



PART I - FOUNDATION OF BUSINESS

CHAPTER 1 : NATURE AND PURPOSE OF BUSINESS

A. Match the following :

- | | |
|---------------------------|-----------------------------------|
| i. Banking | a. no capital investment |
| ii. Manager performance | b. processing industry |
| iii. Famine | c. genetic industries |
| iv. Fish hatchery | d. objective of business |
| v. Paper industry | e. auxiliary to trade |
| vi. Uncertainty of return | f. feature of business activity |
| vii. Profession | g. natural cause of business risk |
| viii. Employment | h. economic activity |

B. State Whether true or false

- Teaching in a school is a non-economic activity.
- Commerce is wider term than trade.
- Trade includes buying and selling of services.
- Profession involves greater risk than business.

C. Very short answer questions :

- Q.1 Give two examples of manufacturing industry.
- Q.2 Which two types of activities classify under the head 'commerce'?
- Q.3 Define 'Profitability'.
- Q.4 Give the examples of social objectives of a business concern.
- Q.5 What is business risk.

D. Short answer questions :

- Q.6 Risk in business is not by choice but a compulsion. Comment.
- Q.7 What is the relationship between industry and commerce.
- Q.8 How do auxiliaries to trade help in the removal of hindrances in the process of exchange?
- Q.9 How does productivity contribute towards business growth?

E. Long answer questions :

- Q.10 'Profit cannot be the only objective in today's dynamic and demanding business environment'. Discuss.
- Q.11 Describe the activities relating to trade.
- Q.12 Explain the fundamental characteristics of business which distinguish it from the other activities.

VALUE BASED QUESTIONS

Q. 1. Name the value which is key for the success of business?

Ans. The value of trust and honesty is most important for the success of a business.

Q. 2. Ramneek is working as a Sales Manager in Sell Well Ltd. He has authority to meet customers, offer them various schemes and finalise orders. He has three executives working under him. He is enjoying good salary and company appreciates his efforts in the form of additional incentives based on his annual performance. The Director ensures that Ramneek has full information about prices so that he can work efficiently. Ramneek's employment contract clearly mentions that no employee will work for competitors, appoint any relative as company distributor or sell company products to anyone without informing the owner. Despite signing the contract and agreeing to all the terms and conditions, Ramneek appointed Medichcek (Pvt.) Ltd. as company's distributor and did not disclose to company that director of Medichcek is his real brother.

(a) State the values Sell well Ltd follows with respect to employees.

(b) State the values Ramneek as a company employee has ignored.

Ans.

(a)	(i) Appreciation of hard work	(ii) Opportunity to growth	(iii) Leadership
	(iv) Respect	(v) Transparent.	
(b)	(i) Being Honest	(ii) Loyalty	(iii) Integrity
	(iv) Breach of mutual trust	(v) Transparency	



CHAPTER 2 : FORMS OF BUSINESS ORGANISATION

A. Fill in the blanks :

- i. Sole proprietorship is most suitable form for _____ business.
- ii. The liability of the karta in a joint Hindu family business is _____.
- iii. Partnership is governed by the _____ Act, 1932.
- iv. A public company can have minimum _____ members.
- v. A private company can have minimum _____ directors.
- vi. In case of a banking business maximum numbers of partners allowed are _____.
- vii. A company is legally _____ from its members.

B. Very short answer type questions :

- Q.1 What is 'separate legal entity'?
- Q.2 Where is the principle of 'one man one vote' followed?
- Q.3 How are the affairs of a company managed?
- Q.4 Define 'Co-parcener'.
- Q.5 Name the alternatives available to a sole proprietor whose business is expanding.
- Q.6 Differentiate between Dayabhaga nad Mitakashara system of family business.

C. Short answer questions :

- Q.7 Explain the term unlimited liability in brief.
- Q.8 If registration is optional, why do partnerships get themselves registered. Explain.
- Q.9 What is meant by 'partner by holding out' . Explain.
- Q.10 List all important matters discussed while preparing a partnership deed.
- Q.11 What is meant by mutual agency.
- Q.12 Write any four privileges that a private limited company enjoys over a public limited company.
- Q.13 Classify and differentiate the partnership business on the basis of liability.

D. Long answer questions :

- Q.14 "One man control is best in the world if that man is big enough to manage everything". Discuss.
- Q.15 What is a joint stock company? Discuss its main features.
- Q.16 Distinguish between a company and partnership firm.
- Q.17 Discuss in detail the various factors which must be considered while selecting the form of organisation.
- Q.18 How are cooperative societies differentiated on the basis of their nature of operations.
- Q.19 Shilpa wanted to pitch in to reduce the financial crisis prevailing in her house and thought of working as a cook. She started working in three different households, one Punjabi, one Gujrati and one South Indian family. She soon realized that all the three households had different cuisine. It was indeed a challenge for her to learn the techniques of the cuisine. All the families greatly appreciated the time frame within which she had mastered the local cuisine. After working for them for a year, she decides to open a small eating point of her own along with two of her friends by the name 'Apna Bhoj'. They decided to share profits equally and that each of them will be liable for acts performed by the other two. Soon the eatery became a hot spot because of the fusion platter which was being offered. 3
 - a. Identify the kind of business organisation which was set up by Shilpa and her friends.
 - b. Quoting the lines from the paragraph, state the features of this form of business organization.

- Q.20** Manisha after graduating from college went back to her home town in Meghalaya. It was a small town with very few job opportunities. The Karbi tribal women in that area were uneducated but still practiced the method of obtaining traditional colors from natural wild herbs. Their most popular dye was indigo obtained from the leave called 'sibu'. Using these colors they added variety to their textiles. The women were mainly confined to their homes and they did not know how to make a living out of their talent. Manisha went from door to door to analyse the problem that existed. She thought of setting up a voluntary association of rural women who would be able to join and leave the organisation at their own will without any coercion or intimidation.
- Name the process which helped Manisha in converting an idea into an opportunity.
 - Identify the kind of organisation that Manisha has decided to set up.
 - State any two values which Manisha wants to communicate to the society.
- Q.21** Kareem after completing his XII class from his village school joined the course of electrician in an ITI in a town near his village. On completion of this course he tried for a government job but could not get the same. He, therefore, decided to work as a helper to a renowned electrician of the area. After working with him for two years he decided to start his own electrician shop in the village. For this he purchased equipments of ₹ 10,000 and hired a shop at a monthly rent of ₹ 2,000. He himself managed the shop.
- Identify the kind of business organisation set up by Kareem.
 - State any four characteristics of the identified form of business organisation.
- Q.22** Lalita Devi did her post-graduation from Manipur University, Imphal. She had offers to join reputed firms in metropolitan cities like Delhi and Mumbai. Instead of joining any of these firms she decided to do some creative work in Imphal. She observed that a special type of chilli is grown by the farmers of most of the villages around Imphal. This chilli has a distinct flavour and the pickle made from it has a taste that may be liked by many people in other parts of the country. But the farmers were neither trained in the farming of the kind of chilli on a large scale nor was there a secured market for their produce. Lalita Devi met eighteen like-minded women of the area and formed an organization for doing the business of pickle manufacturing. Each of them contributed ₹ 2,00,000 towards its capital and were equally responsible for its management. On one hand they assured the farmers to purchase the chilli produced by them and on the other hand, the organization with the help of the local agriculture department arranged for the training of the farmers. They also employed 10 local unemployed graduate girls for doing the various operations of pickle manufacturing.
- Identify the kind of organization that Lalita Devi had decided to set up.
 - State any two values which Lalita Devi wants to communicate to the society.

VALUE BASED QUESTIONS

- Q. 1** Mr Jitender places an order on online. But when the delivery comes he refuses to accept and make the payment as company delivered the order late by 2 months. What value is missing in the conduct of company?
- Ans.** Value of responsibility.
- Q. 2** Mr Mittal transported an order of 10,000 units to ABC Ltd. through bull cart but he presented a fake bill before the management that the order has been transported by the truck. Find out the value missing by Mr Mittal.
- Q. 3** Shiv and Ali are partners in a business. They decided to donate 1% of their net profit to a neighbourhood charity eye care centre. Which value is reflected here?
- Ans.** The value of helping fellow human beings.
- Q. 4** Which value is reflected in the conduct of Joint Hindu Family business?
- Ans.** The value of collective effort for achieving success is reflected in the conduct of Joint Hindu Family business.
- Q. 5** Mr Mohan intends to start a sole proprietorship business of providing courier services. He decided to provide free courier services of upto 1 kg weight and distance of less than 500 km to senior citizens of age 65 years and above. Which value is reflected here?
- Ans.** The value of compassion for the senior citizens is reflected here.



CHAPTER 3 : PRIVATE, PUBLIC & GLOBAL ENTERPRISES

A. State whether true or false :

- a. Defence establishments are a part of Departmental undertakings.
- b. There is no difference between a public company and public sector.
- c. In a departmental undertaking, there is a lot of financial autonomy.
- d. Statutory corporations are not accountable to the public.
- e. Indian Railways is a departmental undertaking.
- f. A joint venture is a collaboration of only two business enterprises.

B. Very Short answer questions :

Q.1 Name the three forms of organisations which classify under the head 'PSEs'.

Q.2 Give two examples of departmental undertakings.

Q.3 State the basic feature of a mixed economy.

Q.4 Under which two sectors is the Indian economy divided?

Q.5 Give the full form of :

- | | |
|---------|----------|
| a. MNCs | b. MoU |
| c. MOFA | d. PSE's |

C. Short answer questions :

Q.6 Define global enterprises.

Q.7 Discuss the reason for setting up National Renewal Fund by the government.

Q.8 Give any three limitations of a public corporation.

Q.9 "This enterprise is a valuable instrument for economic development". Name the enterprise and give reasons for the statement.

Q.10 What is the main function of BIFR?

C. Long answer questions :

Q.11 What are the benefits of entering into joint ventures?

Q.12 Global corporations have distinct features. Which distinguish them from other private & public sector enterprises. Explain such features.

Q.13 Describe the government policy towards the public sector since 1991.

Q.14 What is a Govt. Company? And what are its limitations?

VALUE BASED QUESTIONS

Q. 1 Public enterprises are established to achieve the goal of economic and social development of the country. They are managed and controlled by Central or State Governments through ministers or government officials. Many times personal interest of ministers influences the policy formulation and running of the enterprise. Even the big business houses use their influence and get the policies formulated in their favour.

State the values ministers or government ignore in the above case.

- Ans.** (i) Ignore public interest
(ii) Personal interest supersedes national interest
(iii) Corruption.



CHAPTER 4 : BUSINESS SERVICES

A. Very short answer questions :

- Q.1 Name the different types of banks.
- Q.2 What is e-banking?
- Q.3 What does CWC stand for?
- Q.4 Define the term 'utmost good faith'?
- Q.5 Define goods.
- Q.6 Define services.

B. Short answer questions :

- Q.7 State the purposes of bonded warehouses.
- Q.8 Give any three functions of warehousing.
- Q.9 "Life insurance contract is not a contract of indemnity". Explain.
- Q.10 Give any four functions of commercial banks.
- Q.11 'A claim for loss by fire must satisfy two conditions.' What are the two conditions?

C. Long answer questions :

- Q.12 Explain different types of warehouses.
- Q.13 Explain the main elements of a valid insurance contract.
- Q.14 'Today's warehouse have ceased to be a mere storage service providers, but have become logistical service providers'. In the light of the above statement explain the functions of a modern warehouse.

APPLICATION BASED QUESTIONS

- Q. 1** A factory owner insures his stock of goods. He fails to make necessary safety arrangement to protect the factory from fire. Later, factory catches fire and could not be controlled because there were no fire extinguishers in the factory. Will the factory owner receive insurance claim ?

Ans. In this case the insured seems to have violated the insurance principle of 'Mitigation'. Under Mitigation, insured can claim for loss or damage only if the loss arises due to reasons beyond control of the insured.

The insured is expected to take reasonable care to protect the insured property from loss or damage and has taken effective measures to minimize the loss. In case the insurer finds out that the loss is due to carelessness of the insured, then the insured loses the right to be compensated for the loss.

In the above case, the factory owner failed to take adequate measures to protect his property. Hence, the insurer can refuse to compensate the insured for the loss incurred by him.

- Q. 2** Aman mortgaged his factory against a bank loan. Can bank insure the factory against fire ?

Ans. Yes, the bank can insure the factory against fire.

For insuring the factory, the insurer must have insurable interest' in the factory. Here, the factory is mortgaged to the bank and bank has insurable interest in the property up to the value of the loan extended by the bank.

- Q. 3** Akhil insured his factory for ₹40 lakh against fire. Due to fire, he suffered a loss of ₹28 lakh. How much amount he can recover from the insurance company? Justify your answer.

Ans. Akhil can recover an amount equal to the loss incurred. This is because the insured cannot make a profit out of a contract of insurance. Thus, the insurance company is liable to pay the insured ₹28 lakh and not ₹40 lakh.

- Q. 4** Sahil took a fire insurance policy of ₹15 lakh for his factory at the annual premium of ₹18,500. In order to avoid higher premium, he did not disclose that highly explosive chemicals are being manufactured in his factory. Due to a fire, his factory is severely damaged. The insurance company refused to make the payment for claim as they came to know that the highly explosive chemicals were manufactured. Is Sahil entitled to receive the claim? Explain the principle of insurance violated by Sahil.

Ans. Sahil has violated the principle of 'Utmost Good Faith'.

Contract of insurance is based on utmost good faith between the insurer and the insured.

The insured must disclose all important facts related to the proposed risk and the insurer also must clearly mention all the terms and conditions of the contract.

The disclosure of all the important facts by both parties decides the amount of premium.

If insured fails to provide material information then the contract may be null and void.

VALUE BASED QUESTIONS

Q. 1 There is a vacancy in the government department for the post of peon. However, the government allowed only handicap people to apply for this post. What value is reflected in this action of government.

Ans. Value of respecting handicap people providing them adequate opportunity.

Q. 2 Every year, lot of agricultural production is spoilt during rainy season due to lack of proper storage facilities in villages. Government has decided to construct a warehouse in radius of every 100 km so that necessary goods can be stored. This will reduce wastage and goods will be available even during bad weather conditions. What values is government trying to achieve ?

Ans.

- (i) Control on hoarding and black marketing.
- (ii) Regular supply of goods.
- (iii) Stability in prices.
- (iv) Fulfillment of social responsibilities by providing facilities to farmers.
- (v) Minimize wastage of resources.

Q. 3 Rekha Garments Ltd has a loan of ₹25,00,000 to pay. They are short of funds so they are trying to find means to arrange funds. Their manager suggested to claim from insurance company against stock lost due to fire in the warehouse. He actually meant that they can put their warehouse on fire and claim from insurance company against stock insured. They can use the claim money to pay loan.

(a) Will the company receive claim if the surveyor from insurance company comes to know the real cause of fire?

(b) What values did company ignore while planning to arrange money from false claim?

Ans.

(a) No, Rekha Garments cannot claim insurance if surveyor finds the real cause of fire because the insurance can be claimed only if the loss is due to unavoidable accident.

(b) Values ignored are : (i) utmost good faith (ii) honesty and integrity (iii) environment protection.



CHAPTER 5 : EMERGING MODES OF BUSINESS

A. Very short answer questions :

Q.1 Define outsourcing.

Q.2 What is CoD? Explain very briefly.

Q.3 Give full form of :

- | | | |
|---------|---------|----------|
| i. 'e' | ii. ATM | iii. B2B |
| iv. B2C | v. C2C | vi. EDI |

Q.4 What is eBay and Pay Pal?

B. Short answer questions :

Q.4 Write a note on intra-B-Commerce.

Q.5 Name two common services under BPO.

Q.6 Explain in brief, various concerns over outsourcing.

Q.7 Name any two risks involved in e-commerce.

C. Long answer questions :

Q.8 What is e-Business? What are its benefits?

Q.9 Why is outsourcing an important mode of business?

Q.10 What are the various ways through which payment can be made when goods are purchased online.

Q.11 e-business is not all that rosy. Explain.

VALUE BASED QUESTIONS

Q. 1 Renuka Garments (Pvt) Ltd outsourced their accounting department to Gauri & Associates. The owner of Gauri and Associates Mr. Rohit instructed one of his employees to save the .sales information of Rekha Garments in his personal pen drive and bring it to office. Rohit gave the data to his brother who is in.the similar business. They contacted buyers of Rekha Garments and offered them lower prices. This resulted in great loss for Rekha Garments.

What values did Gauri & associates ignore in the above case?

Ans. (i) Confidentiality (ii) Integrity
(iii) Breach of mutual trust (iv) Business ethics

Q. 2 Inspop IT Ltd is a cloud service provider company, which provides cloud-computing infrastructure as compared to the traditional IT infrastructure. WinBiz associates chose Bestwell IT to store their business critical data on cloud storage facilities, but 3A, a competitor of WinBiz hired a team of hackers to hack into the storage of Bestwell IT and extract the data of WinBiz from its database and used all the marketing strategies before WinBiz could implement them. What business values did WinBiz ignored in the above case ?

Ans. (i) Business ethics (ii) Breach of Confidentiality (iii) Unfair trade practices.



CHAPTER 6 : SOCIAL RESPONSIBILITIES OF BUSINESS AND BUSINESS ETHICS

A. Very short answer questions :

- Q.1 Explain the meaning of social responsibility.
- Q.2 Name the groups/parties interested in business.
- Q.3 Name any four factors influencing business ethics.
- Q.4 What is legal responsibility? How is it different from social responsibility?

B. Short answer questions :

- Q.5 'Social responsible behaviour can avoid government regulation'. Explain, how?
- Q.6 What are the major causes of environmental pollution?
- Q.7 What do you mean by 'ethical code'?

C. Long answer questions :

- Q.8 Business these days are responsible for causing harm to the environment. How can business enterprises protect the environment?
- Q.9 Explain the elements of business ethics.
- Q.10 "Once the social objective of business is recognised, it is important to know to whom and for what the business & its management are responsible." Explain the statement.

VALUE BASED QUESTIONS

- Q.1 Chinttoo and Moly have a diploma in event management. Before starting their own venture they decided to first have an experience so they joined Nanda Kochar, a very famous wedding planner. Soon they found out that Nanda was cheating her clients by providing them with cheaper arrangement of flowers and decorations than what they had paid for. They left the job and started their own venture 'Happy Wedding' While organizing their first wedding event under 'Happy Wedding' Chinttoo suggested that they should steal electricity from nearby poles in order to save cost and earn more profits. Moly firmly lays down the moral rules that at 'Happy Wedding' there will be no cheating even if they have to incur losses.
 - a. What is meant by Ethics? Why are ethics important?
 - b. Compare and contrast the ethical values of Nanda, Chinttoo and Moly.
- Q.2 Ajeet was living in a village where few job opportunities were available. He was a drop out of class X and had no source of income. He joined a course of mobile repairing. He noticed that there was no shop of mobile repairing in or near by his village. So he trained some of his drop out friends. After some time all of them started a mobile repairing shop and their business flourished. They decided to donate some amount to a school regularly for the education of the underprivileged students. Identify the value added by Ajeet.
- Q.3 Mr P running a business of handicraft in a village, he thought of opening a primary school for his employee's children so that they can get basic education. What do you think about the conduct of Mr P?

Ans. Mr P is fulfilling his social responsibility.