XII - STANDARD

COMMERCE

STUDY MATERIAL

(AS PER NEW EDITION)

PREPARED BY:

L.PANNEERSELVAM, M.COM.,B.ED.,M.PHIL.,SET.,
GOVERNMENT BOYS HIGHER SECONDARY SCHOOL,
SANTHUR, KRISHNAGIRI-DT.635206.
MOBILE NO: 8778305728.

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COMMERCE
CHAPTER -1 PRINCIPLES OF MANAGEMENT

I. Choose the Correct answers:

1. **Management is what a _______ does?**
   a) Manager b) Subordinate c) Supervisor d) Superior
2. **Management is an ________**
   a) Art b) Science **c) Art and Science** d) Art or Science
3. **Scientific management is developed by**
   a) Fayol **b) Taylor** c) Mayo d) Jacob
4. **Dividing the work into small tasks is known as**
   a) Discipline b) Unity **c) Division of work** d) Equity
5. **With a wider span, there will be _______ hierarchical levels.**
   a) More **b) Less** c) Multiple d) Additional

ANSWERS

1. a	**2. c**	**3. b**	**4. c**	**5. b**

II. Very short answer questions:

1. **What is Management?**
   Management is goal oriented and it is an art of getting things done with and through others.
2. **List out the management tools.**
   1. Accounting,
   2. Business law
   3. Psychology
   4. Statistics
   5. Econometric
   6. Data processing

3. State the meaning of Authority.
Authority means the right of a superior to give the order to his subordinates.

4. What do you mean by Span of management?
The Span of Management refers to the number of subordinates who can be managed efficiently by a superior.

III. Short answer questions:

1. Define the term management.
"To manage is to forecast, to plan, to organise, to command, to co-ordinate and to control."
- Henry Fayol.

(Or)

"Management is a multipurpose organ that manages a business and manages manager, and manages worker and work." **- Peter F. Drucker**:

2. Differentiate management from Administration. (any 3)

BASIS	MANAGEMENT	ADMINISTRATION
1. Authority	Middle and Lower Level	Top level
2. Role	Executive	Decisive
3. Concerned with	Policy Implementation	Policy Formulation
4. Key person	Manager	Administrator

3. What are the principles of Taylor?

1. Science, Not Rule of Thumb
2. Harmony, Not Discord
3. Mental Revolution
4. Cooperation, Not Individualism
5. Development of each and every person to his or her greatest efficiency and prosperity.

4. What determines the span of management?

- There is a wide and a narrow span of management.
- With the wider span, there will be less hierarchical levels, and thus, the organizational structure would be flatter.
- Whereas, with the narrow span, the hierarchical levels increase, hence the organizational structure would be tall.

IV. Long answer questions:

1. Explain the concept of management. (Any 5)

1. Body of Knowledge:
Management has now developed into a specialised body of management theory and philosophy. Management literature is growing in all countries.

2. Management Tools:

1. Accounting,	2. Business law	3.Psychology
4. Statistics	5. Econometric	6. Data processing

3. Separate Discipline:
Management studies in many universities and institutions of higher learning are recognised as a separate discipline. Since 1951, many specialised schools of management offering master‘s degree in business management and administration.

4. Specialisation:
There is a growing tendency to select and appoint highly qualified, trained and experienced persons to manage the business in each functional areas of management.

5. Code of Conduct:
Enlightened businessmen have recognised that business management is a social institution and it has social responsibilities to be fulfilled - towards customers, employees, and the public or community.

6. Professional Association:
The Business Management Associations in many countries to promote the spread of knowledge in all management areas and to build up the bright public image of managerial profession.

2. Explain the principles of modern management. (any 5)

1. Division of Work:
According to this principle the whole work is divided into small tasks. The specialization of the workforce according to the skills of a person, creating specific personal and professional development within the labour force and therefore increasing productivity; leads to specialization which increases the efficiency of labour.

2. Authority and Responsibility:
Authority means the right of a superior to give the order to his subordinates whereas responsibility means obligation for performance.

3. **Discipline:**
   It is obedience, proper conduct in relation to others, respect of authority, etc. It is essential for the smooth functioning of all organizations.
4. **Unity of Command:**
   This principle states that each subordinate should receive orders and be accountable to one and only one superior. If an employee receives orders from more than one superior, it is likely to create confusion and conflict.
5. **Unity of Direction:**
   All related activities should be put under one group, there should be one plan of action for them, and they should be under the control of one manager.

CHAPTER - 2 FUNCTIONS OF MANAGEMENT

I. Choose the Correct answers:

1. Which is the primary function of management?

a) Innovating b) Controlling **c) Planning** d) Decision-making

2. Which of the following is not a main function?

a) Decision-making b) Planning c) Organising d) Staffing

3. __________ is included in every managerial function.

a) Co-ordinating b) Controlling c) Staffing d) Organising

4. Which of the following is verification function?

a) Planning b) Organising c) Staffing **d) Controlling**

5. The goals are achieved with the help of ____

a) Motivation b) Controlling c) Planning d) Staffing

ANSWERS

1. c	**2. a**	**3. a**	**4. d**	**5. a**

II. Very Short Answer Questions:

1. Write a short note about Planning.

Planning refers to deciding in advance. Planning is a constructive reviewing of future needs so that present actions can be adjusted in view of the established goal.

2. What is meant by Motivation?

The goals are achieved with the help of motivation. Motivation includes increasing the speed of performance of a work and developing a willingness on the part of workers.

3. List the subsidiary functions of management.

1. Innovation 2. Representation 3. Decision-making 4. Communication

4. What is the Traditional proverb used in planning?

"Think Before you Act" (or) "Look Before you Leap"

III. Short Answer Questions:

1. List out the main functions of management?

1. Planning 2. Organising 3. Staffing 4. Directing,
5. Motivating 6. Controlling 7. Co-ordination

2. State the importance of staffing.

- Staffing function comprises the activities of selection and placement of competent personnel.
- In other words, staffing refers to placement of right persons in the right jobs.
- The success of any enterprise depends upon the successful performance of staffing function.

3. How the employees are informed about important matters in a company?

Communication is the transmission of human thoughts, views or opinions from one person to another person. Employees are kept informed of all necessary matters by circulars, instructions manuals, newsletters, notice-boards, meeting, participative mechanism etc.,

IV. Long Answer Questions:

1. Explain the various functions of management. (Any 5)

1. Planning:
Planning refers to deciding in advance. "Think Before you Act" (or) "Look Before you Leap" are the some of the traditional proverbs for planning.

2. Organising:
Organising is the process of establishing harmonious relationship among the members of an organisation and the creation of network of relationship among them.

3. Staffing:
Staffing function comprises the activities of selection and placement of competent personnel. In other words, staffing refers to placement of right persons in the right jobs.

4. Directing:
Directing denotes motivating, leading, guiding and communicating with subordinates on an ongoing basis in order to accomplish pre-set goals.

5. Motivating:
The goals are achieved with the help of motivation. Motivation includes increasing the speed of performance of a work and developing willingness on the part of workers. This is done by a resourceful leader.

6. Controlling:
Controlling is performed to evaluate the performance of employees and deciding increments and promotion decisions.

7. Co-ordination:
Grouped activities are co-ordinated towards the accomplishment of objectives of an organisation**.**

CHAPTER-3 MANAGEMENT BY OBJECT (MBO) MANAGEMENT BY EXCEPTION (MBE)

I. Choose the Correct answers:

1. __________ System gives full Scope to the Individual Strength and Responsibility.

a) MBO b) MBE c) MBM d) MBA

2. Which is the First step in Process of MBO?

a) Fixing Key Result Area b) Appraisal of Activities

c) Matching Resources with Activities **d) Defining Organisational Objectives**

3. __________ keeps Management Alert to Opportunities and Threats by Identifying Critical Problems.

a) MBA **b) MBE** c) MBM d) MBO

4. Delegation of Authority is Easily Done with the Help of __________.

a) MBM b) MBE **c) MBO** d) MBA

5. MBO is popularised in the USA by __________

a) Prof. Reddin **b) George Odiorne** c) Henry Fayol d) F.W Taylor

ANSWERS

1. a	**2. d**	**3. b**	**4. c**	**5. b**

II. Very Short Answer Questions:

1. What are the objectives of MBO?

- To measure and judge performance
- To relate individual performance to organisational goals

2. Bring out the meaning of MBE.

Management by exception is a style of business management that focuses on identifying and handling cases that deviate from the norm.

3. Mention any two advantages of MBO?

1. Systematic evaluation of performance is made with the help of MBO.
2. Delegation of authority is easily done with the help of MBO.

4. What is known as KRA?

Key result areas are fixed on the basis of organisational objectives premises. Key Result Areas (KRA) are arranged on a priority basis. KRA indicates the strength of an organisation.

III. Short Answer Questions:

1. Write the features of MBO.

1. MBO tries to combine the long run goals of organisation with short run goals.
2. Management tries to relate the organisation goals with society goals.
3. MBO's emphasis is not only on goals but also on effective performance.

2. What are the Process of MBE?

- Primarily, it is necessary to set objectives or norms with predictable or estimated results.
- These performances are assessed and get equated to the actual performance.
- Next, the deviation gets analysed. With an insignificant or no deviation, no action is required and senior managers can concentrate on other matters.

3. List out any three process of MBO.

1. Defining Organisational Objectives
2. Goals of Each Section
3. Fixing Key Result Areas

IV. Long Answer Questions:

1. What are the major advantages of MBO? (Any 5)

1. Systematic evaluation of performance is made with the help of MBO.
2. MBO gives the criteria of performance. It helps to take corrective action.
3. Delegation of authority is easily done with the help of MBO.
4. MBO motivates the workers by job enrichment and makes the jobs meaningful.
5. The responsibility of a worker is fixed through MBO.

2. What are the advantages of MBE? (Any 5)

1. It saves the time of managers because they deal only with exceptional matters.
2. It focuses managerial attention on major problems.
3. It facilitates delegation of authority.
4. It is a technique of separating important information from unimportant one.
5. MBE keeps management alert to opportunities and threats by identifying critical problems.
6. Management by exception provides better yardsticks for judging results. It is helpful in objective performance appraisal.

3. Discuss the disadvantages of MBE.

1. Only managers have the power over really important decisions, which can be demotivating for employees at a lower level.
2. Furthermore, it takes time to pass the issues to managers.
3. Managing employees who deviate from the normal procedures.
4. Because of compliance failures are considered difficult to manage.
5. Typically find themselves with limited job duties and ultimately dismissed/terminated.

CHAPTER-4 INTRODUCTION TO FINANCIAL MARKETS

I. Choose the Correct answers:

1. Financial market facilitates business firms

a) To rise funds b) To recruit workers

c) To make more sales d) To minimize fund requirement

2. Capital market is a market for

a) Short Term Finance b) Medium Term Finance

c) Long Term Finance d) Both Short Term and Medium Term Finance

3. Primary market is also called as

a) Secondary market b) Money market **c) New Issue Market** d) Indirect Market

4. Spot Market is a market where the delivery of the financial instrument and payment of cash occurs

a) Immediately b) In the future c) Uncertain d) After one month

5. How many times a security can be sold in a secondary market?

a) Only one time b) Two time c) Three times **d) Multiple times**

ANSWERS

1. a	**2. c**	**3. c**	**4. a**	**5. d**

II. Very Short Answer Questions:

1. What are the components of organized sectors?

1. Regulators 2. Financial Institutions 3. Financial Markets 4. Financial Service

2. What is Spot Market?

Cash/Spot Market is a market where the delivery of the financial instrument and payment of cash occurs immediately.

3. What is Debt Market?

Debt Market is the financial market for trading in Debt Instrument.

4. How is price decided in a Secondary Market?

Price decided in a Secondary Market is determined on the basis of demand and supply.

III. Short Answer Questions:

1. Give the meaning of Financial Market.

A market wherein financial instruments such as financial claims, assets and securities are traded is known as a 'financial market'.

2. Write a note on Secondary Market.

Secondary Market is the market for securities that are already issued. Stock Exchange is an important institution in the secondary market.

3. Bring out the scope of Financial Market in India.

- The financial market provides financial assistance to individuals, agricultural sectors, industrial sectors, service sectors, financial institutions.
- With the help of the financial market all the above stated individuals, institutions and the Government can get their required funds in time.
- Through the financial market the institutions get their short term as well as long term financial assistance. It leads to the overall economic development.

IV. Long Answer Questions:

1. Distinguish between New issue market and Secondary Market. (Any 5)

BASIS	NEW ISSUE MARKET	SECONDARY MARKET
1. Meaning	The market place for new shares is called primary market.	The place where formerly issued securities are traded is known as Secondary Market.
2. Buying	Direct	Indirect
3. Securities sold?	Only once	Multiple times
3. Gained person	Company	Investors
4. Intermediary	Underwriters	Brokers
5. Price	Fixed price	Fluctuates, depends on the demand and supply force

2. Enumerate the different types of Financial Markets. (Any 5)

1. Debt Market:
Debt Market is the financial market for trading in Debt Instrument (i.e. Government Bonds or Securities, Corporate Debentures or Bonds)

2. Money Market:
Money Market is the market for short term financial claim (usually one year or less)
E.g. Treasury Bills, Commercial Paper, Certificates of Deposit

3. Capital Market:
Capital Market is the market for long term financial claim more than a year
E.g. Shares, Debentures

4. Cash/Spot Market:
Spot Market is a market where the delivery of the financial instrument and payment of cash occurs immediately. i.e. settlement is completed immediately.

5. Forward or Futures Market:
Forward or Futures Market is a market where the delivery of asset and payment of cash takes place at a pre-determined time frame in future.

3. Discuss the role of Financial Market.

1. Savings Mobilization:
Obtaining funds from the savers or 'surplus' units such as household individuals, business firms, public sector units, Government is an important role played by financial markets.

2. Investment:
Financial market plays a key role in arranging the investment of funds thus collected, in those units which are in need of the same.

3. National Growth:
Financial markets contribute to a nation's growth by ensuring an unfettered flow of surplus funds to deficit units.

4. Entrepreneurship Growth:
Financial markets contribute to the development of the entrepreneurial class by making available the necessary financial resources.

5. Industrial Development: The different components of financial markets help an accelerated growth of industrial and economic development of a country.

CHAPTER-5 CAPITAL MARKET

I. Choose the Correct answers:

1. **Capital market do not provide**
   a) Short term Funds b) Debenture Funds c) Equity Funds d) Long term Funds
2. **When the NSEI was established**
   a) 1990 **b) 1992** c) 1998 d) 1997
3. **Primary market is a Market where securities are traded in the**
   a) First Time b) Second Time c) Three Time d) Several Times
4. **Participants in the Capital Market includes**
   a) Individuals b) Corporate c) Financial Institutions **d) All of the above**
5. **The _______ was set up by a premier financial institution to allow the trading of securities across the electronic counters throughout the country.**
   a) OTCEI b) Factoring c) Mutual Funds d) Venture Funds Institutions

ANSWERS

1. a	**2. b**	**3. a**	**4. d**	**5. a**

II. Very Short Answer Questions:

1. What is Capital Market?

Capital market is a market where buyers and sellers engage in trade of financial securities like bonds, and stocks.

2. Write a note on OTCEI.

The OTCEI was set up by a premier financial institution to allow the trading of securities across the electronic counters throughout the country.

3. Who are the participants in a Capital Market?

1. Individuals 2. Corporate sectors 3. Government Banks 4. Financial Institutions.

4. How is price determined in a Capital Market?

Price determined in the Capital Market is based upon demand and supply.

III. Short Answer Questions:

1. What are the various kinds of Capital Market? Explain (any 3)

1. Primary Market:

Primary market is a market for new issues or new financial claims. Hence, it is also called New Issue Market.

2. Secondary Market:

Secondary Market may be defined as the market for old securities, in the sense that securities which are previously issued in the primary market are traded here.

2. Explain any two functions of Capital Market.

1. Savings and Capital Formation:

In capital market, various types of securities help to mobilize savings from various sectors of population (Individuals, Corporate, Govt., etc.).

2. Development of Backward Areas:

Capital Markets provide funds for projects in backward areas. This facilitates economic development of backward areas.

3. Explain about Factoring and Venture Capital Institutions.

1. Factoring:

The factoring institutions collect the book debts for and on behalf of its clients.

2. Venture Capital:

Venture capital financing is a form of equity financing designed especially for funding new and innovative project ideas. Venture capital funds bring into force the hi- technology projects which are converted into commercial production.

IV. Long Answer Questions:

1. Discuss the characters of a Capital Market.

1. Securities Market:

The dealings in a capital market are done through the securities like shares, debentures, etc. The capital market is thus called securities market.

2. Price:

The price of the securities is determined based on the demand and supply prevailing in the capital market for securities.

3. Participants:

The participants of the capital market include individuals, corporate sectors, Government banks and other financial institutions.

4. Location:

Capital market is not confined to certain specific locations, although it is true that parts of the market is concentrated in certain well- known centres known as Stock Exchanges.

5. Market for Financial Assets:

Capital market provides a transaction platform for long term financial assets.

2. Briefly explain the functions of Capital Market. (Any 5)

1. Savings and Capital Formation:

In capital market, various types of securities help to mobilize savings from various sectors of population.

2. Permanent Capital:

The existence of a capital market/stock exchange enables companies to raise permanent capital.

3. Industrial Growth:

The stock exchange stimulates industrial growth and economic development of the country by mobilizing funds for investment in the corporate securities.

4. Reliable Guide to Performance:

The capital market serves as a reliable guide to the performance and financial position of corporate, and thereby promotes efficiency.

5. Development of Backward Areas:

Capital Markets provide funds for projects in backward areas. This facilitates economic development of backward areas.

3. Explain the various types of New Financial Institutions. (Any 5)

1. **Venture Fund Institutions:**
   Venture capital financing is a form of equity financing designed especially for funding new and innovative project ideas.
2. **Mutual Funds:**
   Financial institutions that provide facilities for channelling savings of small investors into avenues of Productive investments are called 'Mutual Funds'.
3. **Factoring Institutions:**
   The factoring institutions collect the book debts for and on behalf of its clients.
4. **Over the Counter Exchange of India (OTCEI):**
   The OTCEI was set up by a premier financial institution to allow the trading of securities across the electronic counters throughout the country.
5. **National Stock Exchange of India Limited (NSEI)**
   NSEI was established in 1992 to function as a model stock exchange. The Exchange aims at providing the advantage of nation- wide electronic screen based "scripless" and "floorless" trading system in securities.

CHAPTER-6 MONEY MARKET

I. Choose the Correct answers:

1. The money invested in the call money market provides high liquidity with ___________.

a) Low Profitability b) High Profitability
c) Limited Profitability d) Medium Profitability

2. A major player in the money market is the _________________.

a) Commercial Bank b) Reserve Bank of India c) State Bank of India d) Central Bank.

3. Debt Instruments are issued by Corporate Houses are raising short-term financial resources from the money market are called __________.

a) Treasury Bills **b) Commercial Paper**
c) Certificate of Deposit d) Government Securities

4. The market for buying and selling of Commercial Bills of Exchange is known as a ____.

a) Commercial Paper Market b) Treasury Bill Market
c) Commercial Bill Market d) Capital Market

5. A marketable document of title to a time deposit for a specified period may be referred to as a __________.

a) Treasury Bill **b) Certificate of Deposit**
c) Commercial Bill d) Government. Securities

ANSWERS

1. a	2. a	3. b	4. c	5. b

II. Very Short Answer Questions:

1. What is a CD market?

Certificate of Deposits are short-term deposit instruments issued by banks and financial institutions to raise large sums of money.

2. What is Government Securities Market?

A market whereby the Government or gilt-edged securities can be bought and sold is called 'Government Securities Market'.

3. What do you meant by Auctioning?

A method of trading whereby merchants bid against one another and where the securities are sold to the highest bidder is known as 'auctioning'.

4. What do you meant by Switching?

The purchase of one security against the sale of another security carried out by the RBI in the Secondary market as part of its open market operations is described as 'Switching'.

III. Short Answer Questions:

1. What are the features of Treasury Bills? (Any 3)

1. Issuer 2. Finance Bills 3. Liquidity 4. Vital Source 5. Monetary Management

2. Who are the participants of Money Market? (Any 3)

1. Government of different countries
2. Central Banks of different countries
3. Private and Public Banks
4. Mutual Funds Institutions
5. Insurance Companies
6. Non-Banking Financial Institutions
7. RBI and SBI
8. Commercial Banks
9. State Governments
10. Public

3. Explain the types of Treasury Bills? (Any 3)

1. 91 days Treasury Bills

Ninety-one days Treasury Bills are issued at a fixed discount rate of 4 per cent as well as through auctions.

2. 182 days Treasury Bills

The RBI holds 91 days and 182 Treasury Bills and they are issued on tap basis throughout the week.

3. 364 days Treasury Bills

364 days Treasury Bills do not carry any fixed rate. The discount rate on these bills are quoted in auction by the participants and accepted by the authorities. Such a rate is called cut off rate.

4. What are the types of Commercial Bill? (Any 3)

1. Demand Bills
2. Clean bills and documentary Bills
3. Inland bills and Foreign Bills
4. Indigenous Bills
5. Accommodation Bills

IV. Long Answer Questions:

1. Differenciate between the Money Market and Capital Market. (Any 5)

Sl.No	FEATURES	MONEY MARKET	CAPITAL MARKET
1.	**Duration of Funds**	It is a market for short-term funds for a period of not exceeding one year.	It is a market for long-term funds exceeding period of one year.
2.	**Place of Transaction**	Transactions mostly take place over the phone and there is no formal place.	Transactions take place at a formal place. Eg. Stock Exchange.
3.	**Risk**	Low credit and market risk.	High credit and market risk
4.	**Liquidity**	High liquidity	Low liquidity
5.	**Underwriting**	Not a primary function.	It is a primary function.

2. Explain the characteristics of Money Market? (Any 5)

1. Short-term Funds:

It is a market purely for short-term funds or financial assets called near money.

2. Maturity Period:

It deals with financial assets having a maturity period up to one year only.

3. Conversion of Cash:

It deals with only those assets which can be converted into cash readily without loss and with minimum transaction cost.

4. No Formal Place:

Generally, transactions take place through phone there is no formal place

5. Sub-markets:

It is not a single homogeneous market. It comprises of several sub-markets each specialising in a particular type of financing.

3. What are the characteristics of Government Securities? (Any 5)

1. Agencies

Government securities are issued by agencies such as Central Government, State Governments, semi-government authorities like local Government authorities,

2. RBI Special Role:

RBI takes a special and an active role in the purchase and sale of these securities as part of its monetary management exercise.

3. Nature of Securities:

Securities offer a safe avenue of investment through guaranteed payment of interest and repayment of principal by the Government.

4. Switching

The purchase of one security against the sale of another security carried out by the RBI in the secondary market as part of its open market operations is described as 'Switching'.

5. Auctioning:

A method of trading whereby merchants bid against one another and where the securities are sold to the highest bidder is known as 'auctioning'.

CHAPTER-7 STOCK EXCHANGE

I. Choose the Correct answers:

1. _______ is the oldest stock exchange in the world.

a) London Stock Exchange b) Bombay Stock Exchange
c) National Stock Exchange **d) Amsterdam Stock Exchange**

2. There are _____ stock exchange in the country.

a) 21 **b) 24** c) 20 d) 25

3. Jobbers transact in a stock exchange

a) For their Clients **b) For their Own Transactions**
c) For other Brokers d) For other Members

4. A pessimistic speculator is

a) Stag **b) Bear** c) Bull d) Lame Duck

5. An optimistic speculator is

a) Bull b) Bear c) Stag d) Lame duck

ANSWERS

1. d	**2. b**	**3. b**	**4. b**	**5. a**

II. Very Short Answer Questions:

1. What is meant Stock Exchange?

Stock Exchange is an organized market for the purchase and sale of industrial and financial security.

2. Write any 5 Stock Exchanges in India.

1. The Bombay Stock Exchange
2. The Delhi Stock Exchange Association Ltd.
3. The Madras Stock Exchange Ltd.
4. The Calcutta Stock Exchange Association Ltd.
5. Bangalore Stock Exchange Ltd.

3. What is meant by Remisier?

He acts as an agent of a member of a stock exchange. He obtains business for his principal i.e., the member and gets a commission for that service.

4. Who is called a Broker?

Brokers are commission agents, who act as intermediaries between buyers and sellers of securities.

5. What are the types of Speculators?

1. Bull 2. Bear 3. Stag 4. Lame Duck

III. Short Answer Questions:

1. What are the limitations of Stock exchange? (Any 3)

1. Lack of uniformity and control of stock exchanges.
2. Absence of restriction on the membership of stock exchanges.
3. Failure to control unhealthy speculation.
4. Allowing more than one charge in the place.

2. Explain Bull and Bear.

1. Bull:

- A Bull or **"Teji Wala"** is an operator who expects a rise in prices of securities in the future.
- He is called bull because just like a bull tends to throw his victim up in the air, the bull speculator stimulates the price to rise.
- He is an optimistic speculator.

2. Bear:

- A bear or **"Mandi Wala"** speculator expects prices to fall in future and sells securities at present with a view to purchase them at lower prices in future.
- A bear usually presses its victim down to ground. Similarly the bear speculator tends to force down the prices of securities.
- A bear is a pessimistic speculator.

3. Explain Stag and Lame Duck.

1. Stag:

- A stag is a cautious speculator in the stock exchange.
- He applies for shares in new companies and expects to sell them at a premium, if he gets an allotment.
- He is also called a premium hunter.

2. Lame Duck:

- When a bear finds it difficult to fulfil his commitment, he is said to be struggling like a lame duck. A bear speculator contracts to sell securities at a later date.
- On the appointed time he is not able to get the securities as the holders are not willing to part with them. In such situations, he feels concerned.
- Moreover, the buyer is not willing to carry over the transactions.

IV. Long Answer Questions:

1. Explain the functions of Stock Exchange. (Any 5)

1. Ready and Continuous Market:
Stock Exchange is, in fact, a market for existing securities. If an investor wants to sell his securities, he can easily and quickly dispose them off on a stock exchange.

2. Correct Evaluation of Securities:
The prices at which securities are bought and sold are recorded and made public. These prices are called "market quotations". One can easily evaluate the worth of one's securities on the basis of these quotations.

3. Protection to Investors:
All dealings in a stock exchange are in accordance with well-defined rules and regulations. So investor's interest is protected.

4. Proper Canalisations of Capital:
People like to invest in the shares of such companies which yield good profits. The savings of individuals are directed towards promising companies which declare good dividends over a period of time.

5. Facilities for Speculation:

Speculation is an integral part of stock exchange operations. As a result of speculation, demand for and supplies of securities are equalized. Similarly, price movements are rendered smoothly.

2. Explain the features of Stock Exchange. (Any 5)

1. Market for Securities:

Stock exchange is a market, where securities of corporate bodies, government and semi-government bodies are bought and sold.

2. Deals in Second Hand Securities:

It deals with shares, debentures bonds and such securities already issued by the companies. In short, it deals with existing or second-hand securities and hence it is called secondary market.

3. Regulates Trade in Securities:

Stock exchange regulates the trade activities so as to ensure free and fair trade.

4. Allows Dealings only in Listed Securities:

In fact, stock exchanges maintain an official list of securities that could be purchased and sold on its floor. Unlisted securities cannot be traded in the stock exchange.

5. Financial Barometers:

Stock exchanges are the financial barometers and development indicators of national economy of the country.

3. Distinguish between Stock Exchange and Commodity Exchange (Any 5).

Sl.No	FEATURE	STOCK EXCHANGE	COMMODITY EXCHANGE
1	**Meaning**	Organized market for the purchase and sale of industrial and financial security.	A commodity exchange is an exchange, where commodities are traded.
2	**Function**	Providing easy marketability	Offering hedging or price insurance services and liquidity to securities.
3	**Participants**	Investors and Speculators	Producers, dealers, traders and a body of speculators.
4	**Cornering**	Cornering is easy	Cornering is difficult
5	**Price Quotation**	Only one quotation is possible	Multiple quotations are possible

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CHAPTER-8 SECURITIES EXCHANGEBOARD OF INDIA (SEBI)

I. Choose the Correct answers:

1. Securities Exchange Board of India was first established in the year ____
a) 1988 b) 1992 c) 1995 d) 1998

2. The headquarters of SEBI is _______
a) Calcutta **b) Bombay** c) Chennai d) Delhi

3. Registering and controlling the functioning of collective investment schemes as _______
a) Mutual Funds b) Listing c) Rematerialisation d) Dematerialization

4. SEBI is empowered by the Finance ministry to nominate ______ members on the Governing body of every stock exchange.
a) 5 **b) 3** c) 6 d) 7

5. Trading is dematerialized shares commenced on the NSE is ________
a) January 1996 b) June 1998 **c) December 1996** d) December 1998

ANSWERS

1. a	2. b	3. a	4. b	5. c

II. Very Short Answer Questions:

1. Write a short note on SEBI.
Securities and exchange board of India (SEBI) is an apex body that maintains and regulates our capital market. It was established in 1988 by Indian government but got the statutory powers in 1992.

2. Write any two objectives of SEBI.
1. Regulation of Stock Exchanges
2. Protection to the Investors

3. Mention the headquarters of SEBI.
SEBI has its headquarters at the business district of BandraKurla Complex in Mumbai, and has Northern, Eastern, Southern and Western Regional Offices in New Delhi,

4. What are the various ID proofs?
1. Ration card 2.Passport 3. Voter ID card 4. Driving license
5. Bank passbook or bank statement 6. Electricity bills 7. Residence telephone bills

III. Short Answer Questions:

1. What is meant by Dematerialization?
- Dematerialization is the process by which physical share certificates of an investor are taken back by the company/registrar and destroyed.
- Then an equivalent number of securities in the electronic form are credited to the investors account with his Depository Participant.

2. What are the documents required for a Demat account?
- You need to submit proof of identity and address along with a passport size photograph and the account opening form.
- Only photo copies of the documents are required for submission, but originals are also required for verification.

3. **Draw the organization structure of SEBI**.

IV. Long Answer Questions:

1. What are the functions of SEBI? (any 5)

1. Safeguarding the interests of investors by means of adequate education and guidance.
2. Regulating and controlling the business on stock markets.
3. Conduct inspection and inquiries of stock exchanges, intermediaries and self-regulating organizations and to take appropriate measures wherever required.
4. Barring insider trading in securities.
5. Prohibiting deceptive and unfair methods used by financial intermediaries operating in securities markets.
6. Registering and controlling the functioning of stock brokers,

2. Explain the powers of SEBI. (Any 5)

1. **Powers Relating to Stock Exchanges & Intermediaries**
   SEBI has wide powers regarding the stock exchanges and intermediaries dealing in securities. It can ask information from the stock exchanges and intermediaries regarding their business transactions for
   inspection or scrutiny and other purpose.
2. **Power to Impose Monetary Penalties**
   SEBI has been empowered to impose monetary penalties on capital market intermediaries and other participants for a range of violations. It can even impose suspension of their registration for a short period.
3. **Power to Initiate Actions in Functions Assigned**
   SEBI has a power to initiate actions in regard to functions assigned. For example, it can issue guidelines to different intermediaries or can introduce specific rules for the protection of interests of investors.
4. **Power to Regulate Insider Trading**
   SEBI has power to regulate insider trading or can regulate the functions of merchant bankers.
5. **Powers under Securities Contracts Act**
   For effective regulation of stock exchange, the Ministry of Finance issued a Notification on 13 September, 1994 delegating several of its powers under the Securities Contracts (Regulations) Act to SEBI.

CHAPTER-9 FUNDAMENTALS OF HUMAN RESOURCE MANAGEMENT

I. Choose the Correct answers:

1. Human resource is a _________ asset.

a) Tangible **b) Intangible** c) Fixed d) Current

2. Human Resource management is both _________ and _________ .

a) Science and art b) Theory and practice
c) History and Geography d) None of the above

3. Planning is a _________ function.

a) Selective **b) pervasive** c) both a and b d) none of the above

4. Human resource management determines the _________ relationship.

a) Internal, External **b) Employer, employee** c) Owner, Servant d) Principle, Agent

5. Labour turnover is the rate at which employees _________ the organisation

a) Enter **b) Leave** c) Salary d) None of the above

ANSWERS

1. b	**2. a**	**3. b**	**4. b**	**5. b**

II. Very Short Answer Questions:

1. What is Human Resource Management?

The branch of management that deals with managing human resource is known as Human Resource Management.

2. State two features of HRM.

1. Universally relevant: Human Resource Management has universal relevance.
2. **Goal oriented:** The accomplishment of organisational goals is made possible through best utilisation of human resource in an organisation.

3. Mention two characteristics of Human Resource.

1. Human resource alone can think, act, analyse and interpret
2. Human resources are emotional beings.

4. What are the managerial functions of HRM.

1. Planning 2. Organising 3. Directing 4. Controlling

III. Short Answer Questions:

1. Define the term Human Resource Management.

According to E.F.L.Brech HRM as that part of management process which is primarily concerned with the Human constituents of an organisation.

2. What are the characteristics of Human resources? (Any 3)

1. Human resource alone can think, act, analyse and interpret
2. Human resources are emotional beings.
3. Human resources are movable

3. What is the significance of Human resource? (Any 3)

1. It is only through human resource all other resources are effectively used.
2. Industrial relations depend on human resource.
3. Human relations is possible only through human resource

IV. Long Answer Questions:

1. Explain the characteristics of Human Resource (Any 5).

1. Human resource is the only factor of production that lives.
2. Human resource created all other resources
3. Human resource alone can think, act, analyse and interpret
4. The behaviour of human resources are unpredictable
5. Human resources are movable
6. Human resource can work as a team

2. Describe the significance of Human Resource Management (any 5).

1. **To identify manpower needs:**
   Determination of manpower needs in an organisation is very important as it is a form of investment. The number of men required are to be identified accurately to optimise the cost.
2. **To incorporate change:**
   Change is constant in any organisation and this change has to be introduced in such a way that the human resource management acts as an agent to make the change effective.
3. **To select right man for right job:**
   Human resource management ensures the right talent available for the right job, so that no employee is either under qualified or over qualified.
4. **To update the skill and knowledge:**
   Managing human resource plays a significant role in the process of employee skill and knowledge enhancement to enable the employees to remain up to date through training and development programmes.
5. **To appraise the performance of employees:**
   Periodical appraisal of performance of employees through human resource management activities boost up good performers and motivates slow performers.

3. Discuss the Operative functions HRM.

1. **Procurement:**
   Acquisition deals with job analysis, human resource planning, recruitment, selection, placement, transfer and promotion.
2. **Development:**
   Development includes performance appraisal, training, executive development, career planning and development, organisational development.
3. **Compensation:**
   It deals with job evaluation, wage and salary administration, incentives, bonus, fringe benefits and social Security schemes
4. **Retention:**
   This is made possible through health and safety, welfare, social security, job satisfaction and quality of work life.
5. **Integration:**
   It is concerned with those activities that aim to bring about reconciliation between personal interest and organisational interest.
6. **Maintenance:** This encourages employees to work with job satisfaction, reducing labour turnover, accounting for human resource and carrying out audit and research.

CHAPTER-10 RECRUITMENT METHODS

I. Choose the Correct answers:

1. Recruitment is the process of identifying ______

a) Right man for right job b) good performer
c) Right job d) All of the above

2. Recruitment bridges gap between _____and ________

a) Job seeker and job provider b) Job seeker and agent
c) Job provider and owner d) Owner and servant

3. Advertisement is a ________ source of recruitment

a) Internal **b) External** c) Agent d) Outsourcing

4. Transfer is an ________ source of recruitment.

a) Internal b) External c) Outsourcing d) None of the above

5. E-recruitment is possible only through ________ facility.

a) Computer **b) Internet** c) Broadband d) 4G

ANSWERS

1. a	**2. a**	**3. b**	**4. a**	**5. b**

II. Very Short Answer Questions:

1. Give the meaning of Recruitment.

Recruitment is the process of finding suitable candidates for the various posts in an organisation.

2. What is promotion?

Based on seniority and merits of the employees they are given opportunity to move up in the organisational hierarchy.

3. Write any two internal sources of recruitment.

1. Transfer 2. Upgrading 3. Promotion 4. Demotion

4. What is meant by Poaching?

Organisations instead of training and developing their own employees hire employees of other competitive companies by paying them more both financial and non financial benefits. It is also called raiding.

III. Short Answer Questions:

1. What is meant by unsolicited applicants?

These are the applications of job seekers who voluntarily apply for the vacancies not yet notified by the organisations.

2. What is meant by job portals?

Using internet job portals organisations can screen for the prospective candidates and fill up their vacancies.

3. State the steps in Recruitment process outsourcing.

1. Requirement Understanding
2. Adverse & Source
3. Screening
4. Validation
5. Profile submission
6. Interview Process & Feedback
7. Selection & Follow-up

IV. Long Answer Questions:

1. Explain the Internal sources of Recruitment (Any 5).

1. Transfer:
The simplest way by which an employee requirement can be filled is through transfer of employee from one department with surplus staff to that of another with deficit staff.

2. Upgrading:
Performance appraisal helps in the process of moving employees from a lower position to a higher position

3. Promotion:
Based on seniority and merits of the employees they are given opportunity to move up in the organisational hierarchy.

4. Demotion:
Movement of employee from a higher position to a lower position because of poor performance continuously to make him realise the significance of performance.

5. Retention:
The retiring employees can be used to meet the requirement after superannuation as per management discretion

2. Explain the External sources of Recruitment (Any 5).

1. Advertisements:
The employer can advertise in dailies, journals, magazines etc. about the vacancies in the organisation

2. Unsolicited applicants:
These are the applications of job seekers who voluntarily apply for the vacancies not yet notified by the organisations.

3. Walkins:
Walk-in applicants with suitable qualification and requirement can be another source of requirement.

4. Campus Recruitment:
The organisations visit the educational institutions to identify and recruit suitable candidates.

5. Recruitment at Factory gate:
Usually casual or temporary unskilled employees are recruited by this way. They are recruited at factory gate and paid on hourly or daily basis.

3. What is the Recent trends in Recruitment?

1. Outsourcing:
There are outsourcing firms that help in the process of recruiting through screening of applications and finding the right person for the job for which job they are paid service charges.

2. Poaching:
Organisations instead of training and developing their own employees hire employees of other competitive companies by paying them more both financial and non financial benefits. It is also called raiding.

CHAPTER-11 EMPLOYEE SELECTION PROCESS

I. Choose the Correct answers:

1. The recruitment and Selection Process aimed at right kind of people.

a) At right people b) At right time c) To do right things **d) All of the above**

2. Selection is usually considered as a ___________ process

a) Positive **b) Negative** c) Natural d) None of these

3. Which of the following test is used to measure the various characteristics of the candidate?

a) Physical Test **b) Psychological Test** c) Attitude Test d) Proficiency tests

4. The process of eliminating unsuitable candidate is called

a) Selection b) Recruitment c) Interview d) Induction

5. Job first man next is one of the principles of ___________.

a) Test b) Interview c) Training **d) placement**

ANSWERS

1. d	**2. b**	**3. b**	**4. a**	**5. d**

II. Very Short Answer Questions:

1. What is selection?

Selection is the process of choosing the most suitable person for the vacant position in the organization.

2. What is an interview?

Interview represents a face-to-face interaction between the interviewer and interviewee.

3. What is intelligence test?

Intelligence tests are one of the psychological tests, that is designed to measure a variety of mental ability, individual capacity of a candidate.

4. What do you mean by placement?

The process of placing the right man on the right job is called 'Placement'.

III. Short Answer Questions:

1. What is stress interview?

This type of interview is conducted to test the temperament and emotional balance of the candidate interviewed. Interviewer deliberately creates stressful situation by directing the candidate to do irrational and irritating activities.

2. What is structured interview?

Under this method, a series of question to be asked by the interviewer are pre-prepared by the interviewer and only these questions are asked in the interview.

3. Name the types of selection test?

SELECTION TEST

ABILITY TESTS	**PERSONALITY TESTS**
1. APTITUDE TESTS	1. INTEREST TESTS
2. ACHIVEMENT TESTS	2. PERSONALITY TESTS
3. INTELLIGENCE TESTS	3. PROJECTIVE TESTS
4. JUDGEMENT TESTS	4. ATTITUDE TESTS

4. What do you mean by achievement test?

This test measures a candidate's capacity to achieve in a particular field. It is also called 'Proficiency test'. This test is conducted before, during or after a learning experience.

IV. Long answer questions:

1. Briefly explain the various types of tests. (Any 5)

1. Aptitude test:

Aptitude test is a test to measure suitability of the candidates for the post/ role. It actually measures whether the candidates possess a set of skills required to perform a given job.

2. Achievement Test:

This test measures a candidate's capacity to achieve in a particular field. In other words this test measures a candidate's level of skill in certain areas, accomplishment and knowledge in a particular subject.

3. Intelligence Test:

Intelligence tests are one of the psychological tests, that is designed to measure a variety of mental ability, individual capacity of a candidate.

4. Judgment Test:

This test is conducted to test the presence of mind and reasoning capacity of the candidates.

5. Interest Test:

Interest test measures a candidate's extent of interest in a particular area chosen by him/ her so that Organization can assign the job suited to his/her in term.

2. Explain the important methods of interview (Any 5).

1. Screening / Telephone Interview:

Where the candidates live far away from organization and find it difficult to attend preliminary interview for various reasons, telephone interview is conducted by some organization to eliminate unfit and unsuitable candidate at the preliminary stage itself.

2. Stress interview:

This type of interview is conducted to test the temperament and emotional balance of the candidate interviewed. Interviewer deliberately creates stressful situation by directing the candidate to do irrational and irritating activities.

3. **Structure/Guided/Planned Interview:**

Under this method, a series of question to be asked by the interviewer are pre-prepared by the interviewer and only these questions are asked in the interview.

4. Unstructured Interview:

This is quite contrary to structured interview. An atmosphere for free and frank interaction is created in the interview environment.

5. Online Interview:

Interviews are conducted by means of internet via Skype, WeChat, Google duo, Viber, WhatsApp or Video chat applications.

3. Differentiate Recruitment and Selection. (Any 5)

Sl.No	Basis	Recruitment	Selection
1.	**Meaning**	Recruitment is an activity of searching candidates and encouraging them to apply for it.	Selection refers to the process of selecting the suitable candidates and offering them job.
2.	**Sequence**	First	Second
3.	**Method**	It is an economical method	It is an expensive method
4.	**Process**	Process is very simple	process is very complex and complicated
5.	**Time**	Less time is required	More time is required

CHAPTER-12 EMPLOYEE TRAINING METHOD

I. Choose the Correct answers:

1. Off the Job training is given

a) In the class room b) On off days **c) Outside the factory** d) In the playground

2. Improves Skill Levels of employees to ensure better job performance

a) Training b) Selection c) Recruitment d) Performance appraisal

3. When trainees are trained by supervisor or by superior at the job is called

a) Vestibule training b) Refresher training c) Role play **d) Apprenticeship training**

4. ________ is useful to prevent skill obsolescence of employees

a) Training b) Job analysis c) Selection d) Recruitment

5. Training methods can be classified into ________ and ________ training.

a) Job rotation and Job enrichment **b) On the Job and Off the Job**

c) Job analysis and Job design d) Physical and mental

ANSWERS

1.	**c**	**2.**	**a**	**3.**	**d**	**4.**	**a**	**5.**	**b**

II. Very Short Answer Questions:

1. What is meant by training?

Training is the act of increasing / enhancing the new skill of problem-solving activity and technical knowledge of an employee for doing the jobs them self.

2. What is Mentoring training method?

Mentoring is the process of sharing knowledge and experience of an employee. Mentoring is always done by senior person, it is also one-to-one interaction, like coaching.

3. What is Role play?

Under this method trainees are explained the situation and assigned roles. They have to act out the roles assigned to them without any rehearsal. There are no pre-prepared dialogues. Thus, they have to assume role and play the role without any preparation.

4. State e-learning method?

E learning is the use of technological process to access of a traditional classroom or office. E learning is also often referred to us online learning or web-based training**.**

III. Short Answer Questions:

1. What is vestibule training?

Vestibule training is training of employees in an environment similar to actual work environment artificially
created for training purpose.

2. What do you mean by on-the-job Training?

On the job training refers to the training which is given to the employee at the work place by his immediate supervisor. It is based on the principle of "Learning by Doing and Learning While Earning".

3. Write down various steps in a training programme.

1. Whom to Train? 2. Who is the Trainee? 3. Who are Trainers?
4. What Method will be used for Training?
5. What should be Level the Training? 6. Where to Conduct the Training Programme?

4. Write short note on trainer and trainee.

Trainer:

Trainer is a person who teaches skills to employee and prepare them for a job activity.

Trainee:

A person who is learning and practising the skills of particular job is called trainee.

IV. Long Answer Questions:

1. Discuss various types of training. (Any 5)

1. Coaching Method:

In the coaching method of training, the superior teaches or guides the new employee about the knowledge and skills relevant to a given job.

2. Mentoring method:

Mentoring is the process of sharing knowledge and experience of an employee. Mentoring is always done by senior person, it is also one-to-one interaction, like coaching.

3. Job Rotation Method

A trainee is periodically shifted from one work to another work and from one department / division to another department / division for a particular period of time.

4. Job Instruction Techniques (JIT) Method:

In this method, a trainer at the supervisory level gives some instructions to an employees to how to perform his job and its purpose.

5. Apprenticeship Training Method:

The apprentice or trainee learns the job knowledge and skills from the trainer or superior or senior worker.

2. What are the difference between on the job training and off the job training? (Any 5)

Basis	On the Job Training	Off the Job Training
1. Meaning	The employee learns the job in the actual work environment.	Off the Job training involves the training of employees outside the actual work location
2. Cost	It is cheapest to carry out	It requires expenses like separate training rooms, specialist, resources like projectors.
3. Location	At the work place	Away from the work place
4. Approach	Practical approach	Theoretical approach
5. Principle	Learning by performing	Learning by acquiring knowledge

3. Explain the benefits of training. (2 points from each heading)

i) Benefits to the Organization:

1. It improves the skill of employees and enhances productivity and profitability of entity.
2. It reduces labour turnover of employee.

ii) Benefits to the Employees:

1. It improves the employee’s productivity.
2. It builds up the confidence of employee by changing his attitude positively.
3. It enhances the morale of the employee.

iii) Benefits of Customer:

1. Customers get better quality of product / service.
2. Customers get innovative products or value added or feature rich products.

CHAPTER-13 CONCEPT OF MARKET AND MARKETER

I. Choose the Correct answers:

1. One who promotes (or) Exchange of goods or services for money is called as __________

a) Seller **b) Marketer** c) Customer d) Manager

2. The marketer initially wants to know in the marketing is___________

a) Qualification of the customer b) Quality of the product
c) Background of the customers **d) Needs of the customers**

3. The Spot market is classified on the basis of _________

a) Commodity **b) Transaction** c) Regulation d) Time

4. Which one of the market deals in the purchase and sale of shares and debentures?

a) Stock Exchange Market b) Manufactured Goods Market
c) Local Market d) Family Market

5. Stock Exchange Market is also called_____________

a) Spot Market b) Local Market **c) Security Market** d) National Market

ANSWERS

1.	**b**	**2.**	**d**	**3.**	**b**	**4.**	**a**	**5.**	**c**

II. Very Short Answer Questions:

1. What is Market?

The meeting place of buyers and sellers in an area is called Market.

2. Define Marketer.

"A person whose duties include the identification of the goods and services desired by a set of consumers, as well as the marketing of those goods and services on behalf of a company".

- Business Dictionary.

3. What is mean by Regulated Market?

These are types of markets which are organised, controlled and regulated by statutory measures.

4. What is meant by Spot Market?

Goods are exchanged and the physical delivery of goods takes place immediately called Spot Market.

5. What is meant by Commodity Market?

A commodity market is a place where produced goods or consumption goods are bought and sold.

III. Short Answer Questions:

1. What can be marketed in the Market? (Any 3)

1. Goods:

Manufactured Goods are the main constituent of marketing like Consumer durables, Electronic products, Machineries, Computers and its software and hardware etc.,

2. Services:

Service can be marketed to the consumers namely Banking, Insurance, Finance, Hospitality, Tourism, Professional consultations etc.,

3. Events:

The event marketing aims at promoting and marketing of special events, Shows, Exhibitions, Fairs, Performances, Sports events like World Cup, Olympics, T20 etc.,

2. Mention any three Role of Marketer?

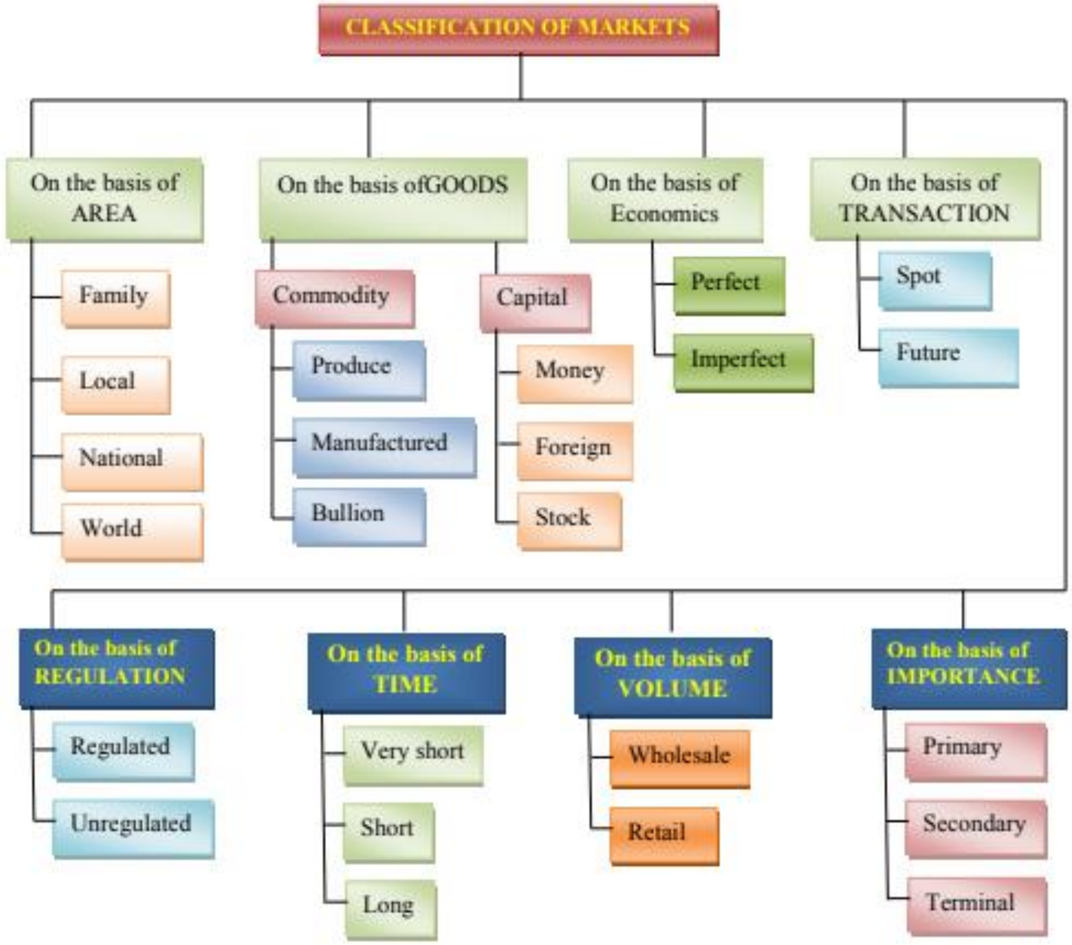
1. **Instigator:**
   As an instigator, marketer keenly watches the developments taking place in the market and identifies marketing opportunities emerging in the ever changing market.
2. **Innovator:**
   Marketer seeks to distinguish his products/ services by adding additional features or functionalities to the existing product, modifying the pricing structure, introducing new delivery pattern, creating new business models, introducing change in production process and so on.
3. **Integrator:**
   Marketer plays a role of integrator in the sense that he collects feedback or vital inputs from channel members and consumers and provides products/service solutions to customers/consumers by co-ordinating multiple functions of organisation.
4. **Implementer:**
   Marketer plays a role of implementer when he/she actually converts marketing opportunities into marketable product with the help of several functional teams put in place in the organisation.

3. Explain the types of market on the basis of time.

1. **Very Short Period Market:**
   Markets which deal in perishable goods like, fruits, milk, vegetables etc., are called as very short period market. There is no change in the supply of goods. Price is determined on the basis of demand.
2. **Short Period Market:**
   In certain goods, supply is adjusted to meet the demand. The demand is greater than supply. Such markets are known as Short Period Market.
3. **Long Period Market:**
   This type of market deals in durable goods, where the goods and services are dealt for longer period usages.

IV. Long Answer Questions:

1. How the market can be classified? (Any 5)



2. How the market can be classified on the basis of Economics?

A. Perfect Market:

A market is said to be a perfect market, if it satisfies the following conditions:

1. Large number of buyers and sellers are there.
2. Prices should be uniform throughout the market.
3. Buyers and sellers have a perfect knowledge of market.
4. Goods can be moved from one place to another without restrictions.
5. The goods are identical or homogenous.

B. Imperfect Market:

A market is said to be imperfect when

1. Products are similar but not identical.
2. Prices are not uniform.
3. There is lack of communication.
4. There are restrictions.

CHAPTER-14 MARKETING AND MARKETING MIX

I. Choose the Correct answers:

1. The initial stage of Marketing system is____________

a) Monopoly system b) Exchange to Money **c) Barter system** d) Self producing

2. Who is supreme in the Market?

a) Customer b) Seller c) Wholesaler d) Retailer

3. In the following variables which one is not the variable of marketing mix?

a) Place Variable b) Product Variable **c) Program Variable** d) Price Variable

4. Marketing mix means a marketing program that is offered by a firm to its target __________ to earn profits through satisfaction of their wants.

a) Wholesaler b) Retailer **c) Consumer** d) Seller

5. Which one is the example of Intangible product?

a) Education b) Mobiles c) Garments d) Vehicles

ANSWERS

1. c	**2. a**	**3. c**	**4. c**	**5. a**

II. Very Short Answer Questions:

1. What is Marketing?

Marketing is one of the business functions that all activities that take place in relation to markets for actualise potential exchanges for the purpose of satisfying human needs and wants.

2. Define Marketing Mix.

"Marketing mix is a pack of four sets of variables namely product variable, price variable, promotion variable, and place variable". **- Mr. Jerome McCarthy**

3. What is meant by Grading?

Grading means classification of standardized products in to certain well defined classes.

III. Short Answer Questions:

1. What are the objectives of marketing?

1. Intelligent and capable application of modern marketing policies.
2. To develop the marketing field.
3. To develop guiding policies and their implementation for a good result.

2. What are the concepts of marketing?

1. What I can sell?
2. Shall I first create products?
3. Shall I love my products?
4. Who is supreme in markets?
5. Who will shape my decisions?

3. What do you mean by marketing mix? Write any two elements.

Marketing mix means a marketing programme that is offered by a firm to its target consumers to earn profits through satisfaction of their wants.

Elements of Marketing of Mix

1. Product 2. Price 3. Place (Physical Distribution) 4. Promotion

1. Product:

Product is the main element of marketing. Without a product, there can be no marketing.

2. Price:

Price is the value of a product expressed in monetary terms. It is the amount charged for the product.

IV. Long Answer Questions:

1. Discuss about the Evolution of marketing. (Any 5)

1. Barter System:

The goods are exchanged against goods, without any other medium of exchange, like money.

2. Production Orientation:

This was a stage were producers, instead of being concerned with the consumer preferences, concentrated on the mass production of goods for the purpose of profit. They cared very little about the customers.

3. Sales Orientation:

The stage witnessed major changes in all the spheres of economic life. The selling became the dominant factor, without any efforts for the satisfaction of the consumer needs.

4. Marketing Orientation:

Customers' importance was realised but only as a means of disposing of goods produced. Competition became more stiff. Aggressive advertising, personal selling, large scale sales promotion etc. are used as tools to boost sales.

5. Consumer Orientation:

Under this stage only such products are brought forward to the markets which are capable of satisfying the tastes, preferences and expectations of the consumers-consumer satisfaction.

6. Management Orientation:

The marketing function assumes a managerial role to co-ordinate all interactions of business activities with the objective of planning, promoting and distributing want-satisfying products and services to the present and potential customers.

2. Narrate the Elements of Marketing mix.

1. Product:

Product is the main element of marketing. Without a product, there can be no marketing.

2. Price:

Price is the value of a product expressed in monetary terms. It is the amount charged for the product.

3. Place (Physical Distribution)

An excellent quality product, with a competitive price structure, backed up by efficient promotional activities, will be a waste if it is not moved from the place of production to the place of consumption at an appropriate time.

4. Promotion:

An excellent product with competitive price cannot achieve a desired success and acceptance in market, unless and until its special features and benefits are conveyed effectively to the potential consumers.

CHAPTER 15 RECENT TRENDS IN MARKETING

I. Choose the Correct answers:

1. Selling goods/ services through internet is
a) Green marketing **b) E- business** c) Social marketing d) Meta marketing

2. Which is gateway to internet?
a) Portal b) CPU **c) Modem** d) Webnaire

3. Social marketing deals with:
a) Society **b) Social Class** c) Social change d) Social evil

4. Effective use of Social media marketing increase conversion rates of ___________.
a) Customer to buyers b) Retailer to customers
c) One buyer to another buyer's d) Direct contact of marketer

5. Pure play retailers are called
a) Market creators **b) Transaction brokers** c) Merchants d) Agents

ANSWERS

1. b	**2. c**	**3. b**	**4. a**	**5. b**

II. Very Short Answer Questions:

1. What is service marketing?
Service marketing is a specialized branch of marketing. Service marketing denotes the processing of selling service goods like telecommunication, banking, insurance, car rentals, healthcare, tourism, professional services, repairs etc.,

2. What is green marketing?
Green marketing involves developing and promoting products and services which satisfy customer's wants and needs without causing a detrimental impact on the environment.

3. What is Ambush marketing?
Ambush marketing technique is a new technique whereby a particular advertiser seeks to connect his product to the event in the mind of potential customer without paying sponsoring expenses to the event.

4. What is Social marketing?
Social marketing is a new marketing tool. It is the systematic application of marketing philosophy and techniques to achieve specific behavioural goals which ensure social good.

III. Short Answer Questions:

1. What are the advantages of E-Marketing?
1. E - Marketing provides 24 hours and 7 days "24/7" service to its users.
2. Products bought through e-marketing become cheaper.
3. Customer can buy whatever they want / need just by browsing the various sites.

2. Discuss the objectives E-Marketing. (Any 3)
1. Expansion of market share
2. Reduction of distribution and promotional expenses.
3. Achieving higher brand awareness.
4. Strengthening database.

3. Explain in detail about Niche marketing.

1. Niche marketing denotes a strategy of directing all marketing efforts towards one well defined segment of the population.
2. A niche market does not mean a small market, but it involves specific target audience with a specialized offering.
3. It aimed at being a big fish in a small pond instead of being a small fish in a big pond. For example: The sports channels like STAR Sports, ESPN, STAR Cricket and Fox Sports target the niche market of sports enthusiasts.

IV. Long Answer Questions:

1. Explain in detail how traditional marketing differ from E-marketing.

E-Marketing	Traditional Marketing
1. It is very economical and faster way to promote the products.	It is very expensive and takes more time to promote product.
2. It is quite easier for promoting product globally in the short time.	It is very expensive and time consuming to promote product / service
3. E-Business enterprises can expand their operation with minimum manpower.	It needs more man power.
4. In this marketing product can be sold or bought 24 x 7, round the year with minimum manpower	That is not possible in traditional marketing.

2. Discuss any two new methods of marketing.

1. **Ambush marketing:**
   Ambush marketing technique is a new technique whereby a particular advertiser seeks to connect his product to the event in the mind of potential customer without paying sponsoring expenses to the event.
2. **Social marketing:**
   Social marketing is a new marketing tool. It is the systematic application of marketing philosophy and techniques to achieve specific behavioural goals which ensure social good.

CHAPTER-16 CONSUMERISM

I. Choose the Correct answers:

1. The term ‘consumerism’ came into existence in the year __________.

a) 1960 b) 1957 c) 1954 d) 1958

2. Who is the father of Consumer Movement?

a) Mahatma Gandhi b) Mr. John F. Kennedy **c) Ralph Nader** d) Jawaharlal Nehru

3. Sale of Goods Act was passed in the year?

a) 1962 b) 1972 **c) 1930** d) 1985

4. The Consumer Protection Act came into force with effect from

a) 1.1.1986 b) 1.4.1986 **c) 15.4.1987** d) 15.4.1990

5. _____ of every year is declared as a Consumer Protection Day to educate the public about their rights and responsibilities.

a) August 15 b) April 15 **c) March 15** d) September 15

ANSWERS

1. a	**2. c**	**3. c**	**4. c**	**5. c**

II. Very Short Answer Questions:

1. Who is a consumer?

A consumer is one who consumes goods manufactured and sold by others or created (air, water, natural resources) by nature and sold by others. One, who avails services such as banking, transport, insurance, etc., is also called a consumer.

2. Give two examples of adulteration.

1. Mixing of stones with grains
2. Mixing of coconut oil with palmolein
3. Papayas seed is added to black pepper
4. Chilli powder is adulterated with brick powder

3. What is Caveat Emptor?

- ‘Caveat emptor’ is a Latin term that means "**let the buyer beware”.**
- In other words, the principle of caveat emptor serves as a warning to the buyers that they have no recourse with the seller if the product does not meet their expectations.

4. What is Caveat Venditor?

- Caveat venditor, which means **"let the seller beware,"** by which goods are covered by an implied warranty of merchantability.
- Unless otherwise advertised (for example, "sold as is") or negotiated with the buyer, nearly all consumer products are guaranteed to work, if used for their intended purpose.

5. Write short notes on Consumer Protection Act, 1986.

- Central Government enacted a comprehensive law called the Consumer Protection Act in 1986.
- This Act came into force with effect from 15.04.1987. This Act was further amended in 1993. The Act is referred in short as ‘COPRA’.

III. Short Answer Questions:

1. What are the important legislations related to consumerism in India? (Any 3)

1. The Indian Contract Act, 1872:
This Act was passed to bind the people on the promise made in the contract.

2. The Sale of Goods Act, 1930:
This Act protects consumers against sellers not complying with expressed and implied warranties in the Sale contract.

3. The Prevention of Food Adulteration Act, 1954:
Checks the adulteration of food articles and ensures purity of goods supplied and thus protects the health of consumers.

2. What is meant by artificial scarcity?

- There are certain situations where the shop-keepers put up the board 'No Stock" in front of their shops, even though there is plenty of stock in the store.
- In such situations consumers who are desperate to buy such goods have to pay hefty price to buy those goods and thus earning more profit unconscientiously.

3. Write the importance of consumerism. (Any 3)

1. Awakening and uniting consumers.
2. Discouraging unfair trade practices.
3. Protecting against exploitation.
4. Awakening the government.
5. Effective implementation of consumer protection laws.
6. Providing complete and latest information.
7. Discouraging anti-social activities

IV. Long Answer Questions:

1. How consumers are exploited? (Any 5)

1. Selling at Higher Price:
The price charged by the seller for a product service may not be commensurate with the quality but at times it is more than the fair price.

2. Adulteration:
It refers to mixing or substituting undesirable material in food. This causes heavy loss to the consumers. This will lead to monitory loss and spoil the health.
E.g.1. Mixing of stones with grains 2. Papayas seed is added to black pepper etc.

3. Artificial Scarcity:
There are certain situations where the shop-keepers put up the board 'No Stock" in front of their shops, even though there is plenty of stock in the store.
In such situations consumers who are desperate to buy such goods have to pay hefty price to buy those goods and thus earning more profit unconscientiously.

4. Sub-standard:
On opening a packet or sealed container one may find the content to be of poor quality. If defective or damaged items are found in a pack, a consumer finds it difficult to exchange the defective one for good one and consumers have to blame for lack of attention one cannot return it and the consumers have tendency to blame their carelessness or fate for having bought such sub-standard product.

5. **False Advertisements:**
   Advertisements convey very little information about the product. Many times it makes false representation about the quality, price, grade, composition, utility guaranteed, performance etc. Consumers who buy the products on the faith of claims made in advertisements are cheated.

2. Explain the role of business in consumer protection. (Any 5)

1. **Avoidance of Price Hike**
   Business enterprises should desist from hiking the price in the context of acute shortage of goods /articles.
2. **Guarantees for Good Quality:**
   Business enterprises should not give false warranty for the products. It should ensure supply of good quality.
3. **Product Information:**
   Business enterprises should disclose correct, complete and accurate information about the product viz. size, quality, quantity, substances, use, side effects, precautions, weight, exchange, mode of application etc.
4. **Truth in advertising:**
   Business enterprises should not convey false, untrue, bogus information relating to the product through the advertisements in media and thus mislead the consumers.
5. **Protection from the Hazard:**
   Business enterprises should not market the product which is potentially hazardous and harmful.
6. **Money Refund Guarantee:**
   Where the product becomes defective, business enterprises should replace it with new one or refund the purchase price.

3. What are the objectives of Consumer Protection Act, 1986? (Any 5)

1. Protection of consumers against marketing of goods which are hazardous and dangerous to life and property of consumers.
2. Providing correct and complete information about quality, quantity, purity, price and standard of goods purchased by consumers.
3. Protecting consumers from unfair trade practices of traders.
4. Empowering consumers to seek redressal against exploitation
5. Educating the consumer of their rights and duties
6. Ensuring better standard of living for consumers by providing them with quality products at fair price.

CHAPTER 17 RIGHTS, DUTIES AND RESPONSIBILITIES OF CONSUMERS

I. Choose the Correct answers:

1. The final aim of modern marketing is _______

a) Maximum profit
b) Minimum profit
c) Consumer satisfaction
d) Service to the society

2. _______ is the king of modern marketing.

a) Consumer
b) Wholesaler
c) Producer
d) Retailer

3. As the consumer is having the rights, they are also having ________.

a) Measures
b) Promotion
c) Responsibilities
d) Duties

4. Which of the following is not a consumer right summed up by John F. Kennedy

a) Right to safety
b) Right to choose
c) Right to consume
d) Right to be informed

5. It is the responsibility of a consumer that he must obtain______ as a proof for the purchase of goods.

a) Cash receipt
b) Warranty card
c) Invoice
d) All of these

ANSWERS

1. c	2. a	3. c	4. c	5. a

II. Very Short Answer Questions:

1. Write short notes on: "Right to be informed."

Consumers should be given all the relevant facts about the product so that they can take intelligent decisions on purchasing the product.

2. What are the rights of consumer according to John F. Kennedy?

The former president of U.S.A Mr. John F. Kennedy defined the basic consumer rights as "The Right of Safety, the Right to be informed, the Right to choose and the Right to be heard."

3. Which is the supreme objective of business?

Satisfaction of consumer needs/requirements is stated to be supreme objective of a business.

III. Short Answer Questions:

1. What do you understand by "Right to redressal".

- The complaints and protests are not just to be heard: but the aggrieved party is to be granted compensation within a reasonable time period.
- There should be prompt settlement of complaints and claims lodged by the aggrieved customers.
- There should be fair and just settlement of deserving claims in a definite timeframe.

2. What do you understand about" Right to protection of health and safety".

- There may be few products that are more likely to cause physical danger to consumers' health, lives and property.
- They may contain potentially harmful substances which are dangerous from the consumer welfare point of view.

IV. Long Answer Questions:

1. Explain the duties of consumers. (Any 5)

1. **Buying Quality Products at Reasonable Price:**
   It is the responsibility of a consumer to purchase a product after gaining a thorough knowledge of its price, quality and other terms and conditions.
2. **Ensure the Weights and Measurement before Making Purchases:**
   Consumer should check the weights and balance of the product. Therefore the consumer should remain vigilant when the seller is naturally measuring or weighing the product.
3. **Reading the Label Carefully:**
   It is the duty of the consumer to thoroughly read the label of the product. It should have correct, complete and true information about the product.
4. **Beware of False and Attractive Advertisements:**
   Often the products are not as attractive as shown in the advertisement by the sellers. Hence, it is the prime duty of consumer not to get misled by such fraudulent advertisements.
5. **Ensuring the Receipt of Cash Bill:**
   It is a legitimate duty of consumers to collect cash receipt and warranty card supplied along with bills. This will help them in seeking redressal for their grievances.
6. **Buying from Reputed Shops:**
   It is advisable for the consumer to make purchase from the reputed shops or government. The consumer by purchasing from such shops can escape from the malpractice of the manufacturers and shopkeepers.

2. What are the responsibilities of consumers? (Any 5)

1. The consumer must pay the price of the goods according to the terms and conditions of the sales contract.
2. The consumer has got a responsibility to apply to the seller for the delivery of the goods. He/she has to take delivery of the goods in time.
3. The consumer has to bear any loss, which may arise to the seller when the consumer delays taking delivery of the goods as per the terms of contract.
4. The consumer is bound to pay any interest and special damages caused to the seller in case if there is delay in the payment.
5. The consumer has to assiduously follow and keenly observe the instructions and precautions while using the products.
6. The consumer should never compromise on the quality of goods. The consumers must watch for ISI, Agmark, FPO, the standard quality certification marks in the label.

CHAPTER-18 GRIEVANCE REDRESSAL MECHANISM

I. Choose the Correct answers:

1. The Chairman of the National Consumer Disputes Redressal Council is ______

a) Serving or Retired Judge of the Supreme Court of India. b) Prime Minister
c) President of India d) None of the above

2. The Chairman of the State Consumer Protection Council is _____

a) Judge of a High Court b) Chief Minister c) Finance Minister d) None of the above

3. The Chairman of the District Forum is ________

a) District Judge b) High Court Judge c) Supreme Court Judge d) None of the above

4. The State Commission can entertain complaints where the value of the goods or services and the compensation, if any claimed exceed

a) ₹2 lakhs but does not exceed ₹5 lakhs **b) ₹20 lakhs but does not exceed ₹1 crore**
c) ₹3 lakhs but does not exceed ₹5 lakhs d) ₹4 lakhs but does not exceed ₹20 lakhs

5. The International Organisation of Consumers Unions (IOCU) was first established in

a) 1960 b) 1965 c) 1967 d) 1987

ANSWERS

1.	**a**	**2.**	**a**	**3.**	**a**	**4.**	**b**	**5.**	**a**

II. Very Short Answer Questions:

1. What do you meant by Redressal Mechanism?

Consumers are often exploited through misleading advertisements, poor quality goods, fractional weights and measures, overcharging, etc. In order to overcome this, the government of India has taken necessary steps to save the consumers are called Redressal Mechanism.

2. What do you know about National Commission?

- The National Consumer Disputes Redressal Commission (NCDRC), India is a quasi-judicial commission in India which was set up in 1988 under the Consumer Protection Act of 1986.
- Its head office is in New Delhi. The National Consumer Disputes Redressal Commission (NCDRC) is also called as National Commission.

3. State the meaning of the term State Commission.

- The State Commission is to be appointed by the State Government in consultation with the Centre.
- The state consumer protection council is also known as "Consumer Disputes Redressal Commission". The State Consumer Protection Council is also called State Commission.

4. What is a term District Forum?

- As per the Consumer Protection Act of 1986 and Section 9 thereof the establishment of a District Forum by the State Government in each district is necessary today to protect the interest of aggrieved consumers in that district.

III. Short Answer Questions:

1. Who are the members of the National Commission?

1. The National Commission should have five members. 2. One should be from judiciary.
3. Four other members of ability, knowledge and experience from any other fields.
4. It should include a woman.

2. Who are the members of the State Commission?

1. A person who is or has been a Judge of a High Court appointed by the State Government as its President.
2. Two other members who shall be persons of ability, integrity and standing and have adequate knowledge or experience of or have shown capacity in dealing with problems relating to economics, law, commerce, industry, public affairs or administration of them, one shall be a woman.

3. Write a note on the Voluntary Consumer Organisation.

- Consumer is a broad label for any individuals or households that use goods and services produced within the economy.
- Voluntary consumer organisations refer to the organisation formed voluntarily by the consumers to protect their rights and interests.

IV. Long Answer Questions:

1. Explain the overall performance of National Commission.

1. Meaning:

The National Consumer Disputes Redressal Commission (NCDRC), India is a quasi-judicial commission in India which was set up in 1988 under the Consumer Protection Act of 1986. Its head office is in New Delhi.

2. Members:

1. The National Commission should have five members.
2. One should be from judiciary.
3. Four other members of ability, knowledge and experience from any other fields.
4. It should include a woman.

3. Jurisdiction:

1. To entertain a complaint valued more than 1 Crore.
2. Revised the orders of State Commissions.
3. To call for the records and pass appropriate orders from the State Commission and District Forum.

4. Powers:

1. Adoption of uniform procedure in the hearing of the matters is followed in the National Commission
2. Prior service of copies of documents produced by one party to the opposite parties.
3. Speedy grant of copies of documents are issued by the National Commission.
4. Generally over-seeing the functioning of the State Commissions and the District Forums to ensure that the objects and purposes of the Consumer Protection Act are best served, without interfering with their quasi-judicial freedom.

5. Appellate Forum:

Section 23 of Consumer Protection Act, 1986, provides that any person aggrieved by an order of National Commission may prefer an Appeal against such order to Supreme Court of India within a period of 30 days.

2. Explain the overall performance of State Commission.

1. Meaning:

The State Commission is to be appointed by the State Government in consultation with the Centre. The state consumer protection council is also known as "Consumer Disputes Redressal Commission". The State Consumer Protection Council is also called State Commission.

2. Members:

1. A person who is or has been a Judge of a High Court appointed by the State Government as its President.
2. Two other members who shall be persons of ability, integrity and standing and have adequate knowledge or experience of or have shown capacity in dealing with problems relating to economics, law, commerce, industry, public affairs or administration of them, one shall be a woman.

3. Jurisdiction:

1. The State Commission can entertain complaints within the territory of entire state and where the value of the goods or services and the compensation, if any claimed exceed Rs. 20 lakhs and below Rupees One Crore.
2. The State Commission also has the jurisdiction to entertain appeals against the orders of any District Forum within the State.

4. Powers:

1. The State Commission also has the power to call for the records and pass appropriate orders in any consumer dispute which is pending before or has been decided by any District Forum within the State.
2. To produce before and allow to be examined by an officer of any of these agencies, such books of accounts, documents or commodities as may be required and to keep such books, documents, etc., under his custody for the purposes of the Act.
3. To furnish such information that may be required for the purposes of the Act to any officer so specified.

5. Appellate Forum:

1. The State Commission's jurisdiction may be original, appellate or revision. The State Commission may reverse or confirm the orders passed by the District Forum.
2. Any person aggrieved by an order of the State Commission may prefer an appeal to the National Commission within 30 days from the date of such order.

CHAPTER-19 ENVIRONMENTAL FACTORS

I. Choose the Correct answers:

1. VUCA stands for ____, _____,_____,______.

a) Volatility, Uncertainty, Complexity and Ambiguity
b) Value, Unavoidable, Company and Authority
c) Volatility, Uncontrollable, Company and Auction
d) All of the above

2. GST stands for ______,______,______.

a) Goods and Social Tax
b) Goods and Service Tax
c) Goods and Sales Tax
d) Goods and Salary Tax

3. Factors within an organisation constitutes_________ environment.

a) Internal Thinker b) External Thinker c) Fellow human beings d) All of the above

4. Macro Environment of business is an _________ factor.

a) Uncontrollable b) Controllable c) Manageable d) Immanageable

5. The two major types of business environment are _______ and ___________.

a) Positive and Negative
b) Internal and External
c) Good and Bad
d) Allowable and Unallowable

ANSWERS

1. a	**2. b**	**3. a**	**4. a**	**5. b**

II. Very Short Answer Questions:

1. What is internal environment?

Internal environment refers to those factors within an organisation e.g Policies and programmes, Organisational structure, employees, financial and physical resources

2. Give the meaning of corporate governance.

Corporate governance is a set of rules and policies which governs a company. It provides a frame work for managing a company and achieving its objectives.

3. What is GST?

GST is the indirect tax levied on goods and services across the country. It is a comprehensive, multi-stage, destination- based tax that is levied on every value addition.

4. Expand VUCA.

VUCA – Volatility, Uncertainty, Complexity and Ambiguity,

III. Short Answer Questions:

1. What are the political environment factors? (Any 3)

- The framework for running a business is given by the political and legal environment.
- The success of a business lies in its ability to adapt and sustain to political and legal changes.
- The legislative, executive and judiciary are the three political institutions which directs and influences a business.

2. Write about any three internal environmental factors of business.

1. Vision and objectives:

The vision and objectives of a business guides its operations and strategic decisions.

2. Human resources:

The success of an enterprise is solely dependent on its manpower. Therefore the quality, skill competency, right attitude and commitment of its human resources is essential for the success of an organisation.

3. Company image:

The image of an organisation plays an important role in introducing new products, selecting agents and dealers for distribution, forging alliances with suppliers, expanding and entering new markets both domestic and international, raising finance etc.

3. What do you know about Technological environment?

- The development in the IT and telecommunications has created a global market.
- Technology is widely used in conducting market research for understanding the special needs of the customer.
- Digital and social media are used as a platform for advertising and promoting the products/services.

IV. Long Answer Questions:

1. Discuss the role of macro environment of business. (Any 5)

I. Economic environment:

The business is an integral part of the economic system prevalent in a nation. The multiple variables in the macro environment system which has a bearing on a business include

1. The nature of economy based on the stage of development
2. The economic policies of a nation
3. Economic indices

II. Socio-Cultural environment:

Social and cultural environment of society affects the business.

1. The social institutions and groups
2. Family structure prevalent in the society
3. Role of marriage as an institution

III. Political and Legal environment:

The framework for running a business is given by the political and legal environment. The success of a business lies in its ability to adapt and sustain to political and legal changes.

IV. Geo-physical environment:

The natural, geographical and ecological factors have a bearing on the business.

V. Technological environment:

The development in the IT and telecommunications has created a global market. Technology is widely used in conducting market research for understanding the special needs of the customer.

2. Explain the micro environmental factors of business. (Any 5)

1. **Financiers:**
   The financiers of a business which includes the debenture holders and financial institutions play a significant part in the running of a business.
2. **Suppliers:**
   In any organisation the suppliers of raw materials and other inputs play a very vital role. Timely procurement of materials from suppliers enables continuity in production and reduces the cost of maintaining stock/inventory.
3. **Marketing Channel members:**
   The marketing inter-mediaries serve as a connecting link between the business and its customers.
4. **Public:**
   This refers to any group like media group, citizen action group and local public which has an impact on the business.
5. **Customers:**
   The aim of any business is to satisfy the needs of its customers. The customer is the king and the fulcrum around which the business revolves.
6. **Competitors:**
   All organisations face competition at all levels local, national and global. Competitors may be for the same product or for similar products.

CHAPTER-20 LIBERALIZATION, PRIVATIZATION AND GLOBALIZATION

I. Choose the Correct answers:

1. __________ is the result of New Industrial Policy which abolished the 'License System'.
a) Globalisation b) Privatisation **c) Liberalisation** d) None of these

2. ___________ means permitting the private sector to setup industries which were previously reserved for public sector.
a) Liberalisation **b) Privatisation** c) Globalisation d) Public Enterprise

3. ____________ ownership makes bold management decisions due to their strong foundation in the international level.
a) Private b) Public c) Corporate d) MNC's

4. __________ results from the removal of barriers between national economies to encourage the flow of goods, services, capital and labour.
a) Privatisation b) Liberalisation **c) Globalisation** d) Foreign Trade

5. New Economic Policy was introduced in the year _______.
a) 1980 **b) 1991** c) 2013 d) 2015

ANSWERS

1. c	**2. b**	**3. a**	**4. c**	**5. b**

II. Very Short Answer Questions:

1. State the branches of New Economic Policy.
1. Liberalization 2. Privatization 3. Globalization

2. What is Privatization?
Privatization is the incidence or process of transferring ownership of a business enterprise, agency or public service from the government to the private sector.

3. Mention any two disadvantages of Liberalization.
1. Increase in unemployment
2. Loss to domestic units
3. Increased dependence on foreign nations
4. Unbalanced development:

4. Give any two advantages of Globalization.
1. Increase in foreign collaboration
2. Expansion of market
3. Technological development
4. Reduction in brain drain:

III. Short Answer Questions:

1. What do you mean by Liberalization?
- Liberalization means relaxation of various government restrictions in the areas of social and economic policies in order to make economies free to enter in the market and establish their venture in the country.
- Liberalizing trade policy by the government includes removal of tariff, subsidies and other restrictions on the flow of goods and services between countries.
- Liberalization is the result of New Industrial Policy which abolished the "License system" or "Licence Raj".

2. State any three impacts on Globalization.

1. Corporations got a competitive advantage from lower operating costs, and access to new raw materials and additional markets.
2. Multinational corporations (MNCs) can manufacture, buy and sell goods worldwide.
3. Globalisation has led to a boom in consumer products market.
4. The advent of foreign companies and growth in economy has led to job creation.
5. Globalisation has touched every aspect of agriculture like technological advancement, improved production techniques and quality based enhancement.

3. Write a short note on New Economic Policy.

- India agreed to the conditions of World Bank and IMF and announced New Economic Policy (NEP) which consists of wide range of economic reforms.
- This new set of economic reforms is commonly known as the LPG or Liberalisation, Privatisation and Globalisation model.

IV. Long Answer Questions:

1. Explain the advantages and disadvantages of liberalization. (Any 5)

Advantages:

1. Increase in foreign investment:
If a country liberalises its trade, it will make the country more attractive for inward investment.

2. Increase the foreign exchange reserve:
Relaxation in the regulations covering foreign investment and foreign exchange has paved way for easy access to foreign capital.

3. Increase in consumption:
Liberalization increases the number of goods available for consumption within a country due to increase in production.

4. Control over price:
The removal of tariff barriers can lead to lower prices fo consumers. This would be particularly a benefit for countries who are importers.

5. Reduction in external borrowings:
Liberalization reduces the dependence on external commercial borrowings by attracting more foreign investments.

Disadvantages:

1. Increase in unemployment:
Trade liberalisation often leads to a shift in the balance of an economy. Some industries grow, some decline. Therefore, there may often be structural unemployment from certain industries closing.

2. Loss to domestic units:
With fewer entry restrictions, it has been possible for many entrants to make inroads into the country, which poses a threat and competition to the existing domestic units.

3. Increased dependence on foreign nations:
Trade liberalisation means firms will face greater competition from abroad. When competition is not automatically enhanced, it can lead to domination by big institution that has market controlling powers.

4. **Unbalanced development:**
   Trade liberalisation may be damaging for developing economies which cannot compete against free trade. The trade liberalisation often benefits developed countries rather than developing economies.

2. What are the highlights of the LPG policy? (Any 5)

1. Introduction of new Foreign Trade Agreements
2. Foreign Investment (FDI & FII)
3. MRTP Act, 1969 (Amended)
4. Deregulation
5. Opportunities for overseas trade
6. Steps to regulate inflation
7. Tax reforms
8. Abolition of License

CHAPTER-21 THE SALE OF GOODS ACT 1930

I. Choose the Correct answers:

1. Sale of Goods Act was passed in the year

a) 1940 b) 1997 **c) 1930** d) 1960

2. Which of the below constitutes the essential element of contract of sale?

a) Two parties b) Transfer of property c) Price **d) All of the above**

3. Which of the below is not a good?

a) Stocks **b) Dividend due** c) Crops d) Water

4. In case of the sale, the ____ has the right to sell

a) Buyer **b) Seller** c) Hirer d) Consignee

5. The property in the goods means the

a) Possession of goods b) Custody of goods

c) Ownership of goods d) Both (a) and (b)

ANSWERS

1. c	**2. d**	**3. b**	**4. b**	**5. c**

II. Very Short Answer Questions:

1. What is a contract of sale of goods?

Contract of sale of goods is a contract whereby the seller transfers or agrees to transfer the property (ownership) of the goods to the buyer for a price.

2. List down the essential elements of a contract of sale.

1. Two Parties 2. Transfer of Property 3. Goods 4. Price
5. Both 'Sale' and 'Agreement to Sell'

3. What is meant by goods?

The term 'goods' mean every kind of movable property other than actionable claim and money. The term good includes shares, stocks, growing crops, grass, goodwill, copyright, trade mark, patents, water, gas, electricity, power etc.,

4. What is a Contingent Goods?

Contingent goods are the goods, the acquisition of which by the seller depends upon a contingency (an event Which may or may not happen). Contingent goods are a part of future goods.

III. Short Answer Questions:

1. Discuss in detail about existing goods.

- Existing goods are those owned or possessed by the seller at the time of contract of sale.
- Goods possessed even refer to sale by agents or by pledgers.
- Existing goods may be either
  1. Specific Goods
  2. Ascertained Goods
  3. Generic or Unascertained Goods

2. Discuss the implied conditions and warranties in sale of goods contract.

In every contract of sale, there are certain expressed and implied conditions and warranties.

<u>Implied Conditions</u>

1. Conditions as to Title:

In the case of sale, seller has a right to sell the goods. The buyer can assume that the seller has a right to sell the goods.

2. Conditions as to Description:

In a contract of sale by description, there is an implied condition that goods supplied should agree with the descriptions made by the seller.

<u>Implied Warranties:</u>

1. Quiet Possession:

There is an implied warranty that the buyer shall have and enjoy quiet possession of the goods.

2. Free from Any Encumbrances:

The goods bought must not have been subject to any charge or right in favour of a third party.

IV. Long Answer Questions:

1. Explain in detail the elements of Contract of sale.

1. Two Parties:

A contract of sale involves two parties– the seller and the buyer. The buyer and the seller should be two different persons.

2. Transfer of Property:

To constitute sale, the seller must transfer or agree to transfer the ownership in the good to the buyer. A mere transfer of possession does not amount to sale.

3. Goods:

The term 'goods' mean every kind of movable property other than actionable claim and money. The term good includes shares, stocks, growing crops, grass, goodwill, copyright, trade mark, patents, water, gas, electricity, power etc.,

4. Price

The monetary consideration for the goods sold is called price. If goods are exchanged for goods, it is only barter and not a sale. But if goods are sold partly for goods and partly for money, the contract is one of sale.

5. Includes both 'Sale' and 'Agreement to Sell'

The term contract of sale includes both sale and agreement to sell. If the property in goods is transferred immediately to the buyer it is called a sale.

2. Distinguish between Conditions and Warranty.

Sl. No	Basic of Difference	Condition	Warranty
1	**Meaning**	It is a stipulation which is essential to the main purpose of the contract of sale.	It is a stipulation which is collateral to the main purpose of contract.
2	**Significance**	Condition is so essential to the contract that the breaking of which cancels out the contract.	It is of subsidiary or inferior character. The violation of warranty will not revoke the contract.
3	**Transfer of Ownership**	Ownership on goods cannot be transferred without fulfilling the conditions.	Ownership on goods can be transferred on the buyer without fulfilling the warranty.
4	**Remedy**	In case of breach of contract, the affected party can cancel the contract and claim damages.	In the case of breach of warranty, the affected party cannot cancel the contract but can claim damages only.
5	**Treatment**	Breach of condition may be treated as breach of warranty	Breach of warranty cannot be treated as breach of condition.

CHAPTER-22 THE NEGOTIABLE INSTRUMENTS ACT 1881

I. Choose the Correct answers:

1. Negotiable Instrument Act was passed in the year ______.

a) 1981 **b) 1881** c) 1994 d) 1818

2. Number of parties in a bill of exchange are

a) 2 b) 6 **c) 3** d) 4

3. Section 6 of Negotiable Instruments Act 1881 deals with

a) Promissory Note b) Bills of exchange **c) Cheque** d) None of the above

4. _______ cannot be a bearer instrument.

a) Cheque **b) Promissory Note** c) Bills of exchange d) None of the above

5. A cheque will become stale after _____months of its date:

a) 3 b) 4 c) 5 d) 1

ANSWERS

1. b	2. c	3. c	4. b	5. a

II. Very Short Answer Questions:

1. What is meant by Negotiable Instrument?

Negotiable instrument is a document which entitles a person to a certain sum of money and which is transferable from one person to another by mere delivery or by endorsement and delivery.

2. List three characteristics of a Promissory Note.

1. A promissory note must be in writing.
2. The promise to pay must be unconditional.
3. It must be signed by the maker.
4. The promise must be for payment of money only.

3. What is a meant by Cheque?

According to section 6 of the Negotiable Instruments Act, 1881 defines a cheque as "a bill of exchange drawn on a specified banker and not expressed to be payable otherwise than on demand".

III. Short Answer Questions:

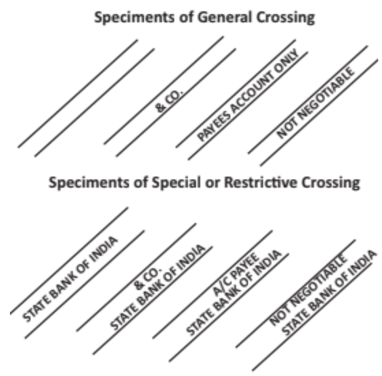
1. Distinguish between Negotiability and Assignability. (Any 3)

Sl.No.	Basic of Difference	Negotiability	Assignability
1	**Legal Ownership**	It passes to the transferee by mere endorsement in the case of a bearer instrument	An assignment can be made by observing certain formalities.
2	**Nature of title**	Holder of negotiable instrument in due course gets a better title than even the transferor.	The transferee's title to the instrument is subject to the defects of the transferor's title.
3	**Consideration**	Consideration is presumed	The assignee has to prove the consideration for the transfer.

2. What are the characteristics of a bill of exchange? (Any 3)

1. A bill of exchange is a document in writing.
2. The document must contain an order to pay.
3. The order must be unconditional.
4. The instrument must be signed by the person who draws it.
5. The name of the person on whom the bill is drawn must be specified in the bill itself.
6. The amount that is required to be paid must also be specified in the bill.
7. The bill may be payable on demand or after a specified period.
8. It must comply with formalities regarding date, consideration, stamps etc.,

3. Draw the two different types of crossing.



IV. Long Answer Questions:

1. Distinguish a cheque and a bill of exchange. (Any 5)

Sl. No.	Basic of Difference	Bill of Exchange	Cheque
1	**Drawn**	A bill of exchange can be drawn on any person including a banker	A cheque can be drawn only on a particular banker.
2	**Grace period**	Three days of grace are allowed	No days of grace are allowed
3	**Discounting**	A bill can be discounted with a bank.	A cheque cannot be discounted.
4	**Stamping**	Bills are to be sufficiently stamped	Cheques need not be stamped
5	**Crossing**	A bill cannot be crossed	A cheque can be crossed

2. Discuss in detail the features of a cheque. (Any 5)

1. **Instrument in Writings:**
   A cheque or a bill or a promissory note must be an instrument in writing. Though the law does not prohibit a cheque being written in pencil, bankers never accept it because of risks involved.
2. **Unconditional Orders:**
   The instrument must contain an order to pay money. It is not necessary that the word 'order' or its equivalent must be used to make the document a cheque.

3. **Drawn on a Specified Banker Only:**
   The cheque is always drawn on a specified banker. The customer of a banker can draw the cheque only on the particular branch of the bank where he has an account.
4. **A Certain Sum of Money Only:**
   The order must be for payment of only money. If the banker is asked to deliver securities, the document cannot be called a cheque. Further, the sum of money must be certain.
5. **Signed by the Drawer:**
   The cheque is to be signed by the drawer. Further, it should tally with specimen signature furnished to the bank at the time of opening the account.

3. What are the requisites for a valid endorsement? (Any 5)

1. Endorsement is to be made on the face of the instrument or on its back. It is usually made on the back of a negotiable instrument.
2. When there is no space for making further endorsements a piece of paper can be attached to the negotiable instrument for this purpose. This piece of paper is called 'Allonge'.
3. If the endorsee's name is wrongly spelt, the endorsee should sign the same as spelt in the instrument and write the correct spelling within brackets after his endorsement.
4. Endorsement for only a part of the amount of the instrument is invalid. It can be made only for the entire amount.
5. Signing in block letters does not constitute regular endorsement.
6. The prefixes or suffixes added to the names of the payees or endorsees must be omitted in the endorsement.
7. If the payee is an illiterate person, he can endorse it by affixing his thumb impression on the instrument. But it must be duly attested by somebody who should give his full address thereon.

CHAPTER-23 ELEMENTS OF ENTREPRENEURSHIP

I. Choose the Correct answers:

1. Which of the below is a factor of production?
   a) Land b) Labour c) Entrepreneurship **d) All of the above**
2. Entrepreneur is not classified as
   a) Risk Bearer b) Innovator **c) Employee** d) Organizer
3. What are the characteristics of an entrepreneur?
   a) Spirit of enterprise b) Flexibility c) Self Confidence **d) All of the above**
4. Which of the below is not classified into managerial functions?
   a) Planning **b) Marketing** c) Organizing d) Controlling
5. Which of the below is a commercial function?
   a) Accounting b) Coordination c) Discovery of idea d) Planning

ANSWERS

1. d	**2. c**	**3. d**	**4. b**	**5. a**

II. Very Short Answer Questions:

1. Mention any two characteristics of entrepreneurs.
1. Spirit of Enterprise 2. Self Confidence 3. Flexibility 4. Innovation

2. List down the managerial functions of entrepreneurs. (Any 2)
1. Planning 2. Organising 3. Directing 4. Controlling 5. Coordination

3. List down the promotional functions of entrepreneurs. (Any 2)
1. Discovery of Idea 2. Determining the business objectives
3. Detailed Investigation 4. Choice of form of enterprise

4. List the challenges faced by the women entrepreneurs. (Any 2)
1. Problem of Finance 2. Limited Mobility 3. Lack of Education
4. Lack of Network Support

III. Short Answer Questions:

1. Distinguish between entrepreneur and Manager. (Any 3)

Basis of difference	Entrepreneur	Manager
1. Motive	To start a venture by setting of an entity.	To render service in an entity
2. Status	Entrepreneur is owner of the entity	Manager is a salaried employee in the entity
3. Risk Bearing	Bears the eventual risk and uncertainty	Doesn't bear any risk in the venture
4. Rewards	Entrepreneur is rewarded by profit for the risk bearing exercise.	Manager's reward salary, bonus, allowance is certain and regular.
5. Skills	An entrepreneur requires creative talent.	Manager requires conceptual skills and human relations skills.

2. List down the commercial functions of Entrepreneur and explain them shortly. (Any 3)

1. Production or Manufacturing:

Under production function, entrepreneur has to take decision relating to selection of factory site, design and layout, type of products to be manufactured, research and development, product design etc.,

2. Marketing:

Entrepreneur has to carry out following functions pertaining to marketing aspect namely consumer research, product planning and development, standardisation, packaging, pricing, warehousing, distribution, promotion etc.,

3. Accounting:

Entrepreneur has to arrange to prepare trading and profit and loss account in order to know the profit or loss incurred out of operation of the business and prepare balance sheet to know the financial status of business at a particular day.

3. Explain the promotional functions of entrepreneur. (Any 3)

1. Discovery of Idea:

The first and foremost function of entrepreneur is idea generation. Ideas can be generated through several ways like own experience and exposure of entrepreneur, keen observation of environment, education, training, market survey, environmental scanning and so on.

2. Determining the business objectives:

Entrepreneur has to develop business objectives in the backdrop of nature of business and type of business activity.

3. Choice of form of enterprise:

Entrepreneur has to choose the appropriate form of organisation suited to implement the venture.

IV. Long Answer Questions:

1. What are the characteristics of an entrepreneur? (Any 5)

1. Spirit of Enterprise:

Entrepreneur should be bold enough to encounter risk arising from the venture undertaken. Entrepreneur should not get discouraged by setbacks or frustrations emerging during the course of entrepreneurial journey.

2. Self Confidence:

Entrepreneur should have a self confidence in order to achieve high goals in the business.

3. Flexibility:

Entrepreneur should not doggedly stick to decisions in a rigid fashion. Entrepreneur should change the decisions made already in the light of ever-changing business environment.

4. Innovation:

Entrepreneur should contribute something new or something unique to meet the changing requirements of customers, namely new product, new method of production or distribution.

5. Resource Mobilisation:

Entrepreneur should have the capability to mobilise both tangible inputs like manpower, money materials, technology, market, method etc.,

2. Distinguish between an Entrepreneur and an Intrapreneur. (Any 5)

Basis	Entrepreneur	Intrapreneur
1.Thinking	Entrepreneur is a free thinker	Intrapreneur is forced to think independently
2. Dependency	Entrepreneur is an independent	Intrapreneur is dependent
3. Fund Mobilization	Entrepreneur has to mobilize funds to finance the venture.	Intrapreneur does not engage in fund mobilization.
4. Status	Entrepreneur is owner	Intrapreneur is a salaried employee.
5. Operation	Entrepreneur operates mostly outside the enterprise.	Intrapreneur operates within the enterprise.

3. Discuss the challenges faced by Women Entrepreneurs. (Any 5)

1. Problem of Finance:
The access of women to external sources of funds is limited as they do not generally own properties in their own name. Financial institutions too do not consider women in general credit worthy.

2. Limited Mobility:
Indian women cannot afford to shed their household responsibilities towards their family even after they plunge into the venture started by them. This restricts the mobility of women entrepreneur significantly.

3. Lack of Education:
Illiterate and semi-literate women entrepreneurs encounter a lot of challenges in their entrepreneurial journey with respect to maintaining accounts, understanding money matters and day-to-day operations.

4. Stiff Competition:
Women entrepreneurs have to face acute competition for their goods from organised sector and from their male counterparts.

5. Sensitivity:
Women are more prone to a variety of emotions. They tend to have sympathy and empathy for others. This trait does not allow women entrepreneurs to take objective decisions in many contexts during the course of running the entrepreneurial venture.

6. Lack of Information:
This lack of knowledge or limited knowledge about subsidies prevents them from availing themselves of special concessions, benefits and incentives awarded by Government and other agencies.

CHAPTER-24 TYPES OF ENTREPRENEURS

I. Choose the Correct answers:

1. Which of the following is the Activity of a Business Entrepreneur?
a) Production b) Marketing c) Operation **d) All of the above**

2. Find the odd one out in context of Trading Entrepreneur.
a) Selling b) Commission c) Buying **d) Manufacturing**

3. Corporate Entrepreneur is also called as_____
a) Intrapreneur **b) Promoter** c) Manager d) Shareholder

4. Which of these is based on Technology?
a) Modern **b) Professional** c) Corporate d) Industrial

5. Which of the below is not a Characteristic of a Fabian Entrepreneur?
a) Conservative b) Risk averse c) Sceptical **d) Adaptive**

ANSWERS

1.	**d**	**2.**	**d**	**3.**	**b**	**4.**	**b**	**5.**	**d**

II. Very Short Answer Questions:

1. What is the other name of business entrepreneur?
Business entrepreneur is called "solo entrepreneur".

2. Mention the other name for corporate entrepreneur.
Corporate entrepreneur is called promoter.

3. Who are agricultural entrepreneur?
Agricultural entrepreneurs are those entrepreneurs, who raise allied products like poultry, meat, fish, honey, skin, agricultural implements, flower, silk, fruits, prawn etc., are called agricultural entrepreneur.

4. Give some examples of pure entrepreneurs.
1. Dhirubhai Ambani 2.Jamshadji Tata 3. T.V. Sundaram Iyengar,
4. Seshadri 5. Birla 6.Narayanamurthi 7.Aziz Premji

III. Short Answer Questions:

1. Who is a private entrepreneur?
Private Entrepreneur Ventures started by individual either singly or collectively at their own risk after mobilising various resources in order to earn profit are called private entrepreneurship.

2. Explain about the imitative entrepreneur.
- Imitative entrepreneur is one who simply imitates existing skill, knowledge or technology already in place in advanced countries.
- A simply reengineer or redesign the products developed in advanced countries and produce a version suited to their local conditions.

3. Write about Fabian entrepreneur.
- These entrepreneurs are said to be conservatives and sceptical about plasticising any change in their organisation. They are of risk-averse type.
- They do not simply change to the changes happening in the environment.
- But they adapt themselves to the changes only as a last resort when they fear that non adaptability to changes will inevitably lead to loss or collapse of the enterprise.

IV. Long Answer Questions:

1. Explain in detail on classification according to the type of business. (Any 5)

1. Business Entrepreneur:
Business entrepreneur is called solo entrepreneur. He/she is the one who conceives an idea for a new product/ service and establishes a business enterprise to translate his idea into reality. He/she takes up production, operations and pursues marketing activities.

2. Trading Entrepreneur:
Trading entrepreneurs are those who restrict themselves to buying and selling finished goods. They may be engaged in domestic and international trade. Their core strength lies in distribution and marketing.

3. Industrial Entrepreneur:
These are entrepreneurs who manufacture products to cater to the needs of consuming public after identifying the need left unfulfilled by the manufacturer hitherto.

4. Corporate Entrepreneur:
Corporate entrepreneur is called promoter. He/she takes initiative necessary to start an entity under corporate format. He/she arranges to fulfil the formalities to start a corporate entity under Company law.

5. Agricultural Entrepreneur:
Agricultural entrepreneurs are those entrepreneurs who raise allied products like poultry, meat, fish, honey, skin, agricultural implements, flower, silk, fruits, prawn etc., are called agricultural entrepreneur.

2. Discuss the nature of functional entrepreneurs.

1. Innovating Entrepreneur:
Innovative entrepreneur is one who is always focussed on introducing a new project or introducing something new in the venture already started.

2. Imitative Entrepreneur:
Imitative entrepreneur is one who simply imitates existing skill, knowledge or technology already in place in advanced countries.

3. Fabian Entrepreneur:
These entrepreneurs are said to be conservatives and sceptical about plasticising any change in their organisation. They are of risk-averse type. They do not simply change to the changes happening in the environment.

4. Drone Entrepreneur
Drone entrepreneurs are those who are totally opposed to changes unfolding in the environment. They used to operate in the niche market. They are similar to Fabian entrepreneur in doggedly pursuing their conventional practices.

CHAPTER 25 GOVERNMENT SCHEMES FOR ENTREPRENEURIAL DEVELOPMENT

I. Choose the Correct answers:

1. The ___________ initiative was launched to modernize the Indian economy to make all governments services available electronically.
   a) Standup India b) Startup India **c) Digital India** d) Make in India
2. **________ is designed to transform India to a global design and manufacturing hub.**
   a) Digital India **b) Make in India** c) Startup India d) Design India.
3. **___________ is the Government of India's endeavour to promote culture of innovation and entrepreneurship.**
   a) AIM b) STEP c) SEED d) AIC
4. **___________ should cover aspects like sources of finance, technical know-how, source of labour and raw material, market potential and profitability.**
   a) Technical Report b) Finance Report **c) Project Report** d) Progress Report
5. **__________ has to include the mechanism for managing venture in the project report.**
   a) Banker b) Government c) Lending Institutions **d) Entrepreneur**

ANSWERS

1. c	**2. b**	**3. a**	**4. c**	**5. d**

II. Very Short Answer Questions:

1. Name any two Governmental Entrepreneurial schemes.

1. Startup India 2. Make in India 3. Digital India 4. Stand-Up India

2. Give a note on 'Digital India'.

The Digital India initiative has been launched to modernize the Indian economy to make all government services available electronically. The initiative aims at transforming India into a digitally-empowered society and knowledge economy with universal access to goods and services.

3. List down the two types of finance for Entrepreneur.

1. Long -Term Finance:

While long-term requirements are needed for acquiring **"fixed assets".**

2. Short-Term Finance:

Short term finance requirements are meant for meeting working **"capital needs".**

III. Short Answer Questions:

1. What is 'Startup India'?

- Through the Startup India initiative, Government of India promotes entrepreneurship by mentoring, nurturing and facilitating startups throughout their life cycle.
- Since its launch in January 2016, the initiative has successfully given a head start to numerous aspiring entrepreneurs.
- A 'Fund of Funds' has been created to help startup gain access to funding.

2. Expand the following:

i) STEP ii) JAM iii) SEED

i) STEP: Support to Training and Employment Programme for Women.
ii) JAM : Jan Dhan-Aadhaar – Mobile
iii) SEED: Science for Equity Empowerment and Development

IV. Long Answer Questions:

1. Explain any five Government Entrepreneurial schemes.

1. Startup India:

Government of India promotes entrepreneurship by mentoring, nurturing and facilitating startups throughout their life cycle. Since its launch in January 2016, the initiative has successfully given a head start to numerous aspiring entrepreneurs. A 'Fund of Funds' has been created to help startups gain access to funding.

2. Make in India:

This scheme is designed to transform India into a global design and manufacturing hub, the Make in India initiative was launched in September 2014. It came as a powerful call to India's citizens and business leaders, and an invitation to potential partners and investors around the world to centralize information about opportunities in India's manufacturing sector.

3. Atal Innovation Mission (AIM):

AIM is the Government of India's endeavour to promote a culture of innovation and entrepreneurship, and it serves as a platform for promotion of world-class Innovation Hubs, Grand Challenges, start-up businesses and other self-employment activities, particularly in technology driven areas.

4. Jan Dhan-Aadhaar - Mobile (JAM):

JAM, for the first time, is a technological intervention that enables direct transfer of subsidies to intended beneficiaries and, therefore, eliminates all intermediaries and leakages in the system, which has a potential impact on the lives of millions of Indian citizens.

5. Digital India:

The Digital India initiative has been launched to modernize the Indian economy to make all government services available electronically.

6. Stand-Up India:

It was launched in 2015, Stand-Up India seeks to leverage institutional credit for the benefit of India's under privileged. It aims at enabling economic participation of, women entrepreneurs, Scheduled Castes and Scheduled Tribes and share the benefit of Indian growth with the above-mentioned categories.

2. Describe the steps promoting Entrepreneurial venture.

1. Selection of the product:

An entrepreneur may select a product according to his aspiration, capacity and motivation after a thorough scrutiny of micro and macro environment of business.

2. Selection of form of ownership:

Entrepreneur has to choose the form of organisation suitable and appropriate for his venture namely family ownership, partnership and private limited company.

3. Selection of Site:

Entrepreneur has to choose suitable plot for accommodating his venture. State Development Corporation like SIDCO, SIPCOT, MMDA, TNHB and Directorate of Industries may allot plot to entrepreneur.

4. **Designing Capital Structure:**
   Entrepreneur has to determine the source of finance for funding the venture. He/she may mobilise funds from his own savings, loans from friends and relatives, term loans from banks and financial institutions.
5. **Acquisition of Manufacturing know-how:**
   Entrepreneur can acquire manufacturing know-how from Government research laboratories, research and development divisions of industries, and individual consultants.
6. **Preparation of project report:**
   Project reports need to be prepared according to the format prescribed in the loan application form of term lending institutions.

CHAPTER-26 COMPANIES ACT 2013

I. Choose the Correct answers:

1. The Company will have to issue the notice of situation of Registered Office to the Registrar of Companies within _____ days from the date of incorporation.

a) 14 days b) 21 days **c) 30 Days** d) 60 Days

2. How does a person who envisages the idea to form a company called?

a) Director b) Company Secretary c) Registrar **d) Promoter**

3. Which of the following types of shares are issued by a company to raise capital from the existing shareholders?

a) Equity Shares **b) Rights Shares** c) Preference Shares d) Bonus Shares

4. The shares which are offered to the existing shareholder at free of cost is known as____.

a) Bonus Share b) Equity Share c) Right Share d) Preference Share

5. The shares which are offered first to the existing shareholder at reduced price is known as ________.

a) Bonus Share b) Equity Share **c) Right Share** d) Preference Share

ANSWERS

1. c	2. d	3. b	4. a	5. c

II. Very Short Answer Questions:

1. What are the four stages of formation of a company?

1. Promotion 2. Registration 3. Capital Subscription and 4.Commencement of Business.

2. What is Bonus Shares?

Bonus share means to utilize the company's reserves and surpluses, issue of shares to existing shareholders without taking any consideration is known as Bonus Shares.

3. What is Right Shares?

Right shares are the shares which are issued by the company to the existing shareholders at a reduced price, with the aim of increasing the subscribed share capital of the company by further issue, if it is authorized by its Articles.

4. What is Debentures?

When a company needs funds for extension and development purpose without increasing its share capital, it can borrow from the general public by issuing certificates for a fixed period of time and at a fixed rate of interest, such a loan certificate is called a 'Debenture'.

III. Short Answer Questions:

1. What do you understand by Issue of Securities at Premium?

- When shares are issued at a price above the face or nominal value, they are said to be issued at a premium.
- For example, a share having the face value of Rs.10 is issued at Rs.12. Here, Rs.2 is the premium.
- The amount of share premium has to be transferred to an account called the 'Securities Premium Account'.

2. Explain different kinds of Preference shares. (Any 3)

1. Cumulative Preference shares:

As the word indicates, all dividends are carried forward until specified, and paid out only at the end of the specified period.

2. Non-cumulative Preference shares:

The opposite of cumulative, obviously. Dividends are paid out of profits for every year. There are no arrears carried over a time period to be paid at the end of the term.

3. Redeemable Preference shares:

Such preference shares can be claimed after a fixed period or after giving due notice.

IV. Long Answer Questions:

1. Write the differences between Shares and Debentures. (Any 5)

Sl.No.	SHARES	DEBENTURES
1.	Shares are part of the capital of a company.	Debentures constitute a loan.
2.	Top level	Middle and Lower Level
3.	Shareholders gets dividends with a varying rate.	Debenture holder gets fixed rate of Interest which carries a priorities over dividend.
4.	Shares cannot be issued at a discount.	Debentures can be issued at a discount without restrictions.
5.	Shareholders enjoy voting right.	Debenture holders do not have any voting right

2. What are the various kinds of Debentures? (Any 5)

1. On the basis of convertibility:

1. Non-Convertible Debentures (NCD):

These instruments retain the debt character and cannot be converted into equity shares.

2. Partly Convertible Debentures (PCD):

A part of these instruments are converted into Equity shares in the future at notice of the issuer.

3. Fully convertible Debentures (FCD):

These are fully convertible into Equity shares at the issuer's notice.

4. Optionally Convertible Debentures (OCD):

The investor has the option to either convert these debentures into shares at a price decided by the issuer/agreed upon at the time of issue.

2. On the basis of Security:

1. Secured Debentures:

These instruments are secured by a charge on the fixed assets of the issuer company.

2. Unsecured Debentures:

These instruments are unsecured in the sense that if the issuer defaults on payment of the interest or principal amount, the investor has to be included as unsecured creditors of the company.

3. On the basis of Redeemability:

1. Redeemable Debentures:

It refers to the debentures which are issued with a condition that the debentures will be redeemed at a fixed date or upon demand, or after notice, or under a system of periodical drawings.

2. Perpetual or Irredeemable Debentures:

A Debenture, in which no specific time is specified by the companies to pay back the money, is called an irredeemable debenture.

4. On the basis of Registration:

1. Registered Debentures:

Registered debentures are issued in the name of a particular person, whose name appears on the debenture certificate and who is registered by the company as holder on the Register of debenture holders.

2. Bearer debentures:

Bearer debentures on the other hand, are issued to bearer, and are negotiable instruments, and so transferable by mere delivery like share warrants.

CHAPTER-27 COMPANY MANAGEMENT

I. Choose the Correct answers:

1. **A person shall hold office as a director in ________ companies as per the Companies Act, 2013.**
   a) 5 companies b) 10 companies **c) 20 companies** d) 15 companies
2. **A Private Company shall have a minimum of ________.**
   a) Seven directors b) Five directors c) Three directors **d) Two directors**
3. **A Public Company having a paid up Share Capital of Rs. ___________ or more may have a Director, elected by such small shareholders.**
   a) One crore b) Three crores **c) Five crores** d) Seven crores
4. **What is the statue of Directors who regulate money of the company.**
   a) Banker b) Holder c) Agent **d) Trustees**
5. **According to Companies Act, the Directors must be appointed by the.**
   a) Central Government b) Company Law Tribunal
   c) Company in General Meeting d) Board of Directors.

ANSWERS

1. c	**2. d**	**3. c**	**4. d**	**5. c**

II. Very Short Answer Questions:

1. Name the companies required to appoint KMP.

1. Every Listed Company 2. Every Public Company (Having paid up Share Capital 10 crore or more)

2. Who is whole time Director?

A whole time Director is one who devotes whole of his time of working hours to the company and has a significant personal interest in the company as the source of his income.

3. Who is called as Managing Director?

A Managing Director is one who is employed by the company and has substantial powers of management over the affairs of the company subject to superintendence, direction and control of the board.

4. Who can be Executive Director?

An executive director is a Chief Executive Officer (CEO) or Managing Director of an organization, company, or corporation, who is responsible for making decisions to complete the mission and for the success of the organisation.

III. Short Answer Questions:

1. When are alternative directors appointed?

- Alternate director is appointed by the Board of Directors, as a substitute to a director who may be absent from India, for a period which is not less than three months.
- The appointment must be authorised either by the Articles of Association of the company or by a passing a resolution in the General Meeting.
- The alternative director is not a representative or agent of Original Director.

2. Who is a shadow director?

A person who is not the member of Board but has some power to run it can be appointed as the director but according to his/her wish**.**

3. State the minimum number of Directors for a Private company.

1. **In case of One Person Company:**
   The requirement of directors is **one.**
2. **Other Private Companies:**
   The minimum requirement of Directors is **two**.

IV. Long Answer Questions:

1. Who are the KMP?

The definition of the term Key Managerial Personnel is contained in Section 2(51) of the Companies Act, 2013. This Section states:

1. **Chief Executive Officer:**
   An executive director is a Chief Executive Officer (CEO) or Managing Director of an organization, company, or corporation, who is responsible for making decisions to complete the mission and for the success of the organisation.
2. **Managing Director or the Manager:**
   A Managing Director is one who is employed by the company and has substantial powers of management over the affairs of the company subject to superintendence, direction and control of the board.
3. **The Company Secretary:**
   The person who is responsible for the general performance of an organization is called company secretary.
4. **The Whole-time Director:**
   A whole time Director is one who devotes whole of his time of working hours to the company and has a significant personal interest in the company as the source of his income
5. **The Chief Financial Officer:**
   He is a person occupying the position of CFO and is responsible for overseeing the Financial activities of the entire company.

2. Brief different types of Directors. (5)

1. **Residential Director:**
   According to Section 149(3) of Companies Act 2013, every company should appoint a director who has stayed in India for a total Period of not less than 182 days in the previous calendar year.
2. **Independent Director:**
   According to Section 149(6) an independent director is an alternate director other than a Managing Director who is known as Whole Time Director Or Nominee Director.
3. **Small Shareholders Directors:**
   Small shareholders can appoint a single director in a listed company. But this action needs a proper procedure like handing over a notice to at least 1,000 Shareholders or 1/10th of the total shareholders.
4. **Alternate Directors:**
   Alternate director is appointed by the Board of Directors, as a substitute to a director who may be absent from India, for a period which is not less than three months.
5. **Shadow Director:**
   A person who is not the member of Board but has some power to run it can be appointed as the director but according to his/her wish.

3. State the qualification of Directors.

As regards to the qualification of directors, there is no direct provision in the Companies Act, 2013. In general, a director shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to the company's business. According to the different provisions relating to the directors; the following qualifications may be mentioned:

1. A director must be a person of sound mind.
2. A director must hold share qualification, if the article of association provides such.
3. A director must be an individual.
4. A director should be a solvent person.
5. A director should not be convicted by the Court for any offence, etc.

CHAPTER-28 COMPANY SECRETARY

I. Choose the Correct answers:

1. Mention the status of a Company Secretary in a company.
a) A member b) A director c) An independent **d) An employee contractor**

2. Who can become a secretary for a company?
a) Individual person b) Partnership firm c) Co-operative societies d) Trade unions

3. Which meeting will be held only once in the life time of the company?
a) Statutory b) Annual General c) Extra - ordinary d) Class General

4. Who is not entitled to speak at the annual general meeting of the company?.
a) Auditor b) Shareholder **c) Proxy** d) Directors

5. From the date of its incorporation the First Annual General Meeting is to be conducted within __________ months.
a) Twelve b) Fifteen **c) Eighteen** d) Twenty one

ANSWERS

1. d	**2. a**	**3. a**	**4. c**	**5. c**

II. Very Short Answer Questions:

1. Who is a Secretary?
The word secretary has originated in Latin. The Latin word **'Secretarius'** which means secret. The person one who steers the company holding the administrative, financial, and overall performance of the company, such person is called **"company secretary".**

2. What is meant by Meeting?
A company meeting may be defined as a concurrence or coming together of at least a quorum of members in order to transact either ordinary or special business of the company.

3. Write short note on 'Proxy'?
Proxy means a person being the representative of a shareholder at the meeting of the company who may be described as his agent to carry out which the shareholder has himself decided upon.

4. What is Voting?
The word 'Vote' originated in Latin word 'Votum' indicating one's wishes or desire. By casting his vote one formally declaring his opinion or wish in favour of or against a proposal or a candidate to be elected
for an office.

III. Short Answer Questions:

1. What is Special Resolution?
- A special resolution is the one which is passed by a not less than 75% of majority.
- The number of votes, cast in favour of the resolution should be three times the number of votes cast against it.
- The intention of proposing a resolution as a special resolution must be specifically mentioned in the notice of the general meeting.

2. What do you mean by Statutory Meeting?

- According to Companies Act, every public company, should hold a meeting of the shareholders **within 6 months but not earlier than one month** from the date of commencement of business of the company.
- This is the first general meeting of the public company is called the Statutory Meeting.

3. Give any three cases in which an ordinary resolution need to be passed.

1. To change or rectify the name of the company
2. To alter the share capital of the company
3. To redeem the debentures
4. To declare the dividends
5. To approve annual accounts and balance sheet
6. To appoint the directors

IV. Long Answer Questions:

1. Briefly state different types of company meetings.

<u>I. Meetings of Shareholders:</u>

1. Statutory Meeting:

According to Companies Act, every public company, should hold a meeting of the shareholders within 6 months but not earlier than one month from the date of commencement of business of the company. This is the first general meeting of the public company is called the Statutory Meeting.

2. Annual General Meetings (AGM):

Every year a meeting is held to transact the ordinary business of the company. Such meeting is called Annual General Meeting of the company (AGM). Company is bound to invite the first general meeting within eighteen months from the date of its registration. The differences between two general meetings should not be more than fifteen months. The differences between two general meetings should not be more than fifteen months.

3. Extraordinary General Meetings (EGM):

If any meeting conducted in between two annual general meeting to deal with some urgent or special or extraordinary nature of business is called as extra-ordinary general meetings.

<u>II. Meetings of the Directors:</u>

1. Board meetings:

Meetings of directors are called Board Meetings. First meeting of directors should be convened within 30 days from the date of incorporation of the company.

2. Committees meetings:

Every listed company and every other public company having paid up share capital of ₹10 crore is required to have audit committee. This committee should meet at least four times in a year.

<u>III. Special Meetings:</u>

1. Class Meetings:

Meetings, which are held by a particular class of share or debenture holders e.g. preference shareholders or debenture holders is known as class meeting.

2. Creditors and of Debenture/bond holders' meetings:

Strictly speaking, these are not meetings of a company. Unlike the meetings of a company, there arise situation in which a company may wish to arrive at a consensuses with the creditors to avoid any crisis or to evolve compromise or to introduce any new proposals.

2. Explain different types of open and secret types of voting.

I. Open Procedure:

This type of voting has no secrecy as the all the members assembled can see voting. There are two popular methods of open voting namely voice voting and voting by show of hands.

1. By Voice:

Voice voting is a popular type of voting in which the chairman allows the members to raise their voice in favour or against an issue 'Yes' for approval and 'No' for rejection. Chairman announces the result of voice voting on the basis of strength of words shouted. It is an un-scientific method.

2. By Show of Hands:

Under this method the chairman, requests the members to raise their hands of those who are in favour of the proposal or candidate and then requests those are against. Then the chairman counts the number of hands raised for 'Yes' and 'No' respectively can announce the result on the basis of hands counted.

II. Secret Procedure:

Secret procedure is adopted to decide certain vital issues. It is a popular voting method that could maintain the secrecy of the voter.

1. By Ballot:

Under this system, ballot paper bearing serial number is given to the members to record their opinion by marking with the symbol or Shareholders have to cast their vote in a secret chamber and put the ballot paper into the ballot box. The chairman opens the ballot box in the presence of tellers or scrutinizers and counts the votes. He rejects the defective or wrongly marked ballot papers. The votes are counted and the results are announced.

2. Postal Ballot:

Big companies or big associations having members scattered all over the country follow this method of voting. Under this method serially numbered ballot papers are sent by post in sealed covers to the members, who, living at a distant place, are unable to attend the meeting physically. The members or voters fill in the ballot papers and return them in sealed covers which are opened when the ballot box is opened for counting the votes.

PREPARED BY:

L.PANNEERSELVAM, M.COM., B.ED., M.PHIL., SET.,
GOVERNMENT BOYS HIGHER SECONDARY SCHOOL,
SANTHUR, KRISHNAGIRI-DT. 635206.
MOBILE NO: 8778305728.