**

**Ans:** - She gets overdraft facility on her current bank account.

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

**(i) Suggest him a policy which can satisfy the requirements of his children?**

**Ans:** - Mr. Jagan should take 'Child Insurance Policy' to satisfy the requirements of his child.

**(ii) Who are beneficiaries of policy?**

**Ans:** - In child insurance policy, children of the insured person are the beneficiaries.

**(iii) In above case which principle is involved?**

**Ans:** - In above case Principle of 'Insurable interest' is involved.

**7. Mr. Amit is a businessman. He has his own factories in Pune and Nasik. He lives in Pune with his wife and two daughters aged 5 and 8 years.**

**[i] Can Mr. Amit take a life insurance policy for his wife and two children?**

**Ans:** - Mr. Amit can take whole life policy or term insurance policy for his wife and child insurance or money back policy for his two daughters.

**[ii] Can Mr. Amit take a marine insurance policy for his factories?**

**Ans:** - Mr. Amit cannot take marine insurance policy for his factories.

**[iii] Which type of insurance should Mr. Amit take for protecting his factories from loss due to fire?**

**Ans:** - Mr. Amit can take floating fire insurance policy for protecting his factories from loss due to fire.

**8. Mr. Sharan is a successful manufacturer. He is having production units at various locations. He is having multiple production units, he has large stock of raw materials and finished goods. He is worried about safeguarding goods from any unwanted financial loss. He also requires to transfer raw material and finished goods from one unit to other but does not have any facility for that. He also requires funds for expansion.**

**(i) Name the service which will help him to safeguard goods from any damage .**

**Ans:** - 'Warehousing' is the service which will help him to safeguard goods from any damage

**(ii) Which service will help him to remove the difficulty of place?**

**Ans:** - Transport service will help him to remove the difficulty of place.

**(iii) From which service sector will he get financial support?**

**Ans:** - He will get financial support from Banking service sector.

**9. Abhay purchases some gift articles online from [www.flipkart.com](http://www.flipkart.com). At the same time Sheetal purchased a gift from e-bay.com**

**i) Which website is related to C2C?**

**Ans:** - e-Bay.com is related with C2C

**ii). Which website is related to B2C?**

**Ans:** - [www.flipkart.com](http://www.flipkart.com) is related with B2C

**iii) Which first step does Abhay need to follow?**

**Ans:** - Before online shopping, Abhay has to register with the [www.flipkart.com](http://www.flipkart.com)

**10. Satvik purchases watch from Titan shop and his friend Shambhavi purchases watch from online shopping site.**

**i) Which shopping is from traditional business?**



**Ans: - Titan shop is an example of traditional business.**

**ii) Which shopping is from e-business?**

**Ans: -** Shambhavi purchases watch from online shopping site.is from e-business.

**iii) Which business involved high risk?**

**Ans:-** Purchase of watch from online shopping site involves high risks.

**11.Mr. Ved made his payment by cheque at the same time Mr. Shlok made his payment by fund transfer. In this situation: [OCT.-2021]**

**i) Whose payment is faster?**

**Ans: -** Mr. Shlok

**ii) Whose payment is related to traditional business?**

**Ans: -**Mr. Ved

**iii) Whose payment is related to e-business?**

**Ans: -** Mr. Shlok

**12.Yashwant Co. Ltd. is providing facilities for their female staff like day care Centre for kids and work from home facility. Even management takes their suggestions while taking the decisions though they are members of trade union.**

**(i) By doing this they are following social responsibilities towards which interest groups?**

**Ans: -** They are following social responsibilities towards Employees.

**(ii) What values they are presenting?**

**Ans: -** They (Yashwant Co. Ltd.) are presenting social values by providing facilities to their female members.

**(iii) What kind of responsibilities employer follows in above case?**

**Ans: -** Management takes the employees' suggestions while taking decisions even though they are members of trade union. Thus, the employer follows social responsibility towards employees.

**13.An organization manufacturing paints has been enjoying a prominent market position since many years. It has been dumping its untreated poisonous waste on the river bank: which has created many health problems for the nearby villages. [OCT.-2021]**

**(i) Which responsibility is neglected by the paint manufacturing organization?**

**Ans: -** Responsibility towards protection of environment.

**(ii) What kind of pollution they are creating?**

**Ans: -** water pollution.

**(iii) Mention any one precautionary measure they need to take?**

**Ans: -** *proper waste management techniques should be adopted by the organization under which waste should be reduced, effort should be made to reuse the waste. waste that cannot be reduced or reused should be recycled.*

**14.A vehicle manufacturing company has adopted the following practices:**

**[A] Only those components will be used by the company which are environment-friendly.**

**[B] There will be discharge of harmful wastes only after their proper treatment.**

**[C] Pollution level of every vehicle will be maintained as per international standards.**

**(i) By doing this, business organization follows social responsibility towards which interest group?**

**Ans: -** Business organization follows social responsibility towards Society for protection of environment.

**(ii) What kind of pollution do they want to avoid?**

**Ans: -** They want to avoid Air Pollution.

**(iii) What kind of message do they want to convey?**

**Ans: -** They want to convey the message that business should be committed to protect the environment i.e. not to create imbalance in nature.

**15.Mr. Ashok visited a shop to buy a pair of shoes of Rs.700. The salesman forced him to buy a pair of bigger size shoes of ordinary company by claiming this size would be suitable to him. After reaching home, he discovered that shoes are still 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 above case:**

**i) which right has been violated?**

**Ans: -** In the above case, Right to Choose has been violated.

**ii) Comment on the right which has been violated ?**

**Ans:** - According to this right, consumer have a right to select the goods as per his requirement. The seller cannot force the customer to buy specific product. In this manner, monopoly is avoided and prevented.

**iii) Where can Mr. Ashok file his complaint?**

**Ans:** - According to Right to heard, Mr. Ashok can lodge the complaint to the appropriate consumer commission.

**16. Mrs. Meera a resident of Nagpur District bought a washing machine worth Rs.50,000 without cash memo with a warranty period of 2 years. After 1.5 years she noticed some defect and asked the company to repair or replace it. The company did not accept her complaint despite of the defective product. In the above case,**

**i) Suggest suitable redressal machinery to protect her right.**

**Ans:** - Mrs. Meena can file complaint in District Commission as her complaint does not exceed Rs. 1 crore.

**ii) If she is not satisfied with the decision given by redressal machinery, where should she appeal?**

**Ans:** - If she aggrieved(not satisfied) with the order of District commission may appeal to the State Commission against such order within 45 days from the date of such order.

**iii) What was the negligence of Mrs. Meera while buying the washing machine?**

**Ans:-** Mrs. Meena did not collect or ask for cash memo and guarantee / warranty card for 2 years.

**17. Mr. X purchases goods from nearest shop. Mr. Y purchases mobile from Tokyo. Mr.Z of Nandurbar purchases electronic goods from Delhi.**

**i) From which type of market does Mr. X purchase?**

**Ans:** - Mr. X purchases goods from Local market.

**ii) Name the type of market from where Mr. Y deals?**

**Ans:** - Mr. Y deals in International market.

**iii) State the type of market from where Mr. Z purchases goods?**

**Ans:** - Mr. Z of Nandurbar purchases electronic goods from Delhi i.e. National market.



#### Q.4. Distinguish Between: - (Any 3 Out of 4) [ Each 4 Marks]

**Tabular Form No. 1**

Points	Planning	Organizing	Staffing	Directing	Co-ordinating	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.	Organizing is the arrangement of the required resources together such as men, material, machine etc. for achieving the objectives.	It is a process of proper recruitment, selection, transfer, training, promotion, etc. of subordinate managers.	It is a process of guiding, inspiring, instructing and motivating the people towards the accomplishment of goals.	It is the <u>integration</u> and <u>synchronization</u> of the efforts of a group.	It is a process of monitoring actual performance with planned performance and taking corrective measures if required.
2 Objective	The main object of planning is to prepare the organization for future and set goals for accomplishments	The main object of organizing is to bring together all resources of the organization.	The main object of staffing is to make available the right person at the right job with right pay.	The main object of directing is to guide the subordinates to achieve the set goals.	The main object of co-ordination is to integrate (bring) together the work done by all employees and ensure smooth functioning of the organization.	The main object of controlling is to ensure the targets must be achieved as per the plans.
3. Area of Function	Planning includes setting the goals and setting the best plan among the alternative.	organizing includes identifying and grouping the work, defining and delegating the authority and responsibility.	Staffing includes proper recruitment, selection, transfer, promotion, training, etc.	Directing includes communicating, inspiring, motivating, and instructing the people.	Co-ordination includes integration of efforts of the top level, middle level lower level.	It includes measurement of actual performance with planned performance and taking corrective action.
4. Level of management	<u>Top level management</u> is concerned with <u>Planning function</u> .	<u>Top and Middle level management</u> is concerned with <u>Organizing function</u> .	<u>Middle level management</u> is related with <u>recruitment, selection, training, etc. and Top level</u> is concerned with <u>promotion and</u>	<u>Middle level management</u> is concerned with <u>Directing function</u> .	<u>Co-ordination</u> is needed at <u>All levels of management</u> i.e. <u>Top, Middle and Lower level management</u> .	<u>Lower level management</u> is concerned with <u>Controlling function</u> .

			<u>compensation</u>			
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### 1.Planning and Organizing

Ans: - **For Points** – 1)Meaning, 2) Objective, 3) Area of Function, 4) Level of Management. **Please Refer Tabular Form No. 1 & write this 5th Point.**

Points	Planning	Organizing
5.Order Or Sequence	Planning <u>precedes</u> organizing as it is the primary( <u>first</u> )and <u>basic</u> function of management.	Organizing <u>follows</u> planning as after planning, the next function is organizing.

### 2.Planning and Staffing

Ans: - **For Points** – 1)Meaning, 2) Objective, 3) Area of Function, 4) Level of Management. **Please Refer Tabular Form No. 1 & write this 5th Point.**

Points	Planning	Staffing
5.Order Or Sequence	Planning <u>precedes</u> staffing as it is the primary( <u>first</u> ) and <u>basic</u> function of management.	Staffing <u>follows</u> planning as it comes <u>after</u> planning.

### 3.Planning and Directing

Ans: - **For Points** – 1)Meaning, 2) Objective, 3) Area of Function, 4) Level of Management. **Please Refer Tabular Form No. 1 & write this 5th Point.**

Points	Planning	Directing
5.Order Or Sequence	Planning <u>precedes</u> directing as it is the primary( <u>first</u> ) and <u>basic</u> function of management.	Directing <u>follows</u> planning as it comes <u>after</u> planning function.

### 4. Planning and Co-ordinating or Co-ordination

Ans: - **For Points** – 1)Meaning, 2) Objective, 3) Area of Function, 4) Level of Management. **Please Refer Tabular Form No. 1 & write this 5th Point.**

Points	Planning	Co-ordinating or Co-ordination
5.Order Or Sequence	Planning <u>precedes</u> co-ordinating as it is the primary( <u>first</u> ) and <u>basic</u> function of management.	Co-ordination <u>follows</u> planning as it comes <u>after</u> planning.

### 5.Planning and Controlling [OCT.-2021]

Ans: - **For Points** – 1)Meaning, 2) Objective, 3) Area of Function, 4) Level of Management. **Please Refer Tabular Form No. 1 & write this 5th Point.**

Points	Planning	Controlling
5.Order Or Sequence	Planning <u>precedes</u> controlling as it is the primary( <u>first</u> ) and <u>basic</u> function of management	Controlling <u>follows</u> planning and <u>all</u> other functions as it is the <u>last function</u> of management

### 6. Organizing and Staffing

Ans: - **For Points** – 1)Meaning, 2) Objective, 3) Area of Function, 4) Level of Management. **Please Refer Tabular Form No. 1 & write this 5th Point.**

Points	Organizing	Staffing
5.Order Or Sequence	Organizing <u>precedes</u> staffing as it comes <u>before</u> staffing function.	Staffing <u>follows</u> Organizing as it is the next function <u>after</u> organizing.

### 7.Organizing and Directing or Direction

Ans: - **For Points** – 1)Meaning, 2) Objective, 3) Area of Function, 4) Level of Management. **Please Refer Tabular Form No. 1 & write this 5th Point.**

Points	Organizing	Directing or Direction
5.Order Or Sequence	Organizing <u>precedes</u> Directing as it comes <u>before</u> directing function.	Directing <u>follows</u> organizing as it comes <u>after</u> Organizing.

### 8. Organizing and Co-ordinating or Co-ordination

Ans: - **For Points** – 1)Meaning, 2) Objective, 3) Area of Function, 4) Level of Management. **Please Refer Tabular Form No. 1 & write this 5th Point.**

Points	Organizing	Co-ordinating or Co-ordination
5.Order Or Sequence	Organizing <u>precedes</u> Co-ordination as it comes <u>before</u> co-ordination function.	Co-ordination <u>follows</u> Organizing as it comes <u>after</u> organizing.

### 9. Organizing and Controlling

Ans: - **For Points** – 1)Meaning, 2) Objective, 3) Area of Function, 4) Level of Management. **Please Refer Tabular Form No. 1 & write this 5th Point.**

Points	Organizing	Controlling
5.Order Or Sequence	Organizing <u>precedes</u> Controlling as it comes <u>before</u> controlling function	Controlling <u>follows</u> organizing <u>and all other functions</u> as it is the <u>last function</u> of management

### 10. Staffing and Directing or Direction

Ans: - **For Points** – 1)Meaning, 2) Objective, 3) Area of Function, 4) Level of Management. **Please Refer Tabular Form No. 1 & write this 5th Point.**

Points	Staffing	Directing or Direction
5.Order Or Sequence	Staffing <u>precedes</u> directing as it comes <u>before</u> directing function.	Directing <u>follows</u> staffing as after staffing the <u>next</u> function is directing.

### 11. Staffing and Co-ordinating or Co-ordination

Ans: - **For Points** – 1)Meaning, 2) Objective, 3) Area of Function, 4) Level of Management. **Please Refer Tabular Form No. 1 & write this 5th Point.**

Points	Staffing	Co-ordinating or Co-ordination
5.Order Or Sequence	Staffing <u>precedes</u> co-ordination as it comes <u>before</u> co-ordination function.	Co-ordination <u>follows</u> staffing as it comes after staffing.

### 12. Staffing and Controlling

Ans: - **For Points** – 1)Meaning, 2) Objective, 3) Area of Function, 4) Level of Management. **Please Refer Tabular Form No. 1 & write this 5th Point.**

Points	Staffing	Controlling
5.Order Or Sequence	Staffing <u>precedes</u> controlling as it comes <u>before</u> controlling function	Controlling <u>follows</u> staffing <u>and all other functions</u> as it is the <u>last function</u> of management

### 13. Directing or Direction and Co-ordinating or Co-ordination

Ans: - **For Points** – 1)Meaning, 2) Objective, 3) Area of Function, 4) Level of Management. **Please Refer Tabular Form No. 1 & write this 5th Point.**

Points	Directing or Direction	Co-ordinating or Co-ordination
5.Order Or Sequence	Directing <u>precedes</u> Co-ordination as it comes <u>before</u> Co-ordination function.	Co-ordination <u>follows</u> directing as it comes after directing function.

### 14. Directing or Direction and Controlling

Ans: - **For Points** – 1)Meaning, 2) Objective, 3) Area of Function, 4) Level of Management. **Please Refer Tabular Form No. 1 & write this 5th Point.**

Points	Directing or Direction	Controlling
5.Order Or Sequence	Directing <u>precedes</u> Controlling as it comes <u>before</u> Controlling function.	Controlling <u>follows</u> directing <u>and all other functions</u> as it is the <u>last function</u> of management

### 15. Co-ordinating or Co-ordination and Controlling

Ans: - **For Points** – 1)Meaning, 2) Objective, 3) Area of Function, 4) Level of Management. **Please Refer Tabular Form No. 1 & write this 5th Point.**

Points	Co-ordinating or Co-ordination	Controlling
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5. Order Or Sequence	Co-ordinating <u>precedes</u> Controlling as it comes before Controlling function.	Controlling <u>follows</u> co-ordinating <u>and all other functions</u> as it is the <u>last function</u> of management
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### **Tabular Form No. 2**

#### **District Commission, State Commission And National Commission**

Points	District Commission	State Commission	National Commission
1. <u>Meaning</u>	It is a consumer disputes redressal forum at the district level established by the <u>State Government</u> .	It is a consumer disputes redressal forum at the State level established by the <u>State Government</u> .	It is a consumer disputes redressal forum at the National level established by the <u>Central Government</u> .
2. <u>President</u>	A person who is sitting or retired or qualified to be District Judge shall be appointed as the President of District Commission.	A person who is sitting or retired or qualified to be High Court Judge shall be appointed as the President of State Commission.	A person who is or has been a Judge of the Supreme Court, shall be appointed as the President of National Commission.
3. Monetary Jurisdiction	It can entertain consumer complaints where the value of goods or services paid as consideration does not exceed (less than) Rs. One Crore or upto Rs. 1 Crore	It can entertain consumer complaints where the value of goods or services paid as consideration , exceeds (More than) Rs. One Crore but does not exceed ( less than) Rs. Ten Crore Or upto Rs. Ten Crore.	It can entertain consumer complaints where the value of goods or services paid as consideration , exceeds (More than) Rs. Ten Crore.
4. Area covered	It covers a particular district for jurisdiction.	It covers a particular state for jurisdiction.	It covers the entire country for jurisdiction.
5. Appeal	Appeal against the District Commission can be made to the State Commission.	Appeal against the State Commission can be made to the National Commission.	Appeal against the National Commission can be made to the Supreme Court.
6. Membership Tenure (Period)	The members will hold office for a term of <u>five years</u> or upto the age of <u>sixty five</u> years whichever is earlier.	The members will hold office for a term of <u>five years</u> or upto the age of <u>sixty seven</u> years whichever is earlier.	The members will hold office for a term of <u>five years</u> or upto the age of <u>sixty seven years and President upto seventy years</u> whichever is earlier.

#### **16. District Commission and State Commission**

**Ans: - For Points:** - 1) Meaning, 2) President, 3) Monetary Jurisdiction, 4) Area covered, 5) Appeal, 6) Membership Tenure(period). **Please refer Tabular Form No. 2**

#### **17. State Commission and National Commission. [OCT.-2021]**

**Ans: - For Points:** - 1) Meaning, 2) President, 3) Monetary Jurisdiction, 4) Area covered, 5) Appeal, 6) Membership Tenure(period). **Please refer Tabular Form No. 2**

#### **18. District Commission and National Commission.**

**Ans: - For Points:** - 1) Meaning, 2) President, 3) Monetary Jurisdiction, 4) Area covered, 5) Appeal, 6) Membership Tenure(period). **Please refer Tabular Form No. 2**

### **Tabular Form No.3**

#### **Life Insurance Fire Insurance and Marine Insurance**

Points	Life Insurance	Fire Insurance	Marine Insurance
1. <u>Meaning</u>	Life insurance is a contract in which life of the person is assured either on the death or expiry of policy period whichever is earlier.	Fire insurance is a contract in which goods or property is insured due to loss of the subject matter by fire.	Marine insurance is a contract in which ship or cargo is insured due to loss of the subject matter by Perils of Sea (dangerous in sea water)
2. <u>Subject</u>	In Life Insurance, the life of	In Fire Insurance, the goods or	In Marine Insurance, ship or

matter	the person is the subject matter.	property is the subject matter.	cargo(goods) is the subject matter
3.Period of Insurance.	It is a long-term contract i.e.20 years, 30 years, etc.	It is generally for a short period like one year.	It is generally for a very short period may range from one month to a year, but not more than one year.
4.Purpose.	The main purpose is to provide protection to the family members or security to the policyholder in his old age.	The main purpose is to protect the loss due to fire.	The main purpose is to protect the loss due to Perils of Sea. (dangerous in sea water)
5.Suitability	It is suitable to the Individual for his own life or for his family members.	It is suitable to the businessmen or traders.	It is suitable to the Importers and Exporters.

### 19.Life Insurance and Marine Insurance

**Ans: - For Points: -** 1)Meaning, 2)Subject matter, 3)Period of Insurance, 4)Purpose, 5)Suitability. **Please refer Tabular Form No. 3 & write 6<sup>th</sup> & 7<sup>th</sup> Point if you want.**

Points	Life Insurance	Marine Insurance.
6.Principle of Indemnity	This principle is not applicable for life insurance as value of the human being cannot be measured in terms of money after his death.	This principle is applicable to calculate the actual loss on the sum Insured (Policy Amount) and the amount of actual loss whichever is less.
7.Surrender of policy.	The assured (policy holder)can surrender the policy before the expiry of policy period.	Surrender of policy is not possible in marine insurance due to very short term contract.

### 20.Life Insurance & Fire Insurance. [OCT.-2021]

**Ans: - For Points: -** 1)Meaning, 2)Subject matter, 3)Period of Insurance, 4)Purpose, 5)Suitability. **Please refer Tabular Form No. 3 & write 6<sup>th</sup> & 7<sup>th</sup> Point if you want.**

Points	Life Insurance	Fire Insurance
6.Principle of Indemnity.	This principle is not applicable for life insurance as value of the human being cannot be measured in terms of money after his death.	This principle is applicable for fire insurance to calculate the actual loss on the sum Insured (Policy amount) the amount of actual loss whichever is less
7.Surrender of policy	The assured (policy holder)can surrender the policy before the expiry of policy period.	Surrender the policy is not possible in fire insurance due to short term contract.

### 21.Fire and Marine Insurance

**Ans: - For Points: -** 1)Meaning, 2)Subject matter, 3)Period of Insurance, 4)Purpose, 5)Suitability. **Please refer Tabular Form No. 3 (Write Only 5 points as per Tabular Form No.3. Please Don't write 6 & 7 Points)**

### 22. Duty Paid warehouses and Bonded Warehouses

Points	Duty paid Warehouse	Bonded Warehouse
1.Meaning	<u>Duty paid warehouse</u> is the warehouse where <u>imported goods</u> on which <u>import duty is already paid</u> are <u>stored</u> .	<u>Bonded warehouse</u> is the warehouse where <u>imported goods</u> on which <u>duty is not paid</u> are <u>stored</u> .
2.Location.	They are <u>located near port outside the dock area</u> .	They are <u>located within the dock</u> area.
3.Supervision	They are <u>supervised by Port authority</u> .	They are <u>supervised by custom authority</u> .
4.Delivery of goods.	Delivery of goods can be obtained after the payment of rent charges of the warehouse.	Delivery of goods is done after the payment of Import duty and rent charges of warehouse
5.Ownership	Such warehouses are <u>owned by public authorities</u> .	Such warehouses may be <u>owned by private or dock authorities</u> .
6.Usefulness	It is most useful for re-exporting of goods.	It is useful for local trade.

### 23. Commercial bank & Central bank [OCT.-2021]

Points	Commercial Bank	Central Bank
1.Meaning	The main purpose is to accept deposits	It regulates money supply in the country.

	and sanctions the loans to Industry and others.	It acts as a banker to the Govt. and to the other banks.
2.Acceptance of Deposits	It accepts deposits from the public.	It does not accept deposits from the public.
3.Printing of Currency	It cannot print currency notes and coins.	The RBI has the power to print currency notes in India.
4.Registration	It is registered under the Banking Regulation Act, 1949.	The RBI was established in 1935, under the RBI (Reserve Bank of India) Act, 1934.
5.Number of Banks	There are many commercial banks in India.	There is only one Central Bank (RBI) in India.
6.Monetary Policy	Commercial banks do not frame monetary policy of the country.	It frames monetary policy of a country.

#### 24. Current Account and Fixed Deposit Account

Points	Current Account	Fixed Deposit Account
1.Meaning	The account which is opened by businessmen for their regular bank transactions.	The account in which a fixed sum (amount) is deposited for a fixed period.
2.Withdrawals	Customers can withdraw money by cheques	Customers cannot withdraw money during a specified period.
3.Suitability	It is suitable for traders, businessmen, firms, etc.	It is a suitable for a person who can save for a long term.
4.Restrictions	No restrictions on the operation of current account.	Amount becomes due on the expiry of fixed period.
5.Interest rate	Normally, interest is not given in this account.	Higher interest rate for longer period.
5.Overdraft facility	Overdraft facility is given to current account holder.	90% of the amount of fixed deposit can be given as a loan.

#### 25. Savings Account and Current Account

Points	Savings Account	Current Account
1.Meaning	Such account is opened by an individual to save a part of his income.	The account which is opened by businessmen for their regular bank transactions.
2.Withdrawals	Customers can withdraw money by cheques or withdrawal slips.	Customers can withdraw money by cheques.
3.Suitability	It is suitable for fixed income group like wage or salary earners.	It is suitable for traders, businessmen, firms, etc.
4.Restrictions	Customers have certain restrictions on withdrawals i.e. two or three days in a week.	No restrictions on the operation of current account.
5.Interest rate	Interest rate is low.	Normally, interest is not given in this account.
6.Overdraft facility	No overdraft facility is given to Saving account holder.	Overdraft facility is given to current account holder.

#### 26. Fixed Deposit Account & Saving Account.

Points	Fixed Deposit Account	Saving Account.
1.Meaning	The account in which a fixed sum (amount) is deposited for a fixed period.	Such account is opened by an individual to save a part of his income.
2.Period	The amount can be deposited for a fixed period.	It is of continuous nature as it can be operated for any number of years.
3.Withdrawals	Customers cannot withdraw money during a	Customers can withdraw money by

	specified period.	cheques or withdrawal slips.
4.Frequency of Deposit.	Amount is deposited once.	Amount can be deposited any number of times.
5.Suitability	It is a suitable for a person who can save for a long term.	It is suitable for fixed income group like wage or salary earners.
6.Interest	Higher interest rate for longer period.	Interest rate is low.

## 27. Commercial Bank & Co-operative Bank.

Points	Commercial Banks	Co-operative Banks
1.Meaning	The main purpose is to accept deposits and sanctions the loans to Industry and others.	The main purpose is to accept deposits and sanction short-term loans to farmers and small-scale industries.
2.Area of Operation	Such bank operates over a large area, may be in foreign countries.	Operates mostly in state- not even at national area.
3.Registration.	It must be registered under the Banking Regulation Act, 1949.	Registered as per the Co-operative Societies of the concerned State. In the State of Maharashtra, it is registered under the Maharashtra Co-op. Societies Act,1960.
4.Nationalisation	Public sector Commercial banks are subject to nationalization. e.g. S.B.I., B.O.I., Canara Bank.,etc.	Such banks are not subject to nationalization.
5.Principles	Banking operations are conducted on commercial principles.	Banking operations are conducted on co-operative principles.

## 28.E-business and Traditional Business

Points	E-business	Traditional Business
1Formation	E-business is easy to form as it does not required physical space.	Traditional business takes lengthy and complicated procedure to form
2Setting up cost	It takes a very nominal cost in order to set up.	It takes huge capital in order to set up.
3Risk involved	High risk involved as there is no direct contact between the buyer and seller.	Less risk involved as there is direct contact between the buyer and seller.
4Scope	E-business has vast scope as it covers entire world.	Traditional business has limited scope as it covers limited to particular area.
5Customer interaction	Face to face interaction is not possible.	Face to face interaction is possible.
6Physical inspection	Goods cannot be inspected physically before purchase.	Goods can be inspected physically before purchase.

## 29.E-commerce and E-business

Points	E-commerce	E-business
1Meaning	E-commerce involves <u>commercial</u> transactions done over internet.	E-business involves the <u>processes</u> of <u>business</u> on the internet
2What is it?	<u>E-commerce</u> is a <u>subset</u> of E-business.	<u>E-business</u> is a <u>superset</u> of E-commerce.
3Concept	It is a <u>narrower</u> concept as it is restricted to buying and selling.	It is a <u>broad</u> er concept as it involves market surveying, supply chain, etc.
4Transaction	It is more appropriate in <u>B2C</u> context.	It is more appropriate in <u>B2B</u> context.
5Which Internet used	E-commerce involves the mandatory (compulsory) use of internet.	E-business involves the use of internet, intranet or extranet.

## 30.BPO and KPO

Points	BPO (Business Process Outsourcing)	KPO (Knowledge Process Outsourcing)
1Meaning	BPO is a form of outsourcing whereby the non-primary activities of the organization are outsourced to an external organization.	KPO is a form of outsourcing whereby functions related to knowledge and information are outsourced to third party

		service provider.
2Degree of complexity	BPO is less complex.	KPO is more complex.
3Requirement	BPO requires process expertise.	KPO requires knowledge expertise.
4Focus on	BPO focus on low level process.	KPO focus on high level process.
5Skill required in employees	BPO requires good communication skill in employees.	KPO requires professional qualified employees.

**Q.5. Answer in brief. (Any 2 Out of 3) [ Each 4 Marks ]**

**8**

**AND**

**Q.7. Attempt the Following. ( Any 2 Out of 3) [Each 5 Marks]**

**10**

**1. Explain the nature (Features) of Principles of Management.**

**Ans:-** Management is based on certain basic principles. Principle is defined as, “a statement of fundamental truth or Proposition that serves as a foundation for a system of belief or behaviour or a chain of reasoning.”

The Nature of Principles of Management -

- 1. Universal in nature:** - Management principles are universally applicable. They can be applied everywhere and all situations of business. Not only that, they are applicable to all types (any nature or size) of business but also applicable to all levels (Top, Middle and Lower) of management.
- 2. Flexible in nature:** - Management principles are flexible in nature as they can be changed/modified according to the situation. The situation in business keeps on changing continuously. Management principles can be adjusted or modified and used in the organization according to its needs.
- 3. Cause and Effect relationship:** - Principles of management determine the cause for a particular effect i.e. relationship between Cause (motivation) and effect (efficiency). E.g. Effective advertising leads to increase in the sales. Here Effective advertising is the cause (motivation) and increase the sales is the effect (efficiency).
- 4. General guidelines:** - Management principles provide general guidelines to tackle the organizational situations in sensible way and solve the problems systematically..
- 5. All principles are of equal importance:** - No one principle is more important than other. If any single principle is not practiced or followed by the manager, it affects the smooth functioning of the organization.

**2. Explain any Five principles of management given by Henry Fayol. (Write any Five/Six Principles) [OCT.-2021]**

**Ans:-** French Industrialists, Henry Fayol called the father of modern management provided a list of 14 principles of management.

Such Principles are: - [Note: Write any 5 to 7 Principles]

- 1. Division of work:** - According to this principle, the total work should be divided into different kinds Such as technical, financial, commercial, security operations, etc. The divided work should be assigned to different employees as per their qualities and capabilities, It helps in improving efficiency.
- 2. Authority and Responsibility:** - Authority is the right to give orders and Responsibility is the duty to complete the assigned (given) work. Fayol Suggested that, there should be proper balance between authority and responsibility. If the authority is more, the manager may misuse. If the responsibility is more, the manager may feel frustration.
- 3. Unity of Command:** - According to this principle, A subordinate should receive orders only from one superior (boss). In turn, the sub-ordinate should report only to one superior. Fayol observed that, if



one subordinate receives order from more than one superior, then everything will in disorder.

4. Unity of Direction: - According to this principle, there should be 'One Head and One Plan' for a group of activities having the same objective. In the absence of unity of direction, there would be confusion among the employees.
5. Principle of Subordination of individual interest to organizational interest: - According to this principle, the interest of an individual must be given less important than the interest of the organization. While taking decisions, the manager should always consider the interest of whole group rather than the interest of an individual employee.
6. Principle of Remuneration: - This principle states that appropriate (proper) remuneration to staff is the principle to keep them satisfied financially as well as retain (keep) them for long span of time. While paying remuneration the skill, expertise, knowledge, tenure(period/term) etc. of the employees should be taken into account.
7. Stability of Tenure: - At the time of recruitment of employees, the management should assure them about job security. It plays a very important role in creating a sense of belongingness among the employees.
8. Equity: - Equity means social justice. All members(employees) should be given fair and just treatment depending upon the performance and circumstances. It is also suggested that the remuneration should not depend on the department but at the level on which subordinates are working. The subordinates working on the same level but in different departments should be paid same remuneration.

### 3. Elaborate principles of Scientific management.

**Ans:** Frederick Winslow Taylor was an American Mechanical Engineer, developed the Scientific management theory(principles). Due to his Scientific approach towards the management, he is called father of scientific management.

Principles of Scientific management are as follows:

1. Science Not Rule of Thumb: - In order to increase organizational efficiency, the 'Rule of Thumb' method should be substituted. Rule of Thumb method are based on personal judgment of the manager. This principle related with selecting the best way of performing a job after scientific analysis of that job and not by trial and error method. This will help in saving time and human energy.
2. Harmony not discord: - According to this principle, there should be harmony between the employees and management. This co-ordination will help in minimizing conflicts between them. Perfect understanding between employees and management will be helpful in creating healthy work environment for achieving a desired goal.
3. Mental Revolution: - This principle focuses on the complete change in the attitude of the management and employees as regards their relations are concerned. So, the managers should create suitable conditions for the employees. All the problems should be solved scientifically. The employees should perform their jobs carefully and with devotion.
4. Co-operation and individualism: This principle emphasizes mutual co-operation between employees and management. Due to co-operation, trust and team spirit will turn into healthy working environment. Management should always consider the suggestions given by the employees in suggestion making process. Employees should be treated as an integral part of organization in all respects. At the same time, the employees resists themselves from going on strikes and making unnecessary demands from the management.
5. Division of Responsibility: - While dividing the work, there should be the division of responsibility between the managers and employees. The managers should be given the responsibility of planning whereas the workers/ employees should concentrate on the executives.
6. Development of employer and employees for greater efficiency and maximum prosperity: - The aim of scientific management is to give maximum prosperity to the employer and employees. The employer should provide training and development programmes to the employees whenever required is very essential. Each employee should be given proper opportunity to attain greater efficiency and maximum prosperity. It ultimately affects the profitability of the organization.

#### **4.Explain importance of Planning. (Write minimum 5 to 6 points)**

**Ans:-** Planning is the first (primary) and basic (Fundamental) function of management.

According to Koontz and O'Donnell, "Planning is deciding in advance what to do, how to do it, when to do it and who is to do it. Planning bridges the gap from where we are and where we want to go it makes possible things to occur which would not otherwise occur."

##### Importance / Need/Advantages of Planning

- 1.Help to set clear objectives: - Planning is concerned with setting objectives which helps the manager to analyze the present condition of the organization and to identify the ways of attaining the desired position in future.
- 2.Planning improves performance: -It help managers to improve future performance of employees by establishing objectives and selecting a course of action. The employees can work according to the timely guidelines. This results into higher profitability of the organization.
- 3.Optimum utilization of resources: - It leads to proper allocation of resources of various activities which brings higher efficiency and better results.
- 4.Minimizes Risks: - Planning minimizes risks of business as potential (possible) risks are forecasted and necessary protective devices are decided in advance.
- 5.Focus on Goals: - Planning is goal oriented in the sense that plans are developed to achieve certain goals. Every activity in planning is directed towards to attainment of goals.
- 6.Facilitates other managerial function: - Planning is a base of all other managerial functions. Unlss plan is ready, other functions like organizing, staffing, directing, co –ordinating and controlling, etc. cannot be undertaken.
- 7.Promotes innovative ideas: - Planning is a process of decision making which involves promotion of innovative ideas, techniques, methods, etc. after critical thinking. Ultimately these innovative ideas results into attainment of goals of the organization.
- 8.Effective Control: - Planning provides the target against as the actual performance can be compared with the planned performance and suitable actions are taken if required.

#### **5.Explain importance of Organizing. (Write minimum 5 to 6 points)**

**Ans:-** After planning, the next step is organizing. Organizing is a process of identifying, bringing the required resources such as men, material, machinery, finance etc. It is concerned with the Division of Work among the Management and Staff.

According to Louis Allen, "Organizing is a process of identifying and grouping the work to be performed, defining and delegating the authority and responsibility and establishing relationships to accomplish the goals."

##### Importance / Need/Advantages of Organizing

- 1.Brings specialization: - In an organizing function, the work is divided into units and departments. This division of work helps in bringing specialization of various activities of the organization.
- 2.Well defined jobs: - It helps in putting individual on the right job which can be done by selecting people from various departments according to their qualifications, skills and experience. This helps in defining job properly.
- 3.Facilitates delegation of authority: - A good organization structure enables the superiors to delegate the authority to the right subordinate. So, they can concentrate on the difficult task.
- 4.Generates Disciplines: - Proper Organizing, involves framing proper rules and regulations. There is discipline in the organization as the employees work with commitment and dedication.
- 5.Optimum utilization of resources: - - It leads to proper allocation of resources of various activities which brings higher efficiency and better results.
- 6.Scope for Innovation: -- Organizing is a process of Division of work and specialization brings the best out of the employees by contributing their innovative ideas and creative thinking. All this in turn leads to the bringing improvement in an organization.
- 7.Effective administration: - Proper organizational structure helps in defining the right job to the right individual. This division of work leads to specialization and finally helps to effective and efficient administration.
- 8.Clarifies authority and responsibility: - Organizational structure defines the role of every manager by delegating authority and clarifying the way to exercise those powers.

#### **6.Explain importance of Staffing. (Write minimum 5 to 6 points)**

**Ans:-** Staffing is a process of planning, employing and developing human resources at different level of the organization. The Staffing function includes proper recruitment, selection, training, transfer, promotions of the employees to select right person at the right job with right pay.

##### Importance / Need/Advantages of Staffing

- 1.Important managerial function: - It is important managerial function as the functioning of planning, organizing,

directing and controlling (these four functions) depends on the manpower which is available through staffing function.

2. Right man right job: - Staffing can be done effectively through proper recruitment procedures and then finally selecting the most suitable candidate as the job requirements.
3. Build cordial relationship: - Effective staffing encourages smooth human relation which is the key to better communication and co-ordination in the organization.
4. Effective utilization of human resources: - As proper care is taken at every stage such as recruitment, selection, remuneration, training, development, etc. results in improvement in performances and progress of an organization.
5. Provides job satisfaction: - It helps in providing job satisfaction to the employees by keeping their morale high with proper training, development programs, fair remuneration job security, etc.
6. Long term effect: - Qualified, efficient and well-motivated work force is an asset of the organization. Naturally, long term positive effects can be observed on the efficiency of the organization.
7. Maintain Harmony: - Through proper staffing, individuals are not just recruited and selected but their performance is regularly appraised and promotions are given on merit. For all there certain rule is made and duly communicated to all concerned which brings peace and harmony in the organization.
8. Improves Efficiency: - Through proper selection, the organization gets quality employees and through proper training, the performance level of employees can be improved which helps to improve the efficiency of the organization

**7.Explain importance of Directing. (Write minimum 5 to 6 points)**

**Ans:-** Directing is a process which involves guiding, inspiring, instructing and motivating the people towards the accomplishment of goals.

Importance / Need/Advantages of Directing

1. Initiated action: - Directing supports to active the plans with the help of employees. Proper instructions are given to the subordinates while completing their assigned task (given work).
2. Means of motivation: - The manager identifies the potential and abilities the subordinates and help them to give their best by offering financial and non-financial incentives.
3. Provides stability: - Effective leadership, communication, supervision and motivation provides stability and maintain balance in different parts of the organization.
4. Integrated efforts: - Through proper direction, the efforts of every department can be related and integrated with others.
5. Creates team spirit: - proper direction develops team spirit in the organization as the superiors through proper guidance co-ordinates the activities of sub-ordinates. So that they can work as a team.
6. Creativity: - Directing gives life to any activities. Directing converts plan into performance.
7. Effective utilization of resources: - It leads to proper allocation of resources of various activities which brings higher efficiency and better results.
8. Co-operation: - Co-operation is necessary for smooth flow of organization. It should be created by manager i.e. Director from top level to bottom level management. Co-operation leads to attainment of goals.

**8.Explain Importance of Co-ordination(Co-ordinating). (Write minimum 5 to 6 points)**

**Ans:-** Co-ordination is the integration and synchronization of the efforts of a group. It develops harmony among all the activities of an organization in achieving desired goal. There is need to have co-ordination at all levels of management i.e. Top level, Middle level and Lower level of management.

Importance / Need/Advantages of Co-ordinating or Co-ordination

1. Integration of group efforts: - Co-ordination involves integration of group efforts to achieve the objectives of the organization. In the absence of co-ordination, there will be confusion and disorder in the organization
2. Facilitates mutual dependence: - Co-ordination helps to manage interdependence and interactions among the different departments of the organization. E.g. the activities of marketing department co-ordinates the production department. So that the production department produces the right type of goods as required by the marketing department.
3. Better relations: - Co-ordination develops better relations throughout the organization as the managers at all levels co-ordinates the activities of sub-ordinates.
4. Optimum utilizations of resources: - Co-ordination leads to proper allocation of resources of various activities which brings higher efficiency and better results.
5. Brings specialization: -All the departments of the organization are headed by specialized professionals in their respective field. Co-ordination among these specialized professionals can lead the organization towards

achieving the targets as planned.

6. Facilitates motivation: - An effective co-ordination motivates employees to take initiative which increases efficiency of the organization. Monetary and non-monetary incentives motivate an employee to work hard and job security.

7. Leads to higher efficiency: - With the help of optimum utilization of resources with effective integration, the organization can achieve higher productivity and higher profitability.

**9. Explain Importance of Controlling. (Write minimum 5 to 6 points)**

**Ans:** Controlling is the ending (last) function of the management. It is the process of monitoring actual performance with planned performance and taking corrective measures, if any deviations are found.

Dale Hamings, “Control is the process of bringing of conformity of performances with planned action”.

Importance or Need or Advantages of Controlling

1. Ensures attainment of objectives: - Controlling process helps to achieve the pre-determined objectives. It focus on plans and tries to give direction as per plans..

2. Effective utilization of resources: - Controlling Co-ordination leads to proper allocation of resources of various activities which brings higher efficiency and better results.

3. Provides performance appraisal: - The actual performance is measured on the basis of the plan. It gives necessary performance feedback.

4. Accuracy standards: - An effective control system keeps a careful check on the changes taking place in the organization which helps the management in judging the accuracy of standards.

5. Motivates employees: - Due to good control system, the employees know well in advance what they are expected to do and what are the standards of performances. Once the organizational objectives are achieved, they are rewarded with bonus and other incentives which help them to perform more better in future.

6. Ensures Order and Discipline: - It helps to reduce bad behavior on the part of employees as regular checking is done by the authorities and preventive actions are taken.

7. Psychological pressure: - It puts psychological pressure on the individuals to perform better as their performances are evaluated with the targets set for them. So, they've pressure to achieve the results according to standard fixed for them.

8. Minimisation of Wastage: - Controlling helps to reduce wastages of raw materials, machines, men and money. Wasteful expenditure is avoided.

9. Fixes responsibility: - Controlling fixes the responsibility on the superiors to correct the activities, as it is their duty to control the activities.

**10. State any four features (Nature) of business services. (Write minimum 5 points)**

**Ans:** - Business Services are provided to the customers to supporting their needs. Services are closely associated with goods. Business cannot run and manage without services. Business services are those services which help in successfully running of business. They are intangible in nature.

Nature of Business services: -

1. Intangibility: - Business services are intangible as services cannot be seen, touched and smelled. They can only be felt. Like the building of the bank is visible but the banking services cannot be seen. Yet people can take benefits of the bank.

2. Inseparability: - Services cannot be separated from the service provider. These are produced and consumed at the same place only. Eg. We cannot separate the medical service provided by a Doctor from the Doctor. Doctor and his services are inseparable. Similarly it applies to other professionals like Lawyers, C.A., etc.

3. Inconsistency (Heterogeneous): - (exact or similar not possible) Services lack perfect standardization. Even if the service provider remain the same, the quality of service may differ from time to time. Like the behaviour of bank employee (a service provider), it can be good towards one customer and harsh towards another. So, it is not essential that the services provided by a person or an organization are homogeneous

4. Perishability/Inventory loss (non-stocking): - The main feature of service is that services are consumed at the same time when they are produced. So, the services are non-stocking. If the service is not consumed immediately then it is a loss. Eg. Vacant seat in a Cinema Hall.

5. Non-transferability: - Business services are non-transferable in nature. Customers cannot purchase the ownership of services. Thus, unlike the product, there is no exchange of ownership in services.

Eg. When a patient visits a Doctor, he pays fees for the treatment. The patient cannot purchase the ownership of service by paying the fees. If he again falls ill, again he has to visit doctor.

6. Customer participation: - To avail the benefit of services, the participation of customers is indispensable (i.e. very important). e.g. a transport company is ready to go on a tour, a bus is ready and waiting for the passenger.

Now if the passenger wishes to avail the services, he has travel in the bus.

### 11. State four types of Deposits.

Ans: - **Four types of Deposits: -**

1. Fixed Deposit Account: - In this type, the fixed amount is kept for fixed period of time bearing fixed interest rate. Rate of interest is more than savings account and varies with the deposit period. For amount deposited in this account, the bank issues FDR(Fixed Deposit Receipt) to an account holder. The depositor can borrow money against FDR from the bank.
2. Recurring Deposit Account: - It is operated by salaried persons and businessmen having regular income. In this account, a certain fixed sum (amount) is deposited into the account every month. Rate of interest is higher which is similar to fixed deposit account. Withdrawal of accumulated amount along with interest is paid after the maturity (due) date.
3. Savings Account: - These are generally operated by salary and wage earners who has regular and fixed income. The main object is to encourages the habit of savings among the people. There are certain restrictions on withdrawals limit. These account carry low interest rate.
4. Current Deposit Account: - This account is operated by businessmen firms and other commercial organizations like hospitals, educational institutions who have regular banking transactions. Withdrawals are freely allowed at any time during the banking hours. Generally, no interest is paid on the balance outstanding in the current account. Such account holders gets the benefit of overdraft facility.

### 12. Explain the Secondary Functions of Commercial Banks

The secondary functions are classified into two categories (A) Agency functions (B)Utility Functions:

- (A) Agency functions: - The commercial banks acts as an agent of its clients and performs agency functions
- (i) Periodic collections and payments: - The bank acts as an agent of its customers collects cheque, drafts, promissory notes, interest, dividend, etc. on behalf of its customers and credit the amount to their accounts. The bank makes the payment such as rent, taxes, bills, insurance premium, etc.as per the standing instructions of the customers. For these services bank charges certain service charges quarterly or annually.
  - (ii) Portfolio Management: - Large (Most of the Commercial) banks undertake to purchase and sell the shares and debentures on behalf of its customers and accordingly debits and credits the account. This facility is called portfolio management.
  - (iii) Fund Transfer: - The commercial banks provide services of fund transfer from one branch to another branch and also to the branch of another bank.
  - (iv) Dematerialization: - The banks offer dematerialization facility to their clients and hold their securities in electronic form. As per the instructions, banks undertakes transfer of securities like purchase or sale.
  - (v) Forex transactions:- Forex stands for foreign exchange. The bank purchases foreign exchange from its clients and pay them in Indian currencies. The bank also sells foreign exchange to its clients when they need to settle foreign transactions.

### 13. Explain utility functions of Bank.

Ans: - Utility Functions of Bank are as follows :

1. Issue of drafts and cheques: - The bank issues drafts to its account holders and non-account holders whereas cheques are issued only to the account holders. Bank charges commission for issue of bank drafts.
2. Locker facility: - The bank provides locker facility to the customers on rental basis for the safe custody of valuables like gold, ornaments, documents, etc.
3. Project report: - A bank prepare project report and feasible studies on behalf of clients to enable them to obtain funds from the market and clearance from the government authorities.
4. Gift Cheques: - The bank issues gift cheques and gold cheques to both accountholders as well as non- accountholders for the purpose of gifting on different occasions such as wedding, birthday anniversaries, etc.
5. Underwriting services: - The commercial banks acts as underwriter to buy shares and other securities issued by the newly established company if their shares or securities if their shares or securities are not fully subscribed.
6. Gold related services: - The commercial banks buy and sell gold ornaments from the customers on large scale. Some bank also provides advisory services to the customers in terms of gold funds, gold ETF(Gold Exchange Traded Fund) etc.

### 14.State any four life insurance policies. (Write minimum 5 to 6 points)

Ans: - Life Insurance is a contract in which life of the person is assured with Life Insurance Corporation( LIC). either on the death of policy holder or expiry of policy period whichever is earlier.

#### Types (kinds) of Life Insurance Policies :

1. Whole life policy: - Under this policy, the policy period is not fixed. It will continue till the death of the policy holder. The policy amount is payable after the death of the policy holder to his nominee or the legal heir.
2. Endowment Policy: - Under this policy, the policy period is fixed i.e. may be 20 years, may be 25 years. The policy amount is payable either after the death of the policy holder or after the expiry of policy period whichever is earlier.
3. Term Insurance policy : - This policy is taken for a specific period. It has lowest premium among all insurance policies. In case of ultimately death, the dependents will receive the benefit amount specified in the policy.
4. Annuity policy: - The assured (policy holder) has to pay the premium in lumpsum or in instalments over a certain period of time. The insured will receive back a specific amount periodically from specific date onwards either for a life or for a fixed number of years.
5. Money back policy: - This policy provides regular percentage of the sum assured (policy amount) during the life time of the policy and also guarantees full assured amount on the death of policy holder to the dependents of him. Generally, a money back policy is for four terms (periods) – 12 years, 15 years, 20 years, 25 years.
6. Child Insurance policy: - This policy is designed for child's future financial needs. It gives advantage to start investing in the Children's plan right from the time child is born and provisions to withdraw the savings once the child reaches adulthood.
7. ULIP (Unit Linked Insurance Policy): - This plan is very popular as they combine the benefits of life insurance policies with mutual funds

#### **15.State any four fire insurance policies. (Write minimum 5 points)**

**Ans: -** Fire Insurance is a contract in which the goods or property is insured against the risks (loss) by fire.

Different types/ kinds of fire insurance policies are as under:

1. Valued Policy: - Under this policy, the value of the subject matter (Property) is agreed by both the parties (Insurance company and policy holder) at the time of making contract which undertakes to pay agreed amount in case of loss by fire. Such policy is taken in case of works of art, painting, etc. where the value of damaged articles become difficult to measure.
2. Average policy: - This policy contains an average clause. If the subject matter is not insured as per the exact market value, then the insurer ( Insurance company) is liable to pay the compensation that percentage of the loss for which it is insured.  
E.g. If a policy is taken for Rs. One Lac against the market value of Rs. Two lacs and the loss incurred due to loss by fire is Rs. Fifty Thousand, then the insurance company will pay Rs. Twenty Five Thousand.
3. Specific policy: - Under this policy, the property is insured for specific amount mentioned in the policy. The insurer (Insurance Company) is liable to pay the compensation upto a certain specific amount.  
E.g. Property of Rs.1,00,000 is insured for Rs. 60,000 and the loss due to fire is Rs. 40,000 then the Insurance Company will pay Rs. 40000 in full as compensation.
4. Floating Policy: - There is only one policy for all the goods lying at different locations or godowns are covered under one sum (one policy amount) and one premium.
5. Excess policy: - When the value of goods or stocks fluctuates, then excess policy may be taken by insured (policy holder) apart from normal policy. The insured (policy holder) will take two policies:  
(a) one policy for the amount below which the value of the stock does not fall, and  
(b) another policy to cover the excess value by which the price of goods fluctuates.  
E.g. If the value of stock ranges between Rs. One Lac Fifty Thousands and Rs. Two Lacs then one policy is taken for Rs. One Lac Fifty Thousands and another policy for excess amount i.e. Rs. 50 Thousand.
6. Comprehensive policy: - All risks ( a lot of risks) are covered under one policy. The risks may be loss of goods due to fire, explosion, civil riots, earthquakes, flood, burglary, etc. Such policy is normally not popular in our country.
7. Reinstatement policy: - Under this policy, the insurer (Insurance Company) undertakes to replace the property or goods lost by fire. i.e. the destroyed property is replaced by the insurer (insurance company). While paying the compensation, the depreciation amount of the policy is not taken into consideration. The rate of premium is higher.
8. Blanket policy: - It covers all fixed assets as well as current assets in one policy. While calculating the loss, the depreciation amount of the asset is not taken in to consideration

#### **16.State any four marine insurance policies. - (Write minimum 5 points)**

**Ans: -** Marine Insurance is a contract in which the Ship or Cargo is insured against the risks (loss) by perils (dangers) of Sea. Kinds/ Types of Marine Insurance Policies:

1. Voyage Policy: - Under this policy, the subject matter is insured for a particular voyage( journey by sea).In this case, the risk begins only when the ship starts on voyage. E.g. voyage( journey by sea route) from Mumbai to New York.
2. Time policy: - under this policy, the subject matter is insured for a definite (fixed) period against the Perils(dangers) of sea. Such policy cannot be for a period of more than one year, but it may contain continuation clause which means if the voyage (journey by sea route) is not completed within the specific time, the risk shall be covered till the arrival of the ship.
3. Mixed Policy: - This policy is the combination of time and voyage policy. It therefore, covers the risks for both i.e. particular voyage and for a specific period of time.
4. Valued policy: - Under this policy, cargo(goods) is insured for an agreed value between the Insurer (insurance company) and insured (policy holder). This is applicable, when it becomes difficult for the insurer (insurance company) to assess the value of cargo (goods).
5. Fleet Policy and Block Policy: - Under fleet policy, the several (number of ) ships belonging to one owner are insured together in one policy. In block policy, the cargo owner is protected against damage or loss of cargo in all modes of transport. through which his cargo is carried all the risks of rail, road and sea transport, etc.
6. Port Risk Policy: - It covers all the risks of a ship while it is anchored at the port for a particular period of time.
7. Composite policy: - This type of policy is purchased from more than one insurers. The liability of each insurer (Insurance Company)is separate and distinct. This policy is taken when the amount of insurance is very high.

**17.Explain types of warehouses. (Write minimum 5 to 6 points)**

**Ans: -** Different types of goods requires different types of warehouses, which are as follows;

1. Private warehouses: - Private warehouses are owned and operated by big manufacturers and merchants to fulfill their own storage needs. Big business firms which require huge storage capacity on regular basis and who can afford money, construct and maintain their private warehouses. These warehouses are not open to general public.
2. Public or Commercial Warehouses: - Theses warehouses are established to provide services to the general public for payment of certain fees. Such warehouses are generally located near railway stations, airport, highways, seaport, etc. It may be owned by an individual, partnership firm, company, etc. but they have to obtain the license from the government and work as per the rules framed by the government.
3. Bonded Warehouses: - Such warehouses stores imported goods till the custom duty is not paid. They are located near the ports. They are licensed by the government. The warehouse keeper is required to give an undertaking or bond that it will not allow the goods to be removed without the consent of the custom authorities.
4. Duty paid warehouses: - Such warehouses stores imported goods on which duty has already paid to the customs. They are found in port towns. They are suitable for the importers. They are owned, managed by the port trust authorities. Goods once cleared from bonded warehouses can be shifted to the duty paid warehouses. The importer can also re-export such goods.
5. Government Warehouses: - Government warehouses are owned and controlled by the government or local authority. They provide warehousing service at very nominal cost to the small traders, farmers, etc.  
E.g. Central Warehousing Corporation of India, State Warehousing Corporation of India, Food Corporation of India, etc.
6. Co-operative warehouses: - These warehouses are owned and managed by co-operative Societies like Co-operative marketing groups, co-operative industrial groups, and so on. They are utilized for storing raw materials as well as finished goods. These type of warehouses are very useful for farmers, traders and general public.
7. Cold Storage warehouses: - They are suitable for perishable goods like fish, meat, vegetables and fruits. The Goods are preserved at particular temperatures. They make available seasonal goods throughout the year. International trade has become possible due to these warehouses.

**18. Explain the functions of Warehouses. (Write minimum 5 points) [OCT.-2021]**

**Ans: -** Warehousing refers to storage of goods and consists of all those activities which are connected with storage and preserving of goods. A warehousing can be defined as “a group of activities connected with the storing and preserving of stored goods from the time of production till the time of consumption”.

The basic functions of warehousing are as follows:

1. Storage of goods: - This is the basic function of warehousing. Surplus commodities (goods)which are not needed immediately can be stored in warehouses which can be supplied as and when needed by the customers.
2. Price stabilization: -In warehouses, usually large stock of goods is kept, whenever there is shortage in the market, the goods can be immediately supplied through warehouses, which help in price stabilization.
3. Risk bearing: - When the goods are stored in warehouses they are exposed to many risks in the form of theft,

deterioration, fire, etc. Warehouses are constructed in such a way that they minimize these risks. A warehouse keeper has to take the reasonable care of the goods and safeguard them against various risks as warehouse keeper shall be liable for any loss or damage sustained by goods.

4. Financing: - Against the goods in the warehouse the owner of the goods can raise loan from the bank or any other financial institution. The goods act as security. In this manner, warehousing acts as a source of finance for the businessmen for meeting business operations.
5. Grading, Packing and Branding: - Warehouses now a days provide the facilities of packing, processing and grading of goods. Goods can be packed in convenient sizes as per the instructions of the owner.
6. Transportation: - Warehouse also provides transport facility to the bulk (large quantity) depositors. It collects goods from the place of production and also sends goods to the places of delivery on the request of the depositor.
7. Time and place utility: - Warehouses create time utility by preserving the goods till they are demanded. It also creates place utility by providing the goods at the place where they are required.

### **19. What are the advantages and disadvantages of E-business?**

**Ans:** - The term e-business i.e. electronic business is derived from the terms e-mail and e-commerce. Electronic business is the administration of conducting business via internet. It include the buying and selling of goods and services, customer's support through the internet. This concept emerged when IBM coined the term in late 90's. The purpose was to provide buyers a platform on the internet to buy and sell goods.

#### Advantages of E-business.

1. Easy of formation: - E-business is easy to start as it takes a very nominal cost to set up.
2. Convenience: - Internet offers the convenience of 24X7X365 days in a year. Business is going on any time and flexibility is available.
3. Speed: - Much of the buying and selling involves exchange of information that internet allows at the click of mouse.
4. Scope: - E-business covers entire world and so scope is vast.
5. Government support: - The government provides favourable environment for setting e-business to ensures maximum transparency.

#### Disadvantages of E-business:

1. Lack of personal touch: - In e-business one cannot touch or feel the products. Therefore, its difficult for the consumers to check the quality of products.
2. Government interference: - Sometimes government monitoring can lead to interference in the business.
3. High Risk: - High risk involved as there is no direct contact between the parties.
4. Security issues: - There are lot of people who scam through online business. Also, it is easier for hackers to get your financial details.
5. Delivery of goods: - In e-business delivery of goods take time.

### **20. Steps involved in online transactions.**

**Ans:** - Online transactions means marketing of a company's product through web. There are three stages in online transactions:

- i) Pre-purchase/ Sale: - This stage is based on the advertising and information about the product.
- ii) Purchase/ Sale: - This stage includes price of the product, price negotiation, actual purchase or sale and payment.
- iii) Delivery Stage: - After completing sale or purchase, this is the final stage.

#### Steps involved in Online transactions:

1. Registration: - Registration is the first step in online transactions. For online transactions, registration is required. The person who wants online transactions needs to register on the seller's website by filling up a form. For security reasons, Account and Shopping Cart are password protected.
2. Placing an order: - This is the second stage in online transactions. The online shopper (buyer) can pick and drop the goods selected in the shopping cart. The cart maintains the record of items have been picked. After making sure about items purchased, the shopper (online buyer) can select payment option.
3. Payment: - It is the last step in payment option. There are mainly five ways of making payment. Such as:
  - i) Cash on Delivery (COD): - Here buyer makes the payment in cash for the online goods ordered when the goods physically delivered to him.
  - ii) Cheque: - Here the buyer sends the cheque to the seller and when the cheque gets cleared, goods are physically delivered to the buyer.
  - iii) Net Banking Transfer: - It is an electronic facility of transferring funds through the internet. The buyer



transfers the agreed amount to the online seller's account. After receipt of the amount the seller delivers the goods.

- iv). Credit or Debit Cards: - This is popularly known as 'plastic money.' The sellers get the amount from the buyer through credit or debit card and make the delivery of goods after receiving the payment.
- v). Digital cash: - it is a form of electronic currency that exists only in cyberspace. It is stored in digital format in a drive or a smart card and can be used whenever required. E.g. 'It 3 cash card.

## **21. What are the advantages and disadvantages of outsourcing?**

**Ans: -** Outsourcing is a process of contracting a business function to specialized agencies mostly the non-core (not important) areas are outsourced by the company. The company makes a formal agreement (contract) with the agency (contractor). Examples: - The malls, offices, outsource facilities like canteen, sanitation, security, etc. In the same way, arrangements for wedding anniversary, birthday celebration can also be outsourced.

Advantages of Outsourcing: -

1. cost reduction: - outsourcing leads to cost reduction as company's own cost is reduced. Outsourcing is better than appointing a separate set of people for that particular job.
2. Focus: - Company can focus (concentrate) on their core (important) activities.
3. Investment: - less amount of investment is to be made by the company as compared to having its own staff.
4. Efficiency: - Outsourcing leads to better efficiency and effective use of its resources.
5. Employment: - Due to outsourcing employment opportunities are created for those contractors.

Disadvantages of Outsourcing:

1. Misuse: - There is always a risk that company's information is misused by the firm/contractor. E.g. An agency that maintains accounts of a company may disclose confidential financial information to a competitor of the company.
2. Compromise: - Many companies compromise on the quality of work that is outsourced in order to cut costs.
3. Quality: - Sometimes quality of work done by the outside firm/ contractor is not upto the mark.
4. Timelines not maintained: - The outside agency may not be able to meet the timelines given by company which may cause problems to the company.

## **22. What is the concept of Social Responsibility? Or What is the need of Social Responsibility?**

**Ans: -** Social Responsibility of business implies the obligation of the management of business enterprise to protect the interest of the society. No business exists in isolation. Therefore, all the activities of business should be performed in such a manner that they will not harm any part of the society rather they will protect and contribute to the interest of the society.

A socially responsible firm should not work solely (only) for profit maximization but also should look the welfare of different sections of the society.

### **Need / Cases for social responsibilities of business (Minimum 5 to 6 points)**

1. Concept of Trusteeship: - Trusteeship is a socioeconomic philosophy that was propounded by Mahatma Gandhi. businessmen are considered to be Trustees of the society. According to Concept of Trust ship, "A business must be held in trust, legally and morally for the benefits of people".
2. Changing Expectations of Society: - World is changing, growing and expanding very rapidly. Over the years, the social demands have changed and business should respond them positively.
3. Protection of Environment: - Business organizations should make proper use of country's natural resources. They should avoid environmental pollution and maintain ecological balance. It is the moral duty of business to take of welfare of society.
4. Trade union pressure: - Trade unions are growing fast and play important role in business environment. The Trade union may put pressure on the management towards employees if they are not responding to their responsibility of paying fair wages and salaries, adequate facilities, etc. Therefore, the management must understand their responsibility towards the employees and treat them accordingly.
5. Good Public Image: - Business should create a good market reputation and goodwill. They should take care for its employees, consumers, society, etc. Such organizations are always about to get good support from the public.
6. Optimum utilization of resources: - Business should use all the resources such as finance, manpower, machines and technology for the expansion and also for society's benefits.
7. Growth of consumer movement: - It is the movement for fair justice of consumers against the business malpractices. Today's age has organized consumerism. They have raised voice against unfair trade practices.

Due to pressure of Consumer Forums, businessmen have realized their social responsibilities

**23. Give any four types of social responsibilities of business towards consumers. (Write minimum 5 points)**

Ans: - Social Responsibilities of business towards consumers (customers) are as follows:

1. Quality product: - The business organizations should provide high quality of goods and services. It can be maintained by using high quality materials, high standard of techniques of production. ISO ( International Standard Organization) is the latest trend towards the quality control.
2. Fair prices: - The responsibility of business is to charge fair and reasonable prices within the reach of the consumers. M.R.P. (Maximum Retail Price) inclusive of all taxes should be printed on every packed product so that no retailer can charge extra cost from any consumer.
3. Availability of goods (Regular supply) :- The business organizations should make the availability of goods (regular supply of goods) at all the places to maintain price stability and ensure fair and equitable distribution. The company should not create artificial shortage of the goods to inflate (push up) the prices.
4. Consumer's Safety: - The consumers should be protected against the marketing of goods which are hazardous (dangerous) to their health and life. Therefore, the responsibility of manufacturers is to produce and supply safe products and also to give necessary instructions for the safety of the consumers.
5. Honest Advertising: - The company should provide only the honest and balanced claims should be made in advertising i.e. the true facts of the products in advertising such as its uses, side effects, etc. Misleading, vulgar and unethical advertisements should be avoided.
6. Research & Development: - The company should conduct research and development to improve quality of goods and to reduce cost of production. It will minimize final prices charged to customers.
7. Attend Complaints (grievances): - The manufacturer or dealer (seller) must be immediately dealt (solve) with the consumer complaints. Quick and effective services regarding grievances (complaints) should be provided. Suggestions of customers should be welcomed.

**24. State the responsibilities of business towards employees. [OCT.-2021]**

Ans: - Social responsibilities of business towards employees are as follows:

1. Job Security: - The business organizations should provide job security to its employees as they should be appointed on permanent basis. Job security raises the morale of employees which motivates them to work hard.
2. Fair Wages: - The Company should pay fair wages and salaries to its employees to maintain good life and satisfy their needs. Further, their remuneration should be upgraded from time to time on the basis of performance.
3. Residential Quarters: - The problem of housing has become more and more complex day by day due to the over increasing population. A common person cannot solve this problem due to lack of sufficient funds. Therefore, a company should understand this problem of employees and provide residential quarters to them.
4. Good working conditions: - The company should provide working conditions with proper ventilations, proper lighting, proper water facilities, etc.
5. Health and Safety Measures: - The business organizations should provide proper canteen facilities and medical facilities to its employees. There should be proper provision of ambulance for emergencies in case of uncertain event takes place. Proper maintenance of machines and building must be done to prevent the accidents.
6. Recognition of Trade Union: - The management of a company should recognize a rightful trade union representing the majority of employees and to maintain industrial peace.
7. Proper personnel(staff) policies: - A Company must follow proper personnel(staff) policies with regard to recruitment, selection, transfer, promotion training, etc. There should not be any partiality in doing so.

**25. Give any four types of social responsibilities of business towards government. (Write minimum 5 points)**

Ans: - Social Responsibilities of Business Organizations towards Government are as follows:

1. Payment of Regular Taxes: - The business organizations should pay all the taxes such as direct and indirect taxes to the government regularly and honestly. This taxes include Income Tax, Wealth Tax, Sales Tax, Value Added Tax (VAT), Excise-Duty, etc. This helps the government to provide infrastructure development and other welfare services
2. Observing rules and regulations: - The government frames various rules and regulations to bring about discipline in the working of industries such as Factory Act, Workmen's Compensation Act, Contract Act, etc. A business organizations should follow such laws and conduct its business activities accordingly.
3. Suggestions the Government: - While framing the various business policies, the government needs suggestions. Therefore, the business organizations should provide timely advice to the government in respect of framing various policies such as export-import policy, industrial policy, licensing policy, etc.
4. Political Stability: - For economic growth and national security, political stability is required. To maintain political stability, the business organizations should support the stable government which often brings more

returns and peace in a democratic society.

5. Earning foreign exchange: - A business organizations should export its goods and services and thereby earn foreign exchange. Earning foreign exchange is invaluable for the government to reduce deficits in balance of payments.

6. Contributing to Government Treasury: - During natural calamities like floods, earthquakes, famines, etc. government needs financial help to overcome the national emergency situations. On such occasion, business organizations should help the government to bring the conditions to normalcy.

## **26.State the responsibilities of business towards investors(shareholders).**

**Ans: -** Social Responsibilities of Business Organizations towards Shareholders/Members/Investors

1 Fair Return: - The shareholders expect fair return on the investment in shares. The management of a company should maximize the profits through the conduct of business on sound principles and provide a fair return in form of dividend to the shareholders.

2 Expansion and Diversification: - The company should expand its business activities and diversify its products through Research and Development activities. The management should use the shareholder's fund for the productive purposes. This will result in higher returns on the investment of shareholders.

3 Proper conduct of shareholder's Meeting: - The company should conduct the general meeting of investors at regular intervals to provide information of the business and every member should be given a chance to make a valid point of view at the meeting.

4 Proper disclosure: - The management should present full and factual information to investors. They should get regular reports, circulars and statement of profit. So that prospective investors can take right decision to invest in future.

5 Maintain solvency and Prestige: - The business organizations are expected to maintain solvency, prestige, goodwill and sound financial position to win confidence of their investors.

6 Maintain Transparency: - The investors supply the funds to satisfy the long-term capital and working capital needs of the business. In return, all business organizations are required to maintain high degree of transparency to their operations.

## **27.State the responsibilities of business towards owners.**

**Ans: -** Social Responsibilities of Business Organizations towards owners

1 Reasonable profit: - Business should focus on basis object of earning profit and growth which will bring financial stability of enterprise.

2 Expansion and Diversification: - The company should expand its business activities and diversify its products through Research and Development activities. The management should use the shareholder's fund for the productive purposes. This will result in higher returns on the investment of shareholders.

3 Minimise wastage: - Business organizations can maximize profitability by minimizing wastages. There should be optimum utilization of resources. No financial loss should be allowed.

4 Proper Disclosure: - The management should present full and factual information to investors. They should get regular reports, circulars and statement of profit. So that prospective investors can take right decision to invest in future.

5 Fair practice on Stock exchange: - All sorts of unfair practices related to stock exchange should be avoided such as misusing the secret information and providing wrong information, artificially increasing the prices of shares, etc. Such practices should be strictly prohibited

6 Creating Goodwill: - The management should develop and maintain good public image. A well reputed company commands a lot of respect and trust in the share market, labour market and consumer market. It can be achieved through manufacturing world class products, enlisting shares on stock market, performing social responsibility towards social factors, etc.

## **28.State the responsibilities of business towards Society at large or Community or Public in General.**

**Ans:** Social responsibilities of business towards Society at large or Community or Public in General are as follows:

1 Protection of Environment: - Pollution is the major problem of present times. Air pollution and water pollution are due to industries, chemicals, plants, etc. The business organizations should take all possible measures to prevent air, noise and water pollution to protect the environment.

2 Optimum use of resources: - The business organizations should make optimum use of natural resources like raw materials of iron, steel, fuel, etc. in the interest of the society.

3 Development of Backward areas: - Business organizations should try to locate their plants and offices in industrially backward areas and try to uplift the standard of living of the people in those areas. This will create employment opportunities and increases purchasing power among the rural people.

- 4 To help the weaker sections of the society: - The business organizations should uplift and support the weaker sections of the society. These people expect financial and other help from business unit. Certain jobs may be reserved for economically weaker sections of the society.
- 5 Financial Help: - The business organizations should provide financial and other aid (help) in case of natural calamities such as earthquake, floods, etc. Generous donations should be given for social causes like education and medical help for poor.
- 6 Employment - Business organizations have to take up continuous expansion and diversification of its business activities and thereby provides employment opportunities to a number of people in a society. This will help to solve the problem of unemployment in the society.
- 7 Protest against anti-social activities: - The business organizations should not provide any financial help to support anti-social activities which will adversely affect the society such as smuggling, association with underworld people, bribing government officials, etc. should be avoided by the business organizations.
- 8 Prevention congestions in cities: - The business organizations should avoid crowding of industries in cities by shifting and establishing industries in different Industrial Zones/location. This will minimize adverse effect on residential areas

## 29. State any four CSR (Corporate Social Responsibility) activities.

**Ans:** - CSR is self-regulating business model, aims to contribute to societal goals or ethically-oriented practices. It makes a company socially responsible and accountable. This accountability is towards itself, its shareholders, public in general, etc.

Scope of CSR: -

Applicability of CSR:

- 1) The companies having Net worth of 1500 Cr. or more or Turnover of 1000 Cr. Or more; or Net profit of 15 Cr. or more during any financial year shall be required to constitute a Corporate Social Responsibility Committee of the Board with effect from 1<sup>st</sup> April, 2014.
  - 2) All companies shall spend, in every financial year at least 2% of the average net profits of the company made during the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility policy.
- [B] CSR Committee: - will consists of 4 directors, who shall meet at least twice in a year to discuss and review the CSR activities and policy.
- [C] CSR Activities: - The policy is a commitment to support initiatives that measurably improves the lives of underprivileged of the following focus areas as notified under Section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules 2014.  
 Eradicating hunger and poverty, health care and sanitation,  
 Education and employment enhancing vocational skills,  
 Reducing child mortality, ecological balance and conservations of natural resources.  
 Rural development and slum area development projects.
- [D] Non-compliance of CSR activities: - Penalties for non-complying the duty of CSR would attract a fine of not less than Rs. 50000 (Fifty Thousands) which may extend to Rs. 25,00,000 ( 25 Lakhs) and every officer of the company in default shall be punishable with imprisonment up to 3 years or with fine which shall not less than Rs. 50,000 (Fifty Thousands) which may extend to Rs. 5,00,000 (Five Lakhs) or with both.

## 30. State any four rights of consumers. (Write minimum 5 Points) [OCT.-2021]

**Ans:** - Rights of consumers are an integral part of our day to-day life. Consumer rights protect consumers from being cheated by salesman, manufacturer and shopkeeper. Rights of Consumers are as follows: -

1. Right to Safety: - This right protects consumer against the marketing of goods which are hazardous (dangerous) to health and life. Therefore, the responsibility of manufacturers to produce and supply safe products and also to give necessary instructions for the safety of the consumer. This safety should be in relation to medicines, electrical appliances, food, etc.
2. Right to Information: - According to this right, consumer should be informed about all aspects of products and services like price, quality, quantity, purity, batch number if any, date of manufacture, date of expiry, user manual, safety instructions, etc. Such information is required to create confidence for taking proper decision before purchasing the goods.
3. Right to be heard: - According to this right, the consumer have opportunity to register his complaints to the consumer forum. He also give suggestions to manufacturer or trader on certain matters such as quality, price and packaging, etc. Therefore , the responsibility of every business organization should listen and solve the complaints of consumers.

4. **Right to Choose:** - According to this right, consumer should be given full freedom to select the articles as per his preferences and buying (purchasing) capacity. As per this right, the seller cannot compel consumer to buy particular product.
5. **Right to Consumer Education:** - This right entitles consumers to know about consumer rights, market practices and remedies available to them. This knowledge creates consumer awareness and protect him from the exploitation of unscrupulous businessmen. The government, media and NGOs plays a significant role to create awareness among consumers and educate them. E.g. Jago Grahak Jago campaign.
6. **Right to Represent:** - The Act provides an opportunity to individuals and consumer groups to represent consumer's interest before consumer forum. The Act allows the consumer to be represented by a person who is not a professional advocate.
7. **Right to Redress:** - This right enables the settlement of consumer's complaints. Consumers complaints must be immediately dealt by the dealer. They should get compensation about the defective products and for poor services. The defective product should be either repaired or replaced or refund of money by the seller. According to Consumer Protection Act, three tier quasi-judicial consumer disputes redressal machinery is established for settlement claims such as District Commission, State Commission and National Commission.
8. **Right to Healthy Environment:** - The consumers should get clean and healthy environment for their better health and life. Therefore, the responsibility of business organizations to take certain steps to control air and noise pollution and preserve ecological (environmental) balance.

### 31. Ways and means of consumer protection.

**Ans:** - The ways and means of consumer protection are as follows:

1. **Lok Adalat:** - Lok Adalat is the effective and economical system for quick redressal of the public grievances. It can also be referred to as People's Court. It is established by the Government to settle the disputes by compromise. The aggrieved party can directly lodge the complaint. Issues are discussed on the spot and decisions are taken immediately. Resolution of disputes by Lok Adalat gets statutory recognition. E.g. MSEDCL (Maharashtra State Electricity Distribution Company Limited), MSRTC (Maharashtra State Road Transport Corporation), Railway authority, Insurance Companies, Banks, etc. organize Lok Adalat.
2. **Public Interest Litigation:** - It is also called as Janahit Yachika. It is a legal facility under which any person can approach to the court of law in the interest of the society regarding a matter of general public interest. The party which is not related to grievance (complaint) can also file public interest litigation. It is filed in the High Court as well as Supreme Court directly in some cases.
3. **Redressal Forums:** - Under Consumer Protection Act, 2019, a system has been set up to deal with consumer grievances at district, state and national level. Any individual consumer can file a complaint with respective commission depending upon the value of goods and claim for compensation.
4. **Awareness Programmes:** - The Government of India has adopted various publicity measures to increase the level of consumer awareness. The Government makes use of Journals, brochures, posters, booklets, etc. to convey the message of consumer protection. Various consumer related programmes are telecasted on various T.V Channels, even All India Radio. The World Consumer Right Day is celebrated on 15<sup>th</sup> March every year and National Consumer Right Day (of India) is celebrated on 24<sup>th</sup> December every year.
5. **Consumer Organizations:** - They have been active in India to promote and protect consumer interest to seek quick and adequate redressal of their grievances. It is necessary to strengthen consumer movement throughout the country.
6. **Legislative Measures:** - Indian Government has passed many Acts to safeguard the interest of consumers. Such as Sale of Goods Act, 1930, Essential Commodities Act, 1955, Standard of Weights and Measures Act, 1956, Food Safety and Standards Act, 2006, Bureau of Indian Standards Act, 1969, National Food Security Act, 2013.

### 32. State the Composition and Monetary Jurisdiction of District Commission (Forum)

**Ans:-** A consumer dispute redressal commission at each district established by the State Government is known as District Commission.

**Composition:** - Each District Commission consists of the following:

- a) **President:** - A person who is sitting or retired or qualified to be a District Judge.
- b) **Members:** - Not less than two and not more than such number of members as may be prescribed in consultation with the Central Government.
- c) **Tenure:** - The members will hold office for a term of five years or upto the age of sixty five years whichever is earlier.

**Qualification:** -

- a) Age: - Members should not be less than 35 years of age.
- b) Education:- They should possess a Bachelor's Degree from a recognized University.
- c) Experience: - They should have adequate knowledge and at least ten years' experience in dealing with problems related to economics, law, commerce, Industries and public affairs or administration.

Territorial Jurisdiction: - of district forum is entire district in which it is established.

Monetary Jurisdiction: - It can entertain consumer complaints where the value of goods or services paid as consideration does not exceed (Not more than or less than) Rs. one crore or upto Rs. one crore..

Appeal: - Any person aggrieved (not satisfied) by an order made by the District Commission may appeal against such order to the State Commission within a period of forty five days from the date of the order.

### **33.State the Composition and Monetary Jurisdiction of State Commission (Forum)**

**Ans:** - A consumer dispute redressal commission at the state level established by the State Government is known as State Commission. It is also called as State Consumer Disputes Redressal Commission.

Composition: -Each State Commission consists of the following:

- a) President: - A person who is sitting or retired Judge of High Court shall be appointed by the State Government as a President of State Commission in consultation with Chief Justice of High Court.
- b) Members: - Not less than four and not more than such number of members as may be prescribed in consultation with the Central Government.
- c) Tenure: - The members will hold office for a term of five years or upto the age of sixty seven years whichever is earlier.

Qualification: -

- a) Age: - Members should not be less than 35 years of age.
- b) Education:- They should possess a Bachelor's Degree from a recognized University.
- c) Experience: - They should have adequate knowledge and at least ten years' experience in dealing with problems related to economics, law, commerce, Industries and public affairs or administration.

Territorial Jurisdiction:- It can entertain original cases as well as appeals against the order of District Commission which are within the geographical limits of the state.

Monetary Jurisdiction: - It can entertain consumer complaints where the value of goods or services paid as consideration , exceeds Rs. one crore but does not exceed Rs. ten crore.

Appeal: - Any person aggrieved(not satisfied) by an order made by the State Commission may appeal against such order to the National Commission within a period of thirty days from the date of the order.

### **34.State the Composition and Monetary Jurisdiction of National Commission (Forum)**

**Ans:** - A consumer dispute redressal commission at the national level established by the Central Government is known as National Commission. It is also called as National Consumer Disputes Redressal Commission.

Composition: -Each National Commission consists of the following:

- a) President: - A person who is or has been a Judge of the Supreme Court shall be appointed by the Central Government as a President of National Commission in consultation with Chief Justice of India.
- b) Members: - Not less than four and not more than such number of members as may be prescribed.
- c) Tenure: - The members will hold office for a term of five years or upto the age of sixty seven years and President upto seventy years whichever is earlier.

Qualification: -

- a) Age: - Members should not be less than 35 years of age.
- b) Education:- They should possess a Bachelor's Degree from a recognized University.
- c) Experience: - They should have adequate knowledge and at least ten years' experience in dealing with problems related to economics, law, commerce, Industries and public affairs or administration.

Territorial Jurisdiction:- It can entertain original cases as well as appeals against the order of State Commission which are within the geographical limits of the state.

**Monetary Jurisdiction:** - It can entertain consumer complaints where the value of goods or services paid as consideration, exceeds Rs. ten crore.

**Appeal:** - Any person aggrieved (not satisfied) by an order made by the National Commission may appeal against such order to the Supreme Court within a period of thirty days from the date of the order.

**35. Explain three tier quasi judicial machinery under the Act.**

**Ans:** - The Central Government of India initially passed the Consumer Protection Act on 24<sup>th</sup> December, 1986. In 2019, Ministry of Law and Justice has proposed new act as Consumer Protection Act, 2019. The Consumer Protection Act established 3 tier quasi judicial system for consumer protection exists.

**1. District Commission:** - A consumer dispute redressal commission at each district established by the State Government is known as District Commission. A person who is sitting or retired or qualified to be a District Judge. Not less than two and not more than such number of members as may be prescribed in constitution with the Central Government. The members will hold office for a term of five years or upto the age of sixty five years whichever is earlier. It can entertain consumer complaints where the value of goods or services paid as consideration does not exceed Rs. one crore. Any person aggrieved (not satisfied) by an order made by the District Commission may appeal against such order to the State Commission within a period of forty five days from the date of the order.

**2. State Commission:** - A consumer dispute redressal commission at the state level established by the State Government is known as State Commission. A person who is sitting or retired Judge of High Court shall be appointed by the State Government as a President of State Commission. Not less than four and not more than such number of members as may be prescribed in constitution with the Central Government. The members will hold office for a term of five years or upto the age of sixty seven years whichever is earlier. It can entertain consumer complaints where the value of goods or services paid as consideration, exceeds Rs. one crore but does not exceed Rs. ten crore or upto Rs. 10 crore. Any person aggrieved (not satisfied) by an order made by the State Commission may appeal against such order to the National Commission within a period of thirty days from the date of the order.

**3. National Commission:** - A consumer dispute redressal commission at the national level established by the Central Government is known as National Commission. A person who is or has been a Judge of the Supreme Court shall be appointed by the Central Government as a President of National Commission. Not less than four and not more than such number of members as may be prescribed. The members will hold office for a term of five years or upto the age of sixty seven years and President upto seventy years whichever is earlier. It can entertain consumer complaints where the value of goods or services paid as consideration, exceeds (More than) Rs. ten crore.

**Appeal:** - Any person aggrieved (not happy) by an order made by the National Commission may appeal against such order to the Supreme Court within a period of thirty days from the date of the order.

**Penalty for non-compliance of Order:** -

If any party failed to comply with any order made by the District Commission, State Commission, National Commission, it shall be punishable with an imprisonment for term not less than one month but may extend to three years or with a fine, which shall not be less than Rs. Twenty five thousand, but may extend to Rs. 1 lac or with both.

**36. State the role of NGO (Non-Government Organization) in consumer protection.**

**Ans:-** “Non-Government Organizations are non-profit and non-political organizations which aim at promoting the welfare of the people” The main object is to study the trend of prices in the market and publish them for the information of consumers. against the malpractices of traders.

Role or functions Consumer organizations & NGO in consumer protection:

- 1 To Organize campaigns and various programmes on consumer issues to create social awareness.
- 2 To organize training programmes for the consumers and make them conscious of their rights and modes of redressal of their grievances.
- 3 To publish periodicals and journals to keep consumers informed.
- 4 To provide legal advice to members on matters of consumer interest and help them to take up grievances (complaints).

- 5 To interact with businessmen and Chambers of Commerce and Industry for ensuring a better deal for consumers.
- 6 To file Public Interest Litigation on important consumer issues, such as ban on a product injurious to public health.

The following are the examples of NGOs

1. Consumer Guidance Society of India (CGS),
2. Voluntary Organization in interest of Consumer Education (VOICE),
3. Consumer's Education & Research Centre (CERC),
4. Consumer's Association of India (CAI),
5. Mumbai Grahak Panchayat. (MGP)
6. Grahak Shakti (GS)

**37.State significance(Importance) of marketing to the society. [OCT.-2021]**

**Ans: -** Significances of marketing to the Society.

1. Increase in standard of living: - The prime objective of marketing is to provide goods and services to the customers to satisfy their needs. It helps to identify the needs of the customers and take initiative to provide the quality of goods at the cheaper prices. This helps to increase and maintain the standard of living of the customers.
2. Provides employment: - Modern marketing is a total system which covers almost all functions of organizations such as buying, selling, financing, transport, warehousing, risk bearing, research and development, etc. To run this system, there is need of people. Thus, marketing provides employment to the people.
3. Decreases distribution cost: - Effective utilization of channel of distribution can help in reducing the cost prices of the products and services. It also assures timely availability of the product.
4. Consumer Awareness: - Marketing helps consumers to know about new product and service available in the market and its usefulness to the customer. It also provides satisfaction to the people of the society by supplying relevant information, goods and services according to their demand and taste.
5. Managing consumer expectations: - Marketing helps in developing the products which fulfills customer's expectations. Customer's review collected through different sources can help the organizations to make necessary changes in the products.

**38.State significance(Importance) of marketing to the consumers**

**Ans: -** Significances of marketing to the Consumers.

1. Promotes product awareness: - Marketing creates product awareness among the consumers about different brands and features of the product available in the market. Consumer compares product features, price, availability, etc.  
Marketing helps to improve the quality life of the consumer.
2. Provides quality products: - There is increasing competition in the market, consumers are getting easy access to the information about the product and services available in the market. It creates moral pressure on the businesses to provide quality goods to the customers.
3. Provides variety of goods: - Business launch products keeping the market segmentation in mind. Businessmen needs to provide variety of goods to cater the needs of different market segments of the consumers. Variety may change according to the price, size and quality of the product.
4. Help in Selection: - Variety of products with different brands are available in the competitive markets.  
Marketing helps the consumer to choose the best products and services from the different options available.
5. Regular supply of goods: - Through efficient distribution channel of marketing regular supply of goods is possible. It helps to maintain proper balance between demand and supply of goods. It results into stable prices.

**39.State significance(Importance) of marketing to the firm.**

**Ans: -** Significances (Importance) of marketing to the Firm

1. Increases awareness: -Marketing helps in creating awareness about the existing products, new arrivals as well as the company which sells a particular product in the market.
2. Increases sales: - Successful marketing campaign helps to increase the sales of the organization as it attracts the Customers to purchase the same. Increase in sale generates profit for the organization.
3. Creates Trusts: - Marketing plays an important role in building a relationship between the customers and the organization . Effective pricing policy and timely after sales services improve image of the organization.  
Creating trust among the consumers helps the business to earn customer loyalty.
4. Sources of new ideas: - Marketing helps business to understand the needs of customers. Feedbacks from the customers help in the improvement in the existing products. Marketing helps in understanding these changes and



develop the product through research and development.

5. **Tackling the competition:** - There is increasing competition in almost all sectors of the economy. It is difficult for any business to create monopoly for their products and services. Marketing not only helps to communicate the products and services to the consumers but also motivates them to buy the same.

#### **40.Explain 4P's of Marketing Mix.**

**Ans:** - In simple words, the marketing mix is the putting the right product, at the right time, at the right price in the right place.(4 P's ). It is one of the important tool of the marketing.

There are two types of marketing mix- Product Marketing Mix (4 P's) and Service Marketing mix (7 P's).

1. **Product:** - Product refers to the goods or services that are offered to the customers for sale and are capable of satisfying the need of the customers. The product are tangible but the services can be intangible. The business need to decide the right type of product through extensive market research.
2. **Price:** - Price plays an important role in creating demand for the product. The business needs to take utmost care to decide the price of the product. Cost of the product and willingness of the customers to pay for the product play an important role in pricing the product.
3. **Place:** - Place is the element of marketing mix ensures that right product is distributed and made available to the potential buyers at right location and at the right time too.
4. **Promotion:** - Promotion is an important element of marketing as it creates brand recognition and sales. Promotion is a tool of marketing communication which help to publicise the product to customer.

#### **41.Explain 3P's in Marketing Services.**

**Ans:** - There are two types of marketing mix –Product Marketing Mix (4Ps) and Service Marketing mix (3Ps).

These are as follows: -

1. **People:** -People inside and outside the business create impact on the business. People include all individuals play a key role in offering the products or services to the customers. Organizations must recruit right people, train them and retain them for their services.
2. **Process:** - refers to steps involved in delivering products and services to the customer. Good process helps to ensure same standard of service to the customer as well as save time and money by increasing efficiency.
3. **Physical Environment:** - refers to the marketing environment wherein the interaction between customer and firm takes place. In the service market, the physical evidence is important to ensure that the service is successfully delivered. Through physical evidence customers know the brand leaders in the market. Physical evidence affects the customer's satisfaction which includes location, layout, interior design, dress of the staff, waiting area, etc.

#### **42.Explain packaging and labelling.**

**Ans:** - Packaging and Labelling:- Package and Label creates the first impression on the consumer about the product. Attractive package and label can help to make product successful. Packaging means designing the package of the product. Packaging refers to the use of bottles, plastic bags, tin, wooden boxes, container, etc.to reach the product to the final consumer. It helps to avoiding breakage, damage, and destruction of the product.

Label is a slip which is found on the product and provides all the information regarding the product and its producer. The slip on which all this information is provides is called as label and its process is called labelling.

Packaging and labelling not only provide protection to the product but also act as an effective tool of marketing.

## Q.6. Justify the following statements. (Any 2 Out of 4) [Each 4 Marks]

8

### 1. Principles of management are flexible in nature. [OCT.-2021]

**Ans:** - Management is based on certain basic principles. 'Principle' is defined as a statement of fundamental truth or Proposition that serves as a foundation for a system of belief. Principles of management are flexible in nature.

1] As and when political, economic, and social changes take place, the old principles are altered and new principles are developed.

2] They can be changed or modified by the management at any time according to the need of the given situation.

3] Changes are to be accepted for development and growth of a business.

4] By identifying problem of business permanent changes will be accepted.

### 2. Management principles are helpful in optimum utilization of resources.

**Ans:** - In every organizations two types of resources are used i.e. physical resources like material, machines, money, etc. and human resources i.e. manpower.

The basic function of management is to make proper balance between those resources by putting them in right preparation and control on wastage of resources.

While maintaining discipline and healthy working environment, management always uses techniques and principles.

It helps in establishing cordial relationship between management and employees which increases the efficiency level of employees and also affects the effective administration.

### 3. Principle of equity is important.

**Ans:** - This principle suggests that employer should give kind, fair and just treatment to the employees. The management should be fair as well as friendly to the subordinates.

While dividing the work, delegating the authorities, deciding the monetary terms, etc. there should not be any discrimination (difference) among the employees.

It is also suggested that the remuneration should not depend on the department but at the level on which subordinates (employees) are working. E.g. Foremen should be paid higher wages than that is paid to employees under them.

Thus, equality in treatment of employees boosts the morale and develops a sense of belongingness among the employees. It helps to develop loyalty of employees towards organization and avoid conflicts.

### 4. Planning is the basic function of management. [OCT.-2021]

**Ans:** - Planning is primary (very first) function of management as management starts with the function of planning. It is the basic (fundamental) function of management as every function of management is based on planning. Planning is an intellectual process of logical thinking and rational decision making.

Planning is deciding in advance what to do, how to do it, when to do it and who is to do it. Proper planning

Planning involves setting objectives, identifying alternative course of action and selecting the best plan.

It focuses on goals as every activity is directed in planning towards the achievement of goals.

Planning minimizes the risks of business as potential risks are forecasted and protective devices are decided in advance which minimizes the risks of business.

To sum up, planning is the most crucial function of management. Without setting the goals to be reached and line action to be followed, there is nothing to organize, to direct or to control in the organization.

### 5. Controlling is the last function of management.

**Ans:** - Controlling is the process of monitoring (comparing) actual performance with predetermined standard performance. It measures deviation (shortfall) if any, identifies the cause of deviation and suggests corrective measures.

Controlling is the last function of management as management ends with the function of controlling.

An effective control system keeps a careful check on the changes taking place in the organization which helps the management in judging the accuracy of standards.

By using control techniques, a manager helps to reduce wastage and spoilage of resources which ensures efficient and effective utilization of resources to achieve goals.

It puts psychological pressure on the individuals to perform better as their performances is evaluated with the targets set for them. So, they've pressure to achieve the results according to standard fixed for them.

Due to good control system, the employees knows well in advance what they are expected to do and what are the standards of performances. Once the organizational objectives are achieved, they are rewarded with bonus and other incentives which help them to perform more better in future.

#### **6.Organizing facilitates administration as well as operation of the organization.**

**Ans: -** Organizing function is also called as doing function i.e. putting plan into action. Administration and operation both are doing function as it is the process of putting together various resources and activities of the organization into a system.

Organizing is a process of identifying, bringing the required resources such as men, material, machinery, finance etc. It is concerned with Division of Work with Management and Staff.

Proper organizational structure helps in defining the right job to the right individual. The role of each and every employee in an organization is well defined. This division of work leads to specialization and finally helps to effective and efficient administration.

Organizational structure defines the role of every manager by delegating authority and clarifying the way to exercise those powers. Misuse of powers does not take place. Well defined jobs and responsibilities efficiency into manager's working.

Proper Organizing, involves framing proper rules and regulations. There is discipline in the organization as the employees work with commitment and dedication.

#### **7.Right person at right job with right pay is the basic principle of staffing.**

**Ans: -** Staffing is a process of planning, employing and developing human resources at different level of the organisation. The Staffing function includes proper recruitment, selection, transfer, promotions of the employees to select right person in the right job with right pay.

Staffing can be done effectively through proper recruitment procedures and then finally selecting the most suitable candidate as the job requirements.

Qualified, efficient and well-motivated work force is an asset of the organization. Naturally, long term positive effects can be observed on the efficiency of the organization.

Through proper staffing, individuals are not just recruited and selected but their performance is regularly appraised and promotions are given on merit. For all there certain rule is made and duly communicated to all concerned which brings peace and harmony in the organization.

Through proper selection, the organization gets quality employees and through proper training, the performance level of employees can be improved which helps to improve the efficiency of the organization.

#### **8.Co-ordination between different functions and all levels of management is the essence of organizational success.**

**Ans: -** Co-ordination means developing harmony among various departments of the organization and also integrating the group efforts in achieving the desired goal. Therefore, it becomes necessary to bring together the group efforts and harmonize them carefully.

There is need to have co-ordination at all levels of management i.e. Top level, Middle level and Lower level of management.

Co-ordination helps to manage interdependence and interactions among the different departments of the organisation. E.g. the activities of marketing department co-ordinates the production department. So that the production department produces the right type of goods as required by the marketing department.

All the departments of the organization are headed by specialized professionals in their respective field. Co-ordination among these specialized professionals can lead the organization towards achieving the targets as planned.

An effective co-ordination motivates employees to take initiative which increases efficiency of the organization. Monetary and non-monetary incentives motivates an employee to work hard and job security.

#### **9.Principle of subrogation is applicable to all contracts of indemnity.**

**Ans:-** Subrogation means transfer of ownership rights.

According to this principle, once the compensation is received to the policy holder for the loss due to damage of property insured, then the rights of ownership of such damaged property passes on to the insurer( insurance company).

This a corollary(similar) principle to the principle of indemnity which is applicable to fire and marine insurance and not to life insurance contract.as loss of life can never be measured in monetary terms.

Under this principle, the insurer ( Insurance company) is liable to pay the compensation to the insured

(policy holder) on the sum insured (policy amount) and the amount of actual loss whichever is less.

Insurer (Insurance Company) provides the protection to the Insured(policy holder) and keeps the insured in the same financial position as he was before the event loss.

#### **10.Warehousing is important.**

**Ans: -** Warehousing refers to storage of goods and consists of all those activities which are connected with storage and preserving of goods.

A warehousing can be defined as “a group of activities connected with the storing and preserving of stored goods from the time of production till the time of consumption”.

Surplus commodities (goods) which are not needed immediately can be stored in warehouses which can be supplied as and when needed by the customers.

In warehouses, usually large stock of goods is kept, whenever there is shortage in the market, the goods can be immediately supplied through warehouses, which help in price stabilization.

When the goods are stored in warehouses they are exposed to many risks in the form of theft, deterioration, fire, etc. Warehouses are constructed in such a way that they minimize these risks. A warehouse keeper has to take the reasonable care of the goods and safeguard them against various risks as warehouse keeper shall be liable for any loss or damage sustained by goods.

Warehouses create time utility by preserving the goods till they are demanded. It also creates place utility by providing the goods at the place where they are required.

#### **11. Cash can be withdrawn from ATM at any time.**

**Ans:-** ATM means Automated Teller Machine. This facility is provided by the banks to all account holders. ATM's are customer operated machines which provides 24 hours service.

With the help of ATM, the customers can deposit or withdraw money anytime. He can be used for other banking transactions also such as balance enquiry, transferring money, request for cheque book or bank statement. Customer has to obtain an ATM Card from his bank.

He needs to insert this magnetically coded card in the ATM and enter the correct password. Then such ATM allows the customer to deposit or withdraw money or check his bank account balance.

ATM is beneficial for travelers as they can withdraw money from anywhere in the country or outside the country. It also provides privacy in banking transaction. Therefore, it is safe to use.

#### **12.Principle of Indemnity is not applicable to life insurance contract.**

Indemnity means guarantee to protect the financial protection by the insurer (insurance company) to the insured(policy holder) due to uncertain event of loss.

Principle of Indemnity is applicable to fire and marine insurance. It does not apply to life insurance because the value of human being cannot be assessed in money terms. In case of death of a person, the actual sum assured (policy amount) is paid.

Under this principle, the insurer (Insurance Company) is bound to pay the compensation to the insured (policy holder) on the sum insured (policy amount) and the amount of actual loss whichever is less.

E.g. If a property worth Rs. 2 lacs is insured for Rs. 1 lac and the goods destroyed by fire worth Rs.75,000/-. In this case, the (insurer) insurance company is bound to pay the compensation on the sum insured is Rs.1 lac and the actual loss is Rs. 75,000/- whichever is less is Rs.75,000/-

#### **13.Reserve Bank of India acts as banker's bank.**

**Ans: -**1The Central bank is the apex financial institution in banking industry in the country. In India, the Reserve Bank of India is the central bank which controls the entire banking system. The RBI was established in 1945 under the Reserve Bank of India Act, 1944.

2,Some functions of RBI are as follows:

- i) Frames monetary policy
- ii) Issue currency notes
- iii) Acts as banker to the Government
- iv) Acts as a banker's bank to commercial and other banks in India.

#### **14.It is easy to set up e-business as compared to traditional business**

**Ans: -** 1The term derived from e-mail and e-commerce is called e-business. Formation of e-business is simple as compared to traditional business as it does not require physical space.

2Communication is easy as there is no face to face interaction.

3A company which sells its goods online may require a lesser space as compared to a traditional retail shop.

4Government patronage is more because of giving priority to IT sector.

5It requires less time to settle transactions because transactions are settled immediately on internet.

As compared to traditional business, online business is much faster. In online transactions, a lot of time is saved as there is no travelling, no negotiation, no convincing, etc. All the details, terms and conditions are clearly stated on the website. Thus, online transactions are easier and more result oriented.

**15.E-business allows you to work across the globe in any field.**

- Ans:** 1e-business means joint relation with public by internet.  
2Those businessmen who get linked with e-business, get worldwide recognition.  
3There is a speedy communication towards the customers.  
4Buyer gets a freedom to select products from almost any part of the world.  
5It also allows the seller an access to the globe markets. This gives them expansion of market, new customers come in contact with them which results in an increase in sales.

**16.Online transactions are done with the help of internet.**

- Ans: -** Online transactions take place when a process of buying and selling are completed through internet. For online transactions registration is required. The consumer needs to login a particular website to buy a particular product or service.

When a customer likes a product or service he or she selects, pick-ups and drops the items in the shopping cart.

The buyer then proceeds to the payment option after selecting all the products. Payment can be made by accepting cash on delivery mode of payment, after receiving physical delivery of goods. The customer may pay in cash or by debit or credit card or by cheque.

If the payment is transferred by the buyer from his account to the seller's account electronically, then the seller sends the goods to the buyer.

**17.Role of media has major influence on business organization.**

- Ans: -** 1.Media refers to the various means used by advertisers to inform the public about the products or services. Media plays a very important role in public life. Media is very powerful and it can speak against wrong policies of business.  
2.It can raise its voices against business mal practices and consumer exploitation.  
3Television channel, radio, newspaper can give publicity to unfair trade practices.  
4Media can easily influence the masses in the society.

Thus, it is rightly said that media experts major influence on business organization.

**18.Business should allow workers' participation in management.**

- Ans: -** 1.The success and failure of the business organizations to greater extent depend on the support and participation of employees. Therefore, Business organizations should encourage worker's participation in management while taking business decisions as employees are the human resources of the organization.  
2.They must be treated with dignity and respect. Mutual trust and confidence on employees will bring success to managerial goals.  
3.Workers should be encouraged to participate in management through various schemes such as common suggestion system for cost saving, quality circles, profit sharing, co-partnership, etc.  
4.It will help to raise the morale of employees and creates cordial labour-management relations which is necessary for the success of any organization..

**19.Expectations of society towards business are changing.**

- Ans:** 1.Expectations of the society and public towards business are changing as the world is changing, growing and expanding rapidly.  
2.Business must operate as per the expectations of society. They expect business organizations to protect and promote their rights.  
3.Over the years, social demands have changed and business has to respond positively to the changes.  
4.Business organizations should not do anything which is harmful to the society. Therefore, expectations of society and public towards business are changing and business has to meet their expectations

**20.Business organizations should avoid environmental pollution and ecological imbalance.**

- Ans:** 1.Functioning of business units create air, water and sound pollution. The carbon, dust, harmful gases, chemicals, etc. create air pollution.  
2.Harmful chemicals, industrial waste, fertilizers, pesticides, e-waste, etc. when get mixed with water creates water pollution. Aero planes, motorcycles, construction machines and industrial equipment create sound pollution.  
3.The business organizations are expected to take all possible measures to prevent air, water and noise

pollution and to maintain the ecological balance. For the well-being of the society every organization should assist the concerned organizations engaged in pollution control programmes such as plantation of trees, preservation of wild life and natural resources.

4. Business organization should save cost and money through minimizing waste. They should take precautions to protect environment create awareness among employees. Protection of environment process cut carbon emission and create conditions for green growth which is beneficial to society.

Thus, business organization should avoid environmental pollution and maintain ecological balance.

**21. All sorts of unfair practices related to stock exchange should be avoided.**

- Ans:**
1. The investors supply the funds to satisfy the long-term capital and working capital needs of the business. In return, all business organizations are required to maintain high degree of transparency to their operations.
  2. The management of a company should maximize the profits through the conduct of business on sound principles and provide a fair return in form of dividend to the shareholders.
  3. They should get regular reports, circulars and statement of profit. So that prospective investors can take right decision to invest in future.
  4. The business organizations are expected to maintain solvency, prestige, goodwill and sound financial position to win confidence of their investors.
  5. The company should conduct the general meeting of investors at regular intervals to provide information of the business

Thus, all sorts of unfair practices related to stock exchange should be avoided such as misusing the secret information and providing wrong information, artificially increasing the prices of shares, etc. Such practices should be strictly prohibited.

**22. The Consumer Protection Act was passed in the interest of consumers. [OCT.-2021]**

- Ans: -** Consumer Protection means safeguarding the interest of the consumes and allowing them to exercise their rights.

The Central Government initially passed the Consumer Protection Act on 24<sup>th</sup> December, 1986. In 2019, Ministry of Law and justice has proposed new act as 'Consumer Protection Act, 2019 which has been received the assent on 9<sup>th</sup> August, 2019.

This Act made provision for the establishment of consumer disputes redressal agencies, known as District Commission at the district level, State Commission at the state level and National Commission at national level.

District Commission shall have jurisdiction to entertain complaints where the value of goods or services paid as consideration does not exceeds Rs. one crore.

State Commission shall have jurisdiction to entertain complaints where the value of goods or services paid as consideration Exceeds Rs. one crore but does not exceeds Rs. ten crore.

National Commission shall have jurisdiction to entertain complaints where the value of goods or services paid as consideration Exceeds Rs. one crore.

The Act has recognized number of rights for the consumer. Right to safety, Right to information, Right to Choose, Right to heard, Right to Consumer Education, Right to Represent, Right to Redress, Right to Healthy Environment, Right to protect from unfair business practices, Right against spurious goods.

**23. Aim of consumer organization is to protect the rights of consumer.**

- Ans: -** "Non-Government Organizations are non-profit and non-political organizations which aim at promoting the welfare of the people" The main object is to study the trend of prices in the market and publish them for the information of consumers. against the malpractices of traders.

Role or functions Consumer organizations & NGO in consumer protection:

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deal for consumers.

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- 6.Grahak Shakti (GS)

**24.Marketing is significant to the consumers. [OCT.-2021]**

- Ans:** -1.Marketing creates awareness among the consumers about different brands and features of the product available in the market. Marketing helps to improve the quality life of the consumer.
- 2.There is increasing competition in the market, consumers are getting easy access to the information about the product and services available in the market.
  - 3.Business launch products keeping the market segmentation in mind. Businessmen needs to provide variety of goods to cater the needs of different market segments of the consumers.
  - 4.Variety of products with different brands are available in the competitive markets.
  - 5.Through efficient distribution channel of marketing regular supply of goods is possible. It helps to maintain proper balance between demand and supply.

**25.Promotion plays an important role in the marketing.**

- Ans:** -1.Promotion is an important element of marketing as it creates brand recognition and sales.
- 2.Promotion is a tool of marketing communication which help to publicise the product to customer.
  - 3.It helps to convey product features to the potential buyer and inducing them to buy it.
  - 4.Promotion mix includes tools such as advertising, direct marketing, sales promotion by giving different schemes and benefits to attract the customers, personal selling, etc.

**26.Marketing helps in increasing consumer awareness.**

- Ans:** -1.Marketing creates awareness among the consumers about different brands and features of the product available in the market. Marketing helps to improve the quality life of the consumer.
- 2.There is increasing competition in the market, consumers are getting easy access to the information about the product and services available in the market.
  - 3.Business launch products keeping the market segmentation in mind. Businessmen needs to provide variety of goods to cater the needs of different market segments of the consumers.
  - 4.Variety of products with different brands are available in the competitive markets.
  - 5.Through efficient distribution channel of marketing regular supply of goods is possible. It helps to maintain proper balance between demand and supply.

**27.There is a need of branding to get recognition among the consumers.**

- Ans:** -1.Every businessman wants to have special identity in the market for his product.
- 2.Branding refers to giving a distinct name to product to identify the name of the manufacturer. It gives special identity to a product to differentiate it from competitor's product.
  - 3.Branding helps to get recognition among the consumers. It can help to get new business and increase brand awareness in the market.
  - 4.Registered brands are known as 'Trademarks'. Trademarks cannot be copied.

## Q.8 Answer the following (Any 1 Out of 2)

8

### 1. Define Bank. Explain different types of bank. (Write any 7 Types of Banks)

**Ans: -** The term 'Bank' is comes from the French word 'Banco' which means a 'bench'. As per the Indian Banking Regulation Act, 1949 the word banking has been defined as, "accepting for the purpose of lending or investment of deposits of money from public, repayable on demand or otherwise, and withdrawable by cheque, draft and order or otherwise."

Different types of banks are follows:

1. **Central Bank:** - it is the apex financial institution in the banking industry. Every country has their own control bank. In India, the Reserve Bank of India (RBI) is the central bank. It was established in 1945 under the Reserve Bank of India Act, 1944. Some functions of RBI are it frames monetary policy, It issues currency notes, acts as a bank to the government also acts as a bankers to commercial and other banks in India.
2. **Commercial Banks:** - Commercial bank plays an important role in economic and social development of the country. The primary functions are accepting deposits and lending of money. The secondary functions are agency functions and utility functions. It has been classified into 3 categories:
  - a) **Public Sector Bank:** - are nationalized banks where the majority of capital is held by Government of India. E.g. State Bank of India, Bank of Baroda, Bank of India, Dena Bank, etc.
  - b) **Private Sector Bank:** - are owned by group of individuals. E.g. AXIS Bank, HDFC Bank, etc. .
  - c) **Foreign Banks:-** are established in foreign country but they have branches in India. E.g. HSBC Bank (Hong Kong and Shanghai Banking Corporation), Citi Bank, Standard Chartered Bank, etc.
3. **Co-operative Banks:** - These banks are registered under the Co-operative Societies Act and regulated under Banking Regulation Act. They are popular in in semi-urban and rural areas. They are primarily meant for catering to the financial needs of economically backward people, farmers and small scale units.

Co-operative banks at 3 levels.

  - a) **Primary credit society:** - Works at village level. They collect deposits from members and common public.
  - b) **District Central Co-operative Banks:** - are formed and operate at district level. They obtain deposits from the public at the district level.
  - c) **State Co-operative Banks:** - These banks operate at the State level. They provide funds to District Central Co-operative banks and primary credit societies as required. They conduct usual banking business of commercial banks.
4. **Industrial Development Banks:** - These banks provide medium and long term loans to the business firms for the purpose of expansion and modernization projects, underwriting of shares issued by public limited companies, purchase of debentures and bonds, etc.. E.g. IFCI (Industrial Finance Corporation of India), SFC (State Finance Corporation), MSFC (Maharashtra State Finance Corporation), etc.
5. **Exchange Banks:** - These banks as well as large commercial banks facilitates foreign exchange transactions. E.g. Barclays Bank, Bank of Tokyo, etc. Some functions are financing foreign trade transactions, Issue of Letter of Credit, Discounting of a bill of exchange, remittances of dividend, interest and profit, etc.
6. **Regional Rural Banks(RRB's):** - These banks were established in 1975 which are sponsored by public sector banks. The capital is contributed by Central Government 50%, State Government 15% and sponsored (Public Sector) banks 35%. They provide loans and advances to mostly to small and marginal farmers, agricultural laborers and rural artisans.
7. **Savings Banks:** - These banks accepts small savings from the public and develops the habit of savings among the people. In India, Post Office is one of the savings banks. Even the Commercial and Co-operative Banks also play a role of saving bank.
8. **Investment Bank:** - These banks offer financial and advisory assistance to the business firms and government organizations. They advise on investments, help in mergers and acquisitions by undertaking research. They do not directly deal with the common public.
9. **Specialised Banks:** - These banks cater to the specific requirements and provide overall support for setting up business in specified areas. E.g. EXIM bank, SIDBI, NABARD.
  - a) **Export Import Bank(EXIM):** - These bank grant loans to the exporters and importers and also provide information about the international market.
  - b) **SIDBI(Small Industries Development Bank of India) :** - This bank was established on 2<sup>nd</sup> April, 1990 under the Act of Indian Parliament. This bank is formed with the aim of promoting, financing and developing small scale industries in India and developing the Micro Small and Medium Enterprises(MSMEs).



c) NABARD (National Bank for Agricultural and Rural Development): - This bank is an apex institution for financing agricultural and rural sector. NABARD provides both short term and long term credit through regional rural banks. It is concerned with policy planning and operations relating to agricultural credit and credit for other activities in rural areas.

## **2.Explain the primary functions of bank.**

**Ans: -** Primary Functions of commercial banks are called core (important) functions. These are as follows:

- (A). Accepting Deposits: - The commercial bank collect deposits from individuals and organizations under two heads viz. time deposits and demand deposits.
- (1) Time desposits: - are those deposits which are repaid to the customers after the expiry of decided time period  
They are two types:
- (i) Fixed Deposit Account: - In this type, the fixed amount is kept for fixed period of time bearing fixed interest rate. Rate of interest is more than savings account. Normally, withdrawal of amount is restricted before maturity but depositor can withdraw before maturity for which bank will reduce the interest rate. The bank issues FDR(Fixed Deposit Receipt) to an account holder. He can borrow money against FDR from the bank.
- (ii) Recurring Deposit Account: - It is operated by salaried persons and businessmen having regular income. In this account, a certain fixed sum (amount) is deposited into the account every month. Rate of interest is higher which is similar to fixed deposit account.
- (2) Demand Deposit:- are those deposits which are repaid to the customers through withdrawal slip, Cheque, ATM Cards, Online transfer, etc. They are further classified into two groups:
- (i) Savings Account: - These are generally operated by salary and wage earners who has regular and fixed income. The main object is to encourages the habit of savings among the people. There are certain restrictions on withdrawals limit. These account carry low interest rate.
- (ii) Current Deposit Account: - This account is operated by businessmen firms and other commercial organizations like hospitals, educational institutions who have regular banking transactions. Withdrawals are freely allowed at any time during the banking hours. Generally, no interest is paid on the balance outstanding in the current account. Such account holders gets the benefit of overdraft facility.
- (B). Granting of Loans and Advances: -
- (1). Loans: -The commercial banks provide loans to businessmen and others. The loans are as follows:
- (i) Short term loans: for a period upto 1 year. to meet (satisfy) the need of working capital.
- (ii) Medium term loans: - are given for a period of 1 year to 5 years to meet the need of working capital and fixed capital.
- (iii) Long term loans: - are given for a period of 5 years or more to meet the requirement of long term capital.
- (2) Advances: - Advances are provided for shorter period from 4 months to 1 year in the form of cash credit, overdraft and discounting bills, etc. Types of advances;
- (i) Cash credit (CC):- Cash Credit advances are provided to current account and savings account holders which provide 4s working capital for long period of time. The bank charges high rate of interest on CC.
- (ii) Overdraft: - This facility is offered to current account holders to meet their working capital requirements. Interest is charged on actual amount withdrawn. It is temporary arrangement for a short period.
- (3) Discounting of Bills: - The drawer of bill of exchange can discount the bill with his bank and obtain an advance. On the maturity of the bill, the bank will recover the amount from the drawee.

## **3.What is Insurance. Explain the various principles of Insurance. [OCT.-2021]**

**Ans: -** Insurance is a contract between the Insurer(Insurance Company and Insured (Policy Holder) whereby the insurer agrees to compensate the insured against loss. The insured (policy holder) has to pay certain fixed sum (amount) of money on timely basis to the insurer (Insurance Company).

### **Principles of Insurance**

1. Principles of Utmost Good Faith
2. Principles of Insurable Interest
3. Principles of Indemnity
4. Principles of Subrogation
5. Principles of Contribution
6. Principles of Mitigation
7. Principles of Causa Proxima

1. Principles of Utmost Good Faith : -Utmost good faith means mutual trust and confidence. There must

- be mutual trust and confidence between both the parties (Policy Holder and Insurance Company)
1. The insured (policy holder) must provide complete, clear and correct information regarding subject matter of insurance to the insurer (insurance company). Similarly, Insurer (Insurance company) must provide relevant information regarding the terms and conditions of the contract. Failure to provide complete, correct and clear information may lead to non- settlement of claims. This principle is applicable to all insurance contract such as life, fire and marine insurance.
  2. Principle of insurable interest : - Insurable interest is the financial interest in the subject matter. The insured (policy holder) must have insurable interest in the subject matter. According to this principle, the existence of the property should provide financial benefit and non- existence creates the financial loss.  
This principle is applicable to all kinds of insurance such as life insurance, fire insurance and marine insurance. In life insurance, A person have insurable interest in his own life and property.  
In fire insurance, the shop keeper has insurable interest in his property i.e. godown or shop which is insured.  
In marine insurance, the exporter has insurable interest in which he is exporting the goods.  
In life insurance, the insurable exists at the time of taking the policy. In fire insurance and marine insurance, the insurable interest exists at the time of taking the policy and also at the time of event of loss.
  3. Principle of Indemnity : - Indemnity means guarantee to protect the loss by the insurer (insurance company) to the insured (policy holder) due to uncertain event. According to this principle, the insurance company provides the financial protection to the policy holder (insured) due to uncertain event.  
This principle is applicable to fire and marine insurance. It is not applicable to life insurance contract as loss of life can never be measured in monetary terms. In case of death of insured (policy holder), the actual sum assured (actual policy amount) is paid to the nominee of the insured.  
Under this principle, the insurer ( Insurance company) is liable to pay the compensation to the insured (policy holder) on the sum insured (policy amount) and the amount of actual loss whichever is less.
  4. Principle of subrogation: - Subrogation means transfer of ownership rights. According to this principle, once the compensation is received to the policy holder for the loss due to damage of property insured, then the rights of ownership of such damaged property passes on to the insurer ( insurance company).  
This is a corollary(similar) principle to the principle of indemnity which is applicable to fire and marine insurance and not to life insurance contract.
  5. Principle of Contribution : - Contribution means sharing of risks. Under this principle, the same subject matter is insured with two or more insurance companies. In this case, all the insurance companies are liable to pay the compensation proportionately.  
This a corollary(similar) principle to the principle of indemnity which is applicable to fire and marine insurance and not to life insurance contract.  
E.g. Mr. X insures his property with two insurance companies say 'A' Ltd. Rs.60000 and 'B' Ltd. Rs.40000. If the actual property destroyed by fire worth Rs. 40000. Then Mr. X can claim the full loss of Rs.40000 from Mr. A Rs. 20000 and Mr. B Rs.20000 i.e. in the proportion of 1: 1.
  6. Principle of Mitigation : -Mitigation means minimize the loss. Under this principle, it is the duty of the insured (policy holder) to take all possible steps to minimize the loss to the insured property on the happening of uncertain event. This a corollary(similar) principle to the principle of indemnity which is applicable to fire and marine insurance and not to life insurance contract.  
E. g. If a fire takes place , the insured must take necessary steps to put off the fire and to save the property as far as possible.
  7. Principle of Causa-Proxima:- Causa-Proxima means nearest cause/ proximate cause. According to this principle, the property may be insured against some causes and not against all causes. In such case, the nearest cause of loss is to be found out. If the nearest cause is insured, then the insurance company is bound to pay the compensation.  
This a corollary(similar) principle to the principle of indemnity which is applicable to fire and marine insurance and not to life insurance contract.  
E.g. a house was insured against risk of theft. There was a theft in the house and before leaving, the house was set on fire by thieves. Now, there are two causes of loss, theft and fire, and the nearest was loss by fire. Here, the insured (policy holder) will get compensation for the loss of property by theft because this is the nearest cause. But if the property is insured against the risk of loss. Then insurer (Insurance company) is not bound to pay the compensation because loss of property by fire is not a real cause..

[ Note: - Examples are given to the Principles for understanding purpose only. No need to write in the exam.]

#### 4.Explain the functions of marketing in detail. [OCT.-2021]

Need of marketing arises because of the increasing production and lower demand of goods and services over the years. Marketing is important where the competition is very high. There is need to use marketing to promote business. Without marketing, it is difficult to reach the potential customers.

According American Marketing Association, “ Marketing is the activity, set of institution and processes for creating, communicating, delivering and exchanging offerings that have value for customers, clients, partners and society at large.”.

Marketing functions help to study the needs of the consumers and facilitate to satisfy it. Following are some of the important functions of marketing. (Write at least 8 functions of marketing)

- 1.Marketing Research: - To identify the needs of the consumers, there is a need to collect information from the consumers and analysis the same is called Market Research. It helps to find out what do customers want to buy, when do consumers buy, in what quantity they want to buy and at what price.
- 2.Buying and Assembling: - This function is related to purchase of raw materials from various places and to bring them at one place for further processing and production.
- 3.Marketing Planning: - This function is concerned with preparing outline of market plan such as defining, determining and organizing the market aims and objectives of the business and preparing strategies to achieve those aims and objectives.
- 4.Product Development: - Every business organization is need to develop the product quality, standards, shape, design, colour, etc. Most of the consumers prefer to buy better and attractively designed products. Good design of the product gives competitive advantage to the business.
- 5.Standardization and Grading: - Standardization refers to determine standards related to process, size, quality, design, weight, colour, etc. of the product. It helps in ensuring uniformity in the quality of the product. Grading is the process of classification of products according to standard set up. Grading is done in case of agricultural products like wheat, rice, potatoes, etc.
- 6.Packaging and Labelling:- Attractive package and label can help to make product successful. Packaging refers to the use of bottles, plastic bags, tin, wooden boxes, container, etc.to reach the product to the ultimate consumers. It helps to avoiding breakage, damage, and destruction of the product. Label is a slip which is found on the product and provides all the information regarding the product and its Producer.
- 7.Brading: - Branding refers to giving a distinct name to product to identify the name of the manufacturer. It gives special identity to a product to differentiate it from competitor's product. Registered brands are known as 'Trademarks'. Trademarks cannot be copied.
- 8.Consumer Support Service: - Business needs to take every possible effort to provide support services to the Customer which help to gain customer's loyalty. The business can provide the support services like pre-sales service, after sales service, consumer helpline, technical assistance, product demonstration., etc.
- 9.Transportation: - Transportation means physical movement of goods from the place of production to the place of consumption. Place utility is created by transportation activity. Road, rail, water, air, pipelines are some of the important modes of transportation used by business.
- 10.Warehousing: - There is a time-gap between the production and consumption. Certain goods are produced throughout the year (e.g. umbrellas, raincoats) but consumed only in a particular season and some goods are seasonal (mango, apple) but they are demanded throughout the year. Goods should be stored carefully from the time they are produced till the time they are sold. Warehousing helps to maintain a smooth flow of goods. It also helps in stabilizing prices in the market. Warehousing creates time utility.

#### 5.Explain in detail 7P's of marketing.

Marketing Mix: - is the combination of different marketing variables that the firm blends and controls to achieve the desired result from the target market. The 4Ps of marketing mix were introduced by E.Jerome McCarthy in 1960. It was further extended by Booms & Bitner in 1981 by adding 3 new elements to the 4Ps Principles.

In simple words, the marketing mix is the putting the right product, at the right time, at the right price in the right place.(4 P's ). It is one of the important tool of the marketing.

There are two types of marketing mix- Product Marketing Mix (4 P's) and Service Marketing mix (7 P's).

- 1.Product: - Product refers to the goods or services that are offered to the customers for sale and are capable of

satisfying their needs. The products are tangible but services are intangible. The business need to decide the right type of product through extensive market research.

2. Price: - Price of the product is basically the amount that customer pays for the product. The business needs to take utmost care to decide the price of the product. If the prices are too high, it might to loose the customers but if the prices are too low, it might suffer losses.
3. Place: - Place is the element of marketing mix ensures that right product is distributed and made available to the potential buyers at right location and at the right time too.
4. Promotion: - Promotion is an important element of marketing as it creates brand recognition and sales. Promotion by adopting salesmanship and advertising through different schemes and benefits to attract the customers and to induce them to buy the product.
5. People: - People includes all individuals play a key role in offering the product or services to the customers. The people include employees who help to deliver services to the customer. For the success of business, it is necessary to recruit right people, train them, develop their skill and retain them for their services.
6. Process: - It refers to steps involved in delivering products and services to the customer. Good process helps to ensure same standard of service to the customer as well as save time and money by increasing efficiency.
7. Physical Environment: - refers to the marketing environment wherein the interaction between customer and firm takes place. In the service market, the physical evidence is important to ensure that the service is successfully delivered. Physical evidence affects the customer's satisfaction which includes location, layout, interior design, dress of the staff, how they act (perform), waiting area, etc.

#### **6. Define Marketing and explain in detail the concepts of marketing.**

Ans:- Marketing is the key function of modern management. Marketing has different meanings based on audience, media platform and business in changing market.

According to American Marketing Association, “ Marketing is the activity, set of institutions and processes for creating, communicating, delivering and exchanging offerings that have value for customers, clients, partners and society at large”.

Concept of Market: - To understand the term Marketing, it is necessary to understand the concept of ‘ market.’ The term market is derived from the Latin word ‘mercatus’ which means to ‘trade’ or ‘to trade merchandise’ or ‘ a place where business is transacted’.

There are many concepts associated with the word ‘market’ which are given below:

- 1 Place concept of Market: - Under this concept, the place where buyers, sellers and other intermediaries come together and transaction of buying and selling of goods and services takes place in exchange of money or money's worth.
- 2 Commodity concept of Market: - In this concept, the process of buying and selling of goods or services is important not the place of exchange. The buyer and seller as well as the commodity exchanged among them plays an important role.
3. Exchange concept of Market: - This concept of market has given emphasis on exchange of goods or services between buyer and seller with free consent as well as mutual trust. There should not be any fraud or misrepresentation during the exchange. The exchange should be voluntary between buyer and seller.
- 4 Area concept of Market: - This concept is related to the exchange market. Free association between buyers and sellers to fix the price of goods. The price fixed between buyer and seller in certain area only. It is not necessary for buyer and seller to meet personally. For fixing prices they can take help of different modern communication, media and exchange of goods and services.
- 5 Demand or Customer concept Market: - Customer is the king of the market. One of the important perspectives of the market is to assess the need or demand of the customer. According to this concept, the aggregate demand by potential buyers for any product is market.
- 6 Space or Digital concept of Market: - Technology gave birth to the new concept of market called space or digital concept of market. e-commerce Portals and mobile applications make the buying and selling easy and convenient for buyers and sellers. The communication media like telephone, mobile, computer, internet, etc. have made direct contact between buyer and seller. Digital Market can be defined as “ Market which uses Information Technology for buying and selling of the products or services.”