

XII Commerce
Complete Notes
Ch – 1 to 28

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Chapter 1 – Principles of Management

I. Choose the Correct Answer

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

II. Very Short Answer Questions (2 Marks) :

1. **What is management?**

Ans. :

- Management helps to achieve the organizational mission and determines the future of the business enterprises.
- Management is the art of getting things done with and through others.

2. List out the management tools**Ans. :**

The management tools are *Accounting * Business Law * Psychology * Statistics *Econometrics
* Data Processing etc.

3. State the meaning of authority.**Ans. :**

- Authority means the right of a superior to give the order to his subordinates.
- Authority is the issue of commands followed by responsibility for their consequences.

4.What do you mean by Span of management ?**Ans. :**

- The Span of management refers to the number of sub-ordinates who can be managed efficiently by a superior.
- The manager having the group of subordinates who report him directly is called span of management.

III. Short Answer Questions (3 Marks)**1. Define the term management**

“To manage is to forecast, to plan, to organize, to command to co-ordinate and to control”

– Henry Fayol “

Management is a multipurpose organ that manages a business and manages manager and manages workers and work”. –Peter Drucker.

2. Differentiate management from Administration**Ans. :**

Basis	Management	Administration
Meaning	An Organised way of managing people and things of business organisation called “Management”	The process of Administering an organization by a group of people known as “Administration”
Authority	Middle and Lower level	Top Level
Role	Executive	Decisive
Concerned with	Policy Implementation	Policy formulation
Area of operation	Works under administration	Control over the activities of the organization.

3. What are Principles of Taylor?

Ans. :

- Science , Not Rule of thumb
- Harmony, Not discord
- Mental Revolution
- Co-Operation, Not Individualism
- Development of each and every person to his or her greatest efficiency and Prosperity.

4. What determines the span of management?

Ans. :

The Span of management refers to the number of sub-ordinates who can be managed efficiently by a superior.

The Span of Management has two implications:

- Influences the complexities of the individual manager's job.
- Determine the shape or configuration of the organisation

IV. Long Answer Questions (5 Marks)

1. Explain the concept of management

Ans. :

➤ Body Of Knowledge

Management knowledge is the best passport to enter the world of employment either in business world or govt or private.

➤ Management Tools

Tools of management have been developed such as accounting, business Law, psychology, statistics, econometrics, data processing etc.

➤ Separate Discipline

- Management studies in many Universities and institutions of higher learning are recognized as a separate discipline.
- Seminars, special courses, training programmes are becoming fashionable and popular for orientation and retraining in management Areas.

➤ Specialization

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.

➤ Code Of Conduct

Enlightened businessmen have recognized that business management is a social institution and it has social responsibilities to be fulfilled towards, customers, employees and the public or community

2. Explain the Principles of modern management.

Ans. :

➤ **Division Of Work**

- The whole work is divided into small tasks.
- It leads to specialization which increases the efficiency of labour.

➤ **Authority And Responsibility**

- Authority means the right of a superior to give the order to his sub – ordinate.
- Responsibility means obligation for performance.

➤ **Discipline**

- It is obedience, proper conduct in relation to others, respect of authority etc.
- It is essential for the smooth functioning of all organizations.

● **Unity Of Command**

It states that each sub ordinate should receive orders and be accountable to one and only one superior.

● **Remuneration**

Workers must be paid sufficiently as this is a chief motivation of employees and therefore greatly influences productivity.

● **The Degree Of Centralisation**

The amount of power wielded with the central management depends on company size.

Chapter 2 - Functions of Management

I. Choose the Correct Answer

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

II. Very Short Answer Questions (2 Marks) :

1. Write a short note about planning.

Ans. :

- It refers to deciding in Advance
- It is the primary function of Management
- It should take place before doing
- Nothing can be performed without planning

2. What is meant by motivation?

Ans. :

- 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.

3. List the subsidiary functions of Management.

Ans. :

The subsidiary functions of management are

*Innovation * Decision Making * Representation * Communication

4. What is the traditional Proverb used in planning

Ans. :

“Think before you Act” or

“Look before you leap”

III. Short Answer Questions (3 Marks)

1) List out the main functions of management

Ans. :

The main functions of management are

*Planning * Directing *Co-ordinating

* Organising *Motivating * Staffing * Controlling

2) State the Importance of staffing

Ans. :

- Staffing refers to placement of right persons in the right job.
- It comprises the activities of selection and placement of competent personnel.
- The success of any enterprises depends upon the staffing functions.

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

Ans. :

- Employees are kept informed of all necessary matters.
- By Circulars, Instructions manuals, Newsletters, Notice boards, Meetings, etc.
- In order to enable the employees to accomplish the organizational goals.

IV. Long Answer Questions (5 Marks)

1. Explain the various functions of management

Ans. :

Main Functions

➤ **Planning**

- It is the primary function of management.
- Nothing can be performed without planning.
- It refers to deciding in advance.

➤ **Organising**

Organizing is the process of establishing harmonious relationship among the members of an organization.

➤ **Staffing**

- It refers to placement of right person in the right jobs.
- It is the Activity of selection and placement of competent Personnel.

➤ **Directing**

It denotes motivating, leading, guiding, and communicating with sub-ordinates.

Subsidiary Functions

➤ **Innovation**

- It refers to the preparation of personnel and organization to face the changes made in the business world.
- It includes developing new materials, New products, New techniques new design of a product and cost reduction.

➤ **Decision Making**

- It helps in smooth functioning of organization.
- Every employee of an organization has to take a number of decision every day.

➤ **Communication**

It is the process of transmission of human thoughts, views or opinions from one person to another person.

Chapter 3 - Management by objectives management by exception

I. Choose the Correct Answer

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

II. Very Short Answer Questions (2 Marks) :

1. What are the objectives of MBO?

Ans. :

- To measure and judge Performance
- To relate individual performance to organization goals
- To stimulate the subordinates

2. Bring out the meaning of MBE.

Ans. :

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

3. Mention any 2 advantages of MBO

Ans. :

- MBO gives the Criteria of Performance
- Delegation of Authority is easily done with the help of MBO
- Decisions taken by the management very quickly.

4. What is known as KRA?

Ans. :

- It is fixed on the basis of organizational objectives Premises
- KRA arranged on a priority basis
- It indicates strength of an organization
- E.g. Profitability, Market standing, Innovation etc

III. Short Answer Questions (3 Marks)

1. Write the features of MBO.

Ans. :

- MBO tries to combine the long run goals of organization with short –run goals –

- It increases the organizational capability of achieving goals.
- Management tries to relate the organization goals with society goals.
- Encourages a climate of trust, goodwill and a will to perform.
- Aims at replacing the exercise of Authority with consultations.

2. What are the process of MBE ?

Ans. :

- MBE is necessary to set objectives or norms with Predictable or Estimated results.
- These performances are assessed and equated to the actual performance
- The deviation gets analysed.
- With an insignificant or no deviation, no action is required.
- If the actual performance deviates significantly, the issue needs to be passed to the senior managers, as an exception has occurred.
- Finally, the aim is to solve this “exception” immediately.

3. List out any 3 process of MBO.

Ans. :

- Defining organizational objectives
- Fixing key results Areas
- Goals of each section
- Setting sub-ordinates objectives
- Matching resources with objectives

IV. Long Answer Questions (5 Marks)

1. What are the major advantages of MBO ?

Ans. :

- Helps the manager to understand their role in the total organization.
- Provides a foundation for participative management.
- MBO gives the criteria of Performance
- Delegation of authority is easily done with the help of MBO
- Motivates the workers by job enrichment
- The responsibility of worker is fixed through MBO
- Decision is taken by the management very quickly.
- Manager recognizes the need for planning and appreciates the planning.

2. What are the advantages of MBE ?

Ans. :

- It saves the time of managers
- It focuses managerial attention on major problems
- It results in better utilization of managerial talents and energy

- It facilitates delegations of authority
- It leads to motivation and development of sub-ordinates
- MBE provides better yardsticks for judging results.
- It forces manager to review past history and study related business data
- MBE keeps management alert to opportunities and threats by identifying critical problems.

3. Discuss the disadvantages of MBE.

Ans. :

- The main disadvantage of MBE is, only managers have the power over really important decisions, which can be demotivating for employees at lower level.
- Furthermore, it takes time to pass the issues to managers.
- Managing employees who deviate from the normal procedures.
- Because of compliance failures are considered difficult to manage and typically find themselves with limited job duties and ultimately terminated.

Chapter 4 - Introduction to Financial Markets

I. Choose the Correct Answer

1. **Financial market facilitates business firms**

- a. To raise 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

II. Very Short Answer Questions (2 Marks) :

1. **What are the components of organized sectors?**

Ans. :

The components of organized sectors are :

- Regulators
- Financial markets
- Financial Institutions
- Financial services

2. What is spot Market?

Ans. :

- It is a market where the delivery of financial instrument and payment of cash occurs immediately.
- That is settlement completed immediately.

2. What is debt market?

Ans. :

- It is the financial market for trading in debt Instrument.
- (i.e) Govt Bonds or securities, Corporate Debentures or Bonds.

4. How is Prices decided in a secondary market?

Ans. :

- The Prices are decided in a secondary market by demand and supply force
- Through the mechanism called Price Discovery Processes

III. Short Answer Questions (3 Marks)

1. Give the meaning of financial market

Ans. :

- A market where in financial instruments such as financial claims, assets and securities are traded is known as “financial market”
- According to Brigham, Eugene. F, “The Place where people and organisations wanting to borrow money are brought together with those having surplus funds called “financial market”

2. Write a note on secondary market

Ans. :

- It is the market for securities that are already issued

- It is an important institution for the stock exchange and over the counter market.
- The trading takes place between investors.
- It covers both the stock exchange and over the counter market.

3. Bring out the scope of financial market in India

Ans. :

- It provides financial assistance to individual, agricultural section, industrial and service sectors, etc.
- 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 (5 Marks)

1. Distinguish between New Issue market and Secondary market.

Ans. :

Basis of Comparison	New Issue Market	Secondary Market
Meaning	The market place for New shares is called "Primary Market"	The place where formerly issued securities are traded is known "Secondary market"
Buying	Direct	Indirect
Price	Fixed Price	Fluctuates
Buying and selling between	Company and Investors	Investors
Intermediary	Underwriters	Brokers
Gained Person	Company	Investors

2. Enumerate the different kinds of financial markets.

Ans. :

● On the basis of type of financial claim

- Debt market – It is the financial market for trading in debt instrument (i.e. Government bonds or securities)
- Equity market – It is the financial market for trading in equity shares of companies

● On the basis of maturity of financial claim

- Money market – It is the market for short term financial claim. (eg: Commercial paper and treasury bills)
- Capital market – It is the market for long term financial claim (eg: shares and debentures)

- **On the basis of time of Issue**

- **Primary market**

- It is a market for new issues or new financial claims. Also called New issue market.

- **Secondary market**

- It is the market for securities that are already issued.

- **On the basis of time of delivery**

- **Cash/ spot market**

- It is a market where the delivery of the financial instrument and payment of cash occurs immediately.

- **Forward or future market**

- It is market where the delivery of assets and payment of cash takes place at a predetermined time.

- **On the basis of organization of structure**

- **Exchange traded market**

- It is a centralized organization with standardized procedures.

- **Over the counter market**

- It is a decentralized market with customized procedures.

3. Discuss the role financial market.

Ans. :

- **Savings Mobilisation**

Obtaining funds from the savers of surplus units such as house hold individuals, business firms, public sector units, and government is an important role played by financial market.

- **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.

➤ **National Growth**

Financial markets contribute to a nation's growth by ensuring an unfettered flow of surplus funds to deficit units. It leads to overall economic growth.

➤ **Industrial Development**

The different components of financial markets help an accelerated growth of Industrial and Economic development of a country.

➤ **Entrepreneurship Growth**

Financial market contributes to the development of the entrepreneurial class by making available the necessary financial resources.

Chapter 5 - Capital Market

I. Choose the Correct Answer

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**

II. Very Short Answer Questions (2 Marks) :

1. What is capital market?

Ans. :

- Capital market is a market where buyers and sellers engage in trade of financial securities like bonds and stocks.
- Capital market offers an ideal source of external finance.

2. Write a note on OTCEI

Ans. :

- OTCEI was setup by Premier financial Institution to allow the trading of securities across the electronic counters throughout the country.

- It shows transparency of Transactions, quick deals, faster settlements and better liquidity.

3. Who are the participants in a capital market?

Ans. :

There are many players in the capital market. The participants of the capital market include

- Individuals
- Corporate sectors
- Government
- Banks and other financial Institutions

4. How is Price determined in a capital market?

Ans. :

- The prices of securities determined based on demand and Supply.
- Prevailing in the Capital Market for Securities

III. Short Answer Questions (3 Marks)

1. What are the various kinds of capital market? Explain

Ans. :

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

Capital market is divided into primary and secondary market.

(i) Primary Market - The Primary market deals with those securities which are issued to the public for the first time. Also called "New issue market"
Primary market facilitates capital formation.

(ii) Secondary Market – The securities which are previously issued in the primary market are traded here. It covers both stock exchange and over the counter market.

2. Explain any two functions of Capital Market.

Ans. :

i) Savings And Capital Formation

In capital market, various types of securities help to mobilize savings from various sectors of population (Individual, Corporate, Govt etc) this accelerates the capital formation in the country

ii) Easy Liquidity

- With the help of secondary market investors can sell off their holding and convert them into liquid cash.

3. Explain about Factoring and venture capital Institutions.

Ans. :

- i) **Factoring** - It is arrangement whereby a financial institution provides financial accommodation on the basis of assignment / sale of accounts receivables. Ex – SBI factors, commercial services private ltd, can banks factors limited.
- ii) **Venture Fund Institutions** - It is a form of Equity financing designed especially for funding new and innovative project ideas.
They include Risk capital foundation of IFCI, Venture fund of IDBI, SIDBI and TDICI.

IV. Long Answer Questions (5 Marks)

1. Discuss the characters of a capital market.

Ans. :

- **Securities Market**

It deals with securities like shares, debentures etc.

The “Capital market” is thus called as Securities Market

- **Price**

Price determined based on demand and supply prevailing in capital market

- **Participants**

- Participants include individuals, corporate sectors, govt, banks and other financial institutions.

- **Market For Financial Assets**

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

- **Location**

Capital market is not confined to certain specific locations, although it is true that parts of the market known centres known as stock Exchange.

2. Briefly explain the functions of capital market

Ans. :

➤ **Savings And Capital Formation**

In capital market, various types of securities help to mobilize savings from various sectors of population like individuals, corporate, govt etc.

➤ **Permanent Capital**

The Existence of a capital market/ stock Exchange enables companies to raise permanent capital.

➤ **Industrial Growth**

The stock Exchange is a central market through which resources are transferred to the Industrial sector of the company. Stock exchange encourages people to invest in productive channels.

➤ **Ready And Continuous Market**

The stock exchange provides a central convenient place where buyers and sellers can easily purchase and sell securities.

➤ **Easy Liquidity**

With the help of secondary market investors can sell off their holding and convert them into liquid cash.

➤ **Development Of Backward Area**

Capital market provides funds for projects in backward area. This facilitates economic development of backward area.

2. Explain the various types of new financial Institutions.

Ans. :

- **Venture Fund Institutions**

Venture capital financing is a form of Equity financing designed especially for funding new and innovative project Ideas

– It includes Risk fund of IFCI, IDBI, SIDBI, and TDICI

- **Mutual Funds**

Financial Institutions that provide facilities for channelling saving of small investors into avenues of productive investments are called 'Mutual funds' Like LIC, UTI, etc.

- **Factoring Institutions**

Factoring is an arrangement whereby a financial institution. Provides financial accommodation on the basis of sale of Accounts Receivable. Ex-SBI

- **Over The Counter Exchange Of India**

It was setup to allow the trading of securities across the electronic counters throughout the country. OTCEI are transparency of transactions, quick deals, faster settlements and better Liquidity.

- **National Stock Exchange Of India Limited (NSEI)**

NSEI was established in 1992. It is a nationwide electronic screen based “Scripless” and “Floorless” trading system in Securities. It is expected to allow for an efficient and transparent system of securities trading.

Chapter 6 - Money Market

I. Choose the Correct Answer

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

II. Very Short Answer Questions (2 Marks) :

1. What is a CD market?

Ans. :

- These are short term deposit instruments issued by banks and financial instruments.
- These are issued in the form of usance promissory notes.
- It is transferable from one party to another.
- Also called as “Negotiable certificate of deposits”
- The Market for buying and selling of Certificate of deposits is known as CD market.

2. What is govt securities market?

Ans. :

- A market where by the government or gilt – Edged securities can be bought and sold is called government securities market.
- The government securities market in India has two segments namely primary market and secondary market.

3. What do you mean by auctioning?

Ans. :

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 mean by switching?

Ans. :

- The purchase of one security against the sale of another security carried out by the RBI
- In the secondary market as a part of its open market operations is described as “Switching”.

III. Short Answer Questions (3 Marks)

1. What are the features of Treasury Bills?

Ans. :

- Issuer
- Liquidity
- Monetary management
- Finance bills
- Vital source

2. Who are the participants of money market?

Ans. :

- Govt and central banks
- Insurance companies
- state govt
- RBI and SBI
- Commercial banks
- Public
- Mutual funds
- Non-banking financial institutions

3. Explain the types of treasury bills

Ans. :

Treasury bills may be classified into three

- 91 days Treasury bills - Issued at fixed discount rate of 4% as well as through auctions
- 182 days Treasury bills - RBI holds 91 days and 182 days bills and they are issued on tap basis throughout the week.
- 364 days Treasury bill - These bills do not carry any fixed rate. The discount rate on these bills are quoted in auction by the participants.

4. What are the types of commercial bill?

Ans. :

- Demand and Usance bills
- Clean and documentary bills
- Inland and foreign bills
- Indigenous bill
- Accommodation and supply bills
- **Demand and usance bills**

A demand bill is one where in no specified time of payment is mentioned.

- **Indigenous Bills**

The drawing and acceptance of indigenous bills are governed by native custom or usage of trade.

- **Accommodation and Supply bills**

These bills are those which do not arise out of genuine trade of transactions.

IV. Long Answer Questions (5 Marks)

1. Differentiate between money market and capital market.

Ans. :

Features	Money Market	Capital Market
Duration of funds	It is a market for short term loanable funds for a period of not exceeding one year.	It is a market for long term funds exceeding period of one year.
Deals with Instruments	It deals with instruments like commercial bills. Treasury bill, commercial paper etc.	It deals with shares, debentures, Govt bonds etc.
Role of major Institutions	The central bank and commercial banks are major institutions.	Development banks and Insurance companies are major institutions.
Place of Transaction	Transactions mostly take place over the phone and there is no formal place.	Transactions take place at formal place. Ex. Stock Exchange.

Risk	Low credit and Market Risk	High Credit and High Risk
Liquidity	High Liquidity	Low Liquidity
Regulator	Central bank is the regulator	Besides central bank, special Regulatory Authority like SEBI etc.
Underwriting	Underwriting is not a primary function	It is a primary function
Price Discovery	No price Discovery exists	Price Discovery mechanism Exists.

2. Explain the Characteristics of Money Market.

Ans. :

➤ Short Term Funds

It is purely for short term funds or financial assets called Near money.

➤ Maturity Period

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

➤ Conversion Of Cash

It deals with only those assets which are easily converted into cash without loss and with minimum transaction cost.

➤ No Formal Place

Transactions mostly take place over the phone and there is no formal place like stock exchange.

➤ Sub Markets

It comprises of several sub markets like call money market, Acceptance market, bill market.

➤ Whole Sale Market

It is a wholesale market and the volume of funds traded in the market is very large.

➤ Existence Of Secondary Market

There should be an active secondary market for these instruments.

2. What are the characteristics of government securities?

Ans. :

➤ Agencies

Government securities issued by central government, state government, semi government authorities like Municipalities, autonomous, institution, port trust etc.

➤ Issue Mechanism

The Public Debt Office of the RBI undertakes to issue government securities.

➤ **Tax Rebate**

A striking feature of these securities is that they offer wide- range of tax incentives to investors.

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”

Switching

- The purchase of one security against the sale of another security carried out by the RBI
- In the secondary market as a part of its open market operations is described as “Switching”.

➤ **Liquidity Profile**

Liquidity profile of securities issued by central govt is high.

➤ **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.

➤ **Issue Opening**

- A notification for the issue of the securities is made of few days before the public subscription is open.

Chapter 7 - Stock Exchange

I. Choose the Correct Answer

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

II. Very Short Answer Questions (2 Marks) :

1. What is meant stock Exchange?

Ans. :

- It is an organized market provides a place for the investors to buy and sell securities freely.

- It is also called stock market or share market.

2. Write any 5 stock exchange in India.

Ans. :

- a) Bombay stock Exchange
- b) Calcutta stock Exchange
- c) Madras stock Exchange
- d) Bangalore stock Exchange
- e) Ahmadabad stock Exchange

3. What is meant by remiser?

Ans. :

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

4. Who is called Broker?

Ans. :

- Brokers act as intermediaries between buyers and sellers of securities.
- Brokers charge a commission from both the parties.
- They bring together the buyers and sellers and help them in making deal.

5. What are the types of Speculators?

Ans. :

The types of Speculators are :

- i) Bull ii) Stag iii) Bear iv) Lame duck

III. Short Answer Questions (3 Marks)

1. What are the limitations of stock exchange?

Ans. :

- Lack of Uniformity and control of stock exchanges.
- Failure to control unhealthy speculation.
- Allowing more than one stock exchange in the place.
- No proper regulation of listing of Securities.

2. Explain BULL and BEAR

Ans. :

i) Bull

-A Bull is an operator who expects a rise in prices of securities in future.

- ✓ In anticipation of price rise he purchases shares at present .
- ✓ With the intention to sell at higher prices in future.

- ✓ He is also called an “Optimistic speculator” or “Tejiwala”

ii) Bear

– A Bear or Mandiwala expects prices to fall in future

- ✓ He sells securities at present with a view to purchase them at lower prices in future.
- ✓ He is also called a “Pessimistic speculator”

3. Explain Stag and Lame Duck

Ans. :

• Stag

- A stag is a cautious speculator
- 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”

• Lame Duck

- When a bear finds it difficult to fulfil his commitment,
- He is said to be struggling like lame duck.

IV. Long Answer Questions (5 Marks)

1. Explain the functions of stock Exchange?

Ans. :

➤ Ready And Continuous Market

Stock Exchange is 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.

➤ Correct Evaluation Of Securities

The Prices at which securities are bought and sold are recorded and made public.

These Prices are called “Market quotations”.

➤ Protection To Investors

All dealings in a stock exchange are in accordance with well-defined rules and regulations.

For example ,Brokers cannot charge high rate of commission.

Any malpractice will be severely punished.

➤ Aid To Capital Formation

Stock Exchanges thus ensure a steady flow of capital into industry and assists industrial development.

➤ Proper Channelisation Of Capital

The savings of individuals are directed towards promising companies which declare good dividends over a period of time..

2. Explain the features of stock Exchange

Ans. :

➤ **Market For Securities**

It is a market, where securities of corporate bodies, government and Semi- government bodies are bought and sold.

➤ **Deals In Second Hand Securities**

It deals with shares, debentures, bonds and such securities already issued by companies. Hence stock exchange is called "Secondary market".

➤ **Association Of Persons**

A stock exchange is an association of persons or body of individuals which may be registered or unregistered.

➤ **Recognition From Central Govt**

Stock exchange is an organized market. It requires recognition from the central government.

➤ **Working As Per Rules**

Stock exchange is governed by the rules and regulations of stock exchange as well as SEBI Guidelines.

3. Distinguish between stock exchange and commodity exchange.

Ans. :

Feature	Stock Exchange	Commodity Exchange
Meaning	It is an organized market for the purchase and sale of Industries and financial securities	A commodity exchange is and exchange where commodities are traded.
Participants	Investors and speculators	Producers, Dealers, Traders and body of speculators.
Object	Facilitating capital formation and make use of capital resources	Facilitating goods flow through risk reduction.
Period of Dealings	Dealings for account for a fortnight	Period of 2 or 3 months of future market dealings
Articles Traded	Stock bonds and govt securities	Only durable graded and goods having large volume of trade.

Chapter 8 - SECURITIES EXCHANGE BOARD OF INDIA SEBI

I. Choose the Correct Answer

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. Dematerialisation 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

II. Very Short Answer Questions (2 Marks) :

1. Write short note on SEBI

Ans. :

- Securities and Exchange board of India established in 1988
- Given statutory powers in 1992
- It is an autonomous body by the govt. of India

2. Write any 2 objectives of SEBI

Ans. :

a) Regulation Of Stock Exchange

SEBI is to regulate stock exchanges so that efficient services may be provided to all the parties operating there.

b) Protection To The Investors

It means protecting them from the wrong information given by the companies in their prospectus, reducing risk of payment

3. Mention the headquarters of SEBI

Ans. :

- SEBI has its headquarters at Bandra-kurla complex in Mumbai
- Northern, Eastern, Southern and Western regional offices in New Delhi, Kolkatta, Chennai Ahmedabad.

4. What are the Various Id Proofs?

Ans. :

- * PAN card * Voter Id
- * Passport * Driving License
- * Electricity bill *Telephone bill
- * Bank Passbook * IT returns

III. Short Answer Questions (3 Marks)

1. What is meant by Dematerialization?

Ans. :

- Dematerialization is the process by which physical share certificates of an investor are taken back by the company and destroyed
- The Electronic form are credited to the investors account with his depository participant
- Dematerialized shares do not have any distinctive number
- All the holding of a particular security will be identical and interchangeable.
- BSE commenced dematerialization of shares in Dec 1997

2. What are the documents required for a Demat Account?

Ans. :

- **Proof Of Identity** – PAN card, voters ID, Passport, driving license, bank attestations, IT returns, Electricity bills, Telephone bills and ID cards.
- **Proof Of Address** – Ration card, Passport, Voter Id, driving license, bank pass book or bank statement, verified copies of electricity bills.

3. Draw the organization structure of SEBI?

Ans. :



IV. Long Answer Questions (5 Marks)

1. What are the functions of SEBI?

Ans. :

- Safeguarding the interest of investors by means of adequate education and guidance.
- Regulation and controlling the business on stock markets.
- Barring insider trading in securities.
- Promoting self-regulatory organization of intermediaries.
- Carrying out steps on order to develop the capital market.
- Prohibiting deceptive and unfair methods used by intermediaries.
- SEBI issues guidelines and instructions to business concerning capital issues.
- SEBI regulates mergers and acquisitions to protect the interest of investors.
- Registering and controlling the functioning of collective investment scheme such as mutual funds.
- Performing functions that may be assigned to it by the central govt. Of India.

2. Explain the powers of SEBI?

Ans. :

➤ **Power Relating To Stock Exchanges And Intermediaries**

SEBI can ask the information from the stock exchanges and intermediaries regarding their business transactions for inspection or scrutiny and other purpose.

➤ **Power To Regulate Insider Trading**

SEBI has power to regulate insider trading or can regulate the functions of merchant bankers.

➤ **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.

➤ **Power To Initiate Actions In Functions Assigned**

SEBI can issue guidelines to different intermediaries or can introduce specific rules for the protection of interest of investors.

➤ **Power To Regulate Business Of Stock Exchanges**

SEBI is also empowered to regulate the business of stock exchange relating to securities and regulation of acquisition of shares and takeovers of companies.

Chapter 9 –Fundamentals Of Human Resource Management

I. Choose the Correct Answer

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

II. Very Short Answer Questions (2 Marks) :

1. What is Human resources management?

Ans. :

- The branch of management that deals with managing human resources is known as “Human Resources management”.
- HRM is concerned with hiring, motivating and maintaining people in an organisation.

2. State two features of HRM

Ans. :

- HRM is a continuous process.
- HRM is both Science as well as Art.

3. Mention two characteristics of Human resource.

Ans. :

- Human resources is the only factor of Production that lives
- Human resources created all other resources
- Human resources are emotional beings

4. What are the managerial functions of HRM ?

Ans. :

Managerial functions –

- Planning
- Organizing
- Directing
- Controlling

III. Short Answer Questions (3 Marks)

1. Define the term Human resource Management

Ans. :

In the words of E.F.L Brech HRM as the part of management process which is primarily concerned with the human constituents of an organization.

2. What are the features of Human resource ?

Ans. :

- Human resources is the only factor of Production that lives
- Human resources created all other resources
- Human resources are emotional beings
- Human resources are movable
- Human resources can work as a team
- Human resources exhibit innovations and creativity

3. What is the significance of Human resource?

Ans. :

- HR are well protected by legislative frameworks
- HR can be utilized at all levels of management
- Industrial relations depends upon human resource
- Human relations is possible only through human resources
- HR manages all other factors of production
- HR can be improved through training and Development Programmes

IV. Long Answer Questions (5 Marks)

21. Explain the characteristics of Human resource.

Ans. :

- Human resources are emotional beings
- Human resources are movable
- Human resource can work as a team
- Human resource created all other resources
- Human resources behaviour are unpredictable
- Human resource alone can think, act analyses and interpret.
- Human resource is the only factors of production that lives
- Human resource exhibits innovation and creativity.

2. Describe the significance of Human resource management

Ans. :

➤ To Identity Manpower Needs

Determination of man power needs in an organization is very important as it is a form of investment.

➤ To Select Right Man For Right Job

Human resource management ensures the right talent available for the right job.

➤ To Improve Competitive Advantage

Organizations with capable and competent employees can truly gain competitive advantage in the globalised market.

➤ To Determine Employee Commitment

Human resource management determines the level of commitment of employees to their work either through interview or questionnaire.

➤ To Ensure The Correct Requirement Of Man Power

The organization should not offer from shortage or surplus manpower which is possible through human resource management.

3. Discuss the operative functions of HRM

Ans. :

• Procurement

Acquisition deals with job analysis, Human resource planning, recruitment, selection, placement, transfer and promotion.

• Development

It includes performance appraisal, training, carrier planning and development, organizational development.

• Retention

This is made possible through health and safety, welfare , social security, job satisfaction and quality of work life.

• Integration

It is concerned with those activities that aim to bring about reconciliation between personal interest and organisational interest.

• Compensation

It deals with wages and salary, bonus, incentives, fringe benefits and social security schemes.

Chapter 10 – Recruitment Methods

I. Choose the Correct Answer

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

II. Very Short Answer Questions (2 Marks) :

1. Give the meaning of recruitment.

Ans. :

- Recruitment is the process of finding suitable candidates for the various posts in an organization.
- It is a process of attracting potential people to apply for a job in an organisation.

2. What is promotion?

Ans. :

- It is an internal sources of recruitment.
- Based on seniority and merits of the employees they are given opportunity to move up in the organizational Hierarchy.

3. Write two internal sources of recruitment.

Ans. :

- **Transfer**

The employee can be filled in through transfer of employee from one department with surplus staff to that of another with deficit staff.

- **Dependants**

The legal heir or the dependant employee may be given a chance to replace the deceased.

4. What is meant by poaching?

Ans. :

- It is also called "Raiding"
- Organizations instead of training and developing their own employees hire employees of other competitive companies by paying them more financial and non- financial benefits.

III. Short Answer Questions (3 Marks)

1. What is meant by unsolicited applicants?

Ans. :

- These are the applications of job seekers who voluntarily apply for the vacancies not yet notified by the organization.
- It is an external sources of recruitment.

2. What is meant by job portals?

Ans. :

- Using internet job portals organization can screen for the prospective candidates and fill up their vacancies.
- It is an external sources of recruitment.

3. State the steps in recruitment process outsourcing

Ans. :

- Requirement understanding
- Advertise and source
- Screening
- Validation
- Profile submission
- Interview process and feedback
- Selection and follow up

IV. Long Answer Questions (5 Marks)

1. Explain the Internal Sources of Recruitment.

Ans. :

➤ Transfer

The employee can be filled in through transfer of employee from one department with surplus staff to that of another with deficit staff.

➤ Dependants

The legal Heir or the dependent employee may be given a chance to replace the deceased.

➤ Demotion

Movement of an employee from a higher position to a lower position because of poor performance to make him realise the significance of performance.

➤ **Retired Employees**

The employees who have already retired can be called to fill the vacancy as they have the required qualification and experience.

➤ **Retention**

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

2. Explain the external source of Recruitment

Ans. :

• **Advertisements**

The employer can advertise in dailies, journals, magazines etc. about the vacancies in the organization specifying the nature of work, qualification, experience, salary offered, nature of vacancy etc.

• **Unsolicited Applicants**

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

• **Campus Recruitment**

The organization visits the educational institutions to identify and recruit suitable candidates.

• **Walk-ins**

Walk –in- applicants with suitable qualification and requirement can be another source of requirement.

• **E-Recruitment**

- The organizations which carry out recruitment online method is said to follow e- recruitment
- It has become inevitable external source of recruitment.

3. What are the recent trends in Recruitment?

Ans. :

➤ **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 they are paid service charges.

➤ **Poaching**

- It is also called “Raiding”

- Organisation instead of training and developing their own Employees of other competitive companies by paying them more both financial and Non- financial benefits.

Chapter 11 – Employee Selection Process

I. Choose the Correct Answer

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

II. Very Short Answer Questions (2 Marks) :

1. What is selection?

Ans. :

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

2. What is an interview?

Ans. :

The term 'interview' has been derived from French word enter voir that means to glimpse or to see each other.

Interview represents a face to face interaction between the interviewer and Interviewee.

3. What is Intelligence test?

Ans. :

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

4. What do you mean by placement?

Ans. :

- The process of placing the right man on the right job is called "Placement"

- It is a process of assigning a specific job to each and every candidate selected.

III. Short Answer Questions (3 Marks)

1. What is stress interview?

Ans. :

- It 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.
- They assess the suitability of the candidate by observing the reaction and response of the candidate to the stressful situations.

2. What is structured interview?

Ans. :

- Under this method, a series of questions to be asked by the interviewer are pre-prepared by the interviewer and only those questions are asked in the interviews.
- Ultimately interviewees are ranked on the basis of score earned by the candidate in the interview.
- Also called “Guided” or “Planned Interview”.

3. Name the types of selection test?

Ans. :

ABILITY TESTS

- Aptitude Test
- Achievement Test
- Intelligence Test
- Judgement Test

PERSONALITY TESTS

- Interest Test
- Personality Test
- Projective Test
- Attitude Test

4. What do you mean by achievement test?

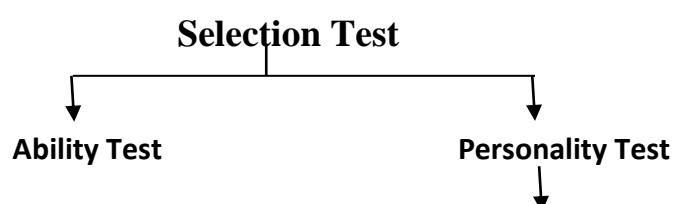
Ans. :

- This test measures a candidate’s capacity to achieve in a particular field.
- In other words, this test measures the candidate’s level of skills in certain areas, accomplishment, and knowledge in a particular subject.
- Also called “Proficiency test”.
- Ex. Music student may be asked to play a given instrument.

IV. Long Answer Questions (5 Marks)

1. Briefly explain the various types of tests?

Ans. :



↓
 Aptitude Test
 Achievement Test
 Intelligence Test
 Judgment Test

Interest Test
 Personality Test
 Projective Test
 Attitude Test

(A) Ability Test

- A test is designed to measure an individual cognitive function in specific area.
- It is used to find the suitability of a candidate for a given job role.
- **Aptitude Test** - It is a test to measure suitability of the candidates for the post /role.
- Aptitude test can be measured by test on skills like numerical, verbal, mechanical, diagrammatic, etc.
- **Achievement Test**
- This test measures a candidate's capacity to achieve in a Particular field.
- Ex. Music student may be asked to play a given instrument.
- Also called "Proficiency test"
- **Intelligence Tests**
- It is one of the psychological test, that is designed to measure a variety of mental ability and individual capacity of a candidate.
- **Judgement Test**
- It is conducted to test the presence of mind and reasoning capacity of the candidates.

(B) Personality Tests

- It is conducted to find out the temperament, emotional response, capability and stability
- It comprises the following tests
 - ✓ Interest test
 - ✓ Personality Inventory
 - ✓ Projective
 - ✓ Attitude test

2. Explain the important methods of Interview?

Ans. :

- **Structured Interview**
 - Also called "Planned" or "Guided Interview".
 - A series of questions to be asked by the interviewer are Pre-prepared by the interviewers and only these questions are asked in the interview
- **Preliminary Interview**
 - It is conducted to know the general suitability of the candidates who have applied for the job.
 - This interview helps to cut cost and time.
- **Stress Interview**
 - It 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.
 - They assess the suitability of the candidate by observing the reaction and response of the candidate to the stressful situations.
- **Online Interview**

Due to technological development, these days' interviews are conducted by means of

internet.

Via Skype, we chat, Google Duo, viber, whatsapp

➤ **Depth Interview**

It is conducted to test the level of knowledge of the interviewee in a particular field intensively and extensively.

3. Differentiate Recruitment and Selection

Ans. :

Basis	Recruitment	Selection
Meaning	It is an activity of searching candidates and encouraging them to apply for it.	It is the process of selecting suitable candidates in a job.
Approach	Positive approach	Negative approach
Sequence	First	Second
Method	Economical	Expensive
Process	Very Simple	Very complex and complicated

CHAPTER 12 - EMPLOYEE TRAINING METHOD

I. Choose the Correct Answer

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

II. Very Short Answer Questions (2 Marks) :

1. **What is meant by training?**

Ans. :

- Training is the act of increasing the knowledge and skills of an employee for doing particular jobs.
- Training enables the employees to guide their behaviour.

2. What is mentoring training method?**Ans. :**

- Mentoring is the process of sharing knowledge and experience of an employee
- The focus in this training is on the development of attitude of trainees. Mostly used for managerial employees.

3. What is Role play?**Ans. :**

- Under this method, trainees have to act out the roles assigned to them without any rehearsal.
- Ex. Role of customer and salesman, foremen and worker.

4. State e-learning method**Ans. :**

- E- learning is the use of technological process of a traditional class room or office
- Also known as "Online learning" or " web based learning"

III. Short Answer Questions (3 Marks)**1. What is vestibule training?****Ans. :**

- It is training of employees in an organization / environment similar to actual work environment artificially created for training purpose.
- This training is given to avoid any damage or loss to machinery
- It is given to Drivers, pilots, space scientists etc.

2. What do you mean by on the job training?**Ans. :**

- It refers to the training by which is given to the employee at the work place by his immediate supervisor
- It is based on the Principle "Learning by doing and Learning while earning"
- The employee learns the job in the actual work environment

3. Write down various steps in a training programme**Ans. :**

- Whom to train?
- Where to conduct the training programme?
- Who is the trainee?
- what should be the level of training?
- Who is the trainee?
- What method will be used for training?

4. Write short notes on Trainer and Trainee**Ans. :****Trainer**

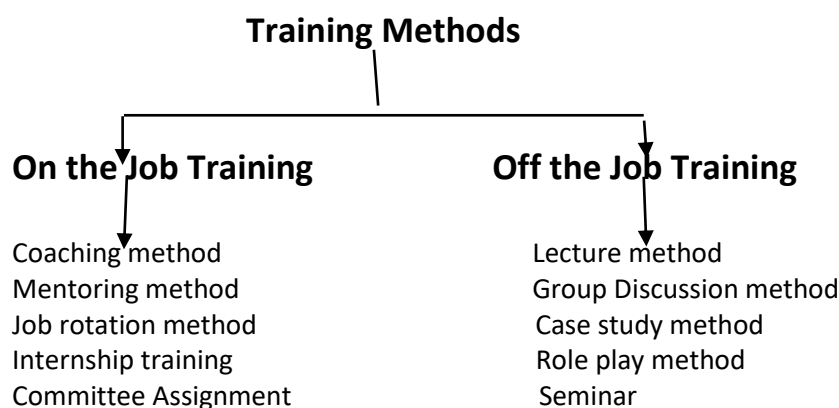
Trainer is a person who teaches skills to employee and prepares them for a job activity. He is also called "Instructor, Mentor, Guru, Guide, Counsellor etc.

Trainee

A person who is learning and practicing the skills of particular job is called "Trainee" .

IV. Long Answer Questions (5 Marks)**1. Discuss the various types of training**

Ans. :



➤ **On the job training**

It refers to the training given to employee at the work place by his immediate supervisor.

➤ **Off the job training**

It is the method where the employees learn the job role away from the actual work floor.

➤ **Lecture method**

Under this method trainees are educated about concepts, theories Principles and application of knowledge in any particular area.

➤ **E-learning method**

It is the use of technological process to access of a traditional classroom or office. It is also referred to “web based Training”.

➤ **Demonstration method**

Demonstration involves showing by reason or Proof Explaining or making clear by use of examples or experiments.

➤ **Vestibule Training**

It refers an environment similar to actual work environment artificially created for training purpose.

➤ **Programmed Instruction Method**

- Under this method, the subject matter to be learnt is presented in a series of units.
- It consists of Presenting facts, New knowledge and question and answer.

2. What is the difference between on the job and off the job training?

Ans. :

Basis	On the Job Training	Off the Job Training
Meaning	The employee learns the job in the actual work environment	Training of employees outside the actual work location
Location	At the work place	Away from the work place
Approach	Practical Approach	Theoretical Approach
Principle	Learning by performing	Learning by acquiring knowledge
Carried out	By experienced employee	By Experts
Work disturbance	Distraction is more	There is no distraction

Methods	Coaching Mentoring, Job rotation etc.	Role play, seminar, Vestibule etc.
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32. Explain the benefits of Training.

Ans. :

- **Benefits To The Organisation**
 - Reduce wastage of material
 - Improves skill of employees
 - Minimizes the time for supervision
 - Reduces the Labour turnover
- **Benefits To The Employees**
 - Improves the employees productivity
 - Enhances the morale of the employee
 - Builds up the confidence of employee
 - Employees get higher earnings by incentives and rewards.
- **Benefits Of Customer**
 - Customers get innovative products or Value added products
 - Customers get better quality of Product / Service.

CHAPTER 13 - Concept of market and marketer

I. Choose the Correct Answer

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

II. Very Short Answer Questions (2 Marks) :

1. What is market?

Ans. :

The word "Market" is derived from the Latin word "Marcatus" which means trade, commerce, merchandise, a place where business is transacted.

Market means a place where goods are bought or sold.

2. Define Marketer?**Ans. :**

“A person whose duties include the identification of 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 meant by Regulated market?**Ans. :**

- The market which are organized controlled and regulated by statutory measures.
- Ex- stock exchange of Chennai, Mumbai, Kolkatta

4. What is meant by spot market?**Ans. :**

In such markets, goods are exchanged and the physical delivery of goods takes place immediately.

5. What is meant by commodity market?**Ans. :**

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

III. Short Answer Questions (3 Marks)**1. What can be marketed in the market?****Ans. :**

- Goods
- Places
- Services
- Properties
- Experiences
- Organization
- Events
- Information
- Persons
- Ideas

2. Mention any three Role of Marketer.**Ans. :**

- Instigator
- Innovator
- Integrator
- Implementer

3. Explain the types of market on the basis of time.**Ans. :****Very Short Period Market**

– Market which deals in perishable goods like fruits, milk, vegetables etc, are called “Very short period market”

Short Period Market

In certain goods, supply is adjusted to meet the demand. The demand is greater than supply.

Long Period Market

- This market deals in durable goods. Where the goods and services are dealt for longer period usages.

IV. Long Answer Questions (5 Marks)

1. How the market can be classified?

Ans. :

***On the basis of Area**

- Family
- Local
- National
- World

*** On the basis of Volume**

- Wholesale
- Retail

***On the basis of Regulation**

- Regulated
- Unregulated

***On the basis of Time**

- Very short
- Short
- Long

***On the basis of Economics**

- Perfect
- Imperfect

*** On the basis of Importance**

- Primary
- Secondary
- Terminal

*** On the basis of Transaction**

- Spot
- Future

*** On the basis of goods**

- Commodity market (Produce, Manufactured, Bullion)
- Capital market (Money, Foreign, Stock)

➤ Family Market

When exchange of goods or services are confined with in a family or closed members of the family is called family market.

➤ Local Market

Participation of both the buyers and sellers belonging to a local area or areas maybe a town or village is called local market.

➤ **Bullion Market**

It deals with purchase or sale of gold and silver. Mumbai, Kolkata and Kanpur are the examples of bullion market.

➤ **Foreign Exchange Market**

This type of markets helps exporter and importers in converting their currencies into foreign currencies.

➤ **World Market**

It is one where the buyers and sellers of goods are from different countries.

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

Ans. :

Perfect Market

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

- Buyers and sellers have perfect knowledge of market
- The goods are identical or homogenous
- Prices should be Uniform throughout the market
- Goods can be moved from one place to another without restrictions
- Large numbers of buyers and sellers are there

Imperfect Market

A market is said to be imperfect when

- Products are similar but not identical
- Prices are not Uniform
- There is Lack of communication
- Restrictions on movement of goods.

CHAPTER 14 - Marketing and marketing mix

I. Choose the Correct Answer

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

II. Very Short Answer Questions (2 Marks) :

1. What is marketing?

Ans. :

Marketing is the performance of buying activities that facilitate to more flow of goods and services from producer to ultimate user.

2. Define marketing mix

Ans. :

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

3. What is meant by grading?

Ans. :

Grading means classification of standardized products (quantity, quality, colour, shape, taste etc) into certain well defined classes.

III. Short Answer Questions (3 Marks)

1. What are the objectives of marketing?

Ans. :

- To develop the marketing field.
- To develop guiding policies and their implementation for a good result.
- To suggest solutions by studying the problems relating to marketing.
- To revive existing marketing function, if shortcomings are found.
- To find sources for further information concerning the market problems.

2. What are the concepts of marketing?

Ans. :

1) What I can sell ?

Make what you can sell, but do not try to sell what you can make.

2) Shall I first create products ?

No, first you create customers, then create products.

3) Shall I love my products ?

No, Love your customers and not the products.

4) Who is supreme in market ?

Customer is supreme (king) in market.

5) Who will shape my decisions ?

Customer's preferences shape your decisions.

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

Ans. :

Marketing mix is a pack of 4 variables namely, Product, Price, Place and promotion

(i) Product

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

(ii) Price

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

IV. Long Answer Questions (5 Marks)**1. Discuss about the Evolution of marketing?**

Ans. :

- **Barter System**

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

- **Production Orientation**

- This was a stage where producers concentrated on the mass production of goods for the purpose of profit.

- They cared very little about the customers.

- **Sales Orientation**

- Sales became the dominant factor, which neglected the consumer needs and satisfaction.

- **Marketing Orientation**

- Aggressive advertising, Personal selling, large scale promotions are used to compete the stiff competition.

- **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.

- **Management Orientation**

- A managerial role to Co – ordinate all interaction of business activities with the objective of planning, promoting and distributing want-satisfying goods and services to the present and potential consumers.

2. Narrate the Elements of marketing Mix

Ans. :

Elements of Marketing Mix:**Product**

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

- A product is anything that can be offered to a market for attention, acquisition, use or consumption that satisfy a want or a need.

Price

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

Place

Movement of products from the place of manufacture to the place of consumption at the right time.

Promotion

An Excellent product with competitive price cannot achieve a desired success and acceptance in market, unless its special features and benefits are conveyed effectively to the potential consumers through advertisement in periodicals and electronic medias.

CHAPTER – 15 - Recent trends in marketing

I. Choose the Correct Answer

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

II VERY SHORT ANSWERS

1.What is service marketing ?

Ans. :

1. Service marketing is a specialised branch of marketing.
2. A service is any activity or benefit that one can offer to another which is essentially intangible.
3. (E.g.) Bank, Insurance, healthcare, tourism, etc.

2.What is green marketing ?

Ans. :

- Green marketing refers to holistic marketing concept with growing awareness about the implications of global warming, non-biodegradable solid waste, harmful impact of pollutants, etc.

- It is also known as “environmental marketing” or “ecological marketing” or “eco-friendly marketing” or “sustainable marketing”.

3.What is Ambush Marketing ?

Ans. :

- Ambush marketing is a new technique whereby advertiser seeks to connect his product to the event in the mind of potential customer without paying sponsoring expenses to the event.
- It is a method of building brands in covert ways.
- ‘Airtel’ has sponsored a foot ball match to promote its brand. A group of people sitting on the gallery wearing ‘Vodafone t-shirts’ come in focus in this case ‘Vodafone’ promotes its brand at Airtels’ expenses.

4.What is Social Marketing ?

Ans. :

- 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.
For e.g. : Don’t smoke in public areas, wear seat belt, wear helmet.
- The primary aim of social marketing is “social good” such as anti-tobacco, anti-drug, anti-pollution, anti-dowry, road safety, protection of girl child, against the use of plastic bags, etc.

III Short Answer

1. What are the advantages of E-Marketing?

Ans. :

(a)Any Time Market :

- *E-marketing provides 24 x 7 hours service to its users.
- *They can order the product at anytime from anywhere.

(b)Direct Contact :

- *Direct contact of end consumer by the manufacturers substantially cuts down the intermediation cost.
- *Thus products bought through it becomes cheaper.

(c)Customer Need :

They can buy whatever they want / need just by browsing the various sites.

2. Discuss the objectives of E-Marketing.

Ans. :

- Expansion of market share
- Achieving higher brand awareness
- Strengthening data base
- Reduction of Distribution and promotional Expenses

3. Explain in detail about Niche marketing?

Ans. :

- Niche marketing denotes a strategy of directing all marketing efforts towards one well defined segment of the population.
- It aimed at being a big fish in a small pond instead of being a small fish in a big pond
- Actually there is no market in niche market.
- The sports channels like STAR SPORTS, ESPN, and STAR CRICKET and FOX sports target the niche market of sports enthusiasts.
- It is found by company, by identifying the needs of customers.

IV. Long Answer Questions (5 Marks)

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

Ans. :

E-Marketing	Traditional Marketing
It is very Economical and faster way to promote the products.	It is very expensive and takes more time to promote product.
It is quiet easier for promoting product globally in the short time.	It is very expensive and time consuming to promote the product / service under traditional marketing.
Business enterprises can expand their operation with minimum manpower.	It needs more man power.
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?

Ans. :

(i) Referral Marketing

- It refers to spreading the word about a product or service through existing customers of business enterprises rather than through traditional advertising.
- It is the method of promoting products or service to new customers through referrals.
- It is also called. "World – of- mouth" marketing.

(ii) Ambush Marketing

- Ambush marketing is a new technique whereby advertiser seeks to connect his product to the event in the mind of potential customer without paying sponsoring expenses to the event.
- It is a method of building brands in covert ways.
- 'Airtel' has sponsored a foot ball match to promote its brand. A group of people sitting on the gallery wearing 'Vodafone t-shirts' come in focuses in this case 'Vodafone' promotes its brand at Airtels' expenses.

CHAPTER 16 - Consumerism

I. Choose the Correct Answer

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. Jhon 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

II. Very Short Answer Questions (2 Marks) :

1. Who is a consumer?

Ans. :

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

2. Give 2 examples of adulteration.

Ans. :

- Mixing of coconut oil with Palmolein
- Chilli powder is adulterated with brick powder
- Mixing of stones with grains
- Coffee powder with tamarind seed.

3. What is Caveat Emptor?

Ans. :

- It serves as a warning to the buyers that they have no recourse with the seller if the product does not meet their expectations.
- Caveat Emptor means "Let the buyer beware"

4. What is Caveat Venditor?

Ans. :

It means "Let the seller beware" means goods are covered by an implied warranty of merchantability.

Unless or otherwise advertised or negotiated with the buyer, nearly all consumer products are guaranteed to work, if used for their intended purpose.

5. Write a short notes on consumer Protection Act 1986

Ans. :

- The central govt enacted a comprehensive Law called consumer Protection Act 1986.
- Act was came into force with effect from 15-04-1987
- Further this Act amended COPRA in the year 1993
- In short it was called as "COPRA".
- This act seeks to protect and promote the interests of consumers.

III. Short Answer Questions (3 Marks)

1. What are the important legislations related to consumerism in India?

Ans. :

- Indian contract Act 1872
- Air Act 1981
- Sale of goods Act 1930
- ISI Act 1952
- Essential commodities Act 1955
- Weights and Measurers Act 1958
- Trade mark Act 1999
- Competition Act 2002

2. What is meant by artificial scarcity?

Ans. :

- Even though there is plenty of stock in the store, the shopkeepers put the board "No stock" in front of their store and try to raise the price of goods.
- E.g. "No Stock" board in front of the shop and "house full" board in front of theatres.
- But goods and cinema tickets are available at a higher price (hefty price) in the black market.

3. Write the importance of consumerism.

Ans. :

- Awakening and Uniting consumers
- Protecting against exploitation
- Awakening the government
- providing complete and latest information
- Discouraging Antisocial activities
- Discouraging unfair trade practices

IV. Long Answer Questions (5 Marks)

1. How consumer is exploited?

Ans. :

Selling At High Price

The price charged by the seller for a product /service may not be commensurate with the quality but a times it is more than the fair price.

Artificial Scarcity

Even though there is plenty of stock in the store, the shopkeeper put the board “No stock” in front of their store and tries to raise the price of goods.

False Advertisement

- Many times advertisement makes false representation about the quality, price, grade, composition, utility guaranteed, performance.
- Consumers who buy the products on the faith of claims made in advertisement are cheated.

Adulteration

- It refers to mixing or substituting undesirable material in food.
- Adulteration is quite common in food Articles
- It is a crime which cannot be pardoned as it spoils the very health of consumers.
- Ex. Mixing of stones with grains, Papaya Seed is added to black Pepper

Duplicate

- Duplicate of products are illegally produced and sold
- A consumer is not in a position to distinguish duplicate from Original
- Duplicates are in radios, machines, pen, jewellery, clothes etc.

2. Explain the role of business in consumer protection.

Ans. :

Avoidance Of Price Hike

Business enterprises should desist from hiking the price in the context of acute shortage of goods.

Avoidance Of Hoarding

Business Enterprises should not indulge in hoarding and black marketing to earn maximum possible profit in the short term at the cost of consumer.

Guarantees For Good Quality

Business enterprises should not give false warranty for the Products. It should ensure supply of good quality.

Truth In Advertising

Business enterprises should not convey false, untrue, bogus information relating to the product through the advertisement in media and thus mislead the consumer.

Protection From The Hazard

Business enterprises should not market the product which is potentially hazardous and harmful.

3. What are the objectives of consumer protection Act, 1986?

Ans. :

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

CHAPTER 17 - Consumer protection

I. Choose the Correct Answer

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

II. Very Short Answer Questions (2 Marks) :

1. Write a short notes on, "Right to be informed"

Ans. :

- It implies that manufactures and dealer are expected to disclose all the material facts relevant and relating to the product.
- Consumers should be given all the relevant facts.

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

Ans. :

- Right to safety
- Right to choose
- Right to be informed
- Right to be heard

3. Which are the supreme objectives of the business?

Ans. :

Satisfaction of consumer needs / requirement is state to be supreme objectives of business.

III. Short Answer Questions (3 Marks)

1. What do you understand by “Right to Redressal”?

Ans. :

- The complaints and protests are not just to be heard. But the aggrieved party is to be granted compensation within a reasonable time period.
- This will boost consumer confidence and help render justice to buyers
- There should be fair and just settlement of deserving claims in a definite time frame.

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

Ans.:

- There may be few products that are more likely to cause physical danger to customers health, lives and property.
- The best examples of this kind are food additives , colour, preservatives.
- The health hazards which are likely to arise have to be eradicated.
- Recent legislations have shifted the responsibility for the production of such unsafe items on to the shoulders of sellers rather than on buyers.

IV. Long Answer Questions (5 Marks)

1. Explain the duties of consumers.

Ans. :

Buying Quality Products At Reasonable Price

- The consumer should enquire about the Price from certain shops and if possible from govt. Stores to get an idea of its price.
- It is the responsibility of a consumer to purchase a product after gaining a thorough knowledge about price, quality, terms and condition.

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.

Beware Of False And Attractive Advertisement

- Often the products are not as attractive as shown in the Advertisement by the sellers
- It is the prime duty of consumer not to get misled by such fraudulent advertisements.

Buying Standardised Products

It is the duty of the consumer to buy products with standardization marks which is supposed to be safe in every respect.

Never Purchase From Black Market

- The consumer should discharge his duties as responsible citations.
- He should not buy things from black market and in excess of his requirement.

2. What are the responsibilities of consumer?

Ans. :

- The consumer must pay price according to terms and conditions.
- The consumer should not be carried away by exaggerating the quality of the goods through advertisement.
- The consumer has every right to safety, right to informed, rights to choose, right to represent, and right to seek Redressal and right to seek information.
- The consumer must file a complaint with the seller concerned about the defects or short comings.
- The consumer must watch for ISI, Agmark, FPO, the standard quality certification, marks.
- The consumer is bound to pay any interest and special damages caused to the seller.
- The consumer seeks to collect information about quality, quantity, price of the product.
- The consumer must get cash receipt as a proof of goods purchase from the seller.

CHAPTER 18 - Grievance redressal mechanism

I. Choose the Correct Answer

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

II. Very Short Answer Questions (2 Marks) :

1. What do you mean by Redressal Mechanism?

Ans. :

- Consumers are exploited by the sellers in many ways because they are not aware of the products and services available .
- Hence the government has created Redressal mechanism to save consumers.
- This mechanism consists of consumer protection councils at the district, state and central Levels for the purpose of spreading consumer awareness.

2. What do you know about National commission?

Ans. :

- It is a quasi – Judicial commission
- It was setup in the year 1988
- Its Head office is in New Delhi
- It is headed by serving or retired judge of supreme court of India
- It should have five members one president and 4 members
- It should include a woman
- Claim exceeds Rs.1 Crore

3. State the meaning of the term state commission

Ans. :

- The state consumer Protection council is also known as “Consumer Disputes Redressal commission”
- It has the function at state level
- It should have three members , One President and 2 members
- It should include a woman

4. What is a term District forum?

Ans. :

- As per the COPRA Act,1986 at the district level each state established a consumer forum called “District forum”
- To protect the interest of aggrieved consumers in that district
- It should have three members , one President and 2 members
- It should include a woman

III. Short Answer Questions (3 Marks)

1. Who are the members of the National commission?

Ans. :

- National commission should have five members
- One should be from judiciary.
- Four other members of ability. Knowledge and experience from any field.

- It should include women.

2. Who are the members of the state commission?

Ans. :

- A person who is or has been a Judge of a High Court, appointed by the State Government as its president.
- Two other members having adequate knowledge relating in the field of Economics, Law, Commerce Industry, Public affairs.
- One shall be woman among it.

3. Write a note on the Voluntary consumer organisation?

Ans. :

- Voluntary consumer organization formed to protect their rights and interests.
- To enhance transparency and to digitalize the government interface with its citizens.
- To strengthen consumer protection and welfare and to provide counselling and guidance.
- Consumer welfare fund is to strengthen the consumer Advocacy movement in India.

IV. Long Answer Questions (5 Marks)

1. Explain the overall performance of National commission.

Ans. :

➤ **National Commission**

- It was setup in 1988 under the Consumer Protection Act
- Its head office in New Delhi
- It is headed by serving or retired judge of Supreme Court of India.
- The "National consumer Disputes Redressed Commission"(NCDRC) is also called as National Commission.

➤ **Members**

- It should have Five members
- One should be from judiciary and Four other members from ability, knowledge and experience from any fields.
- It should include women.

➤ **Jurisdiction**

- To entertain a complaint valued more than one crore.
- Revised the orders of State Commissions.
- To call for records and orders from state commission and District forum.

➤ **Appellate Forum**

- Any consumer dispute which is pending before or has been decided by any State Commission where it appears to the National Commission
- that such State Commission has exercised a jurisdiction not vested in it by law, or has failed to exercise a jurisdiction so vested
- or has acted in the exercise of its jurisdiction illegally or with material irregularity
- National commission may prefer an appeal against such orders to Supreme Court of India within a Period of 30 days.

2. Explain the overall performance of state Commission.

Ans. :

State Commission

- The State Commission is to be appointed by the State Government in consultation with the Centre. It has the same function as state level.
- The state consumer protection council is also known as "Consumer Disputes Redressal Commission". Both goods and services are included in the purview of the council.
- A consumer has to be protected against defects, deficiencies and unfair and restrictive trade practices.
- The State Consumer Protection Council is also called State Commission.

Members

- It should have three members.
- One members appointed by state government retired judge of High court
- Two others member from ability in Economics, Law, Commerce them, one shall be a woman.

Jurisdiction

- To Entertain a claim exceed Rs.20 lakhs and below rupees one crore.
- To entertain appeals against the orders of any District forum.

➤ Appellate Forum

- State commission may prefer an appeal to National Commission within 30 days from the date of such order.
- The state commission may reverse or confirm the orders passed by the district forum.

CHAPTER 19 - ENVIRONMENTAL FACTORS

I. Choose the Correct Answer

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

II. Very Short Answer Questions (2 Marks) :

1. What is internal environment?

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

These factors can be changed or altered and hence are known as controllable factors

2. Give the meaning of corporate governance

Ans. :

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

3. What is GST?

Ans. :

- It is the indirect tax levied on goods and services
- It is comprehensive, Multi stage, destination based tax.

4. Expand VUCA

Ans. :

V- Volatility U- Uncertainty C- Complexity A – Ambiguity

III. Short Answer Questions (3 Marks)

1. What is the Political environment factor?

Ans. :

- 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.

The major elements of the legal and political environment are

- 1) Political stability
- 2) Political organisation
- 3) The image of the leader and the country in the inter-national arena.
- 4) Legal framework of business and their degree of flexibility.
- 5) The constitution of the nation.
- 6) The Foreign policy of the country with special reference to tariffs and free trade.

2. Write about any 3 internal environmental factors of business?

Ans. :

➤ **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.

➤ **Company image:**

- The image of an organisation plays an important role in introducing new products,
- selecting agents and dealers for distribution, expanding and entering new markets both domestic and international, etc

➤ **Vision and objectives:**

- The vision and objectives of a business guides its operations and strategic decisions.
- Example 'Amul the taste of India' Gujarat Co-operative Milk Marketing Federation GCMM
- Vision: Liberate our farmers from economic oppression and lead them to prosperity.

3. What do you know about technological environment?

Ans. :

- 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. Datamining and data analytics are used to know the customer better.
- Technology is used in managing inventory, storing goods in warehouses, in distributing goods and in receiving payment.

IV. Long Answer Questions (5 Marks)

1. Discuss the role of Macro environment of business.

Ans. :

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 bearing on a business include.

- Nature of Economy based on the stage of development
- Nature of Economic system
- The Economic policies of a nation
- Development of financial market
- Economic structure.

Social –Cultural Environment

Business is a part of the society. It refers to the sum total of factors of the society in which the business is located. Social and cultural environment of society affects the business.

It includes :

- Caste system

- Role of marriage
- Social institutions and groups
- Life style of people
- Customs, beliefs and values
- Family structure

Technological Environment

- The Development of IT and telecommunications has created a global market.
- Technology used in managing inventory. Storing goods in warehouses, in distributing goods and in receiving payment.
- It includes level of technology, technological obsolescence, rate of change in technology.

Political And Legal Environment

- The framework for running a business is given by the political and legal Environment.
- The legislative, executive and judiciary are three political institutions which direct and influence a business.

Global Environment

With the growth of technology the physical boundaries are fast disappearing and the new global market is emerging. It affects the following

- Differences in currencies
- Difference in culture and Language
- Differences in tastes and preferences of people
- Differences in norms and practices
- Differences in degree of adoption of technology

2. Explain the micro environment factors of business.

Ans. :

➤ Financiers

- The financiers of a business which includes the debenture holders and financial institutions play a significant part in the running of a business.

➤ Suppliers

- In any organization the suppliers of raw materials and other inputs play a vital role.

- Organisations have realized the importance of nurturing and maintaining good relationship with the suppliers.

➤ Marketing Channel Members

Market Research agencies help the firm to understand the needs of the customers while advertising agencies help in promoting the products and services.

➤ Customers

- The aim of any business is to satisfy the needs of its customers.

- Customer relationship management aims at creating and sustaining cordial relations with customers.

➤ Competitors

- Competitors may be for the same product or for similar products.

- It is important for a business to understand its competitors and modify their business strategies in the face of competition.

CHAPTER 20 - Liberalization, privatization and globalization

I. Choose the Correct Answer

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

II. Very Short Answer Questions (2 Marks) :

1. State the branches of New Economic Policy.

Ans. :

The new set of economic reforms is commonly known as the LPG

There are three dimensions of New Economic Policy.

*Liberalization *Privatization * Globalization

2. What is privatization?

Ans. :

It is the process of transferring ownership of business enterprise, agency or public service from the government to the private sector.

3. Mention any 3 disadvantages of Liberalization

Ans. :

- (1) Increase in Unemployment (3) Unbalanced development
(2) Loss to domestic units (4) Increased Dependence on foreign nations

4. Give any two advantages of Globalization

Ans. :

- (i) Expansion of market (iii) Technological development
(ii) Increase in foreign collaboration (iv) Reduction in brain drain.

III. Short Answer Questions (3 Marks)

1. What do you mean by Liberalization?

Ans. :

- Liberalization refers to laws or rules being liberalized, or relaxed, by a government.
- 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.

2. State any 3 impacts on Globalization

Ans. :

- Globalization has led to a boom in consumer Products market.
- MNC can manufacture buy and sell goods worldwide
- The advent of foreign companies and growth in economy has led to job creation.

3. Write a short note on New Economic policy.

Ans. :

- India agreed to the conditions of World Bank and IMF and announced new economic policy. This new set of economic reforms are known LPG.
- Liberalization - It refers to Laws or rules being liberalized or relaxed by a govt.
- Privatization -It means permitting the private sector to set up industries which were previously reserved for the public sector.
- Globalization - It means the interaction and integration of the domestic economy with the rest of the world

IV. Long Answer Questions (5 Marks)

1. Explain the advantages and disadvantages of liberalization.

Ans. :

(A) Advantages

(i) Increase In Consumption

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

(ii) Control Over Price

- The removal of tariff barriers can lead to lower prices for consumers.

(iii) Reduction In External Borrowings

- Liberalization reduces the dependence on external commercial borrowings by attracting more foreign investments.

(B) Disadvantages**(i) Increase In Unemployment**

- Liberalization often leads to a shift in the balance of an economy.
- There may often be structural unemployment from certain industries closing.

(ii) Unbalanced Development

- Liberalisation may be damaging for developing economies.
- Liberalisation other benefits developed countries rather than developing Economies.

2. What are the highlights of LPG policy ?

Ans. :

- Introduction of new foreign trade agreements
- Foreign investments
- Deregulation
- Tax reforms
- Abolition of license
- MRTP ACT 1969
- Steps to regulate inflation
- Opportunities for overseas trade.

CHAPTER 21 - The sale of goods act ,1930**I. Choose the Correct Answer****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.

II. Very Short Answer Questions (2 Marks) :

1. What is a contract of sale of goods ?

Ans. :

It is a contract where by the seller transfer

or agrees to transfer the property (ownership) of the goods to the buyers for a price.

2. List the elements of contract of sale

Ans. :

*Two parties * transfer of property * Goods

*Price * Includes both "Sale" and 'Agreement to sell"

3. What is meant by goods?

Ans. :

- The term goods include every kind of movable property stock and shares, growing crops etc.
- Goodwill, Trade mark, Copyrights, Patent rights also regarded as goods.

4. What is a contingent goods?

Ans. :

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.

E.g. A rice merchant agrees to supply 10 bags of basmati rice from Pakistan if he get supplies.

In this case, basmati rice representing contingent goods may or may not be available to the rice merchant.

III. Short Answer Questions (3 Marks)

1. Discuss in detail about existing goods

Ans. :

- 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
 - (a) **Specific goods**
Specific goods denote goods identified and agreed upon at the time of contract of sale
 - (b) **Ascertained goods**

The term 'ascertained goods' is also used as similar in meaning to specific goods. But this term may even refer to goods which become ascertained subsequent to the formation of the contract

(c) Generic goods

These are goods which are not identified and agreed upon at the time of contract of sale.

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

Ans. :

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

The term implied conditions means conditions which can be inferred from or guessed from the context of the contract. Following are the implied conditions and implied warranties:

Implied conditions

- *Conditions as to title
- *Conditions as to description
- *Sale by sample
- *Conditions as to Quality or fitness
- *Conditions as to Merchantability
- *Conditions as to Wholesomeness
- *Condition Implied by Trade Usage

Implied warranties

- * Quiet Possession
- * Free from any Encumbrances
- * Warranty in the case of dangerous goods

IV. Long Answer Questions (5 Marks)

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

Ans. :

Two Parties

- A contract of sale involves two parties, the seller and the buyer
- The buyer and the seller should be two different persons - If a person buys his own goods, there is no sale.

Transfer Of Property

- The seller must transfer to agree to transfer the ownership to the buyer.
- A mere transfer of possession does not amount to sale

Goods

- The term "goods" includes every kind of moveable property, stock and shares, growing crops etc
- Goodwill, Trademark, copy rights, patent rights also regarded as goods.

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

Includes Both "Sale" And "Agreement To Sell"

- If the property in goods is transferred immediately to the buyer it is called a 'Sale'
- If the property takes place at a future date,
- Or on fulfilment of certain conditions, it is called 'an agreement to sell'.

2. Distinguish between conditions and warranty.

Ans. :

Basis	Condition	Warranty
Meaning	It is a stipulation which is essential to the contract of sale	It is a stipulation which is collateral to the contract
Significance	It is so essential to the contract	It is a subsidiary or Inferior character.
Transfer of ownership	Ownership of goods cannot be transferred	Ownership of goods can be transferred
Remedy	The affected party can cancel the contract and claim damages	The affected party cannot cancel the contract but can claim damages.
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 Answer

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

II. Very Short Answer Questions (2 Marks) :**1. What is meant by Negotiable Instrument?****Ans. :**

It 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 Promissory note.**Ans. :**

- A Promissory note must be in writing
- The promise to pay must be unconditional
- It must be signed by the maker

3. What is meant by a cheque?**Ans. :**

A Cheque is a bill of exchange drawn on a specified banker and not expressed to be payable otherwise than on demand.

III. Short Answer Questions (3 Marks)**1. Distinguish between Negotiability and Assignability.****Ans. :**

Basis	Negotiability	Assignability
Consideration	Consideration is presumed	The assignee has to prove the consideration for the transfer
Nature of Title	Holder of negotiable instrument in due course gets a better title than even the transferor.	Defects in the title of the transferor pass on to the transferee too.
Notice	Notice is not necessary for the holder to claim the payment from the debtor	Notice of the assignment by the transferee regarding the transfer of debt to the debtor is necessary

2. What are the Characteristics of bill of exchange?**Ans. :**

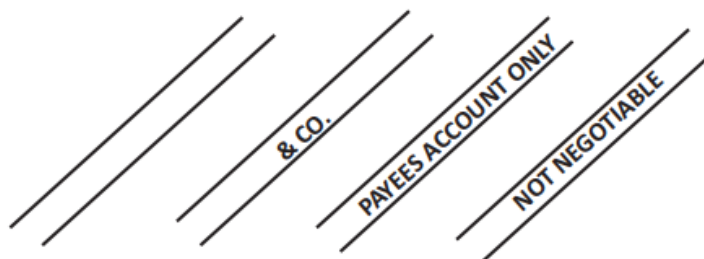
- It is a document in writing.
- It must contain an order to pay.
- The order must be unconditional.
- The instrument must be signed by the person who draws it.
- The bill may be payable on demand or after a specified period.

3. Discuss the two different types of crossing.

Ans. :

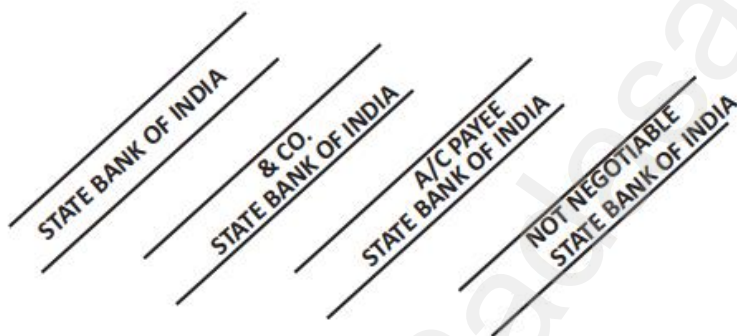
• General Crossing –

Specimens of General Crossing



• Special Crossing

Specimens of Special or Restrictive Crossing



IV. Long Answer Questions (5 Marks)

1. Distinguish a cheque and bill Exchange.

Ans. :

Basis	Bill of Exchange	Cheque
Drawn	It can be drawn on any person including a banker	It can be drawn only on specified banker.
Grace Period	3 days of grace are Allowed	No days of grace are allowed
Discounting	A bill cannot be crossed	A cheque can be crossed either generally or specially.
Crossing	A bill cannot be crossed	A cheque can be crossed either

		generally or specially
Notice	Notice of Dishonour Necessary	Notice is not necessary for dishonour
Stamping	Bills are to be sufficiently stamped	Cheques need not be stamped
Payability	Payable on demand or on the expiry of certain period	It is payable on demand only
Sets	Foreign bills of exchange are drawn in sets of three	It is not so in case of cheque.

2. Discuss in detail the features of a cheque.

Ans. :

(i) Instrument In Writings

- A cheque must be an instrument in writing.
- Cheque being written in Pencil, bankers never accept

(ii) Drawn On A Specified Banker

- 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.

(iii) Certain Sum Of Money Only

- The order must be for payment of money only.
- Further the sum of money must be certain.

(iv) Payee To Be Certain

The cheque must be made payable to a certain person or to the order of a certain person or to the bearer of the instrument.

(v) Signed By The Drawer

- The cheque is to be signed by the drawer.
- It should tally with specimen signature at the time of opening the account

3. What are the requisites of a valid Endorsement?

Ans. :

- It is usually made on the back of negotiable Instrument
- When there is no space for making further endorsement a piece of paper can be attached called as "Allonge"
- Endorsement must be in ink.
- Endorsement for only a part of the amount of the instrument is invalid
- Signing in block letters does not constitute regular Endorsement
- If the payee is an illiterate person, he can endorse it by affixing his thumb impression on the instrument.
- Endorsement is complete only when delivery of the instrument is made.

- It is presumed that negotiable instruments were made in the order in which they appear.

CHAPTER 23 - ELEMENTS OF ENTREPRENEURSHIP

I. Choose the Correct Answer

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

II. Very Short Answer Questions (2 Marks) :

1. Mention any two features on entrepreneurs

Ans. :

- Spirit of Enterprises
- Self confidence
- Flexibility
- Innovation
- Hard work
- Leadership

2. List down the managerial functions of entrepreneurs.

Ans. :

- Planning
- Directing
- Co-ordination
- organizing
- controlling

3. List down the Promotional functions of Entrepreneurs.**Ans. :**

- Discovery of Idea
- Determining the business Prospective
- Detailed Investigation
- Choice of form of enterprises
- Fulfilment of the formalities
- Preparation of business plan
- Procurement.
- Mobilization of funds

4. List the problems faced by the women entrepreneur**Ans. :**

- Problem of finance
- Stiff competition
- Limited mobility
- Sensitivity
- Lack of Education
- Lack of Information
- Lack of Network support
- Dependent culture

III. Short Answer Questions (3 Marks)**1. Distinguish between entrepreneur and Manager****Ans. :**

Basis	Entrepreneur	Manager
Motive	The very motive of an entrepreneur is to start a venture by setting of an organisation.	The very motive of a manager is to render service in an entity to setup for execution of venture
Status	He is owner of the entity	Manager is a salaried Employee
Rewards	He is rewarded by profit for the risk bearing exercise	He is rewarded by salary, bonus, Allowance which is certain and regular.

2. List down the commercial functions of Entrepreneur and Explain shortly. Or Explain the commercial functions of entrepreneur.**Ans. :**

- (i) Production
- (ii) Marketing
- (iii) Accounting
- (iv) Finance
- (v) Human Resource Management

Production

– The Entrepreneur has to take decision making relating to selection of site, design and layout, Types of products to be manufactured etc.

Accounting

– Entrepreneur has to prepare profit and loss A/c and balance sheet to know the financial status of the business.

Finance

- The Entrepreneur has to take decisions regarding type of financing, framing dividend policy and investing of funds effectively.

3. Explain the Promotional functions of entrepreneur

Ans. :

- **Discovery Of Idea** – A person may conceive his own ideas or develop the ideas contributed by others.
- **Determining Business Objectives** – Entrepreneur has to develop business objectives in nature of business and type of business activity.
- **Detailed Investigation** – Entrepreneur has to analyse in detail the product proposes to produce.
- **Choice Of Form Of Enterprise** – Entrepreneur has to choose the appropriate form of organization suited to implement the venture

IV. Long Answer Questions (5 Marks)

1. What are the characteristics of an entrepreneur?

Ans. :

Spirit Of Enterprise

- Entrepreneur should be bold enough to encounter risk arising from the venture undertaken.
- He should not get discouraged by frustrations or setbacks.

Self - Confidence

- Entrepreneur should have a self confidence in order to achieve high goals in the business.
- The negativities like inconvenience, discomfort, disappointments, rejections, frustrations and so on should not weaken his steely resolve to make the venture a grand success

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.

Hard work

- Entrepreneur should put in strenuous efforts and constant endeavours to accomplish the goals of the venture successfully.
- They have to courageously face uncertainties, risks and constraints.

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, adding new features to the existing product, uncovering a new territory for business, innovating new raw material etc.,

2. Distinguish between entrepreneur and intrapreneur

Ans. :

Basis	Entrepreneur	Intrapreneur
Thinking	Entrepreneur is a free thinker	Intrapreneur is forced to think independently but within scope of business activities undertaken in the enterprise
Dependency	Entrepreneur is an independent person	Intrapreneur is dependent on the entrepreneur. He is an employee.
Reward	Entrepreneur is rewarded by profit for the risk bearing exercise	Intrapreneur does not share in profits of venture. But gets perquisites, salary, incentives etc., for the service.
Operation	Entrepreneur operates mostly outside the enterprise	Intrapreneur operates within the enterprise.
Risk-Bearing	Entrepreneur bears the risk involved in the venture undertaken.	Intrapreneur does not bear any risk in the venture. However Intrapreneur is accountable for the task or project assigned.

3. Discuss the problems faced by women entrepreneur.

Ans. :

Problem Of Finance

- Financial institutions too do not consider women in general creditworthy as they are sceptical of their entrepreneurial capabilities of women.
- So, they are pushed to rely on their own savings and small loans from friends and relatives.
- Because of limited funds, women entrepreneur are not able to effectively and efficiently to run the business.

Dependent Culture

- In India, Women are to be dependent on their parents, life partners and children during the various phases of their life cycle.
- The cultural barrier does not allow them to start and manage their ventures.

Stiff Competition

- Women entrepreneurs have to face acute competition for their goods from organized sector and from their male counterparts.
- They are not able to compete effectively and efficiently in the market.

Lack Of Education

- Illiterate and semi-literate Women entrepreneurs encounter a lot of challenges in maintaining Accounts, understanding money matters, day-to-day operations of the company, marketing the products, applying technology, etc.
- This reduces the efficiency of operating the business successfully.

Lack Of Information

- Women entrepreneurs are not generally aware of subsidies and incentives available for them due to their poor literacy levels
- Or due to their pre occupation with household responsibilities.
- This lack of knowledge 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 Answer

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**

II. Very Short Answer Questions (2 Marks) :

1. What is the other name of business entrepreneur?

Ans. :

Business entrepreneur is called "Solo entrepreneur".

2. Mention the other name for corporate entrepreneur

Ans. :

Corporate entrepreneur is called "Promoter"

3. Who are agricultural entrepreneur?

Ans. :

Agricultural entrepreneur are those entrepreneurs who raise farm products and market them.

Those who raise allied products like poultry, meat, fish, honey, skin, flower, silk, fruits, etc. are called agricultural entrepreneur.

4. Give some examples of pure entrepreneur

Ans. :

- T.V.Sundaram Iyengar - TVS Group
- Dhirubai Ambani - Reliance Industries
- Birla - Birla Group
- Narayana Murthi - INFOSYS
- Aziz Premji - Wipro
- Jamshadji Tata - Tata

III. Short Answer Questions (3 Marks)

1. Who is a Private entrepreneur?

Ans. :

Venture started by individual either singly or collectively at their own risk after mobilizing various resources in order to earn profit are called, "Private entrepreneur"

2. Explain about the imitative entrepreneur.

Ans. :

- Imitative entrepreneur is one who simply imitates existing skill, knowledge or technology already in place in advance countries.
- They simply re-engineer or re-design the products developed in advanced countries and produce a version suited to the local conditions.
- E.g. Mr. Kavin Bharati Mittal -Hike Messenger – imitated Whatsapp.

3. Write about Fabian entrepreneur

Ans. :

- They are said to be conservatives and sceptical about plasticizing any changing in their organization.
- They are of Risk – Averse type
- Their dealings are governed by customs, religion, tradition and past practices
- Eg. Narasus coffee.

IV. Long Answer Questions (5 Marks)

1. Explain in detail on classification according to the type of business.

Ans. :

(I) Business Entrepreneur

- He is also called “Solo Entrepreneur”
- He /she is the one who conceives an idea for a new product/ service and established business enterprises to translate his idea into reality.

(li) Trading Entrepreneur

- Trading Entrepreneur are those who restrict themselves to buying and selling finished goods.
- They get their income by way of commission and marketing

(lii) Service Entrepreneur

- Service Entrepreneur enters into the venture of supplying service products to end consumers.
- Examples- Hoteliers, Airlines, banking, Insurance, advertising firms, Train service etc.

(iv) Agriculture Entrepreneur

- Agricultural Entrepreneurs are those entrepreneurs who raise farm products and market them.
- These entrepreneur pursue their venture in agriculture and allied sector.

(V) Corporate Entrepreneur

- Corporate Entrepreneur is also called as “Promoter”
- He takes initiative necessary to start an entity under corporate format.
- These are registered under companies Act.

2. Discuss the nature of functional entrepreneurs.

Ans. :

Innovative Entrepreneur

- Innovate entrepreneur is one who is always focused on introducing a new project or introducing something new in the venture.
- Innovation may take the form of new product, upgraded product new method of distributions of product etc.

Imitative Entrepreneur

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

Fabian Entrepreneur

- They are said to be conservatives and sceptical about plasticizing any change in their organization.
- They are of Risk – averse type
- Their dealings are governed by customs, religion, tradition and past practices.
- Ex. Narasus coffee.

Drone Entrepreneur

- Drone Entrepreneur is those who are totally opposed to changes unfolding in the environment.
- They are similar to Fabian entrepreneur in doggedly pursuing their conventional practices.
- They used to operate in the niche market
- Ex. Gopal tooth powder.

CHAPTER 25 - Government schemes for entrepreneurial development

I. Choose the Correct Answer

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**

II. Very Short Answer Questions (2 Marks) :

1. Name any 4 government entrepreneurial schemes

Ans. :

- Make in India
- Digital India
- Atal Innovation mission
- Startup India
- STEP, JAM, SEED

2. Give a note on “Digital India”

Ans. :

- It has been launched to modernize the Indian Economy.
- It 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.

Ans. :

- Long term finance – which are needed for acquiring fixed assets.
- Short term finance – which are meant for working capital needs.

III. Short Answer Questions (3 Marks)

1. What is startup India?

Ans. :

- It was launched in Jan 2016
- Through the startup India initiative the govt-of India Promotes entrepreneurship by mentoring, Nurturing and facilitating startups throughout their life cycle.
- A fund of funds has been created to help startups to gain access to funding.

2. Expand these term/s : STEP , JAM, TREAD, M-SIPS, SEED, New Gen IEDC

Ans. :

- **STEP** - Support to training and Employment Programme for women
- **JAM** - Jandhan –Aadhar – Mobile
- **TREAD** – Trade related entrepreneurship Assistance and Development

- **M-SIPS** – Modified special Incentive package scheme
- **SEED** – Science for Equity empowerment and Development
- **New GEN IEDC** - New Gen Innovation and Entrepreneurship Development Centre

IV. Long Answer Questions (5 Marks)

1. Explain any 5 Govt – Entrepreneurial schemes.

Ans. :

(A) Start-up India

- This scheme promotes entrepreneurship by mentoring, nurturing and facilitating startups throughout their life cycle.
- It was launched in January 2016
- A “Fund of funds” has been created to help startups.

(B) Make In India

- This is designed to transform India into a global design and manufacturing hub.
- It was launched in September 2014
- This has in turn helped to procure investments, foster innovation, develop skills, protect intellectual property etc.

(C) Digital India

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

(D) Stand Up India

- It was launched in 2015
- It aims at enabling economic participation of women entrepreneurs, scheduled castes and scheduled tribes and share the benefit of Indian growth.
- Towards this end, at least one woman and one individual from the SC or ST communities is granted loans between Rs.10 lakhs to Rs. 1 crore to set up greenfield enterprises in manufacturing , services or the trading sector.

(E) 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.

2. Describe the steps promoting entrepreneurial venture.

Ans. :

➤ **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.

➤ **Selection Of Form Of Ownership**

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

➤ **Selection Of Site**

Entrepreneur has to choose suitable plot for accommodating his venture; he has four options open to him for housing his venture.

➤ **Designing Capital Structure**

Entrepreneur has to determine the source of finance for funding the venture; He may mobilize funds from his own savings loans from friends and relatives.

➤ **Preparation Of Project Report**

The project report should cover aspects like sources of finance, technical know- how, sources of labour and raw materials. Market potential and profitability. The project includes:

- Technical Feasibility
- Economic Feasibility
- Financial Feasibility
- Managerial Competency
- Provisional Registration Certificate
- Permanent Registration Certificate
- Statutory License
- Power Connection
- Arrangement of finance

CHAPTER 26 - Company act 2013

I. Choose the Correct Answer

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

II. Very Short Answer Questions (2 Marks) :

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

Ans. :

- Promotion
- Registration
- Capital subscription
- Commencement of business

2. What is bonus shares?

Ans. :

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

3. What is a right share?

Ans. :

The right shares are primarily issued to the existing equity share holders through a letter of an issue, on pro rata basis.

4. What is debenture?

Ans. :

- The company 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 (3 Marks)

1. What do you understand issue of securities at premium?

Ans. :

- When shares are issued at a price above the face or nominal value is called “issued at Premium”
- E.g. – Face value of shares Rs.10, issued at Rs.12 Here Rs.2 is the premium.
- The amount of share premium transferred to “Securities Premium Account”.

2. Explain different kinds of Preference shares

Ans. :

- **Convertible Preference Shares** - These share can be converted in equity share after a time period.
- **Non – Convertible Preference Shares** - These shares cannot be converted into equity shares.
- **Redeemable Preference Shares** - Such shares can be claimed after a fixed period or after giving due notice.
- **Non – Redeemable Preference Shares** - Such shares cannot be redeemed during the life time of the company.

IV. Long Answer Questions (5 Marks)

1. Write the differences between Debentures and shares.

Ans. :

DEBENTURES	SHARES
Debentures constitutes a loan	Shares are part of capital of a company
Middle and lower level	Top Level
Debenture holders do not have any voting right	Shareholders enjoy voting right.
It can be issued at a discount	Shares cannot be issued at a discount.
Gets fixed Rate of Interest	Gets dividends with a varying rate
Interest on debentures allowable as deduction from profits	Dividend is not allowable deduction
Debentures have a charge on the assets of the company	Shares do not carry any such charge
The rate of Interest is fixed	Dividend varies depends upon the profit of the company.

2. What are the various kinds of debentures ?

Ans. :

(i) On the basis of convertibility

- **Non convertible Debentures**
 - These instruments retain the debt character and cannot be converted into equity shares.
- **Partly convertible Debentures**
 - A part of these instruments are converted into equity shares in the future.
- **Fully convertible Debentures**

– These are fully convertible into equity share at the issuers notice.

➤ **Optionally convertible Debentures**

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

(ii) On the basis of security –

*** Secured Debentures**

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

*** Unsecured Debentures**

– These instruments are unsecured in the sense that if the issuer defaults on payments of the interest or principal amount.

(iii) On the basis of Redeem ability

✓ **Redeemable debentures**

- The debentures which are issued with a condition that the debentures will be redeemed at a fixed rate.

✓ **Irredeemable Debentures**

- A debenture in which no specific time is specified by the companies to pay back the money is called irredeemable debentures.

(iv) On the basis of Registration

*** Registered Debentures**

– It refers who's name appears on the debenture certificate and who is registered by the company as a holder on the register of debenture holders.

*** Bearer Debentures**

- These are issued to bearer and are negotiable instrument and so transferable by mere delivery like share warrants.

CHAPTER 27 - COMPANY MANAGEMENT

I. Choose the Correct Answer

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.

II. Very Short Answer Questions (2 Marks) :**1. Name the companies required to appoint KMP**

Ans. :

- Every listed company
- Every public company (Having paid up capital of Rs.10 crores or more)

2. Who is whole time director?

Ans. :

A 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 managing director?

Ans. :

A 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?

Ans. :

An executive director is a chief Executive director 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 organization.

III. Short Answer Questions (3 Marks)**1. When are alternative directors appointed?**

Ans. :

- Alternative directors are appointed by board of directors, as a substitute to a director who may be absent from India, for a period which is not less than 3 months.
- The Appointment must be authorized either by the articles of association or by passing a resolution in the meeting.
- He is not a representative or agent.

2. Who is a shadow director?

Ans. :

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 no. of director for a private company

Ans. :

- In case of one Person Company, the requirement of director is one.
- In case of Private Company, the requirement of directors is two

IV. Long Answer Questions (5 Marks)

1. Who are the KMP?

Ans. :

Sec 2(51) of companies Act 2013, contains the following as KMP

- The Chief executive officer
- The Manager or The Managing Director
- The Company Secretary
- The whole time Director
- The chief financial officer and
- Such other officer as may be prescribed.

2. Brief different types of directors.

Ans. :

- **Residential Director** 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.
- **Independent Director** An Independent Director is an alternate director other than a managing director who is known as "Whole time director" or "Nominee Director". The following companies have to appoint 2 independent directors.
 - I. Public Company having paid-up share capital Rs. 10 Crores or more ,
 - II. Public Company having turnover Rs. 100 Crores or more.
 - III. Public Company having outstanding loans, debentures, deposits Rs. 50 Crores or more.
- **Additional Directors** Any Individual can be appointed as additional directors by a company.
- **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.
- **Alternate Directors** Alternate directors 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 3 months.
- **Small Share Holders Directors** Small shareholders can appoint a single director in a listed company. But at least 1000 shareholders or 1/10th of the total shares should follow proper procedures and give a notice.

3. State the qualification of Directors.

Ans. :

- A director shall possess appropriate skills, experience and knowledge in various fields such as sales, marketing, administration, research, technical operations, finance, management, etc. which is related to the company's business
- A director must be a person of sound mind.
- A director must hold qualification shares, if the article provides such
- A director must be an individual
- A director should be a solvent person
- A director should not be convicted by the court for any offence, etc.

CHAPTER 28 - COMPANY SECRETARY

I. Choose the Correct Answer

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

II. Very Short Answer Questions (2 Marks) :

1. Who is a Secretary?

Ans. :

The Person who steers the company holding the administrative, financial and overall performance of the company is called "Company Secretary".

2. Define Meeting

Ans. :

A company meeting must be convened and held in perfect compliance with the various provisions of the Act and the rules framed there under.

3. Write a short not on Proxy**Ans. :**

- Proxy means a person being the representative of a shareholder at the meeting of the company.
- Proxy can attend the meeting and he cannot vote.

4. What is vote?**Ans. :**

- The word "Vote" originated in Latin word "Votum" indicating one wishes or desire
- Declaring his opinion or wish in favour or against a proposal or a candidate to be elected for an office.

III. Short Answer Questions (3 Marks)**1. What is special resolution?****Ans. :**

- A special resolution is the one which is passed by 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 Special Resolution must be specifically mentioned in the notice of the general meeting.

2. What do you mean by statutory meeting?**Ans. :**

- The first general meeting of the public company is called "Statutory Meeting"
- This meeting is conducted only once in the life time of the company.
- It should hold the meeting of the shareholders within six months but not earlier than one month from the date of commencement of the business of the company.
- A Private or Public company having no share capital need not conduct a statutory meeting.
- The company gives the notice to the share holders before 21 days of the meeting.

3. Give any 3 cases in which an ordinary resolution need to be passed.**Ans. :**

- To redeem the debentures
- To declare the dividends
- To appoint the directors
- To alter the share capital of the company

IV. Long Answer Questions (5 Marks)**1. Briefly state different types of company meetings.****Ans. :**

Statutory Meeting

- 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.
- Meeting is conducted only once in the life time of the company.
- This is the first general meeting of the public company is called the “Statutory meeting”.

Annual General Meeting

- Every year a meeting is held to transact the ordinary business of the company is called “Annual general meeting” It should be held within 18 months from date of its registration.
- The difference between two annual meeting should not be more than 15 months.
- Annual general meeting should be conducted by both private and public ltd companies.

Extra Ordinary General Meeting

- All other general meetings other than statutory and annual general meetings are called “Extra ordinary general meeting”.
- It is conducted to deal with some urgent or special business.

Board Meetings

- Meetings of directors are called board meetings
- First meetings of directors should be convened within 30 days from the date of incorporation of the company.

Class Meeting

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

Committee Meetings

- Every listed company and every other public company having paid up share capital of Rs.10 crore is required to have audit committee
- This committee should meet at least 4 times in a year.

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

Ans. :

i) Open Procedure

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

By Voice

- In Voice voting, the chairman allows the members to raise their voice as “Yes” for approval and “No” for rejection.
- It is an unscientific method.
- It cannot be employed for deciding complex issue.

By Show Of Hands

- The chairman requests the members to raise their hands of those who are in favour or against of the proposal or candidate.
- Then The chairman counts the number of hands raised for favour and against respectively and announce the results on the basis of the hands counted.

ii) Secret Procedure

It is a popular voting method that could maintain secrecy of the voter. The methods are.

By Ballot Under this system, ballot paper bearing serial number is given to the members to record their opinion by marking [✓] or [✕] with the symbol or they 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 the tellers or scrutinisers and counts the votes.

He can reject the defective or wrongly marked ballot papers.

The votes are counted and results are announced.

Postal Ballot The companies or big association having members scattered all over the country follow this method of voting.

The members or voters fill in the ballot papers and return them by post in sealed covers which are opened when the ballot box is opened for counting the votes.

“Victory comes from the LORD.” Proverbs 21:31

Prema Samuel,
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