केंद्रीय विद्यालय संगठन

KENDRIYA VIDYALAYA SANGATHAN

आगरा संभाग

AGRA REGION

व्यावसायिक अध्ययन

BUSINESS STUDIES

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Chapter-1: Evolution and Fundamentals of Business

History of Trade and Commerce in India:

- The Indian subcontinent is naturally protected by the Himalayan mountains in the north, while the southern side is surrounded by water bodies.
- A network of routes known as the **Silk Routes** connected India with neighbouring kingdoms and other parts of Asia and the world for political and commercial relations.
- Wealth generated from trade helped important kingdoms, industrial regions, and trading centres to prosper. This contributed greatly to the growth of both domestic and international trade in ancient India.

Indigenous Banking System:

- As economic activities increased, metals started being used as money because they were durable and could easily be divided into smaller units.
- The introduction of metal currency accelerated business and economic transactions.
- Financial documents such as **Hundi** and **Chitti** were commonly used for carrying out monetary transactions from one person to another.

Meaning of Hundi:

A **Hundi** referred to a financial contract that:

1. Guaranteed payment of money through an unconditional promise or order.
2. Could be transferred from one person to another through proper negotiation.

Types of Hundi:

S.No.	Type of Hundi	Meaning
1	ShahJog Hundi	Payment was made to a reliable and reputed person known as "Shah".
2	Nam Jog Hundi	Payable only to the individual whose name was written on the hundi or to the order of that person.
3	Dhani Jog Hundi	The amount was payable to the owner or bearer of the hundi.
4	Darshani Hundi	Payment was made immediately whenever the hundi was presented.
5	Muddati Hundi	The payment was made after the expiry of a specified time period.
6	Jokhmi	Connected with sea trade where payment depended upon the

S.No.	Type of Hundi	Meaning
	Hundi	safe delivery of goods.
7	Jawabi Hundi	Used for sending or transferring money from one place to another through bankers.
8	FirmanJog Hundi	Payment was made according to the directions or orders given by the drawer.

- With the advancement of banking practices, people began depositing valuable metals with money lenders or Seths who acted like bankers.
- Money gradually became an important means for helping manufacturers produce larger quantities of goods.

Economic Activities in Ancient India:

- Agriculture and animal domestication formed the basis of economic life during ancient times.
- Other activities such as cotton weaving, fabric dyeing, pottery making, utensil production, handicrafts, sculpture work, masonry, cottage industries, manufacturing, and transportation through carts, boats, and ships also developed.
- These activities generated surplus production and savings, which were further invested for economic growth.

Rise of Intermediaries:

- Intermediaries provided financial protection and security to manufacturers by taking responsibility for business risks, especially in overseas trade.
- During the Mughal period and under the East India Company, the institution of **Jagat Seths** became highly influential.
- Later, commercial and industrial banks emerged to support trade, commerce, and industries, while agricultural banks were established to provide short-term and long-term loans to farmers.

Transport:

- In ancient India, both land and water transport were widely used for carrying out trade activities.
- Trade routes were broad and properly structured to ensure safety and faster movement.
- Maritime trade formed an important part of the international trading system.
- The **Malabar Coast** had strong maritime connections with foreign countries since the period of the Roman Empire.

- The search for an alternative sea route to India for spices resulted in:
    - Columbus discovering America in the late 15th century.
    - Vasco da Gama reaching the Malabar Coast in 1498.

Trading Communities Became Stronger:

- Different trading communities dominated commercial activities in various regions of India.
- Punjabi and Multani traders controlled trade in northern India.
- The Bhats managed trading activities in Gujarat and Rajasthan.
- Urban professional groups also developed, including:
    - Hakims and Vaids (physicians)
    - Wakils (lawyers)
    - Pundits and Mullas (teachers)
    - Painters
    - Musicians
    - Calligraphers

Merchant Corporations:

- Merchant guilds were independent organisations formed for safeguarding the interests of traders.
- These guilds gave traders social status, authority, and prestige.
- Traders were required to pay **octroi duties** on imported goods, and these duties varied according to the type of goods.
- Customs duties also differed from one province to another depending on the commodities.
- Ferry tax was another important source of government revenue and was charged on passengers, carts, cattle, and goods.
- The head of the guild directly negotiated with kings or tax officials and paid market tolls collectively on behalf of all merchants.

Major Trade Centres in Ancient India:

1. Pataliputra

- Present-day Patna.
- It was a major commercial town and an important export centre for stones.

2. Peshawar

- Known for exporting wool.

- It also served as an import centre for horses.

3. Taxila

- Important trading centre located on the land route connecting India and Central Asia.
- It was also famous for commercial and financial institutions.
- The renowned Taxila University was situated here.

4. Indraprastha

- It acted as a commercial junction where routes from east, west, north, and south met.

5. Mathura

- Many trade routes from South India passed through Mathura and Broach.

6. Varanasi

- Developed into a major textile manufacturing centre.
- Famous for gold silk fabrics and sandalwood craftsmanship.

7. Mithila

- Established trading settlements in South China, especially in Yunnan.

8. Ujjain

- Exported products such as agate, carnelian, muslin, and mallow cloth.

9. Surat

- Famous for textiles decorated with gold zari borders.

10. Kanchi (Kanchipuram)

- Chinese traders visited this place through foreign ships to buy pearls, glass, and precious stones.
- In return, they sold silk and gold.

11. Madura

- Attracted foreign traders, especially Romans, for overseas business.

12. Broach

- Located on the banks of River Narmada.
- Connected with important markets through roadways.

13. Kaveripatta

- Important centre for trade with Malaysia, Indonesia, China, and the Far East.

- Famous for perfumes, cosmetics, silk, wool, cotton, pearls, corals, gold, precious stones, and shipbuilding activities.

14. Tamralipti

- One of the greatest ports connected to the West and Far East through both land and sea routes.
- Connected by road to Banaras and Taxila.

<u>Major Exports and Imports</u>:

Exports from India	Imports into India
Spices Wheat Sugar Indigo Opium Sesame oil Cotton Parrots Live animals Animal products such as hides, skins, furs, horns, and tortoise shells Pearls Sapphires Quartz Crystal Lapis lazuli Granite Turquoise Copper	Horses Animal products Chinese silk Flax and linen Wine Gold Silver Tin Copper Lead Rubies Coral Glass Amber

<u>Position of Indian Subcontinent in World Economy</u> (1 AD to 1991):

- Between the 1st and 7th centuries CE, India possessed the largest economy in the ancient and medieval world.
- India controlled nearly one-third to one-fourth of the world's total wealth during this period.
- By the 18th century, India had fallen behind Western Europe in terms of technology, innovation, and new ideas.
- During the mid-18th century, the British Empire established control in India and used revenue collected from Indian provinces to purchase Indian raw materials, spices, and goods.
- As a result, the steady inflow of bullion from foreign trade gradually stopped.

<u>India Begins to Reindustrialise:</u>

- After Independence, India adopted the policy of centralised economic planning.
- The First Five Year Plan was introduced in 1952.
- Emphasis was placed on:
  - Modern industries
  - Scientific and technological institutions
  - Space programmes
  - Nuclear programmes
- However, rapid economic development was hindered due to:
  - Low capital formation
  - Population growth
  - Heavy defence expenditure
  - Poor infrastructure
- Therefore, India depended heavily on foreign borrowings and eventually accepted economic liberalisation in 1991.

<u>Present Position of Indian Economy:</u>

- Today, India is among the fastest-growing economies in the world.
- India has become a preferred destination for Foreign Direct Investment (FDI).
- Government initiatives such as:
  - **Make in India**
  - **Skill India**
  - **Digital India**
  - **Foreign Trade Policy**

are expected to improve exports, imports, and overall trade balance of the economy.

<u>Human Activities:</u> Human activities refer to all those activities that human beings perform to satisfy their needs and wants. Human activities are divided into:

A. <u>Economic Activities:</u>
Activities performed to earn money and create wealth.
Objectives:
- Generate income
- Earn profit

Examples:
- Working in factories

- Teaching in schools
- Running a restaurant

B. <u>Non-Economic Activities:</u> Activities performed for:

- Love
- Sympathy
- Patriotism
- Emotional satisfaction

Objective: Mental satisfaction

Examples:

- Housewife cooking for family
- Teaching children at home without fees

➢ **Economic Activities:** Economic activities are divided into:

1. Business
2. Profession
3. Employment

1. <u>Business</u>: Business refers to economic activities involving Production, Purchase, Sale and Distribution of goods/services with the objective of earning profit.

<u>Characteristics of Business</u>:

1. Economic Activity: Business is done to earn money.
2. Production or Procurement: Includes production or purchase of goods/services.
3. Sale or Exchange: Goods/services must be sold or exchanged.
4. Regular Dealings: Business involves continuous transactions.
5. Profit Motive: Main objective is earning profit.
6. Uncertainty of Return: Profit is uncertain.
7. Element of Risk: Business always involves risk. Examples of risks are fire, theft, strike and Changing customer tastes

2. <u>Profession</u>: Activities requiring Specialized knowledge, Training and skills.

Examples:

- Doctor
- Lawyer
- Chartered Accountant

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3. <u>Employment:</u> Working for others in return for salary or wages.

Examples:

- Worker
- Salesman
- Office employee

<u>Difference Between Business, Profession and Employment</u>

Basis	**Business**	**Profession**	**Employment**
Establishment	Legal formalities	Membership and certificate	Appointment letter
Nature of Work	Buying/selling	Expert services	Work assigned by employer

Basis	Business	Profession	Employment
Qualification	No minimum qualification	Specialized qualification	Employer prescribed
Capital	Required	Limited	Not required
Return	Profit	Fees	Salary/Wages
Risk	High	Low	Very low
Code of Conduct	Not compulsory	Mandatory	Service rules
Transfer of Interest	Possible	Not possible	Not possible

Objectives of Business:

Business objectives are divided into:

1. Economic Objectives
2. Social Objectives

A .Economic Objectives of Business:

1. Earning Profit: Necessary for:

- Survival
- Growth
- Expansion

2. Market Standing/Customer Creation Business must satisfy customers and capture market share.

3. Innovation includes new products, better techniques and Improved designs.

4. Optimum Utilisation of Resources: Best use of men, material and money.

5. Improving Productivity: Increase efficiency by reducing wastage.

B. Social Objectives of Business:

1. Quality Goods and Services at Fair Prices: Businesses should provide quality products at reasonable prices.

Quality Marks:

- Bureau of Indian Standards ISI Mark
- FPO Mark
- Hallmark

2. Avoidance of Unfair Trade Practices: Businesses should avoid:

- Hoarding
- Black marketing
- Adulteration
- False advertising

3. Generation of Employment: Businesses should create job opportunities.

4. Employee Welfare: Provide-

- Fair wages
- Good working conditions
- Medical facilities
- Housing
- Recreation

5. Community Service: Contribution towards:

- Libraries
- Schools
- Hospitals
- Dispensaries

Role of Profit in Business

1. Long Survival: Business cannot survive without profit.
2. Growth and Expansion: Profit provides capital for expansion.
3. Increasing Efficiency: Profit motivates owners and employees.
4. Prestige and Recognition: Profit helps businesses:
- Maintain reputation
- Provide quality products
- Reward shareholders

Classification of Business Activities

Business activities are divided into:
1. Industry
2. Commerce

1. Industry: Industry deals with production of goods/services.
Types of Industry:
A. Primary Industry: Uses natural resources to produce raw materials.
Types:
(i) Extractive Industry: Extracts resources from nature.
Examples:
- Mining
- Fishing
- Hunting
- Lumbering

(ii) Genetic Industry: Improves breeds of plants and animals.
Examples:
- Dairy farming
- Poultry farming
- Fish hatcheries

B. Secondary Industry: Converts raw materials into finished goods.
Types:
(i) Manufacturing Industry
Types of Manufacturing:

Type	Meaning	Example
Analytic	One material gives many products	Petrol from crude oil
Processing	Sequential production process	Sugar industry
Synthetic	Mixing materials	Cement, cosmetics
Assembling	Combining parts	Cars, computers

(ii) Construction Industry
Constructs:

- Buildings
- Roads
- Bridges
- Dams
- Canals

C. Tertiary/Service Industry: Provides services that support business.
Examples:

- Banking
- Insurance
- Transport
- Warehousing
- Advertising

2. <u>Commerce</u>: Commerce includes all activities involved in transferring goods/services from producers to consumers.

<u>Functions of Commerce:</u> The principal functions of commerce are to remove the following hindrances:

Hindrance Removed	**Means**
Person	Trade
Place	Transportation
Time	Warehousing
Risk	Insurance
Finance	Banking
Information	Advertising

<u>Types of Commerce:</u>

1. Trade

2. Auxiliaries to Trade

1. Meaning of Trade: Trade means buying and selling of goods/services for profit.

Types of Trade:

A. Internal Trade: Trade within a country.

<u>Types of Internal Trade</u>:

(i) Wholesale Trade: Buying/selling in large quantities.

(ii) Retail Trade: Selling goods to final consumers in small quantities.

B. External Trade: Trade between countries.

<u>Types of External Trade</u>:

(i) Import Trade: Buying goods from another country.

(ii) Export Trade: Selling goods to another country.

(iii) Entrepot Trade: Importing goods for re-export. Example: Import from America and export to Nepal.

2. Meaning of Auxiliaries to Trade: Activities helping trade and industry.

Types:

1. Transportation and Communication: Removes place hindrance.

2. Banking and Finance: Provides funds.

3. Insurance: Provides protection against risks.

4. Warehousing: Stores goods till needed.

5. Advertising: Provides information about products.

- **Business Risk:** Business risk is the possibility of inadequate profit or losses due to uncertainties.

Nature of Business Risks

1. Due to Uncertainty: Future events are uncertain.
2. Essential Part of Business: Risk cannot be completely avoided.
3. Depends on Nature and Size: Large businesses usually face higher risk.
4. Profit is Reward for Risk: Higher risk may lead to higher profit.

Causes of Business Risks

1. Natural Causes
- Flood
- Earthquake
- Famine

2. Human Causes
- Dishonesty
- Strikes
- Negligence

3. Economic Causes
- Price fluctuations
- Competition
- Technological change

4. Physical Causes
- Boiler explosion
- Machine failure

5. Other Causes
- Political disturbances
- Exchange rate fluctuations

- **Factors to be Considered While Starting a Business**

1. Selection of Line of Business
Choose type of business carefully.
2. Scale or Size of Business
Decide whether large-scale or small-scale.
3. Form of Business Organisation: Choose:
- Sole proprietorship
- Partnership
- Company

4. Location: Consider:
- Raw material
- Power
- Labour
- Transport
- Banking

5. Financial Requirement: Estimate fixed and working capital needs.
6. Physical Facilities: Arrange:
- Machinery
- Equipment

- Building

7. Plant Layout: Proper arrangement of machines and equipment.
8. Competent Workforce: Need skilled and unskilled workers.
9. Tax Planning: Understand tax laws and liabilities.
10. Setting Up Enterprise: Mobilise resources and complete legal formalities.

Chapter-1- Evolution and Fundamentals of Business

MM-50

Q.N.	QUESTIONS	MARKS
1	Assertion (A): Business is an economic activity. Reason (R): Business activities are performed only for mental satisfaction. A. Both A and R are true, and R is the correct explanation of A B. Both A and R are true, but R is not the correct explanation of A C. A is true, but R is false D. A is false, but R is true कथन (**A**): व्यवसाय एक आर्थिक गतिविधि है। कारण (**R**): व्यवसायिक गतिविधियाँ केवल मानसिक संतुष्टि के लिए की जाती हैं। **A.** दोनों कथन सत्य हैं तथा **R, A** की सही व्याख्या है। **B.** दोनों कथन सत्य हैं**,** परंतु **R, A** की सही व्याख्या नहीं है। **C. A** सत्य है**,** परंतु **R** असत्य है। **D. A** असत्य है**,** परंतु **R** सत्य है।	**1**
2	Which of the following statements is correct? A. Profession requires no specialized qualification B. Employment involves risk higher than business C. Business involves regular dealings D. Profession earns salary as return निम्नलिखित में से कौन-सा कथन सही है**?** **A.** पेशे के लिए विशेष योग्यता की आवश्यकता नहीं होती। **B.** रोजगार में व्यवसाय से अधिक जोखिम होता है। **C.** व्यवसाय में नियमित लेन-देन शामिल होते हैं। **D.** पेशे में प्रतिफल के रूप में वेतन मिलता है।	**1**
3	Match the Followings: **Column I** **Column II**	**1**

	(a) Warehousing (i) Removes finance hindrance (b) Banking (ii) Removes time hindrance (c) Insurance (iii) Removes risk hindrance (d) Advertising (iv) Removes information hindrance Options: A. a–ii, b–i, c–iii, d–iv B. a–iii, b–ii, c–iv, d–i C. a–iv, b–iii, c–ii, d–i D. a–ii, b–iii, c–i, d–iv मिलान कीजिए**:** स्तम्भ **I** स्तम्भ **II** **(a)** भंडारण (**i**) वित्तीय बाधा को दूर करना **(b)** बैंकिंग (**ii**) समय बाधा को दूर करना **(c)** बीमा (**iii**) जोखिम बाधा को दूर करना **(d)** विज्ञापन (**iv**) सूचना बाधा को दूर करना **विकल्प**: A. a–ii, b–i, c–iii, d–iv B. a–iii, b–ii, c–iv, d–i C. a–iv, b–iii, c–ii, d–i D. a–ii, b–iii, c–i, d–iv	
4	Assertion (A): Profit is necessary for the survival of a business. Reason (R): Profit provides funds for growth and expansion. A. Both A and R are true, and R is the correct explanation of A B. Both A and R are true, but R is not the correct explanation of A C. A is true, but R is false D. A is false, but R is true कथन (**A**)**:** लाभ व्यवसाय के अस्तित्व के लिए आवश्यक है। कारण (**R**)**:** लाभ विकास एवं विस्तार हेतु धन प्रदान करता है। **A.** दोनों कथन सत्य हैं तथा **R, A** की सही व्याख्या है। **B.** दोनों कथन सत्य हैं**,** परंतु **R, A** की सही व्याख्या नहीं है। **C. A** सत्य है**,** परंतु **R** असत्य है। **D. A** असत्य है**,** परंतु **R** सत्य है।	**1**
5	Rohan started a company manufacturing organic soaps. He continuously introduces new fragrances and eco-friendly packaging to attract customers. Which business objective is highlighted here? A. Employee welfare B. Innovation C. Community service D. Tax planning रोहन ने जैविक साबुन बनाने वाली कंपनी शुरू की। ग्राहकों को आकर्षित करने के लिए वह नए सुगंध और पर्यावरण-अनुकूल पैकेजिंग प्रस्तुत करता है।	**1**

	यह कौन-सा व्यवसायिक उद्देश्य दर्शाता है? **A.** कर्मचारी कल्याण **B.** नवाचार **C.** सामुदायिक सेवा **D.** कर नियोजन	
6	Buying goods from another country is known as __________ trade. A. Export B. Internal C. Import D. Entrepot दूसरेदेशसेवस्तुएँखरीदना__________ व्यापारकहलाताहै। A. निर्यात B. आंतरिक C. आयात D. एंट्रेपोट	**1**
7	Assertion (A): Business risk cannot be completely avoided. Reason (R): Future uncertainties are always present in business. A. Both A and R are true, and R is the correct explanation of A B. Both A and R are false C. A is true, but R is false D. A is false, but R is true कथन (**A**)**:** व्यवसायिक जोखिम को पूरी तरह समाप्त नहीं किया जा सकता। कारण (**R**)**:** व्यवसाय में भविष्य की अनिश्चितताएँ सदैव बनी रहती हैं। **A.** दोनों कथन सत्य हैं तथा **R, A** की सही व्याख्या है। **B.** दोनों कथन असत्य हैं। **C. A** सत्य है**,** परंतु **R** असत्य है। **D. A** असत्य है**,** परंतु **R** सत्य है।	**1**
8	Identify the activity which is non-economic in nature: A. Teacher teaching in school for salary B. Doctor treating patients in hospital C. Mother cooking food for family D. Shopkeeper selling goods निम्नलिखित में से कौन-सी गतिविधि अनार्थिक प्रकृति की है? **A.** वेतन लेकर विद्यालय में पढ़ाने वाला शिक्षक **B.** अस्पताल में मरीजों का उपचार करने वाला डॉक्टर **C.** परिवार के लिए भोजन बनाती हुई माँ **D.** वस्तुएँ बेचने वाला दुकानदार	**1**

9	Match the Following: **Type of Industry** / **Example** (a) Extractive — (i) Dairy farming (b) Genetic — (ii) Mining (c) Synthetic — (iii) Cosmetics (d) Assembling — (iv) Computer manufacturing Options: A. a–ii, b–i, c–iii, d–iv B. a–i, b–ii, c–iv, d–iii C. a–iii, b–iv, c–ii, d–i D. a–ii, b–iii, c–i, d–iv **उद्योग का प्रकार** / **उदाहरण** (a) निष्कर्षण — (i) डेयरी फार्मिंग (b) आनुवंशिक — (ii) खनन (c) संश्लेषण — (iii) सौंदर्य प्रसाधन (d) संयोजन — (iv) कंप्यूटर निर्माण **विकल्प**: A. a–ii, b–i, c–iii, d–iv B. a–i, b–ii, c–iv, d–iii C. a–iii, b–iv, c–ii, d–i D. a–iv, b–iii, c–i, d–ii	**1**
10	Assertion (A): Profession requires membership and certificate. Reason (R): A professional provides expert services. A. Both A and R are true, and R is the correct explanation of A B. Both A and R are true, but R is not the correct explanation of A C. A is true, but R is false D. A is false, but R is true **A.** दोनों कथन सत्य हैं तथा **R, A** की सही व्याख्या है। **B.** दोनों कथन सत्य हैं**,** परंतु **R, A** की सही व्याख्या नहीं है। **C. A** सत्य है**,** परंतु **R** असत्य है। **D. A** असत्य है**,** परंतु **R** सत्य है।	**1**
11	The payment in a __________ Hundi is made immediately on presentation. A. Muddati Hundi B. Darshani Hundi C. Jokhmi Hundi D. ShahJog Hundi जिस हुंडी का भुगतान प्रस्तुत करते ही कर दिया जाता है, उसे __________ हुंडी कहते हैं। **A.** मुद्दती हुंडी **B.** दर्शनी हुंडी **C.** जोखमी हुंडी	**1**

	D. शाहजोग हुंडी	
12	Assertion (A): Construction industry is a part of secondary industry. Reason (R): Construction industry builds roads, bridges, dams, and canals. A. Both A and R are true, and R is the correct explanation of A B. Both A and R are true, but R is not the correct explanation of A C. A is true, but R is false D. A is false, but R is true **A.** दोनों कथन सत्य हैं तथा **R, A** की सही व्याख्या है। **B.** दोनों कथन सत्य हैं, परंतु **R, A** की सही व्याख्या नहीं है। **C. A** सत्य है, परंतु **R** असत्य है। **D. A** असत्य है, परंतु **R** सत्य है।	**1**
13	Match the Following: **Hundi Type** **Meaning** (a) Jokhmi Hundi (i) Payment after fixed period (b) Muddati Hundi (ii) Related to sea trade (c) Nam Jog Hundi (iii) Payable to named person (d) ShahJog Hundi (iv) Payable to reputed person Options: A. a–ii, b–i, c–iii, d–iv B. a–i, b–ii, c–iv, d–iii C. a–iii, b–iv, c–ii, d–i D. a–iv, b–iii, c–i, d–ii **हुंडी का प्रकार** **अर्थ** (a) जोखमी हुंडी (i) निश्चित अवधि बाद भुगतान (b) मुद्दती हुंडी (ii) समुद्री व्यापार से संबंधित (c) नामजोग हुंडी (iii) नामित व्यक्ति को देय (d) शाहजोग हुंडी (iv) प्रतिष्ठित व्यक्ति को देय **विकल्प /** Options: A. a–ii, b–i, c–iii, d–iv B. a–i, b–ii, c–iv, d–iii C. a–iii, b–iv, c–ii, d–i D. a–iv, b–iii, c–i, d–ii	**1**
14	Assertion (A): Advertising is an auxiliary to trade. Reason (R): Advertising removes information hindrance. A. Both A and R are true, and R is the correct explanation of A B. Both A and R are false C. A is true, but R is false D. A is false, but R is true कथन **(A):** विज्ञापन व्यापार का सहायक कार्य है।	**1**

	कारण (**R**)**:** विज्ञापन सूचना बाधा को दूर करता है। **A.** दोनों कथन सत्य हैं तथा **R, A** की सही व्याख्या है। **B.** दोनों कथन असत्य हैं। **C. A** सत्य है**,** परंतु **R** असत्य है। **D. A** असत्य है**,** परंतु **R** सत्य है।	
15	A business imports goods from America and re-exports them to Nepal without major processing. This is known as: A. Internal trade B. Export trade C. Import trade D. Entrepot trade एक व्यवसाय अमेरिका से वस्तुएँ आयात करता है और बिना किसी बड़े प्रसंस्करण के उन्हें नेपाल को पुनः निर्यात कर देता है। यह कहलाता है: **A.** आंतरिक व्यापार **B.** निर्यात व्यापार **C.** आयात व्यापार **D.** एंट्रेपोट व्यापार	**1**
16	Which of the following is NOT a characteristic of business? A. Profit motive B. Regular dealings C. Personal satisfaction only D. Sale or exchange of goods/services निम्नलिखित में से कौन-सी व्यवसाय की विशेषता नहीं है**?** **A.** लाभ उद्देश्य **B.** नियमित लेन-देन **C.** केवल व्यक्तिगत संतुष्टि **D.** वस्तुओं/सेवाओं का विक्रय या विनिमय	**1**
17	Priya works in a private company and receives a fixed monthly salary. She works according to the instructions of her manager. Priya is engaged in: A. Business B. Profession C. Employment D. Trade प्रिया एक निजी कंपनी में कार्य करती है और उसे निश्चित मासिक वेतन मिलता है। वह अपने प्रबंधक के निर्देशों के अनुसार कार्य करती है। प्रिया किस गतिविधि में संलग्न है**?** **A.** व्यवसाय **B.** पेशा **C.** रोजगार	**1**

	D. व्यापार	
18	Statement I: Silk Routes connected India with other parts of Asia and the world. Statement II: These routes were used only for religious purposes. A. Both statements are true B. Both statements are false C. Statement I is true, but Statement II is false D. Statement I is false, but Statement II is true कथन **I:** सिल्क मार्ग भारत को एशिया एवं विश्व के अन्य भागों से जोड़ते थे। कथन **II:** इन मार्गों का उपयोग केवल धार्मिक उद्देश्यों के लिए किया जाता था। **A.** दोनों कथन सत्य हैं। **B.** दोनों कथन असत्य हैं। **C.** कथन **I** सत्य है**,** परंतु कथन **II** असत्य है। **D.** कथन **I** असत्य है**,** परंतु कथन **II** सत्य है।	**1**
19	Assertion (A): Internal trade takes place within the boundaries of a country. Reason (R): Retail trade is a type of internal trade. A. Both A and R are true, and R is the correct explanation of A B. Both A and R are true, but R is not the correct explanation of A C. A is true, but R is false D. A is false, but R is true कथन (**A**)**:** आंतरिक व्यापार देश की सीमाओं के भीतर होता है। कारण (**R**)**:** खुदरा व्यापार आंतरिक व्यापार का एक प्रकार है। **A.** दोनों कथन सत्य हैं तथा **R, A** की सही व्याख्या है। **B.** दोनों कथन सत्य हैं**,** परंतु **R, A** की सही व्याख्या नहीं है। **C. A** सत्य है**,** परंतु **R** असत्य है। **D. A** असत्य है**,** परंतु **R** सत्य है।	**1**
20	A company provides fair wages, medical facilities, and housing to its workers. Which objective is being fulfilled? A. Innovation B. Market standing C. Employee welfare D. Tax planning एक कंपनी अपने कर्मचारियों को उचित वेतन**,** चिकित्सा सुविधाएँ और आवास प्रदान करती है। यह कौन-सा उद्देश्य पूरा कर रही है**?** **A.** नवाचार **B.** बाजार स्थिति **C.** कर्मचारी कल्याण **D.** कर नियोजन	**1**
21	A dairy farm uses scientific methods to improve the quality of cows and increase milk production. Question: (a) Identify the type of industry involved.	**3**

	(b) State any two features of this industry. एक डेयरी फार्म वैज्ञानिक विधियों का उपयोग करके गायों की गुणवत्ता में सुधार और दूध उत्पादन बढ़ाता है। प्रश्न: **(a)** उद्योग के प्रकार की पहचान कीजिए। **(b)** इस उद्योग की कोई दो विशेषताएँ बताइए।	
22	Explain any three causes of business risks. व्यवसायिक जोखिमों के कोई तीन कारण समझाइए।	**3**
23	Distinguish between Business, Profession, and Employment on any four bases. व्यवसाय, पेशा एवं रोजगार में किसी चार आधारों पर अंतर स्पष्ट कीजिए।	**4**
24	A company manufactures packaged food products with ISI and FPO marks. It avoids false advertising, provides fair wages to workers, and donates money for hospitals and schools. Identify and explain any four social objectives fulfilled by the company. एक कंपनी **ISI** एवं **FPO** मार्क वाले पैकेज्ड खाद्य उत्पाद बनाती है। वह भ्रामक विज्ञापन से बचती है, कर्मचारियों को उचित वेतन देती है तथा अस्पतालों एवं विद्यालयों को दान देती है। कंपनी द्वारा पूर्ण किए जा रहे किसी चार सामाजिक उद्देश्यों की पहचान एवं व्याख्या कीजिए।	**4**
25	A businessman imports raw material from another country, stores it in warehouses, takes insurance policies, and advertises the final product in newspapers and online platforms. Identify any four auxiliaries to trade involved in the above case and explain their functions. एक व्यवसायी दूसरे देश से कच्चा माल आयात करता है, उसे गोदामों में संग्रहित करता है, बीमा करवाता है तथा समाचार पत्रों एवं ऑनलाइन माध्यमों से विज्ञापन करता है। उपरोक्त स्थिति में व्यापार के किसी चार सहायक कार्यों की पहचान कीजिए तथा उनके कार्य समझाइए।	**4**
26	Explain the role of profit in business. (Any Six Points) व्यवसाय में लाभ की भूमिका समझाइए। (कोई छः बिंदु)	**6**
27	A manufacturing company uses modern machines, introduces new product designs, reduces wastage, and tries to satisfy customers through better quality products at reasonable prices. Questions: (a) Identify any four economic objectives of business highlighted in the case. (b) Explain them briefly. एक विनिर्माण कंपनी आधुनिक मशीनों का उपयोग करती है, नए उत्पाद डिज़ाइन प्रस्तुत करती है, अपव्यय कम करती है तथा उचित मूल्य पर बेहतर गुणवत्ता वाले उत्पाद देकर ग्राहकों को संतुष्ट करने का प्रयास करती है।	**6**

	प्रश्न: **(a)** उपरोक्त स्थिति में दर्शाए गए किसी चार आर्थिक उद्देश्यों की पहचान कीजिए। **(b)** उनका संक्षिप्त वर्णन कीजिए।	

*****End of the Question Paper******

Chapter-1- Evolution and Fundamentals of Business

MM-50

Marking Scheme

Q.NO.	ANSWERS	MARKS
1	C	1
2	C	1
3	A	1
4	A	1
5	B	1
6	C	1
7	A	1
8	C	1
9	A	1
10	A	1
11	B	1
12	A	1
13	A	1
14	A	1
15	D	1
16	C	1
17	C	1
18	C	1
19	B	1
20	C	1
21	(a) Genetic Industry (b) Features: 1. It improves the breeds of plants and animals. 2. It uses scientific techniques for better production.	3
22	1. Natural Causes: Floods, earthquakes, and famines may cause losses. 2. Human Causes: Negligence, dishonesty, and strikes create risks. 3. Economic Causes: Price fluctuations and competition affect profits.	3
23	**Basis** / **Business** / **Profession** / **Employment** Nature of Work / Buying and selling / Expert services / Work assigned by employer	4

<table>
<tr><td></td><td><table>
<tr><td>Qualification</td><td>No minimum qualification</td><td>Specialized qualification required</td><td>Qualification prescribed by employer</td></tr>
<tr><td>Return</td><td>Profit</td><td>Fees</td><td>Salary/Wages</td></tr>
<tr><td>Risk</td><td>High</td><td>Low</td><td>Very low</td></tr>
</table></td><td></td></tr>
<tr><td>24</td><td>1. Quality Goods at Fair Prices: ISI and FPO marks ensure quality standards.
2. Avoidance of Unfair Trade Practices: The company avoids false advertising.
3. Employee Welfare: Workers are given fair wages.
4. Community Service: The company contributes to hospitals and schools.</td><td>4</td></tr>
<tr><td>25</td><td>1. Transportation: Helps in movement of goods from one place to another.
2. Warehousing: Stores goods until they are needed.
3. Insurance: Provides protection against risks and losses.
4. Advertising: Gives information about products to consumers.</td><td>4</td></tr>
<tr><td>26</td><td>Role of Profit in Business:
1. Ensures Survival: Profit helps the business continue operations for a long period.
2. Growth and Expansion: Profit provides capital for expansion and modernization.
3. Motivates Efficiency: Higher profit motivates owners and employees to work efficiently.
4. Builds Reputation: Profitable businesses enjoy goodwill and recognition.
5. Reward to Investors: Profit helps in providing returns to shareholders.
6. Supports Innovation: Profit allows investment in research and development.</td><td>6</td></tr>
<tr><td>27</td><td>(a) Economic Objectives:
1. Innovation
2. Improving Productivity
3. Market Standing
4. Profit Earning
(b) Explanation:
1. Innovation: Introduction of modern designs and techniques.
2. Improving Productivity: Reduction of wastage and better efficiency.
3. Market Standing: Customer satisfaction through quality products.
4. Profit Earning: Business aims to earn profit and grow.</td><td>6</td></tr>
</table>

Chapter-2: Forms of Business Organizations New

Introduction:

A business organization refers to the legal structure through which business activities are conducted. The choice of form depends on the nature, size, ownership, and liability preferences of the owners.

1. Sole Proprietorship

Definition: A form of business owned and managed by a single individual who provides capital and assumes all risks.

Features:

- **Single ownership**- The business is owned by only one individual who has complete control over its operations and management.
- **Unlimited liability**- The owner is personally responsible for all the debts and obligations of the business. If business assets are insufficient, personal assets may also be used to repay the liabilities.
- **Sole risk bearer and profit recipient** - The owner alone bears all the risks arising from the business and is entitled to receive the entire profit earned.
- **No legal formalities (except licenses**)- A sole proprietorship can be started easily with minimal legal procedures. However, certain businesses may require licences or registrations as prescribed by law.
- **Lack of continuity** - The existence of the business depends on the owner. It may come to an end due to the owner's death, insolvency, or permanent incapacity unless someone else takes over.

Advantages:

- **Easy to start and close**- A sole proprietorship can be established and dissolved with very few legal formalities, making it the simplest form of business organisation.
- **Direct motivation** - Since the owner receives the entire profit and bears the entire loss, there is a strong incentive to work efficiently and improve business performance.
- **Quick decision making** - The owner can take decisions independently without consulting others, allowing prompt action in business matters.

- **Personal touch with customers**- The owner interacts directly with customers, understands their needs, and can provide personalised service, which helps build customer loyalty.

Limitations:

- **Limited capital** - The amount of capital available is generally restricted to the owner's personal savings and borrowing capacity, limiting business expansion.
- **Unlimited liability** - The owner is personally liable for all business debts, which may put personal assets at risk if the business suffers losses.
- **Limited managerial skills**- One person may not possess expertise in every area of business, such as finance, marketing, production, and human resource management, which can affect business efficiency.
- **No continuity** (ends with owner's death or disability)- The business does not enjoy perpetual existence. It may cease to operate if the owner dies, becomes insolvent, or is permanently unable to manage the business.

2. Partnership

Definition: A business owned by two or more persons who agree to share profits and losses as per a mutual agreement.

- Governing Law: Indian Partnership Act, 1932
- Minimum and Maximum Members: 2 to 50 as per rule 10 of company Rules 2014.

Features:

- **Mutual Agency -**

  In a partnership, every partner represents the firm as well as the other partners. Any lawful act performed by one partner within the scope of the business is considered an act of the entire firm.

- **Joint Decision Making-**

  The business is managed by all the partners together. They share responsibilities and make important business decisions through discussion and mutual agreement.

- **Unlimited Liability -**

  Partners are personally responsible for the firm's debts. If the firm's assets are not enough to repay its obligations, the partners' personal property may also be used to settle the liabilities.

- **Registration is Not Mandatory but Recommended -**The law does not make registration of a partnership firm compulsory. However, registration is advisable because it provides legal protection and enables the firm to enforce its rights in a court of law .

Partnership Deed: A written agreement that defines rights, duties, and obligations of partners.

Types of Partners:

Type of Partner	Meaning	Key Features
Active (Working) Partner	A partner who takes an active part in the day-to-day management of the business.	• Invests capital • Participates in management • Shares profits and losses • Has unlimited liability
Sleeping (Dormant) Partner	A partner who contributes capital but does not participate in the management of the business.	• Invests capital • Does not manage the business • Shares profits and losses • Has unlimited liability
Secret Partner	A partner whose association with the firm is not known to the public.	• Participates in business • Identity remains secret • Shares profits and losses • Has unlimited liability

Type of Partner	Meaning	Key Features
Nominal Partner	A person who allows the firm to use his/her name but does not invest capital or take part in management.	• Does not invest capital • Does not manage the business • Lends name and reputation • Liable to outsiders
Partner by Estoppel (Holding Out)	A person who is not actually a partner but, by words or conduct, leads others to believe that he/she is a partner.	• Not a real partner • Does not invest capital • Liable to third parties who rely on such representation
Partner by Holding Out	A person who knowingly allows himself/herself to be represented as a partner and does not deny it.	• Not an actual partner • Becomes liable to outsiders due to own conduct or consent

Types of partnership:

Partnership can be categorized on the basis of duration and liability:

Classification on the basis of duration:

(i) Partnership at will: Partnership continues till the partners agree to do so.

(i) Particular partnership: The partnership formed for a specific task for project or for a specific period of time. It comes to an end after completion of task or expiry of time.

Classification on the basis of liability:

(i) General partnership: Partnership where all partners have joint and unlimited liability.

(ii) Limited partnership: Partnership where all partners have limited liability&at least one partner must have unlimited liability.

3. Hindu Undivided Family (HUF)

Definition: A business owned by the members of a joint Hindu family governed by It is governed by the Hindu Succession Act,1956.

- **Formation**: For a joint Hindu family business, there should be at least two members in the family and ancestral property to be inherited by them
- **Liability**: The liability of all members except the karta is limited.

- **Control**: The control of the family business lies with the karta. He takes all the decisions and is authorised to manage the business..
- **Continuity**: Business continues despite the death of a coparcener.
- **Minor Members**: The inclusion of an individual into the business occurs due to birth in a Hindu Undivided Family.

4. <u>Cooperative Societies</u>

Definition: A voluntary association of people formed for mutual benefit, registered under the Cooperative Societies Act, 1912.

- Principle: One man, one vote
- Minimum Members: 10

<u>Key Features</u>:

- **Open Membership** – Anyone can join voluntarily.
- **Service Motive** – Main aim is to serve members, not earn profit.
- **Democratic Management** – One member, one vote
- **S**eparate Legal Entity – Has its own legal identity.

- **L**imited Return on Capital – Members get a limited rate of dividend on capital invested

<u>Types of Cooperative Society</u>

- Consumer Cooperative Society – Formed to provide quality goods to consumers at reasonable prices by eliminating middlemen.
- Producer Cooperative Society – Formed by producers to procure raw materials and other resources at lower costs and improve production.
- Marketing Cooperative Society – Formed to help producers market and sell their products at fair prices.
- Credit Cooperative Society – Formed to provide loans and other financial assistance to members at low interest rates.
- Housing Cooperative Society – Formed to provide affordable housing or

residential plots to its members.

Merits of Cooperative Society

- Equality in Voting – Every member has one vote, irrespective of the amount of capital contributed, ensuring equal participation in decision-making.
- Limited Liability – The liability of each member is restricted to the amount of capital invested, so personal assets are not at risk beyond their investment.
- Stability and Continuity – The cooperative society continues to exist even if members join, leave, or pass away, ensuring uninterrupted operations.
- Support from government: The cooperative society exemplifies the idea of democracy and hence finds support from the Government.
- Ease of formation-. The registration procedure is simple involving a few legal formalities as per acts enacted by GoI.

Limitations of Cooperative Society

- Limited Resources – Cooperative societies often have limited financial resources because they depend mainly on members' contributions and have limited borrowing capacity.
- Inefficiency due to Lack of Profit Motive – Since the primary objective is to provide service rather than earn maximum profit, members may not always be highly motivated to improve efficiency and productivity.
- Lack of secrecy: As a result of open discussions in the meetings so ,it is difficult to maintain secrecy about the operations of a cooperative society.
- Differences of opinion: Internal quarrels arising as a result of contrary viewpoints may lead to difficulties in decision making.

5. Joint Stock Company:

Definition: An artificial person created by law with perpetual succession and separate legal identity. It can sue and be sued.Governing Law: Companies Act, 2013

Types:

- Private Company: Members: 2 to 200; Restrictions on share transfer; Cannot invite public for capital
- Public Company: Minimum 7 members; No restriction on share transfer; Can

raise capital from public

- One Person Company (OPC): Single shareholder; Separate legal status

One Person Company or OPC: According to Sec.2 (62) of the Companies Act, 2013, ‘company which has only 1 person as a shareholder’. Rule number 3 of the Companies (Incorporation) Rules,2014 says that:

a. Only a natural person who is an Indian citizen & an Indian resident can form 1 person company.
b. It cannot execute non-banking financial investment pursuits.
c. No such company can convert voluntary in to any kind of company unless 2 years have expired from the date of incorporation of OPC ,except threshold limit is increased beyond 50 lakh or average turnover exceeds ₹ 2 Crores.

DIFFERENCE BETWEEN PUBLIC AND PRIVATE COMPANY

Basis of Difference	Public Company	Private Company
Meaning	A company that can invite the general public to subscribe to its shares or debentures.	A company that restricts the right to transfer its shares and does not invite the public to subscribe to its securities.
Minimum Number of Members	7	2
Maximum Number of Members	No limit	200 (excluding present and former employee-members)
Minimum Number of Directors	3	2
Transfer of Shares	Shares are freely transferable.	Transfer of shares is restricted by the Articles of Association.
Invitation to Public	Can invite the public to subscribe to shares and debentures.	Cannot invite the public to subscribe to shares or debentures.

Basis of Difference	Public Company	Private Company
Issue of Prospectus	May issue a prospectus when raising funds from the public.	Cannot issue a prospectus to the public.
Stock Exchange Listing	Can be listed on a stock exchange (if it fulfills listing requirements).	Cannot be listed on a stock exchange.
Number of Shareholders	Generally has a large number of shareholders.	Usually has a small number of shareholders.
Control and Management	Ownership and management are more widely distributed.	Ownership and management are usually concentrated among a few persons.
Raising Capital	Easier to raise large amounts of capital from the public.	Capital is raised privately from members, relatives, friends, or institutions.
Regulatory Compliance	Subject to stricter legal and disclosure requirements.	Comparatively fewer legal formalities and compliances.
Name of the Company	Ends with **"Limited (Ltd.)"**	Ends with **"Private Limited (Pvt. Ltd.)"**

Documents Required:

- **Memorandum of Association (MOA) -** The **MOA** is the main document of a company that defines its objectives, powers, and scope of activities. A company cannot undertake activities beyond those mentioned in the MOA.
- **Articles of Association (AOA) -** The **AOA** contains the internal rules and regulations for managing the company. It explains how the company's affairs will be conducted.
- **Prospectus (in case of public companies**) - A **Prospectus** is a document issued by a public company to invite the public to subscribe to its shares or debentures. It provides essential information about the company's financial position, objectives, and investment details.

Features:

- **Artificial person**- Like natural persons, a company can own property, incur debts, borrow money, enter into contracts, sue and be sued but unlike them it cannot breathe, eat, run, talk and so on.
- **Separate legal entity**: From the day of its incorporation, a company acquires an identity, distinct from its members.
- **Formation**: The formation of a company is a time consuming.
- **Perpetual succession**: A company being a creation of the law, can be brought to an end only by law.
- **Control**: The management and control of the affairs of the company is undertaken by the Board of Directors.
- **Liability**: The liability of the members is limited to the extent of the capital contributed by them in a company.

Merits:

- **Limited liability**- The liability of shareholders is limited to the unpaid amount on the shares they hold. Their personal assets remain protected from the company's debts.
- **Transferability of shares**- Shareholders can easily transfer their shares to others, making investment more flexible and providing liquidity.
- **Continuity-** A company enjoys perpetual existence. It continues to operate regardless of changes in ownership, retirement, insolvency, or death of its members.
- **Ability to raise large capital**- A company can collect substantial funds by issuing shares and debentures to a large number of investors, making it easier to finance large-scale operations.

Limitations:

- **Complex formation**- Establishing a company involves several legal formalities, documentation, and approvals, making the incorporation process lengthy and complicated.
- **Delay in decision making**- Important decisions often require approval from the Board of Directors or shareholders, which may slow down the decision-making

process.

- **Lack of secrecy** - Companies, especially public companies, are required to disclose financial statements and important information to regulatory authorities and shareholders. As a result, complete business secrecy cannot be maintained.
- **Conflict in interests**: There may be conflict of interest amongst various stakeholders of a company.

Formation of a Company:

- Promotion: Idea generation and planning
- Incorporation: Legal registration
- Subscription: Raising capital (for public companies)
- Commencement: Certificate to start business operations

1. Promotion

Meaning: Promotion is the first stage of company formation. In this stage, business ideas are identified and plans are made to start the company.

Promoter: A promoter is a person who conceives the idea of business and takes necessary steps to form the company.

Functions of Promoter:

1. Identification of Business Opportunity-The promoter searches for suitable and profitable business opportunities.

2. Feasibility Study-The promoter checks whether the business idea is practical and profitable.

3. Arrangement of Capital-The promoter arranges initial finance required for the company.

4. Preparation of Documents-Important documents such as Memorandum of Association (MOA) and Articles of Association (AOA) are prepared.

5. Appointment of Experts-The promoter appoints lawyers, bankers, auditors and other professionals.

Importance of Promotion: Promotion is important because it lays the foundation of the company.

2. Incorporation: Incorporation means the legal registration of the company under the Companies Act.

Steps in Incorporation: 1. Approval of Company Name: The proposed name of the company is approved by the Registrar of Companies (ROC).

2. Filing of Documents: Necessary documents are submitted to the ROC.

Important Documents

(i)Memorandum of Association (MOA):It contains the objectives of the company.

(ii)Articles of Association (AOA): It contains rules and regulations for managing the company.

(iii)Consent of Directors:Written consent of directors is submitted.

3) Payment of Fees-Along with above document fees at prescribed rate are also to be paid.

4) Registration-Registrar records company's name in official register.

5) Certificate of Incorporation: After verification of documents, ROC issues the Certificate of Incorporation and the company comes into legal existence.

3. Capital Subscription: Meaning: Capital subscription is the stage in which a public company raises capital from the public by issuing shares.

Steps in Capital Subscription:

1. SEBI Approval: Approval from SEBI is obtained before issuing shares.

2. Issue of Prospectus:The company issues a prospectus containing information about the company.

3. Appointment of Bankers, Brokers and Underwriters: Experts in different field s are appointed.

4. Minimum Subscription: Every public limited company must raise a minimum subscription before starting a business.As per the SEBI Guidelines the limit of minimum subscription is 90 per cent of the size of the issue.5. Applications to stock exchange:A public company must get itself listed in stock exchange before it starts selling the securities.

6. Allotment of Shares: Shares are allotted to the applicants.

Importance of Capital Subscription It helps the company to collect funds for business operations.

4. Commencement of Business:

Meaning: Commencement of business is the final stage in which the company gets permission to start business activities.

Certificate of Commencement: A public company receives the Certificate of Commencement after completing legal formalities.

Difference Between MOA and AOA

Basis of Difference	**Memorandum of Association (MOA)**	**Articles of Association (AOA)**
Meaning	MOA is the main document that defines the company's objectives, powers, and scope of activities.	AOA contains the rules and regulations for the internal management of the company.
Purpose	It explains what the company can do.	It explains how the company will carry out its activities.
Nature	It is the **charter (constitution)** of the company.	It is the **rule book** of the company.
Scope	Deals with the external affairs and relationship of the company with outsiders.	Deals with the internal affairs and management of the company.

Basis of Difference	Memorandum of Association (MOA)	Articles of Association (AOA)
Contents	Contains the Name Clause, Registered Office Clause, Objects Clause, Liability Clause, Capital Clause, and Subscription Clause.	Contains rules regarding share capital, directors, meetings, voting, dividends, accounts, audit, etc.
Position	MOA is the supreme document of the company.	AOA is subordinate to the MOA.
Alteration	Alteration is comparatively difficult and must comply with the provisions of the Companies Act.	Alteration is comparatively easier by passing a special resolution, subject to the Companies Act and the MOA.
Relationship	Defines the limits within which the company can operate.	Prescribes the procedures for operating within those limits.
Binding Effect	Binds the company and its members regarding the company's objectives and powers.	Binds the company and its members regarding internal rules and management.
Compulsory Nature	Every company must have an MOA.	Every company must have an AOA.

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FORMS OF BUSINESS ORGANIZATIONS AND FORMATION OF COMPANY		
Q. No.	**QUESTIONS**	M M. 50
1	The Memorandum of Association must be signed by at least …. Persons in case of a public company and by ….. persons in case of a private company. A. 1 and 2 B. 2 and 5 C. 2 and 7 D. 7 and 2 सार्वजनिक कंपनी के मामले में संस्था ज्ञापन (Memorandum of Association) पर कम से कम …… व्यक्तियों द्वारा हस्ताक्षर किए जाने चाहिए तथा निजी कंपनी के मामले में …… व्यक्तियों द्वारा हस्ताक्षर किए जाने चाहिए। A. 1 और 2 B. 2 और 5 C. 2 और 7 D. 7 और 2	1
2	____________defines relationship of the company with the outsiders. (a) Articles of Association (b) Memorandum of Association (c) Both (a)&(b) (d) None of the above __________ कंपनी और बाहरी व्यक्तियों के बीच संबंध को परिभाषित करता है। (a) संस्था नियमावली (Articles of Association) (b) संस्था ज्ञापन (Memorandum of Association) (c) (a) और (b) दोनों (d) उपरोक्त में से कोई नहीं	1
3	Himanshu is an active partner in a partnership firm, where the liability of partners is unlimited. Partners are allowed to participate in the management of the firm business. All the partners are abiding by the rules framed in the partnership. Registration of a partnership firm is optional and the firm business may come to an end in the event of death, insolvency, and lunatic of any partner. Which type of partnership is referred to in the above case? (a) General Partnership (b) Partnership at will (c) Limited Liability Partnership (d) Particular Partnership	1

	हिमांशु एक साझेदारी फर्म में सक्रिय साझेदार है, जहाँ साझेदारों का दायित्व असीमित है। साझेदारों को फर्म के व्यवसाय के प्रबंधन में भाग लेने की अनुमति है। सभी साझेदार साझेदारी में बनाए गए नियमों का पालन कर रहे हैं। साझेदारी फर्म का पंजीकरण वैकल्पिक है तथा किसी साझेदार की मृत्यु, दिवालियापन या पागलपन की स्थिति में फर्म का व्यवसाय समाप्त हो सकता है। उपरोक्त स्थिति में किस प्रकार की साझेदारी का उल्लेख किया गया है? (a) सामान्य साझेदारी (General Partnership) (b) इच्छानुसार साझेदारी (Partnership at Will) (c) सीमित दायित्व साझेदारी (Limited Liability Partnership) (d) विशेष साझेदारी (Particular Partnership)	
4	After completing high studies in Hotel Management courses from one of the highly reputed Hotel Management Institutes of India, Mohan decided to start his own Bakery in his hometown. His father arranged funds and supported him to commence his business. He recruited some staff and purchased the required equipment and machines. Within a few months, he started manufacturing bakery products in the market and sold them at reasonable prices. His quality products and reasonable prices helped him in making a good profit. Identify the form of business organization highlighted in the above case. (a) Sole Trading concern (b) Joint Hindu Family Business (c) Company (d) Partnership मोहन ने भारत के एक प्रतिष्ठित होटल प्रबंधन संस्थान से होटल मैनेजमेंट की पढ़ाई पूरी करने के बाद अपने गृह नगर में अपनी बेकरी शुरू करने का निर्णय लिया। उसके पिता ने धन की व्यवस्था की और व्यवसाय शुरू करने में सहायता की। उसने कुछ कर्मचारियों की नियुक्ति की तथा आवश्यक मशीनें और उपकरण खरीदे। कुछ महीनों में उसने बाजार में बेकरी उत्पाद बनाना और उचित कीमतों पर बेचना शुरू कर दिया। अच्छे गुणवत्ता वाले उत्पाद और उचित कीमतों के कारण उसे अच्छा लाभ होने लगा। उपरोक्त स्थिति में कौन-सा व्यवसाय संगठन दर्शाया गया है? (a) एकल स्वामित्व व्यवसाय (Sole Trading Concern) (b) संयुक्त हिंदू परिवार व्यवसाय (Joint Hindu Family Business) (c) कंपनी (Company) (d) साझेदारी (Partnership)	1
5	As per Rule 10 of The Companies (miscellaneous) Rules 2014, at Present the	1

	maximum number of partners can be … (A) 2 (B) 200 (C) 50 (D) 100 कंपनी (विविध) नियम, 2014 के नियम 10 के अनुसार वर्तमान में साझेदारों की अधिकतम संख्या कितनी हो सकती है? (A) 2 (B) 200 (C) 50 (D) 100	
6	Assertion (A) Board of directors exercise direct control over the business. Reason (R) Board of directors are the owners of the company. (a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A) (b) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A) (c) Assertion (A) is true, but Reason (R) is false (d) Assertion (A) is false, but Reason (R) is true कथन (Assertion - A)निदेशक मंडल (Board of Directors) व्यवसाय पर प्रत्यक्ष नियंत्रण रखता है। कारण (Reason - R)निदेशक मंडल कंपनी के मालिक होते हैं। (a) कथन (A) और कारण (R) दोनों सत्य हैं तथा कारण (R), कथन (A) की सही व्याख्या है। (b) कथन (A) और कारण (R) दोनों सत्य हैं, लेकिन कारण (R), कथन (A) की सही व्याख्या नहीं है। (c) कथन (A) सत्य है, लेकिन कारण (R) असत्य है। (d) कथन (A) असत्य है, लेकिन कारण (R) सत्य है।	1
7	Assertion (A) Personal assets of the partners may be used to pay-off business debts in case of insufficiency of business assets. Reason (R) Partners of a firm have unlimited liability. (a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A) (b) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A) (c) Assertion (A) is true, but Reason (R) is false (d) Assertion (A) is false, but Reason (R) is true कथन (Assertion - A) यदि व्यवसाय की संपत्तियाँ ऋण चुकाने के लिए पर्याप्त न हों, तो साझेदारों की व्यक्तिगत संपत्तियों का उपयोग व्यवसाय के ऋण चुकाने के लिए किया जा सकता है। कारण (Reason - R)फर्म के साझेदारों का दायित्व असीमित होता है। (a) कथन (A) और कारण (R) दोनों सत्य हैं तथा कारण (R), कथन (A) की सही व्याख्या है।	1

	(b) कथन (A) और कारण (R) दोनों सत्य हैं, लेकिन कारण (R), कथन (A) की सही व्याख्या नहीं है। (c) कथन (A) सत्य है, लेकिन कारण (R) असत्य है। (d) कथन (A) असत्य है, लेकिन कारण (R) सत्य है।	
8	Identify the related feature of a company," its Assets and liabilities are separate from those of its owners." (a) Artificial person (b) Perpetual succession (c) Common seal (d) Separate legal entity कंपनी की उस विशेषता की पहचान कीजिए जिसमें "उसकी संपत्तियाँ और दायित्व उसके मालिकों से अलग होते हैं।" (a) कृत्रिम व्यक्ति (Artificial Person) (b) स्थायी उत्तराधिकार (Perpetual Succession) (c) सामान्य मुहर (Common Seal) (d) पृथक कानूनी अस्तित्व (Separate Legal Entity)	1
9	A partner whose association with the firm is unknown to the general public is called (a) Active partner (b) Sleeping partner (c) Nominal partner (d) Secret partner जिस साझेदार का फर्म से संबंध सामान्य जनता को ज्ञात नहीं होता, उसे क्या कहा जाता है? (a) सक्रिय साझेदार (Active Partner) (b) निष्क्रिय साझेदार (Sleeping Partner) (c) नाममात्र साझेदार (Nominal Partner) (d) गुप्त साझेदार (Secret Partner)	1
10	(A) sole proprietor enjoys considerable degree of freedom in making business decisions. (R) Quick decision making leads to timely capitalisation of market opportunities as and when they arise.	1

	(a) Both A and R are true and R is the correct explanation of A. (b) Both A and R are true and R is not the correct explanation of A. (c) A is true but R is false. (d) A is false but R is true. कथन (Assertion - A) एकल स्वामी (Sole Proprietor) व्यवसायिक निर्णय लेने में पर्याप्त स्वतंत्रता का आनंद लेता है। कारण (Reason - R) शीघ्र निर्णय लेने से बाजार के अवसरों का समय पर लाभ उठाया जा सकता है। (a) कथन (A) और कारण (R) दोनों सत्य हैं तथा कारण (R), कथन (A) की सही व्याख्या है। (b) कथन (A) और कारण (R) दोनों सत्य हैं, लेकिन कारण (R), कथन (A) की सही व्याख्या नहीं है। (c) कथन (A) सत्य है, लेकिन कारण (R) असत्य है। (d) कथन (A) असत्य है, लेकिन कारण (R) सत्य है।	
Q11	Rohit wanted to establish a manufacturing company. Before registration, he conducted market surveys, estimated future demand, arranged finance and consulted experts for preparing legal documents. The activities performed by Rohit are related to which stage of company formation? (a) Incorporation (b) Promotion (c) Capital Subscription (d) Commencement of Business रोहित एक विनिर्माण कंपनी स्थापित करना चाहता था। पंजीकरण से पहले उसने बाजार सर्वेक्षण किया, भविष्य की मांग का अनुमान लगाया, वित्त की व्यवस्था की तथा कानूनी दस्तावेज तैयार करने के लिए विशेषज्ञों से सलाह ली। रोहित द्वारा की गई गतिविधियाँ कंपनी निर्माण के किस चरण से संबंधित हैं? (a) पंजीकरण (Incorporation) (b) प्रवर्तन (Promotion) (c) पूंजी अभिदान (Capital Subscription) (d) व्यवसाय प्रारंभ (Commencement of Business)	1
Q12	A company submitted all required documents to the Registrar of Companies and received a certificate after verification. From that date, the company became a	1

	separate legal entity. Which certificate enabled the company to obtain legal existence? (a) Certificate of Commencement (b) Share Certificate (c) Certificate of Incorporation (d) Prospectus एक कंपनी ने सभी आवश्यक दस्तावेज कंपनी रजिस्ट्रार के पास जमा किए और सत्यापन के बाद एक प्रमाणपत्र प्राप्त किया। उसी तिथि से कंपनी एक पृथक कानूनी इकाई बन गई। किस प्रमाणपत्र ने कंपनी को कानूनी अस्तित्व प्रदान किया? (a) व्यवसाय प्रारंभ प्रमाणपत्र (b) अंश प्रमाणपत्र (c) पंजीकरण प्रमाणपत्र (d) विवरण पत्र	
Q13	During the process of company formation, a document was prepared which clearly defined the objectives and scope of activities of the company. The company could not legally perform activities beyond this document. Identify the document referred to above. (a) Prospectus (b) Articles of Association (c) Memorandum of Association (d) Director's Report कंपनी निर्माण की प्रक्रिया के दौरान एक ऐसा दस्तावेज तैयार किया गया जिसमें कंपनी के उद्देश्य और कार्यक्षेत्र स्पष्ट रूप से निर्धारित थे। कंपनी इस दस्तावेज के बाहर कोई कार्य कानूनी रूप से नहीं कर सकती थी। उपरोक्त दस्तावेज की पहचान कीजिए। (a) विवरण पत्र (Prospectus) (b) संस्था नियमावली (Articles of Association) (c) संस्था ज्ञापन (Memorandum of Association) (d) निदेशक रिपोर्ट (Director's Report)	1
Q14	A public company invited the public to purchase shares by issuing a detailed document containing financial information, objectives and future plans of the company. Identify the document issued by the company. (a) Articles of Association (b) Memorandum of Association	1

	(c) Prospectus (d) Certificate of Incorporation एक सार्वजनिक कंपनी ने जनता को शेयर खरीदने के लिए आमंत्रित करते हुए एक विस्तृत दस्तावेज जारी किया जिसमें कंपनी की वित्तीय जानकारी, उद्देश्य तथा भविष्य की योजनाएँ दी गई थीं। कंपनी द्वारा जारी दस्तावेज की पहचान कीजिए। (a) संस्था नियमावली (b) संस्था ज्ञापन (c) विवरण पत्र (d) पंजीकरण प्रमाणपत्र	
Q15	After incorporation, XYZ Ltd. could not immediately begin business operations because it had not completed certain legal formalities required for public companies. Which certificate must the company obtain before starting business? (a) Share Certificate (b) Certificate of Commencement of Business (c) Certificate of Registration (d) Debenture Certificate पंजीकरण के बाद XYZ Ltd. तुरंत व्यवसाय प्रारंभ नहीं कर सकी क्योंकि उसने सार्वजनिक कंपनी के लिए आवश्यक कुछ कानूनी औपचारिकताएँ पूरी नहीं की थीं। व्यवसाय प्रारंभ करने से पहले कंपनी को कौन-सा प्रमाणपत्र प्राप्त करना आवश्यक है? (a) अंश प्रमाणपत्र (b) व्यवसाय प्रारंभ प्रमाणपत्र (c) पंजीकरण प्रमाणपत्र (d) ऋणपत्र प्रमाणपत्र	1
Q16	During company formation, applications for shares were invited from the public. However, the company failed to receive the minimum required amount from applicants. What will be the consequence? (a) Shares will still be allotted (b) Company will be dissolved immediately (c) Share allotment cannot be made (d) ROC will issue Certificate of Commencement कंपनी निर्माण के दौरान जनता से शेयरों के लिए आवेदन आमंत्रित किए गए। लेकिन कंपनी को	1

	न्यूनतम आवश्यक राशि प्राप्त नहीं हुई। इसका क्या परिणाम होगा? (a) फिर भी शेयर आवंटित कर दिए जाएँगे (b) कंपनी तुरंत समाप्त हो जाएगी (c) शेयरों का आवंटन नहीं किया जा सकेगा (d) ROC व्यवसाय प्रारंभ प्रमाणपत्र जारी करेगा	
Q17	Rohan wanted to start a business independently with the benefit of separate legal identity and limited liability. He decided to form a company in which he would be the only shareholder. Identify the type of company formed by Rohan. (a) Public Company (b) Private Company (c) One Person Company (d) Partnership Firm रोहन स्वतंत्र रूप से व्यवसाय शुरू करना चाहता था तथा वह सीमित दायित्व और पृथक कानूनी अस्तित्व का लाभ भी चाहता था। उसने ऐसी कंपनी बनाने का निर्णय लिया जिसमें वह अकेला अंशधारक हो। रोहन द्वारा बनाई गई कंपनी का प्रकार बताइए। (a) सार्वजनिक कंपनी (b) निजी कंपनी (c) एक व्यक्ति कंपनी (d) साझेदारी फर्म	1
Q18	A company was formed by two friends who wanted restrictions on transfer of shares and did not wish to invite the public for raising capital. Which type of company is most suitable in this case? (a) Public Company (b) Private Company (c) One Person Company (d) Government Company दो मित्रों ने ऐसी कंपनी बनाई जिसमें शेयरों के हस्तांतरण पर प्रतिबंध हो तथा जनता से पूंजी जुटाने की अनुमति न हो। इस स्थिति में कौन-सी कंपनी सबसे उपयुक्त है? (a) सार्वजनिक कंपनी	1

	(b) निजी कंपनी (c) एक व्यक्ति कंपनी (d) सरकारी कंपनी	
Q19	A businessman wanted to form a company but was informed that only an Indian citizen who is also an Indian resident can establish this form of business. Which form of company is being discussed? (a) Public Company (b) Government Company (c) One Person Company (d) Private Company एक व्यवसायी कंपनी बनाना चाहता था, लेकिन उसे बताया गया कि केवल भारतीय नागरिक और भारतीय निवासी ही इस प्रकार की कंपनी स्थापित कर सकते हैं। यह किस प्रकार की कंपनी है? (a) सार्वजनिक कंपनी (b) सरकारी कंपनी (c) एक व्यक्ति कंपनी (d) निजी कंपनी	1
Q20	A company wanted to raise huge capital from the public and get its securities listed on a stock exchange. Which form of company would be most appropriate? (a) Private Company (b) OPC (c) Public Company (d) Partnership Firm एक कंपनी जनता से बड़ी मात्रा में पूंजी जुटाना चाहती थी तथा अपने प्रतिभूतियों को स्टॉक एक्सचेंज में सूचीबद्ध करवाना चाहती थी। इस स्थिति में कौन-सा कंपनी स्वरूप सबसे उपयुक्त होगा? (a) निजी कंपनी (b) OPC (c) सार्वजनिक कंपनी (d) साझेदारी फर्म	1
21	"Karta is the most active member in a Joint Hindu Family Business. He is too powerful to ruin the business." Comment. "कर्ता संयुक्त हिंदू परिवार व्यवसाय का सबसे सक्रिय सदस्य होता है। वह व्यवसाय को नष्ट करने के लिए अत्यधिक शक्तिशाली होता है।" टिप्पणी कीजिए।	3

22	Name the following : (a) The person who promotes a business. (b) The document containing the rules, regulations and bye-laws of a company. (c) The document inviting subscriptions for shares and debentures. निम्नलिखित के नाम बताइए : (a) व्यवसाय को स्थापित करने वाला व्यक्ति। b)कंपनी के नियम, विनियम एवं उपनियमों वाला दस्तावेज। c)अंशों एवं ऋणपत्रों के अभिदान हेतु जनता को आमंत्रित करने वाला दस्तावेज।	3
23	Read the following text and answer questions(A-C) on the basis of the same. Rajeshwar lived in a small town of Uttar Pradesh. His friends were also struggling to make ends meet. They didn't own a home and were paying heavy rents, leaving them with minimal funds for other essentials. Rajeshwar was concerned about their well-being and she wanted to help them. He listened to their challenges and offering emotional support. His aim was to solve the housing problems of that locality by constructing houses and giving the option of paying in instalments. Rajeshwar and his friends established an organisation to help people with limited income to construct houses at reasonable costs flats or provide plots to members on which the members themselves can construct the houses as per their choice. A. Name the form of organisation established by Rajeshwar and his friends to solve their housing crisis? B. Under which Act, these organisations are governed? C. What is the minimum number of persons required to form such organisation? राजेश्वर उत्तर प्रदेश के एक छोटे कस्बे में रहता था। उसके मित्र भी जीवनयापन करने के लिए संघर्ष कर रहे थे। उनके पास अपना घर नहीं था और वे भारी किराया दे रहे थे, जिससे उनकी अन्य आवश्यकताओं के लिए बहुत कम धन बचता था। राजेश्वर उनकी स्थिति को लेकर चिंतित था और उनकी सहायता करना चाहता था। उसने उनकी समस्याओं को सुना और भावनात्मक सहयोग दिया। उसका उद्देश्य उस क्षेत्र की आवास समस्या को हल करना था। इसके लिए उसने घर बनाने तथा किस्तों में भुगतान की सुविधा देने की योजना बनाई। राजेश्वर और उसके मित्रों ने सीमित आय वाले लोगों को उचित लागत पर मकान, फ्लैट या प्लॉट	4

	उपलब्ध कराने के लिए एक संगठन स्थापित किया, ताकि सदस्य अपनी पसंद के अनुसार घर बना सकें। (A) राजेश्वर और उसके मित्रों द्वारा आवास समस्या के समाधान हेतु स्थापित संगठन का नाम बताइए। (B) ये संगठन किस अधिनियम के अंतर्गत संचालित होते हैं? (C) ऐसे संगठन की स्थापना के लिए न्यूनतम कितने व्यक्तियों की आवश्यकता होती है?	
24	Partnership firm's registration is optional, but still why do partnership firms willingly go through this legal formality and get themselves registered? Explain. साझेदारी फर्म का पंजीकरण वैकल्पिक है, फिर भी साझेदारी फर्में स्वेच्छा से यह कानूनी औपचारिकता क्यों पूरी करती हैं और स्वयं को पंजीकृत क्यों करवाती हैं? समझाइए।	4
25	X, Y, Z have mutually decided to set up small factory in rural area. They decided to hide the association of X with the factory to outsiders, and Y will not take part in day-to-day activities of business due to his health issues. However, Z will take active part in all activities. Whenever they have problems in getting credit or financial help, they use the name of their friend 'P' with his consent. Briefly explain the various types of partners, mentioned in the above paragraph. X, Y और Z ने आपसी सहमति से ग्रामीण क्षेत्र में एक छोटा कारखाना स्थापित करने का निर्णय लिया। उन्होंने तय किया कि X का कारखाने से संबंध बाहरी लोगों से छिपाया जाएगा तथा Y स्वास्थ्य समस्याओं के कारण व्यवसाय की दैनिक गतिविधियों में भाग नहीं लेगा। जबकि Z सभी गतिविधियों में सक्रिय रूप से भाग लेगा। जब भी उन्हें ऋण या वित्तीय सहायता प्राप्त करने में समस्या होती है, तो वे अपने मित्र 'P' के नाम का उसकी अनुमति से उपयोग करते हैं। उपरोक्त अनुच्छेद में वर्णित विभिन्न प्रकार के साझेदारों की संक्षेप में व्याख्या कीजिए।	4
26	A group of young entrepreneurs identified a business opportunity in the renewable energy sector. They conducted market surveys, arranged finance, prepared legal documents and submitted them to the Registrar of Companies. After obtaining legal approval, they invited the public to subscribe to shares and later received permission to start business operations. Identify and explain the different stages of company formation referred to in the above case. कुछ युवा उद्यमियों ने नवीकरणीय ऊर्जा क्षेत्र में व्यवसाय का अवसर पहचाना। उन्होंने बाजार सर्वेक्षण किया, वित्त की व्यवस्था की, कानूनी दस्तावेज तैयार किए और उन्हें कंपनी रजिस्ट्रार के पास जमा किया। कानूनी स्वीकृति प्राप्त करने के बाद उन्होंने जनता को अंश खरीदने के लिए	6

	आमंत्रित किया तथा बाद में व्यवसाय प्रारंभ करने की अनुमति प्राप्त की। उपरोक्त स्थिति में वर्णित कंपनी निर्माण के विभिन्न चरणों की पहचान कीजिए तथा उनका वर्णन कीजिए।	
27	A public company prepared a document containing the objectives of the company and another document containing rules regarding internal management. The company also issued a document inviting the public to purchase shares. Identify these documents and explain their importance in company formation. एक सार्वजनिक कंपनी ने एक ऐसा दस्तावेज तैयार किया जिसमें कंपनी के उद्देश्य दिए गए थे तथा दूसरा दस्तावेज कंपनी के आंतरिक प्रबंधन के नियमों से संबंधित था। कंपनी ने जनता को अंश खरीदने के लिए आमंत्रित करने हेतु एक अन्य दस्तावेज भी जारी किया। इन दस्तावेजों की पहचान कीजिए तथा कंपनी निर्माण में इनके महत्व की व्याख्या कीजिए।	6
**************************END OF QUESTIONS**************************************		

ANSWERS

s.no	Answers	M. M
Q1	D. 7 और2	1
Q2	(b) Memorandum of Association	1
Q3	(a) General Partnership)	1
Q4	(a) Sole Trading Concern)	1
Q5	(C) 50	1
Q6	(c)	1
Q7	(a)	1
Q8	(d) Separate Legal Entity)	1
Q9	(d))Secret Partner)	1
Q10	(a)	1
Q11	**उत्तर:** (b) Promotion)	1
Q12	**उत्तर:** (c) Certificate of Incorporation	1
Q13	**उत्तर:** (c)Memorandum of Association	1
Q14	**उत्तर:** (c)Prospectus)	1

Q15	**उत्तर:** (b) Certificate of Commencement of Business)	1
Q16	**उत्तर:** (c) Share allotment cannot be made	1
Q17	**तर:** (c) One Person Company)	1
Q18	**उत्तर:** (b) Private Company)	1
Q19	**उत्तर:** (c) One Person Company)	1
Q20	**उत्तर:** (c) Public Company)	1
Q21	Karta is the head of the Joint Hindu Family Business and manages all business activities. He has unlimited liability and takes important decisions. However, he cannot misuse his powers because his decisions should be in the interest of the whole family. Other members can question his actions if they are harmful to the family business. Therefore, though Karta is powerful, he cannot ruin the business irresponsibly.	3
Q22	**A)Answer (English):** Promoter B) **Answer (English):** Articles of Association (AOA) C) **Answer (English):** Prospectus	3
Q23	A) **Answer (English):** Housing Cooperative Society **(B)Answer (English):** Cooperative Societies Act, 1912 **C)Answer (English):** 10 persons	4
Q24	Although registration of a partnership firm is not compulsory, firms generally prefer registration because it provides legal advantages. A registered firm can file a case against third parties or partners in a court of law. Registration increases the credibility and goodwill of the business. It also helps in resolving disputes and protecting the interests of partners.	4
Q25	1. **X – Secret Partner** X is a secret partner because his association with the firm is hidden from outsiders, though he is a partner in the business. 2. **Y – Sleeping Partner** Y is a sleeping partner because he contributes to the business but does not participate in day-to-day management activities. 3. **Z – Active Partner** Z is an active partner because he actively participates in the management and daily operations of the business. 4. **P – Nominal Partner** P is a nominal partner because he only allows the firm to use his name for goodwill and financial assistance, but does not take part in business	4

	management.	
Q26	Answer The stages of company formation referred to in the case are: 1. Promotion It is the first stage of company formation in which business opportunities are identified. Promoters conduct market surveys, prepare feasibility reports and arrange initial finance. 2. Incorporation In this stage, legal documents such as MOA and AOA are submitted to the Registrar of Companies. After verification, the company receives the Certificate of Incorporation and gets legal existence. 3. Capital Subscription At this stage, the company invites the public to subscribe to its shares through a prospectus and raises the required capital. 4. Commencement of Business After fulfilling all legal formalities, the company receives the Certificate of Commencement of Business and can start business operations.	6
Q27	1. Memorandum of Association (MOA) It contains the objectives and scope of activities of the company. It defines the relationship between the company and outsiders. 2. Articles of Association (AOA) It contains rules and regulations related to internal management and administration of the company. 3. Prospectus It is a document issued by a public company inviting the public to subscribe to shares and debentures. Importance These documents provide legal identity, define powers and objectives, regulate management and help in raising capital from the public.	6

CHAPTER -3
PRIVATE , PUBLIC AND GLOBAL ENTERPRISES

Types of Business Sectors

Private sector- Enterprises owned by individuals or private firms with an aim to earn profit.

Public sector- Government owned enterprises

Features of public sector

Government owns and manages factors of productions, places of business

It can be state or central government

Business may be established under Special Act of Parliament or under specific ministries

Forms of public sector enterprises

(A) Departmental Undertaking

(B) Statutory Corporation

(C) Government Company

(A)Departmental Undertakings-The departmental Undertaking is considered as one the departments of government. It has no separate existence than government. It functions under the overall control of one ministry or department of government.

Features of Departmental Undertakings:

(i) Established under specific ministries.

(ii) Managed by state or central government.

(iii) Oldest and most traditional form of public enterprises.

(iv) Most suitable for business activities of national importance, public utilities, infrastructure and economic control.

(v) Receive investments from Government Treasury.

(vi) Revenues earned are paid into the Government Treasury.

(vii) Headed by government officers or civil servants.

Advantages of Departmental Undertakings

(i) Direct and centralized control.

(ii) High degree of public accountability

(iii) Sources of income to government treasury.

(iv) Most suitable for projects of national importance.

(v) Effective utilisation of funds.

Limitations of Departmental Undertakings

(i) Lack of flexibility due to constant interference of ministers and other officials.

(ii) Delay in decision making as approvals have to be received from concerned ministry.

(iii) Lack of motivation in the absence of authority and incentives.

(iv) No risky projects are undertaken due to conservative approach.

(v) Redtapism, proper channel need to be followed for all decisions leading to delays.

(vi) Decisions influenced by political interest of concerned ministries.

(vii) Not focused on consumer satisfaction, thus not competitive.

(viii) No freedom to utilize revenue, subject to government budgetary control.

(B)Statutory Corporations- Established and governed by a Special Act of the Parliament or by the St or Central Legislature.

Features of Statutory Corporation:

(i) Established under Act of Parliament or Central or State Legislatures.

(ii) The act regulates the objectives, powers and privileges.

(iii) Wholly owned by the government.

(iv) Set up as a corporate identity.

(v) Accounting and Audit as per the procedures stated in the Act.

(vi) Independent financial structure, utilizes revenues earned.

(vii) Employees appointed as per the terms of the Act.

Advantages of Statutory Corporation-

(i) Independent functioning allows flexibility.

(ii) No government rules and regulations to be followed.

(iii) No political interference.

(iv) Enjoys powers of government and working culture of private sector.

(v) Well protected public interest.

Limitations of Statutory Corporation:

(i) Needs approvals from concerned ministries for all important decisions.

(ii) Investments from government leads to indirect interference.

(iii) Widespread corruption.

(iv) Lacks freedom due to appointment of government officials.

(C)Government companies- Established under the Indian Companies Act. 2013 with shareholding of at least 51 percent of the paid up capital held by the Central government, or by one or more State Governments or partly by Central Government and partly by one or more state Governments

Features of Government company:

(i) Company is created under the Indian Companies Act, 2013.

(ii) The company enjoys corporate identity, can sue and be sued by third party in the court of law.

(iii) The company can enter into a contract and can acquire property in its own name.

(iv) the management is regulated by the provisions of the Companies Act.

(iv) Memorandum of Association and Articles of Association state the rules and regulations for the company.

(vi) Exempted from the accounting and audit rules and procedures.

(vii) Annual reports are presented in the Parliament or the State Legislature.

(viii) Funds can be raised from government, private sector and capital market.

(ix) The shares of a government company are purchased in the name of the President of India.

Advantages of Government company:

(i) No need for any Special Act makes establishing of government company easy.

(ii) Separate legal entity.

(iii) Independence in management of business operations.

(iv) Reduces unhealthy business practices by providing goods and services at reasonable prices.

Limitations of Government company:

(i) Government being the major shareholder, exercises control over the management.

(ii) No accountability to public due to its autonomy status.

(iii) Policies formulated by the government officials are governed by personal interest.

Global Enterprises- Corporations operate in more than one country dealing in multiple products.

Features of Global Enterprises:

(i) Huge investments.

(ii) Large scale operations.

(iii) Corporations operate with branches, factories and workshops in various countries.

(iv) Collaboration with companies of host countries.

(v) Use local resources and latest technology.

(vi) Continuous development of new products.

(vii) Aim to establish products as global brands.

(viii) Market territories across the globe.

(ix) Centralised control from head office.

(x) Oligopolistic power, dominating status in the market.

Advantages of Global Enterprises:

(i) Direct foreign investments help in economic development of the host country.

(ii) Creates employment opportunities in the host country.

(iii) Standardized products of high quality.

(iv) Facilitate the growth of local enterprises as ancillary units or suppliers for MNC firms.

(v) Improve the standard of living in host countries.

(vi) Foreign collaborations promote diversifications and expansions.

(vii) Local resources and low labour cost provide cost benefits.

(viii) National economies integrated as a world economy.

(ix) International brands and global market.

(x) High credibility in the capital market attracting investors from across the globe.

Limitations of Global Enterprises-

(i) Deals only in profitable business sectors.

(ii) To earn maximum profits, host country's priorities are ignored.

(iii) May use obsolete technology in underdeveloped countries.

(iv) Pressure on host country against transfer of foreign exchange.

(v) Threat to local and small enterprises.

(vi) Give rise to monopoly and concentration of power.

Joint Ventures- Two or more businesses join by pooling resources, sharing expertise for a common goal and mutual benefit.

Features of Joint Ventures-

(i) Increased financial and human resources.

(ii) Increased production capacity.

(iii) Economies of scale and low production cost.

(iv) Expansion with access to new markets and distribution networks.

(v) Development of existing products with access to latest technology.

(vi) Creativity and new ideas leading to innovations and development of new products.

(vii) Established brand name.

Public Private Partnership (PPP)- Business organized as a partnership between a pricate and government enterprise for projects related to public welfare.

Features of PPP

(i)Partnership between public and private sector.

(ii) It may allow investment from private sector and services controlled by the government.

(iii) Operations are established for a specific period of time.

(iv) The business risks are shared.

(v) Suitable for projects which require subsidies from government.

Q.NO.	QUESTION	MARKS
1	Which form of public sector enterprise is considered an extension of the government ministry itself and has no separate legal entity? सार्वजनिक क्षेत्र के उपक्रम का कौन सा रूप सरकारी मंत्रालय का ही एक विस्तार माना जाता है और उसकी कोई अलग कानूनी इकाई (separate legal entity) नहीं होती है? A. सरकारी कंपनी (Government Company) B. सार्वजनिक-निजी भागीदारी (Public-Private Partnership) C. वैधानिक निगम (Statutory Corporation) D. विभागीय उपक्रम (Departmental Undertaking)	1
2	A Statutory Corporation is established under: एक वैधानिक निगम (Statutory Corporation) की स्थापना किसके तहत की जाती है? A. संसद के एक विशेष अधिनियम (Special Act of Parliament) के तहत B. साझेदारी अधिनियम, 1932 (The Partnership Act, 1932) के तहत C. कंपनी अधिनियम, 2013 (The Companies Act, 2013) के तहत	1

	D. एक सरकारी कार्यकारी आदेश (Government Executive Order) के तहत	
3	For a business to be classified as a 'Government Company', what is the minimum percentage of paid-up share capital that must be held by the government? किसी व्यवसाय को 'सरकारी कंपनी' के रूप में वर्गीकृत करने के लिए, सरकार के पास चुकता शेयर पूंजी (paid-up share capital) का न्यूनतम कितना प्रतिशत होना अनिवार्य है? A.75% B. 50% C. 26% D 51	1
4	Employees of a Departmental Undertaking are considered: A. Private Sector Employees B. Contractual Workers C. Industrial Trainees D. Civil Servants विभागीय उपक्रम (Departmental Undertaking) के कर्मचारियों को माना जाता है: A. निजी क्षेत्र के कर्मचारी B. अनुबंध पर काम करने वाले श्रमिक (कॉन्ट्रैक्ट वर्कर) C. औद्योगिक प्रशिक्षु (इंडस्ट्रियल ट्रेनी) D. सिविल सेवक (सरकारी कर्मचारी)	1
5	Statement I: In a Government Company, at least 51% of the paid-	1

	up capital is held by the Central Government or State Government(s). Statement II: The employees of a Government Company are not civil servants and are governed by the rules and regulations of the company. A. Statement I is incorrect and Statement II is correct. B. Statement I is correct and Statement II is incorrect. C. Both Statement I and Statement II are correct. D. Both Statement I and Statement II are incorrect. **कथन I:** एक सरकारी कंपनी में, चुकता पूंजी का कम से कम 51% हिस्सा केंद्र सरकार या राज्य सरकार (सरकारों) के पास होता है। **कथन II:** सरकारी कंपनी के कर्मचारी सिविल सेवक नहीं होते हैं और वे कंपनी के नियमों और विनियमों द्वारा शासित होते हैं। A. कथन I गलत है और कथन II सही है। B. कथन I सही है और कथन II गलत है। C. कथन I और कथन II दोनों सही हैं। D. कथन I और कथन II दोनों गलत हैं।	
6	'Hindustan Machine Tools' (HMT) is a public sector unit where the government holds 90% of the shares. It was registered under the Companies Act, 1956. To improve its performance, the government is considering selling 20% of its shares to private investors. This process of selling shares is called: 'हिंदुस्तान मशीन टूल्स' (HMT) सार्वजनिक क्षेत्र की एक इकाई है जिसमें सरकार के पास 90% शेयर हैं। यह कंपनी अधिनियम, 1956 के तहत पंजीकृत थी। इसके प्रदर्शन में सुधार के लिए, सरकार अपने 20% शेयर निजी निवेशकों को बेचने पर विचार कर रही है। शेयर बेचने की इस प्रक्रिया को कहा	1

	जाता है: A. विविधीकरण (Diversification) B. समामेलन (Amalgamation) C. विनिवेश (Disinvestment) D. राष्ट्रीयकरण (Nationalization)	
7	Which of the following is a primary disadvantage of Departmental Undertakings? निम्नलिखित में से कौन सा विभागीय उपक्रमों का एक मुख्य दोष (हानि) है? A. लालफीताशाही और नौकरशाही (Red Tapism and Bureaucracy) B. अत्यधिक वित्तीय स्वायत्तता (Excessive Financial Autonomy) C. गठन में आसानी (Ease of Formation) D. जवाबदेही की कमी (Lack of Accountability)	1
8	Assertion (A): Departmental Undertakings are considered the most suitable form of organization for activities related to national security and defense. Reason (R): These undertakings operate under the total control of the concerned Ministry and do not have a separate legal entity. A.(A) is true but (R) is false. B.Both (A) and (R) are true but (R) is not the correct explanation of (A). C.Both (A) and (R) are true and (R) is the correct explanation of	1

	(A). D.(A) is false but (R) is true. **अभिकथन (A):** राष्ट्रीय सुरक्षा और रक्षा से संबंधित गतिविधियों के लिए विभागीय उपक्रमों को संगठन का सबसे उपयुक्त रूप माना जाता है। **कारण (R):** ये उपक्रम संबंधित मंत्रालय के पूर्ण नियंत्रण में कार्य करते हैं और इनकी कोई अलग कानूनी इकाई नहीं होती है। A. (A) सत्य है लेकिन (R) असत्य है। B. (A) और (R) दोनों सत्य हैं लेकिन (R), (A) की सही व्याख्या नहीं है। C. (A) और (R) दोनों सत्य हैं और (R), (A) की सही व्याख्या है। D. (A) असत्य है लेकिन (R) सत्य है।	
9	Statement I: Statutory Corporations are financed by government grants and do not have the power to borrow money from the public. Statement II: Life Insurance Corporation of India (LIC) is an example of a Statutory Corporation. A.Statement I is incorrect and Statement II is correct. B.Statement I is correct and Statement II is incorrect. C.Both Statement I and Statement II are incorrect. D.Both Statement I and Statement II are correct. **कथन I:** वैधानिक निगमों का वित्तपोषण सरकारी अनुदानों द्वारा किया जाता है और उनके पास जनता से पैसा उधार लेने की शक्ति नहीं होती है। **कथन II:** भारतीय जीवन बीमा निगम (LIC) वैधानिक निगम का एक उदाहरण है।	1

	A. कथन I गलत है और कथन II सही है। B. कथन I सही है और कथन II गलत है। C. कथन I और कथन II दोनों गलत हैं। D. कथन I और कथन II दोनों सही हैं।	
10	A Global Enterprise (MNC) is characterized by having its headquarters in one country and operations in: A.Only developed nations B.Several other countries C.Only neighboring countries D.The domestic country only एक भूमंडलीय उपक्रम / बहुराष्ट्रीय कंपनी (MNC) की विशेषता यह है कि इसका मुख्यालय एक देश में होता है और इसका संचालन होता है: A. केवल विकसित देशों में B. कई अन्य देशों में C. केवल पड़ोसी देशों में D. केवल घरेलू देश में	1
11	Public, Private and Global Enterprises - Assertion (A): Statutory Corporations possess a high degree of operational flexibility and financial autonomy. Reason (R): Their finances are part of the government budget and are subject to the same accounting and audit controls as any	1

	other government department. A.Both (A) and (R) are true but (R) is not the correct explanation of (A). B.Both (A) and (R) are true and (R) is the correct explanation of (A). C.(A) is true but (R) is false. D.(A) is false but (R) is true **सार्वजनिक, निजी और भूमंडलीय उपक्रम -** **अभिकथन (A):** वैधानिक निगमों के पास उच्च स्तर की परिचालन लचीलापन (operational flexibility) और वित्तीय स्वायत्तता होती है। **कारण (R):** उनका वित्त सरकारी बजट का हिस्सा होता है और वे किसी भी अन्य सरकारी विभाग की तरह ही लेखांकन (accounting) और ऑडिट नियंत्रण के अधीन होते हैं। A. (A) और (R) दोनों सत्य हैं लेकिन (R), (A) की सही व्याख्या नहीं है। B. (A) और (R) दोनों सत्य हैं और (R), (A) की सही व्याख्या है। C. (A) सत्य है लेकिन (R) असत्य है। D. (A) असत्य है लेकिन (R) सत्य है।	
12	The Government of India decided to modernize the national highways. They partnered with 'Vikas Infra Ltd', a private firm, where the private firm would build and operate the highway for 20 years and then transfer it back to the government. Identify the form of organization mentioned here. A.Statutory Corporation B.Public-Private Partnership (PPP)	1

	C.Global Enterprise D.Government Company भारत सरकार ने राष्ट्रीय राजमार्गों के आधुनिकीकरण का निर्णय लिया। उन्होंने एक निजी फर्म 'विकास इंफ्रा लिमिटेड' के साथ भागीदारी की, जहाँ निजी फर्म 20 वर्षों के लिए राजमार्ग का निर्माण और संचालन करेगी और फिर इसे वापस सरकार को सौंप देगी। यहाँ उल्लिखित संगठन के रूप की पहचान कीजिए। A. वैधानिक निगम B. सार्वजनिक-निजी भागीदारी (PPP) C. भूमंडलीय उपक्रम D. सरकारी कंपनी	
13	'Avni Ltd' is a business unit where the employees are recruited and compensated according to the rules of the Union Public Service Commission (UPSC). The unit's income is deposited directly into the government's account. Which type of public enterprise is 'Avni Ltd'? A.Departmental Undertaking B.Government Company C.Statutory Corporation D.Joint Venture 'अवनि लिमिटेड' एक ऐसी व्यावसायिक इकाई है जहाँ कर्मचारियों की भर्ती और उनका वेतन संघ लोक सेवा आयोग (UPSC) के नियमों के अनुसार तय होता है। इस इकाई की आय सीधे सरकार के खाते में जमा की जाती है। 'अवनि लिमिटेड' किस प्रकार का सार्वजनिक उपक्रम है? A. विभागीय उपक्रम	1

	B. सरकारी कंपनी C. वैधानिक निगम D. संयुक्त उद्यम (Joint Venture)	
14	A domestic pharmaceutical company wants to expand globally but lacks the high-end research facilities and brand recognition of international players. What would be the most effective strategic move for this company? A.Request the government for a PPP model B.Register as a Statutory Corporation C.Enter into a Joint Venture with a foreign MNC D.Convert into a Departmental Undertaking एक घरेलू दवा कंपनी (pharmaceutical company) वैश्विक स्तर पर विस्तार करना चाहती है, लेकिन उसके पास अंतरराष्ट्रीय कंपनियों की तरह उच्च स्तरीय अनुसंधान सुविधाएं (research facilities) और ब्रांड पहचान नहीं है। इस कंपनी के लिए सबसे प्रभावी रणनीतिक कदम क्या होगा? A. सरकार से PPP मॉडल के लिए अनुरोध करना B. वैधानिक निगम के रूप में पंजीकरण कराना C. किसी विदेशी बहुराष्ट्रीय कंपनी (MNC) के साथ संयुक्त उद्यम (Joint Venture) में प्रवेश करना D. विभागीय उपक्रम में परिवर्तित होना	1
15	A company like 'Samsung' or 'Google' operates in multiple countries but the final decisions regarding product design and	1

	global strategy are taken at their headquarters. This illustrates which feature of Global Enterprises? 'सैमसंग' या 'गूगल' जैसी कंपनी कई देशों में काम करती है, लेकिन उत्पाद के डिज़ाइन और वैश्विक रणनीति से जुड़े अंतिम निर्णय उनके मुख्यालय में लिए जाते हैं। यह भूमंडलीय उपक्रमों (Global Enterprises) की किस विशेषता को दर्शाता है? A. बाजार विस्तार (Market Expansion) B. केंद्रीकृत नियंत्रण (Centralized Control) C. उत्पाद नवाचार (Product Innovation) D. विदेशी सहयोग (Foreign Collaboration)	
16	Public, Private and Global Enterprises - Assertion (A): A Government Company can be established without the need for a special Act of Parliament. Reason (R): These companies are registered under the Companies Act and can be formed through simple registration procedures. A.(A) is false but (R) is true. B.Both (A) and (R) are true and (R) is the correct explanation of (A). C.Both (A) and (R) are true but (R) is not the correct explanation of (A). D.(A) is true but (R) is false. **सार्वजनिक, निजी और भूमंडलीय उपक्रम -**	1

	अभिकथन (A): संसद के किसी विशेष अधिनियम की आवश्यकता के बिना भी एक सरकारी कंपनी की स्थापना की जा सकती है। **कारण (R):** ये कंपनियां कंपनी अधिनियम के तहत पंजीकृत होती हैं और इन्हें सरल पंजीकरण प्रक्रियाओं के माध्यम से बनाया जा सकता है। A. (A) असत्य है लेकिन (R) सत्य है। B. (A) और (R) दोनों सत्य हैं और (R), (A) की सही व्याख्या है। C. (A) और (R) दोनों सत्य हैं लेकिन (R), (A) की सही व्याख्या नहीं है। D. (A) सत्य है लेकिन (R) असत्य है।	
17	An American soft-drink giant 'Sparkle Co.' entered the Indian market by collaborating with a local distributor 'Desi Drinks Ltd'. They shared resources, technology, and risks to launch a new brand. What business arrangement does this represent? एक अमेरिकी सॉफ्ट-ड्रिंक दिग्गज कंपनी 'स्पार्कल को.' ने एक स्थानीय वितरक 'देसी ड्रिंक्स लिमिटेड' के साथ सहयोग करके भारतीय बाजार में प्रवेश किया। उन्होंने एक नया ब्रांड लॉन्च करने के लिए संसाधनों, तकनीक और जोखिमों को साझा किया। यह किस व्यावसायिक व्यवस्था का प्रतिनिधित्व करता है? A. वैधानिक निगम (Statutory Corporation) B. संयुक्त उद्यम (Joint Venture) C. एकल स्वामित्व (Sole Proprietorship)	1

	D. सार्वजनिक-निजी भागीदारी (Public-Private Partnership)	
18	Public, Private and Global Enterprises - Assertion (A): Global Enterprises (MNCs) are characterized by huge financial resources and superior technology. Reason (R): They operate through a network of branches and subsidiaries in many countries while keeping centralized control at the headquarters. A.(A) is true but (R) is false. B.Both (A) and (R) are true and (R) is the correct explanation of (A). C.(A) is false but (R) is true. D.Both (A) and (R) are true but (R) is not the correct explanation of (A). **सार्वजनिक, निजी और भूमंडलीय उपक्रम -** **अभिकथन (A):** भूमंडलीय उपक्रमों (MNCs) की विशेषता उनके पास विशाल वित्तीय संसाधन और बेहतर तकनीक का होना है। **कारण (R):** वे कई देशों में शाखाओं और सहायक कंपनियों के नेटवर्क के माध्यम से काम करते हैं, जबकि मुख्यालय में केंद्रीकृत नियंत्रण बनाए रखते हैं। A. (A) सत्य है लेकिन (R) असत्य है। B. (A) और (R) दोनों सत्य हैं और (R), (A) की सही व्याख्या है। C. (A) असत्य है लेकिन (R) सत्य है।	1

	D. (A) और (R) दोनों सत्य हैं लेकिन (R), (A) की सही व्याख्या नहीं है।	
19	Public, Private and Global Enterprises - Assertion (A): Public-Private Partnerships (PPP) are often criticized for high user fees. Reason (R): Private sector participation in PPP aims for profit maximization while the public sector focuses on social welfare. A.(A) is true but (R) is false. B.(A) is false but (R) is true. C.Both (A) and (R) are true but (R) is not the correct explanation of (A). D.Both (A) and (R) are true and (R) is the correct explanation of (A). **सार्वजनिक, निजी und भूमंडलीय उपक्रम -** 1 **अभिकथन (A):** सार्वजनिक-निजी भागीदारी (PPP) की अक्सर उच्च उपयोगकर्ता शुल्क (high user fees) के लिए आलोचना की जाती है। **कारण (R):** PPP में निजी क्षेत्र की भागीदारी का उद्देश्य लाभ को अधिकतम करना होता है, जबकि सार्वजनिक क्षेत्र का ध्यान सामाजिक कल्याण पर होता है। A. (A) सत्य है लेकिन (R) असत्य है। B. (A) असत्य है लेकिन (R) सत्य है। C. (A) और (R) दोनों सत्य हैं लेकिन (R), (A) की सही व्याख्या नहीं है। D. (A) और (R) दोनों सत्य हैं और (R), (A) की सही व्याख्या है।	1

20	If the government wants to establish an organization for 'Atomic Energy' where high secrecy and direct parliamentary accountability are required, which form would be most appropriate? A.Statutory Corporation B.Government Company C.Joint Venture with an MNC D.Departmental Undertaking यदि सरकार 'परमाणु ऊर्जा' (Atomic Energy) के लिए एक ऐसा संगठन स्थापित करना चाहती है जहाँ अत्यधिक गोपनीयता और प्रत्यक्ष संसदीय जवाबदेही की आवश्यकता हो, तो कौन सा रूप सबसे उपयुक्त होगा? A. वैधानिक निगम B. सरकारी कंपनी C. किसी MNC के साथ संयुक्त उद्यम D. विभागीय उपक्रम	1
21	Vidyut Urja Ltd.' is an enterprise engaged in generating electricity. The Central Government holds 55% of the paid-up share capital of this company. The company was registered under the provisions of the Companies Act, 2013. Although the company enjoys managerial autonomy, it is facing audit objections regarding its financial transactions, and its annual report is to be laid before both Houses of Parliament. Questions: 1. Identify the form of public sector enterprise represented by 'Vidyut Urja Ltd.'. (1 Mark) 2. State any two features of this form of enterprise as discussed in the case above. (2 Marks)	3

	विद्युत ऊर्जा लिमिटेड' बिजली उत्पादन में लगी एक कंपनी है। इस कंपनी की चुकता शेयर पूंजी का 55% हिस्सा केंद्र सरकार के पास है। कंपनी को कंपनी अधिनियम, 2013 के प्रावधानों के तहत पंजीकृत किया गया था। यद्यपि कंपनी को प्रबंधकीय स्वायत्तता (managerial autonomy) प्राप्त है, फिर भी इसे अपने वित्तीय लेनदेन के संबंध में ऑडिट आपत्तियों का सामना करना पड़ रहा है, और इसकी वार्षिक रिपोर्ट संसद के दोनों सदनों के समक्ष रखी जानी है। **प्रश्न:** 1. 'विद्युत ऊर्जा लिमिटेड' द्वारा प्रतिनिधित्व किए जाने वाले सार्वजनिक क्षेत्र के उपक्रम के रूप की पहचान कीजिए। (1 अंक) 2. उपरोक्त मामले में चर्चा की गई इस प्रकार के उपक्रम की किन्हीं दो विशेषताओं का उल्लेख कीजिए। (2 अंक)	
22	The State Government of Karnataka wanted to construct a high-speed express corridor connecting Bengaluru to a nearby industrial hub. Due to a shortage of public funds and a lack of specialized technology, the government entered into a 25-year contract with 'Vikas Infrastructure Private Ltd.' under which the private firm will design, build, and finance the highway. In return, the private firm is allowed to collect toll charges from commuters to recover its investment. After 25 years, the control of the highway will be handed back to the government. Questions: 1. Identify the collaborative business model highlighted in the above case. (1 Mark) 2. State any two reasons why the government opted for this model instead of constructing the highway on its own. (2 Marks)	3

	कर्नाटक की राज्य सरकार बेंगलुरु को पास के एक औद्योगिक केंद्र से जोड़ने वाले एक हाई-स्पीड एक्सप्रेस कॉरिडोर का निर्माण करना चाहती थी। सार्वजनिक धन की कमी और विशिष्ट तकनीक के अभाव के कारण, सरकार ने 'विकास इंफ्रास्ट्रक्चर प्राइवेट लिमिटेड' के साथ 25 साल का अनुबंध किया, जिसके तहत निजी फर्म राजमार्ग का डिज़ाइन, निर्माण और वित्तपोषण करेगी। बदले में, निजी फर्म को अपने निवेश की वसूली के लिए यात्रियों से टोल शुल्क वसूलने की अनुमति है। 25 वर्षों के बाद, राजमार्ग का नियंत्रण वापस सरकार को सौंप दिया जाएगा। **प्रश्न:** 1. उपरोक्त मामले में रेखांकित किए गए सहयोगात्मक व्यावसायिक मॉडल (collaborative business model) की पहचान कीजिए। (1 अंक) 2. कोई दो कारण बताइए कि सरकार ने खुद राजमार्ग बनाने के बजाय इस मॉडल को क्यों चुना। (2 अंक)	
23	'Astra Weaponry' is a production unit manufacturing advanced equipment for the Indian Armed Forces. It operates under the direct control and supervision of the Ministry of Defense. The enterprise does not have a separate legal existence. Its annual budget is sanctioned directly by the Parliament out of the government treasury, and all its revenues are deposited directly into the government's account. The employees working in 'Astra Weaponry' are civil servants selected through the Union Public Service Commission (UPSC). Questions: 1. Identify the form of public sector enterprise highlighted in the case of 'Astra Weaponry'. (1 Mark) 2. Identify and explain one major limitation that such enterprises generally face in their day-to-day operations. (1.5 Marks) 3. Quote lines from the case indicating:	4

	○ (a) The funding mechanism of this enterprise. (0.5 Mark) ○ (b) The status of its employees. (1 Mark) 'अस्त्रा वेपनरी' भारतीय सशस्त्र बलों के लिए उन्नत उपकरणों का निर्माण करने वाली एक उत्पादन इकाई है। यह रक्षा मंत्रालय के सीधे नियंत्रण और पर्यवेक्षण के तहत काम करती है। इस उपक्रम का कोई अलग कानूनी अस्तित्व नहीं है। इसका वार्षिक बजट सरकारी खजाने से सीधे संसद द्वारा स्वीकृत किया जाता है, और इसका सारा राजस्व सीधे सरकार के खाते में जमा किया जाता है। 'अस्त्रा वेपनरी' में काम करने वाले कर्मचारी संघ लोक सेवा आयोग (UPSC) के माध्यम से चुने गए सिविल सेवक हैं। **प्रश्न:** 1. 'अस्त्रा वेपनरी' के मामले में रेखांकित सार्वजनिक क्षेत्र के उपक्रम के रूप की पहचान कीजिए। (1 अंक) 2. ऐसी किसी एक मुख्य सीमा (कमी) की पहचान कर व्याख्या कीजिए जिसका सामना ऐसे उपक्रम आमतौर पर अपने दैनिक कामकाज में करते हैं। (1.5 अंक) 3. मामले (case) की उन पंक्तियों को उद्धृत (Quote) कीजिए जो दर्शाती हैं: (a) इस उपक्रम की वित्तपोषण प्रणाली (funding mechanism)। (0.5 अंक) (b) इसके कर्मचारियों की स्थिति (status)। (1 अंक)	
24	'NovaTech Corp.' is a massive electronic conglomerate headquartered in Seoul, South Korea. It operates a vast network of manufacturing plants and sales offices in over 40 countries, including India. The company uses highly advanced, computerized machinery and invests millions of dollars annually in its R&D centers. However, the global headquarters in Seoul retains absolute authority over the design of products and long-term marketing strategies. Recently, the Indian media criticized	4

'NovaTech Corp.' for using highly aggressive marketing tactics to sell expensive gadgets to teenagers while ignoring local environmental recycling guidelines.

Questions:

1. Identify the category of enterprise 'NovaTech Corp.' belongs to. (1 Mark)
2. State two features of this enterprise highlighted in the passage. (2 Marks)
3. Identify one limitation/criticism of this form of enterprise mentioned in the case. (1 Mark)

'नोवाटेक कॉर्प' सियोल, दक्षिण कोरिया में मुख्यालय वाली एक विशाल इलेक्ट्रॉनिक समूहन (conglomerate) कंपनी है। यह भारत सहित 40 से अधिक देशों में विनिर्माण संयंत्रों (manufacturing plants) और बिक्री कार्यालयों का एक विशाल नेटवर्क संचालित करती है। कंपनी अत्यधिक उन्नत, कम्प्यूटरीकृत मशीनरी का उपयोग करती है और अपने अनुसंधान एवं विकास (R&D) केंद्रों में सालाना लाखों डॉलर का निवेश करती है। हालाँकि, सियोल स्थित वैश्विक मुख्यालय के पास उत्पादों के डिज़ाइन और दीर्घकालिक विपणन रणनीतियों (marketing strategies) पर पूर्ण अधिकार सुरक्षित है। हाल ही में, भारतीय मीडिया ने स्थानीय पर्यावरणीय रीसाइक्लिंग दिशानिर्देशों की अनदेखी करते हुए किशोरों को महंगे गैजेट बेचने के लिए अत्यधिक आक्रामक विपणन रणनीतियों का उपयोग करने के लिए 'नोवाटेक कॉर्प' की आलोचना की थी।

प्रश्न:

1. पहचान कीजिए कि 'नोवाटेक कॉर्प' किस श्रेणी के उपक्रम के अंतर्गत आता है। (1 अंक)

2. गद्यांश में रेखांकित इस उपक्रम की दो विशेषताओं का उल्लेख कीजिए। (2 अंक)

3. मामले में उल्लिखित इस प्रकार के उपक्रम की किसी एक सीमा/आलोचना

	की पहचान कीजिए। (1 अंक)	
25	Prior to 1991, 'Bharat Communication Ltd.' was a highly protected public sector company with zero domestic competition. However, under the economic reforms of 1991, the government decided to open up the telecom sector to private players. Furthermore, the government sold 30% of its equity shares in 'Bharat Communication Ltd.' to private financial institutions and mutual funds to raise capital and introduce corporate discipline. Questions: 1. Identify the specific term used for the sale of public sector equity shares to private investors. (1 Mark) 2. State the name and year of the policy under which this initiative was taken. (1 Mark) 3. Explain any two objectives the government wanted to achieve through this equity sale. (2 Marks) 1991 से पहले, 'भारत कम्युनिकेशन लिमिटेड' एक अत्यधिक संरक्षित सार्वजनिक क्षेत्र की कंपनी थी, जिसका कोई घरेलू मुकाबला नहीं था। हालाँकि, 1991 के आर्थिक सुधारों के तहत, सरकार ने दूरसंचार क्षेत्र (telecom sector) को निजी कंपनियों के लिए खोलने का निर्णय लिया। इसके अलावा, सरकार ने पूंजी जुटाने और कॉर्पोरेट अनुशासन लाने के लिए 'भारत कम्युनिकेशन लिमिटेड' में अपने 30% इक्विटी शेयर निजी वित्तीय संस्थानों और म्यूचुअल फंडों को बेच दिए। **प्रश्न:** 1. निजी निवेशकों को सार्वजनिक क्षेत्र के इक्विटी शेयरों की बिक्री के लिए इस्तेमाल किए जाने वाले विशिष्ट शब्द की पहचान कीजिए। (1 अंक) 2. उस नीति का नाम और वर्ष बताइए जिसके तहत यह पहल की गई थी।(1अंक) 3. इस इक्विटी बिक्री के माध्यम से सरकार जिन दो उद्देश्यों को प्राप्त करना चाहती थी, उनकी व्याख्या कीजिए। (2 अंक)	4
26	Aatmanirbhar Rail Gati Ltd." is an enterprise functioning under the Ministry of Railways. The entire capital of the enterprise is allocated out of the annual budgetary appropriations of the	6

Central Government, and all revenues earned by it are directly deposited into the government treasury. The employees of the enterprise are civil servants, and their recruitment and service conditions are governed by the same rules as applicable to regular government administrative staff.

Recently, the ministry realized that due to excessive red tape, bureaucratic delays, and a lack of political-managerial flexibility, the enterprise was failing to implement high-speed rail technology effectively. To resolve this, a proposal was passed in Parliament to transition a major wing of this enterprise into a new entity. This new entity will be established under a specific piece of legislation passed by the Union Parliament, which will explicitly define its operational powers, financial boundaries, and employee regulations, thereby granting it its own separate legal identity and complete financial autonomy to borrow funds directly from the capital markets.

On the basis of the given case, answer the following questions:

1. Identify and explain the form of public sector enterprise under which "Aatmanirbhar Rail Gati Ltd." initially operates. Quote a line from the text to support your answer. (2.5 Marks)
2. Identify and explain the new form of public sector enterprise that the ministry is proposing to transition into. Quote a line from the text to support your answer. (2.5 Marks)
3. State any two limitations associated with the initial form of public sector enterprise identified in part (1). (1 Mark)

"आत्मनिर्भर रेल गाड़ी लिमिटेड" रेल मंत्रालय के तहत काम करने वाला एक उपक्रम है। उपक्रम की पूरी पूंजी केंद्र सरकार के वार्षिक बजटीय आवंटन से आवंटित की जाती है, और इसके द्वारा अर्जित

	सारा राजस्व सीधे सरकारी खजाने में जमा किया जाता है। उपक्रम के कर्मचारी सिविल सेवक हैं, और उनकी भर्ती तथा सेवा शर्तें उन्हीं नियमों से शासित होती हैं जो नियमित सरकारी प्रशासनिक कर्मचारियों पर लागू होते हैं। हाल ही में, मंत्रालय को एहसास हुआ कि अत्यधिक लालफीताशाही, नौकरशाही की देरी और राजनीतिक-प्रबंधकीय लचीलेपन की कमी के कारण, उपक्रम हाई-स्पीड रेल तकनीक को प्रभावी ढंग से लागू करने में विफल रहा। इसे हल करने के लिए, संसद में इस उपक्रम के एक बड़े हिस्से को एक नई इकाई में बदलने का प्रस्ताव पारित किया गया। यह नई इकाई केंद्रीय संसद द्वारा पारित एक विशिष्ट कानून (legislation) के तहत स्थापित की जाएगी, जो इसकी परिचालन शक्तियों, वित्तीय सीमाओं और कर्मचारी विनियमों को स्पष्ट रूप से परिभाषित करेगी, जिससे इसे अपनी अलग कानूनी पहचान और पूंजी बाजारों से सीधे धन उधार लेने की पूर्ण वित्तीय स्वायत्तता प्राप्त होगी। **दिए गए मामले के आधार पर, निम्नलिखित प्रश्नों के उत्तर दीजिए:** 1. सार्वजनिक क्षेत्र के उपक्रम के उस रूप की पहचान कीजिए और व्याख्या कीजिए जिसके तहत "आत्मनिर्भर रेल गाड़ी लिमिटेड" शुरू में काम करती है। अपने उत्तर के समर्थन में पाठ (text) से एक पंक्ति उद्धृत कीजिए। (2.5 अंक) 2. सार्वजनिक क्षेत्र के उपक्रम के उस नए रूप की पहचान कीजिए और व्याख्या कीजिए जिसमें मंत्रालय इसे बदलने का प्रस्ताव कर रहा है। अपने उत्तर के समर्थन में पाठ से एक पंक्ति उद्धृत कीजिए। (2.5 अंक) 3. भाग (1) में पहचाने गए सार्वजनिक क्षेत्र के उपक्रम के शुरुआती रूप से जुड़ी किन्हीं दो सीमाओं (कमियों) का उल्लेख कीजिए। (1 अंक)	
27	"Veda Cosmetics Ltd." is a highly successful domestic company based in Mumbai, known for manufacturing organic skincare products using traditional Indian herbs. Seeking to expand its footprints globally and gain instant access to world-class research facilities, advanced chemical synthesis techniques, and established international marketing networks, the management decided to enter into a strategic partnership with "Glow Sphere	6

Corp.", a global corporate giant headquartered in New York.

Under this mutual agreement, both companies decided to pool their resources, capital, risks, and operational expertise to construct a massive, state-of-the-art production plant in Gujarat. For this purpose, a brand new enterprise named "Veda-Glow Organics Private Limited" was registered under the Companies Act, 2013, with both parent companies holding a 50:50 equity stake in it. The new entity will utilize the extensive distribution channels of Veda Cosmetics in India while deploying the cutting-edge manufacturing technology provided by Glow Sphere Corp.

On the basis of the given case, answer the following questions:

1. Identify and explain the type of business alliance formed between "Veda Cosmetics Ltd." and "Glow Sphere Corp." Quote a line from the text to support your answer. (2.5 Marks)
2. Identify the specific category/type of this alliance based on how it was formed. Justify your answer. (1.5 Marks)
3. Explain any two major benefits that the domestic company ("Veda Cosmetics Ltd.") will derive from this strategic alliance. (2 Marks)

"वेदा कॉस्मेटिक्स लिमिटेड" मुंबई में स्थित एक अत्यधिक सफल घरेलू कंपनी है, जो पारंपरिक भारतीय जड़ी-बूटियों का उपयोग करके जैविक त्वचा देखभाल उत्पाद (organic skincare products) बनाने के लिए जानी जाती है। वैश्विक स्तर पर अपनी पहचान बढ़ाने और विश्व स्तरीय अनुसंधान सुविधाओं, उन्नत रासायनिक संश्लेषण तकनीकों और स्थापित अंतरराष्ट्रीय विपणन नेटवर्क तक तुरंत पहुंच प्राप्त करने के उद्देश्य से, प्रबंधन ने न्यूयॉर्क में मुख्यालय वाले एक वैश्विक कॉर्पोरेट दिग्गज "ग्लो स्फीयर कॉर्प" के साथ एक रणनीतिक साझेदारी करने का निर्णय लिया।

इस पारस्परिक समझौते के तहत, दोनों कंपनियों ने गुजरात में एक विशाल, अत्याधुनिक उत्पादन संयंत्र के निर्माण के लिए अपने संसाधनों, पूंजी,

	जोखिमों और परिचालन विशेषज्ञता को साझा करने का निर्णय लिया। इस उद्देश्य के लिए, कंपनी अधिनियम, 2013 के तहत "वेदा-ग्लो ऑर्गेनिक्स प्राइवेट लिमिटेड" नाम से एक बिल्कुल नया उपक्रम पंजीकृत किया गया, जिसमें दोनों मूल (parent) कंपनियों की 50:50 की इक्विटी हिस्सेदारी थी। नई इकाई भारत में वेदा कॉस्मेटिक्स के व्यापक वितरण चैनलों का उपयोग करेगी, जबकि ग्लो स्फीयर कॉर्प द्वारा प्रदान की गई अत्याधुनिक विनिर्माण तकनीक को तैनात करेगी। **दिए गए मामले के आधार पर, निम्नलिखित प्रश्नों के उत्तर दीजिए:** 1. "वेदा कॉस्मेटिक्स लिमिटेड" और "ग्लो स्फीयर कॉर्प" के बीच बने व्यावसायिक गठबंधन (business alliance) के प्रकार की पहचान कीजिए और व्याख्या कीजिए। अपने उत्तर के समर्थन में पाठ से एक पंक्ति उद्धृत कीजिए। (2.5 अंक) 2. गठन के तरीके के आधार पर इस गठबंधन की विशिष्ट श्रेणी/प्रकार की पहचान कीजिए। अपने उत्तर की पुष्टि (justify) कीजिए। (1.5 अंक) 3. इस रणनीतिक गठबंधन से घरेलू कंपनी ("वेदा कॉस्मेटिक्स लिमिटेड") को मिलने वाले किन्हीं दो मुख्य लाभों की व्याख्या कीजिए। (2 अंक)	

ANSWER KEY

Q NO.	ANSWER
1.	D.Departmental Undertaking
2.	A. A Special Act of Parliament Statutory Corporations are created by special legislation that defines their powers, functions, and rules.
3.	D 51
4.	D. Civil Servants
5.	C. Both Statement I and Statement II are correct. Statement I defines a government company capital requirement, and Statement II correctly identifies that their staff are not government employees (civil servants).
6.	C.Disinvestment Disinvestment is the process of selling public sector equity to private investors or the public.
7.	A.Red Tapism and Bureaucracy Being part of the government machinery, they often suffer from delayed decision-making and strict adherence to rigid rules.
8.	C.Both (A) and (R) are true and (R) is the correct explanation of (A). Departmental undertakings are directly under the ministry, ensuring high secrecy and government control, which is vital for national security.
9.	A.Statement I is incorrect and Statement II is correct. Statutory corporations have the power to borrow and are not limited to just grants. LIC is a classic example.
10.	B.Several other countries MNCs carry out business operations through branches or subsidiaries in multiple nations across the globe.
11.	C.(A) is true but (R) is false. Statutory corporations are independent bodies created by an Act; they have financial autonomy and are not funded directly through the budget like departmental undertakings.
12.	B.Public-Private Partnership (PPP) The scenario describes a typical PPP model (Build-Operate-Transfer) for infrastructure development.
13.	A.Departmental Undertaking Direct government staffing (civil servants) and revenue deposition into the treasury are hallmarks of departmental undertakings.
14.	C.Enter into a Joint Venture with a foreign MNC A Joint Venture allows the local firm to leverage the foreign partner's technology, R&D, and global brand.
15.	Centralized Control MNCs typically maintain control over core strategies and designs at their home-country headquarters.

16.	B.Both (A) and (R) are true and (R) is the correct explanation of (A). Unlike Statutory Corporations, Government Companies are governed by the Companies Act, allowing for easier formation through registration.
17.	B.Joint Venture A Joint Venture involves two or more firms (foreign and local) pooling
18.	D.Both (A) and (R) are true but (R) is not the correct explanation of (A). Both are distinct key features of MNCs: their resource/tech base and their global operational structure with centralized control.
19.	D.Both (A) and (R) are true and (R) is the correct explanation of (A). The conflict between private profit motive and public service often results in higher costs for the end-user in PPP models.
20.	Departmental Undertaking This form ensures direct ministerial control and maximum secrecy, making it ideal for defense and atomic energy.
21.	The form of public sector enterprise is a **Government Company**. *(1 Mark)* *(Note: It is registered under the Companies Act and has more than 51% government-held capital).* Two features highlighted in the case: *(1 Mark per correct feature)* 1. **Registration:** It is registered under the provisions of the Companies Act (2013). 2. **Government Shareholding:** The government holds at least 51% of the paid-up share capital (55% in this case). 3. **Accountability:** Its annual report is presented before the Parliament.
22.	• The collaborative business model highlighted is a **Public-Private Partnership (PPP)**. *(1 Mark)* • **Answer 2:** Reasons why the government opted for this model: *(1 Mark per valid reason)* 1. **Access to Private Capital:** The government had a shortage of public funds, so PPP allowed private financing of public infrastructure. 2. **Access to Expertise and Technology:** The private partner ('Vikas Infrastructure') brought in specialized design and technology that the government lacked. 3. **Risk Sharing:** Construction, financial, and operational risks are shared between the public and private parties. *(Any two reasons are acceptable)*
23.	• The form of public sector enterprise is a **Departmental Undertaking**. *(1 Mark)* • **Answer 2: Limitation (Red Tapism / Bureaucracy / Lack of Autonomy):**

	◦ *Explanation:* These undertakings suffer from excessive political interference and red tape. Decisions must go through a long chain of bureaucratic channels, leading to delays and a lack of quick, professional decision-making. *(1.5 Marks)* • **Answer 3:** Quoting lines from the text: ◦ (a) **Funding Mechanism:** *"Its annual budget is sanctioned directly by the Parliament out of the government treasury..." (0.5 Mark)* ◦ (b) **Status of Employees:** *"The employees working in 'Astra Weaponry' are civil servants selected through the Union Public Service Commission (UPSC)." (1 Mark)*
24.	• NovaTech Corp.' is a **Global Enterprise / Multinational Corporation (MNC)**. *(1 Mark)* • **Answer 2:** Two features of MNCs highlighted in the case: *(1 Mark per feature)* 1. **Centralized Control:** *"the global headquarters in Seoul retains absolute authority over the design of products and long-term marketing strategies."* 2. **Advanced Technology / R&D investment:** *"The company uses highly advanced, computerized machinery and invests millions of dollars annually in its R&D centers."* 3. **International Operations:** *"It operates a vast network of manufacturing plants and sales offices in over 40 countries..." (Any two features with appropriate quotes/explanations are acceptable)* • **Answer 3:** One limitation/criticism highlighted in the case: ◦ **Prioritizing Profit Over Host Country Needs:** They may use aggressive marketing strategies or ignore local environmental regulations (e.g., ignoring local environmental recycling guidelines). *(1 Mark)*
25.	• **Answer 1:** The term used is **Disinvestment**. *(1 Mark)* • **Answer 2: Industrial Policy Resolution, 1991** (or New Economic Policy, \$1991\$). *(1 Mark)* • **Answer 3:** Two objectives of disinvestment: *(1 Mark per objective)* 1. **Improving Public Finance:** To raise financial resources for the government to invest in social infrastructure like health and education. 2. **Enhancing Efficiency:** To introduce corporate discipline and private sector managerial practices into public enterprises. 3. **Reducing Fiscal Burden:** To reduce the government's financial liability in managing non-strategic loss-making businesses. *(Any two objectives are acceptable)*

26.		Initial Form: Departmental Undertaking Line Quote: "The entire capital of the enterprise is allocated out of the annual budgetary appropriations of the Central Government..." (or "functioning under the Ministry of Railways"). Explanation: It is the oldest and most traditional form of public enterprise. It functions directly as an extension or an integral department of a specific government ministry and does not possess a separate legal entity.
	1	
		Proposed Form: Statutory Corporation (or Public Corporation) Line Quote: "...this new entity will be established under a specific piece of legislation passed by the Union Parliament..." Explanation: A Statutory Corporation is a body corporate brought into existence by a Special Act of Parliament. The Act explicitly defines its powers, privileges, duties, and pattern of management, making it financially independent with a separate legal status.
	2	
		Limitations of Departmental Undertakings (Any Two): 1. Lack of Flexibility: They suffer from strict departmental rules, reducing the operational flexibility necessary for modern commercial operations. 2. Red Tapism & Bureaucracy: Decisions are delayed due to the long chain of administrative approvals and procedural formalities. 3. Political Interference: Direct ministerial oversight leads to constant political intervention in daily management.
	3	
27.	Joint Venture Line Quote: "Under this mutual agreement, both companies decided to pool their resources, capital, risks, and operational expertise..." Explanation: A Joint Venture is a strategic business alliance where two or more independent business entities come together to contribute capital and share risks, rewards, and control to achieve a specific long-term commercial goal. Equity-Based Joint Venture:- The text clearly mentions that "a brand new enterprise named 'Veda-Glow Organics Private Limited' was registered under the Companies Act, 2013..." and that they are holding a 50:50 equity stake. Since a completely separate, new legal entity is jointly	

	created and co-owned by both corporations, it falls strictly under an Equity-Based Joint Venture (unlike a Contractual Joint Venture). Benefits to Veda Cosmetics Ltd. (Any Two): 1. Access to Advanced Technology: Partnering with a global giant provides the domestic firm with advanced manufacturing and chemical synthesis techniques, improving product quality and cost efficiency. 2. Innovation and Research: It gains immediate access to international-standard R&D facilities to continuously innovate its product lineup. 3. Reduction in Risk & Costs: Capital investments, production expenses, and potential market risks are divided equally between the two firms, reducing the financial strain on the domestic company.

CHAPTER 4 – BUSINESS SERVICES

I. Nature and Characteristics of Services

Services are separately identifiable, essentially intangible economic activities that provide satisfaction of wants and involve interaction between the provider and consumer.

The Five 'I's of Services

- **Intangibility:** Services cannot be touched or tasted; they are experiential.
- **Inconsistency:** No standard tangible product exists; services are performed exclusively for different customer demands.
- **Inseparability:** Production and consumption occur simultaneously.
- **Inventory (Less):** Services are perishable and cannot be stored for future use.
- **Involvement:** Customers participate in the service delivery process.

II. Classification of Services

- **Business Services:** Used by enterprises to conduct activities (e.g., Banking, Insurance, Transport).
- **Social Services:** Provided voluntarily to achieve social goals (e.g., health care by NGOs).
- **Personal Services:** Experienced differently by every customer (e.g., tourism, restaurants).

III. Banking Services

Banking involves accepting deposits from the public for lending or investment.

Types of Banks

1. **Commercial Banks:** Deal in money under the Banking Regulation Act 1949 (Public or Private sector).
2. **Cooperative Banks:** Provide cheap credit to members, primarily for rural/agricultural needs.
3. **Specialised Banks:** Focus on specific areas like foreign exchange or industrial development.
4. **Central Bank:** Regulates all commercial banks in the country (e.g., Reserve Bank of India).

e-Banking

Electronic banking allows transactions via the internet, including **ATMs, Credit Cards, NEFT, and RTGS**. It offers 24/7 service, digital transparency, and reduced load on physical bank branches.

IV. Insurance

Insurance is a contract where the **insurer** agrees to compensate the **insured** for a loss in return for a **premium**.

Fundamental Principles

- **Utmost Good Faith:** Both parties must disclose all material facts.
- **Insurable Interest:** The insured must have a pecuniary (financial) interest in the subject matter.
- **Indemnity:** The insurer compensates for the actual loss to return the insured to their original position (not applicable to life insurance).
- **Proximate Cause:** Compensation is paid only if the loss is caused by a peril stated in the policy.
- **Subrogation:** After settlement, the right of ownership of damaged property passes to the insurer.
- **Contribution:** Multiple insurers share the loss in proportion to the amount assured.
- **Mitigation:** The insured must take steps to minimize the loss.

Types of Insurance

- **Life Insurance:** Provides family protection for death or old age; acts as both protection and investment.
- **Fire Insurance:** Covers loss or damage caused by fire for a specified period.
- **Marine Insurance:** Protects against marine perils affecting the ship (hull), cargo, or freight.
- **Others:** Health, Motor Vehicle, Burglary, Cattle, and Crop insurance.

V. Postal Services

postal services in India are managed by the Indian Post and Telegraph Department, which divides the country into 22 postal circles to oversee day-to-day operations. These services are categorized into several key areas:

1. Main Facility Categories

- **Financial Facilities:** Post offices offer various savings schemes such as the Public Provident Fund (PPF), Kisan Vikas Patra, and National Saving Certificates. They also perform retail banking functions including monthly income schemes, recurring deposits, and money order facilities.
- **Mail Facilities:** This includes parcel transmission, registration for security, and insurance coverage for risks during transmission.

2. Specialized and Allied Services

The department provides several innovative and essential business-related facilities:

- **Speed Post:** A high-speed delivery service with over 1,000 destinations in India and links to 97 countries.
- **Direct Post:** Used for both addressed and unaddressed direct advertising.
- **Media Post:** Allows corporations to advertise brands through postcards, envelopes, and letterboxes.
- **e-bill Post:** A service for collecting bill payments across the counter for providers like BSNL and Bharti Airtel.
- **Passport Facilities:** A partnership with the Ministry of External Affairs to facilitate passport applications.
- **International Money Transfer:** A collaboration with Western Union that enables money remittances from 185 countries to India.
- **Greeting Post:** A range of greeting cards available for various occasions.

EXERCISE

Q. No.	Questions	Marks
1	A customer visits a salon for a haircut. They experience the service but cannot take the "act of cutting" home, only its effect. This illustrates: a) Inconsistency b) Intangibility c) Inventory d) Inseparability	1

	एक ग्राहक बाल कटवाने के लिए सैलून जाता है। वह सेवा का अनुभव करता है लेकिन "बाल काटने की क्रिया" को घर नहीं ले जा सकता, केवल उसके प्रभाव को ले जा सकता है। यह दर्शाता है: अ) विसंगति (Inconsistency) ब) अमूर्तता (Intangibility) स) इन्वेंट्री (Inventory) द) अभिन्नता (Inseparability)	
2	Mobile service providers often alter their offers to meet the specific demands of different customers. Which characteristic of services does this represent? a) Inconsistency b) Intangibility c) Involvement d) Inseparability मोबाइल सेवा प्रदाता अक्सर अलग-अलग ग्राहकों की विशिष्ट मांगों को पूरा करने के लिए अपने प्रस्तावों में बदलाव करते हैं। यह सेवाओं की किस विशेषता का प्रतिनिधित्व करता है? अ) विसंगति (Inconsistency) ब) अमूर्तता (Intangibility) स) भागीदारी (Involvement) द) अभिन्नता (Inseparability)	1
3	Why is the interaction with an ATM considered a service despite the lack of a human clerk? a) It is a tangible product. b) It can be stored for later use. c) The presence and interaction of the customer are still required. d) It is a social service. बैंक क्लर्क की अनुपस्थिति के बावजूद एटीएम (ATM) के साथ बातचीत को एक सेवा क्यों माना जाता है? अ) यह एक मूर्त उत्पाद है। ब) इसे बाद में उपयोग के लिए संग्रहीत किया जा सकता है।	1

	स) इसमें अभी भी ग्राहक की उपस्थिति और बातचीत की आवश्यकता होती है। द) यह एक सामाजिक सेवा है।	
4	A railway journey is only experienced when the train is provided and cannot be stored for a later date. This refers to the feature of: a) Inconsistency b) Involvement c) Inventory (Less) d) Intangibility रेल यात्रा का अनुभव केवल तभी किया जा सकता है जब ट्रेन उपलब्ध कराई जाए और इसे बाद की तारीख के लिए संग्रहीत नहीं किया जा सकता है। यह किस विशेषता को संदर्भित करता है? अ) विसंगति (Inconsistency) ब) भागीदारी (Involvement) स) इन्वेंट्री का अभाव (Inventory Less) द) अमूर्तता (Intangibility)	1
5	Which type of service is experienced differently by every customer based on their preferences, such as tourism or restaurants? a) Business Services b) Social Services c) Personal Services d) Public Services किस प्रकार की सेवा का अनुभव हर ग्राहक द्वारा उनकी पसंद के आधार पर अलग-अलग किया जाता है, जैसे कि पर्यटन या रेस्तरां? अ) व्यावसायिक सेवाएँ ब) सामाजिक सेवाएँ स) व्यक्तिगत सेवाएँ (Personal Services) द) सार्वजनिक सेवाएँ	1
6	A banking company in India is primarily defined by which activity? a) Selling insurance policies. b) Accepting deposits for the purpose of lending or investment. c) Manufacturing currency notes.	1

	d) Managing postal circles. भारत में एक बैंकिंग कंपनी को मुख्य रूप से किस गतिविधि द्वारा परिभाषित किया गया है? अ) बीमा पॉलिसियाँ बेचना। ब) ऋण देने या निवेश के उद्देश्य से जनता से जमा स्वीकार करना। स) मुद्रा नोट छापना। द) डाक सर्किलों का प्रबंधन करना।	
7	Which type of bank is governed by the State Cooperative Societies Act and provides cheap credit to its members? a) Commercial Banks b) Cooperative Banks c) Specialised Banks d) Central Bank किस प्रकार के बैंक 'राज्य सहकारी समिति अधिनियम' द्वारा शासित होते हैं और अपने सदस्यों को सस्ता ऋण प्रदान करते हैं? अ) वाणिज्यिक बैंक ब) सहकारी बैंक (Cooperative Banks) स) विशिष्ट बैंक द) केंद्रीय बैंक	1
8	The Reserve Bank of India acts as a government banker and regulates the currency and credit policies of the country. It is a: a) Public Sector Bank b) Central Bank c) Specialised Bank d) Private Sector Bank भारतीय रिजर्व बैंक (RBI) सरकारी बैंकर के रूप में कार्य करता है और देश की मुद्रा और ऋण नीतियों को नियंत्रित करता है। यह एक है: अ) सार्वजनिक क्षेत्र का बैंक ब) केंद्रीय बैंक (Central Bank) स) विशिष्ट बैंक द) निजी क्षेत्र का बैंक	1

9	A businessman who needs to withdraw money frequently and requires an overdraft facility would typically open a: a) Savings Account b) Current Account c) Fixed Deposit Account d) Recurring Deposit Account एक व्यवसायी जिसे बार-बार पैसा निकालने की आवश्यकता होती है और उसे ओवरड्राफ्ट सुविधा की आवश्यकता होती है, वह आमतौर पर कौन सा खाता खोलेगा? अ) बचत खाता (Savings Account) ब) चालू खाता (Current Account) स) सावधि जमा खाता (Fixed Deposit) द) आवर्ती जमा खाता (Recurring Deposit)	1
10	Which bank function allows for the inexpensive medium of exchange through bearer or crossed documents? a) Remittance of funds b) Lending of funds c) Cheque facility d) Allied services बैंक का कौन सा कार्य वाहक या रेखांकित दस्तावेजों के माध्यम से विनिमय का सस्ता माध्यम प्रदान करता है? अ) धन का प्रेषण (Remittance) ब) धन उधार देना स) चेक की सुविधा (Cheque Facility) द) संबद्ध सेवाएँ	1
11	E-Banking benefits banks by allowing them to reduce the load on physical branches through: a) Higher transaction costs. b) A centralized database for accounting functions. c) Requiring more human operators. d) Limiting the network to branch walls. ई-बैंकिंग (e-Banking) बैंकों को भौतिक शाखाओं पर भार कम करने में मदद करती	1

	है: अ) उच्च लेनदेन लागत द्वारा। ब) लेखांकन कार्यों के लिए एक केंद्रीकृत डेटाबेस द्वारा। स) अधिक मानव ऑपरेटरों की आवश्यकता द्वारा। द) नेटवर्क को शाखा की दीवारों तक सीमित करके।	
12	In an insurance contract, the firm which insures the risk of loss is known as the: a) Insured b) Insurer/Underwriter c) Beneficiary d) Policyholder बीमा अनुबंध में, जो फर्म हानि के जोखिम का बीमा करती है, उसे क्या कहा जाता है? अ) बीमित (Insured) ब) बीमाकर्ता/हामीदार (Insurer/Underwriter) स) लाभार्थी द) पॉलिसीधारक	1
13	Which principle of insurance requires the insured to disclose all material facts accurately? a) Utmost Good Faith b) Indemnity c) Subrogation d) Mitigation बीमा का कौन सा सिद्धांत बीमित व्यक्ति को सभी महत्वपूर्ण तथ्यों को सटीक रूप से प्रकट करने की आवश्यकता पर बल देता है? अ) परम सद्विश्वास (Utmost Good Faith) ब) क्षतिपूर्ति (Indemnity) स) प्रतिस्थापन (Subrogation) द) हानि कम करना (Mitigation)	1
14	The requirement that an insured must suffer financially on the happening of an event is known as: a) Proximate Cause	1

	b) Insurable Interest c) Contribution d) Indemnity यह आवश्यकता कि बीमित व्यक्ति को किसी घटना के घटित होने पर वित्तीय हानि होनी चाहिए, क्या कहलाती है? अ) निकटतम कारण (Proximate Cause) ब) बीमायोग्य हित (Insurable Interest) स) अंशदान (Contribution) द) क्षतिपूर्ति (Indemnity)	
15	Why is the principle of Indemnity not applicable to life insurance? a) Life insurance is too expensive. b) The life of a human being cannot be measured in money. d) It is a social security scheme. d) It only covers accidental death. क्षतिपूर्ति का सिद्धांत जीवन बीमा पर लागू क्यों नहीं होता है? अ) जीवन बीमा बहुत महंगा है। ब) मानव जीवन के मूल्य को धन में नहीं मापा जा सकता है। स) यह एक सामाजिक सुरक्षा योजना है। द) यह केवल आकस्मिक मृत्यु को कवर करता है।	1
16	If a person recovers a stolen car after the insurance company has already settled the claim, the ownership of the car passes to the insurer. This is: a) Contribution b) Subrogation c) Mitigation d) Proximate Cause यदि बीमा कंपनी द्वारा दावे का निपटान करने के बाद चोरी हुई कार बरामद हो जाती है, तो कार का स्वामित्व बीमाकर्ता के पास चला जाता है। यह है: अ) अंशदान (Contribution) ब) प्रतिस्थापन (Subrogation) स) हानि कम करना (Mitigation) द) निकटतम कारण (Proximate Cause)	1

17	A policy taken by a person for their children to meet the expenses of education or marriage is a: a) Whole Life Policy b) Children’s Endowment Policy c) Annuity Policy d) Joint Life Policy अपने बच्चों की शिक्षा या विवाह के खर्चों को पूरा करने के लिए किसी व्यक्ति द्वारा ली गई पॉलिसी को क्या कहते हैं? अ) आजीवन बीमा पॉलिसी ब) बच्चों की बंदोबस्ती पॉलिसी (Children’s Endowment Policy) स) वार्षिकी पॉलिसी (Annuity Policy) द) संयुक्त जीवन पॉलिसी	1
18	Which insurance type usually covers risk for only one year and must be renewed? a) Life Insurance b) Fire Insurance c) Whole Life Policy d) Annuity Policy किस प्रकार का बीमा आमतौर पर केवल एक वर्ष के लिए जोखिम को कवर करता है और इसे समय-समय पर नवीनीकृत करना पड़ता है? अ) जीवन बीमा ब) अग्नि बीमा (Fire Insurance) स) आजीवन बीमा पॉलिसी द) वार्षिकी पॉलिसी	1
19	The Pradhan Mantri Suraksha Bima Yojana offers accidental and disability cover of Rs. 2 lakh for an annual premium of: a) Rs. 330 b) Rs. 12 c) Rs. 500 d) Rs. 100 प्रधानमंत्री सुरक्षा बीमा योजना 12 रुपये के वार्षिक प्रीमियम पर 2 लाख रुपये का	1

	आकस्मिक और विकलांगता कवर प्रदान करती है। अ) 330 रुपये ब) 12 रुपये स) 500 रुपये द) 100 रुपये	
20	The Indian Postal Department provides financial facilities through schemes like: a) Public Provident Fund (PPF) b) Cellular Mobile Services c) DTH Services d) Marine Insurance भारतीय डाक विभाग किन योजनाओं के माध्यम से वित्तीय सुविधाएँ प्रदान करता है? अ) सार्वजनिक भविष्य निधि (PPF) ब) सेलुलर मोबाइल सेवाएँ स) डीटीएच (DTH) सेवाएँ द) समुद्री बीमा	1
21	Distinguish between services and goods based on "Nature" and "Inconsistency." "प्रकृति" और "विसंगति" के आधार पर सेवाओं और वस्तुओं के बीच अंतर स्पष्ट करें।	3
22	Briefly explain the importance of "Involvement" in the delivery of services. सेवाओं के वितरण में "भागीदारी" (Involvement) के महत्व को संक्षेप में समझाएं।	3
23	Discuss the primary functions of commercial banks regarding deposits and lending. जमा और ऋण के संबंध में वाणिज्यिक बैंकों के प्राथमिक कार्यों की चर्चा करें।	4
24	Compare the requirement of "Insurable Interest" in Life, Fire, and Marine insurance. जीवन, अग्नि और समुद्री बीमा में "बीमायोग्य हित" (Insurable Interest) की आवश्यकता की तुलना करें।	4
25	Explain the financial and mail facilities provided by the Indian Postal Department.	4

	भारतीय डाक विभाग द्वारा प्रदान की जाने वाली वित्तीय और डाक सुविधाओं की व्याख्या करें।	
26	Explain the "Five Is" that define the nature of services. सेवाओं की प्रकृति को परिभाषित करने वाले "पाँच आई" (5 Is) की व्याख्या करें।	6
27	Describe the principles of Indemnity, Proximate Cause, Contribution, and Mitigation in insurance. बीमा में क्षतिपूर्ति, निकटतम कारण, अंशदान और हानि कम करने के सिद्धांतों का वर्णन करें।	6

Answer

Part A: MCQ Answers

Q.No.	Answer	Q.No.	Answer
1	B	**11**	b
2	A	**12**	b
3	C	**13**	a
4	C	**14**	b
5	C	**15**	b
6	B	**16**	b
7	B	**17**	b
8	B	**18**	b
9	B	**19**	b
10	C	**20**	a

Hints

21. Distinguish between Services and Goods /सेवाएँ (Services) औरवस्तुएँ (Goods) मेंअंतर

Basis	Services	Goods
Nature	Intangible and cannot be touched.	Tangible and can be seen and touched.
Inconsistency	Quality varies depending on the provider and customer interaction.	Quality remains largely uniform due to standardized production.

22. Importance of Involvement

Customer involvement is essential because services are produced and consumed simultaneously. Customer participation influences the quality and effectiveness of services such as banking, education and healthcare.

23. Functions of Commercial Banks

Commercial banks accept deposits through savings, current, fixed and recurring deposit accounts. They use these funds to provide loans and advances such as cash credit, overdrafts and term loans, thereby promoting trade and economic development.

24. Insurable Interest

Type of Insurance	Requirement of Insurable Interest
Life Insurance	Must exist at the time of taking the policy.
Fire Insurance	Must exist both at the time of taking the policy and at the time of loss.
Marine Insurance	Must exist only at the time of loss.

5. Indian Postal Department Facilities

The Postal Department provides mail services like Speed Post, Registered Post and Parcel Post. It also offers financial services such as Savings Accounts, PPF, Sukanya Samriddhi, Recurring Deposits, Postal Life Insurance and money transfer services.

26. Five 'I's of Services

The Five Is are Intangibility, Inconsistency, Inseparability, Inventory (Perishability/Lack of Inventory) and Involvement. These characteristics distinguish services from goods and make service delivery dependent on customer participation and timely consumption.

27. Principles of Insurance

Indemnity: Compensation equals actual loss.
Proximate Cause: Claim is based on the immediate cause of loss.
Contribution: Multiple insurers share the loss proportionately.
Mitigation: The insured must take reasonable steps to minimize further loss.

Chapter- 5 Emerging Modes of Business

E-Business

Electronic Business (E-Business) refers to the conduct of business processes on the internet. It is not just about buying and selling products (E-commerce) but also includes servicing customers, collaborating with business partners, and conducting electronic transactions within an organization.

1. Concept E-business involves using information and communication technologies (ICT) to support all the activities of a business. This includes web-based interaction with remote suppliers, online processing of orders, and digital customer service.

2. Scope

The scope of e-business is broad and can be categorized into four main directions:

- **B2B (Business-to-Business):** Transactions between two businesses (e.g., a manufacturer and a wholesaler).
- **B2C (Business-to-Consumer):** Transactions between a business and the end consumer (e.g., Amazon, Flip kart).
- **C2C (Consumer-to-Consumer):** Transactions between two consumers (e.g., selling used goods on OLX or eBay).
- **Intra-B (Intra-Business):** Transactions and communication within a single business using an internal network (e.g., HR communicating with employees).

3. Benefits Ease of Formation: It is much easier to start an e-business than a traditional physical store.

- **Global Reach:** Business is not limited by boundaries; you can sell to anyone, anywhere.
- **Lower Cost:** No need for expensive showrooms or large staff, reducing overheads.

- **24/7 Availability:** E-business never sleeps. Customers can shop at any time of the day or night.

Q.No./ प्र .सं.	Question/प्रश्न	Marks/ अंक
1	A company uses an online portal to manage inventory, supplier communication, and customer orders. This is best described as: A. E-commerce B. E-business C. Traditional business D. Retailing	1

	एक कंपनी इन्वेंटरी, सप्लायर कम्युनिकेशन और ग्राहक ऑर्डर को ऑनलाइन पोर्टल से मैनेज करती है। यह किसका उदाहरण है? A. ई-कॉमर्स B. ई-बिज़नेस C. पारंपरिक व्यवसाय D. रिटेलिंग	
2	Which activity is NOT typically included in e-business? A. Online customer support B. Electronic fund transfer C. Physical face-to-face bargaining only D. Supply chain management systems निम्नलिखित में से कौन-सी गतिविधि सामान्यतः ई-बिज़नेस में शामिल नहीं होती? A. ऑनलाइन ग्राहक सहायता B. इलेक्ट्रॉनिक फंड ट्रांसफर C. केवल आमने-सामने सौदेबाज़ी D. सप्लाई चेन मैनेजमेंट	1
3	Which statement best differentiates e-business from e-commerce? A. E-commerce includes all business processes B. E-business is limited to buying and selling C. E-business includes internal and external processes D. Both are identical ई-बिज़नेस और ई-कॉमर्स में सही अंतर क्या है? A. ई-कॉमर्स सभी व्यापार प्रक्रियाएँ शामिल करता है B. ई-बिज़नेस केवल खरीद-बिक्री तक सीमित है C. ई-बिज़नेस आंतरिक और बाहरी प्रक्रियाएँ शामिल करता है D. दोनों समान हैं	1

4	A company using cloud-based accounting software demonstrates: A. Narrow scope of e-business B. Expanded scope of e-business C. No relation to e-business D. Only e-commerce क्लाउड-आधारित अकाउंटिंग सॉफ्टवेयर का उपयोग क्या दर्शाता है? A. ई-बिज़नेस का सीमित दायरा B. ई-बिज़नेस का विस्तृत दायरा C. ई-बिज़नेस से कोई संबंध नहीं D. केवल ई-कॉमर्स	1
5	A business reduces costs by automating billing and inventory. This shows: A. Inefficiency B. Cost reduction benefit C. Legal compliance D. Traditional advantage बिलिंग और इन्वेंटरी ऑटोमेशन से लागत कम होना क्या दर्शाता है? A. अक्षमता B. लागत में कमी का लाभ C. कानूनी अनुपालन D. पारंपरिक लाभ	1
6	24/7 availability of services in e-business leads to: A. Reduced flexibility B. Increased customer convenience C. Higher manual effort D. Limited sales ई-बिज़नेस में 24/7 सेवा उपलब्धता का परिणाम क्या है? A. कम लचीलापन B. ग्राहक सुविधा में वृद्धि	1

	C. अधिक मैनुअल कार्य D. सीमित बिक्री	
7	Which benefit is reflected when customers receive personalized product suggestions? A. Standardization B. Mass production C. Customization D. Manual processing ग्राहकों को व्यक्तिगत सुझाव देना किसका उदाहरण है? A. मानकीकरण B. मास प्रोडक्शन C. कस्टमाइजेशन D. मैनुअल प्रोसेसिंग	1
8	A retailer expands internationally without opening physical stores. Which benefit is highlighted? A. High infrastructure cost B. Global reach C. Limited market D. Reduced access बिना भौतिक स्टोर के अंतरराष्ट्रीय विस्तार किस लाभ को दर्शाता है? A. अधिक लागत B. वैश्विक पहुँच C. सीमित बाजार D. कम पहुँच	1
9	A company uses catboats for instant customer queries. This improves: A. Production B. Customer service C. Transportation D. Manufacturing	1

	चैटबॉट्स का उपयोग किसे बेहतर बनाता है? A. उत्पादन B. ग्राहक सेवा C. परिवहन D. निर्माण	
10	A platform connecting freelancers with clients globally demonstrates: A. Offline trade B. Narrow market C. Digital marketplace scope D. Manual networking फ्रीलांसर और क्लाइंट को जोड़ने वाला प्लेटफॉर्म क्या दर्शाता है? A. ऑफलाइन व्यापार B. सीमित बाजार C. डिजिटल मार्केटप्लेस का दायरा D. मैनुअल नेटवर्किंग	1
11	Why is e-business considered broader than e-commerce? A. It includes only buying B. It includes all digital business processes C. It excludes sales D. It focuses only on marketing ई-बिज़नेस को ई-कॉमर्स से बड़ा क्यों माना जाता है? A. केवल खरीद शामिल है B. सभी डिजिटल व्यापार प्रक्रियाएँ शामिल हैं C. बिक्री शामिल नहीं है D. केवल मार्केटिंग	1
12	If a company improves decision-making using real-time data, this reflects: A. Scope limitation	1

	B. Strategic benefit C. Legal issue D. Manual dependency रियल-टाइम डेटा से निर्णय लेना क्या दर्शाता है? A. सीमा B. रणनीतिक लाभ C. कानूनी समस्या D. मैनुअल निर्भरता	
13	Which factor is most critical for successful e-business implementation? A. Ignoring technology B. Strong IT infrastructure C. Manual records only D. No internet access ई-बिज़नेस के लिए सबसे महत्वपूर्ण क्या है? A. तकनीक को नजरअंदाज करना B. मजबूत IT इंफ्रास्ट्रक्चर C. केवल मैनुअल रिकॉर्ड D. इंटरनेट नहीं होना	1
14	**Match the following**:	1

Column -I	Column -II
(a) Online tax filing	(i) B2C
(b) Amazon purchase	(ii) G2C
(c) Supplier portal	(iii) B2B
(d) OLX selling	(iv) C2C

मिलानकीजिए:

कॉलम-I	कॉलम-II
(a) ऑनलाइनटैक्सफाइलिंग	(i) B2C
(b) अमेज़नखरीद	(ii) G2C
(c) सप्लायरपोर्टल	(iii) B2B
(d) OLX बिक्री	(iv) C2C

	A. (a)–(iii), (b)–(i), (c)–(ii), (d)–((iv) B. (a)–(ii), (b)–(i), (c)–(iii), (d)– (iv) C. (a)–(i), (b)–(ii), (c)–(iii), (d)– (iv) D. (a)–(ii), (b)–(iv), (c)–(iii), (d)– (i)	
15	Which scenario best shows integration in e-business? A. Separate manual departments B. Disconnected systems C. Unified digital system linking all functions D. Paper-based reporting ई-बिज़नेस में एकीकरण का सही उदाहरण क्या है? A. अलग-अलग मैनुअल विभाग B. असंबद्ध सिस्टम C. सभी कार्यों का डिजिटल एकीकरण D. कागजी रिपोर्टिंग	1
16	Switching from paper invoices to digital invoices reduces: A. Speed B. Costs and errors C. Customer base D. Sales डिजिटल इनवॉइस से क्या कम होता है? A. गति B. लागत और त्रुटियाँ C. ग्राहक संख्या D. बिक्री	1
17	**Assertion (A)**: E-commerce cannot exist without e-business. **Reason(R)**: E-business includes buying and selling activities. **Choose the correct option:** A. Both A and R are true, but R is the correct explanation of A B. Both A and R are true, but R is NOT the correct explanation of A C. A is true, but R is false D. A is false, but R is true	1

	A: ई-कॉमर्स बिना ई-बिज़नेस के संभव नहीं है। R: ई-बिज़नेस में खरीद-बिक्री शामिल है। सही विकल्प चुनिए: A. कथन (A) और कारण (R) दोनों सत्य हैं, और R, A की सही व्याख्या करता है। B. कथन (A) और कारण (R) दोनों सत्य हैं, लेकिन R, A की सही व्याख्या नहीं करता है। C. कथन (A) सत्य है, लेकिन कारण (R) असत्य है। D. कथन (A) असत्य है, लेकिन कारण (R) सत्य है।	
18	**Assertion (A**): B2B transactions are part of the scope of e-business. **Reason(R):** E-business includes interactions between different business entities. **Choose the correct option**: A. Both A and R are true, but R is the correct explanation of A B. Both A and R are true, but R is NOT the correct explanation of A C. A is true, but R is false D. A is false, but R is true A: B2B ई-बिज़नेस का हिस्सा है। R: ई-बिज़नेस विभिन्न व्यवसायों के बीच संबंध शामिल करता है। सही विकल्प चुनिए: A. कथन (A) और कारण (R) दोनों सत्य हैं, और R, A की सही व्याख्या करता है। B. कथन (A) और कारण (R) दोनों सत्य हैं, लेकिन R, A की सही व्याख्या नहीं करता है। C. कथन (A) सत्य है, लेकिन कारण (R) असत्य है। D. कथन (A) असत्य है, लेकिन कारण (R) सत्य है।	1

19	**Assertion (A):**Automation in e-business reduces human error. **Reason(R):** Manual processes are more accurate than automated ones. Choose the correct option: A. Both A and R are true, but R is the correct explanation of A B. Both A and R are true, but R is NOT the correct explanation of A C. A is true, but R is false D. A is false, but R is true A: ऑटोमेशन से मानवीय त्रुटियाँ कम होती हैं। R: मैनुअल प्रक्रिया अधिक सटीक होती है। सही विकल्प चुनिए: A. कथन (A) और कारण (R) दोनों सत्य हैं, और R, A की सही व्याख्या करता है। B. कथन (A) और कारण (R) दोनों सत्य हैं, लेकिन R, A की सही व्याख्या नहीं करता है। C. कथन (A) सत्य है, लेकिन कारण (R) असत्य है। D. कथन (A) असत्य है, लेकिन कारण (R) सत्य है।	1
20	**Assertion (A**): E-business reduces transaction costs. **Reason(R):**Digital processes minimize paperwork and intermediaries. **Choose the correct option:** A. Both A and R are true, but R is the correct explanation of A B. Both A and R are true, but R is NOT the correct explanation of A C. A is true, but R is false D. A is false, but R is true A: ई-बिज़नेस से लेन-देन लागत कम होती है। R: डिजिटल प्रक्रिया कागज़ और बिचौलियों को कम करती है। सही विकल्प चुनिए: A. कथन (A) और कारण (R) दोनों सत्य हैं, और R, A की सही व्याख्या करता है।	1

	B. कथन (A) और कारण (R) दोनों सत्य हैं, लेकिन R, A की सही व्याख्या नहीं करता है। C. कथन (A) सत्य है, लेकिन कारण (R) असत्य है। D. कथन (A) असत्य है, लेकिन कारण (R) सत्य है।	
21	A small handicraft business in Rajasthan started selling products through its website. It also uses software to manage inventory and customer orders. a) Identify whether it is e-commerce or e-business. b) Give one feature of the identified concept. c) State one benefit of this system. एक हस्तशिल्प व्यवसाय वेबसाइट से बिक्री करता है और सॉफ्टवेयर से इन्वेंटरी मैनेज करता है। a) पहचानें कि यह ई-कॉमर्स है या ई-बिजनेस। ख) पहचानी गई अवधारणा की एक विशेषता बताएं। ग) इस प्रणाली का एक लाभ बताएं।	3
22	A restaurant introduced online food ordering, digital payments, and email-based customer feedback systems. a) Name the concept illustrated. b) Identify one area of scope of e-business. c) State one advantage of digital payments. एक रेस्टोरेंट ऑनलाइन ऑर्डर, डिजिटल भुगतान और फीडबैक सिस्टम उपयोग करता है। a) सचित्र अवधारणा का नाम बताएं। b (ई-व्यवसाय के दायरे के एक क्षेत्र की पहचान करें। c (डिजिटल भुगतान का एक लाभ बताएं।	3
23	Explain the concept of e-business. How is it different from e-commerce? ई-बिजनेस की अवधारणा को समझाइये। यह ई-कॉमर्स से किस प्रकार	4

	भिन्न है?	
24	Describe the scope of e-Business in detail. ई-बिजनेस के दायरे का विस्तार से वर्णन करें।	4
25	Differentiate between e-Business and Traditional business. ई-बिजनेस और पारंपरिक बिजनेस के बीच अंतर बताएं।	4
26	"GreenGrocers" launched an app for ordering groceries. Customers pay digitally, inventory updates automatically, and personalized offers are sent based on purchase history. a) Identify and explain the concept. b) Explain any two benefits of e-business in this case. c) Identify two areas of e-business scope used. 'ग्रीन ग्रॉसर्स" ने किराने का सामान ऑर्डर करने के लिए एक ऐप लॉन्च किया। ग्राहक डिजिटल रूप से भुगतान करते हैं, इन्वेंट्री स्वचालित रूप से अपडेट होती है, और खरीद इतिहास के आधार पर वैयक्तिकृत ऑफ़र भेजे जाते हैं। ए) अवधारणा को पहचानें और समझाएं। ख) इस मामले में ई-व्यवसाय के किन्हीं दो लाभों की व्याख्या करें। ग) ई-व्यापार क्षेत्र के उपयोग किए जाने वाले दो क्षेत्रों की पहचान करें।	6
27	Discuss the benefits of e-business. Explain any four advantages that businesses gain. ई-व्यवसाय के लाभों पर चर्चा करें। व्यवसायों को मिलने वाले किन्हीं चार लाभों की व्याख्या करें।	6

Answer Key

Q. No./ प्र .सं.	Question/प्रश्न	Marks/ अंक
1	B	1
2	C	1

3	C	1
4	B	1
5	B	1
6	B	1
7	C	1
8	B	1
9	B	1
10	C	1
11	B	1
12	B	1
13	B	1
14	B	1
15	C	1
16	B	1
17	B	1
18	A	1
19	C	1
20	A	1
21	a) E-business b) It includes both buying/selling and internal processes like inventory management c) Wider market reach / improved efficiency	3
22	a) E-business b) Customer relationship management (CRM) / online transactions c) Faster and secure transactions / convenience	3
23	E-business refers to the use of the internet and digital technologies to conduct all business activities, including production, inventory, marketing, finance, and customer service. Difference: E-commerce is limited to buying and selling online. E-business is broader and includes both internal and external processes along with e-commerce.	4

24	1. **B2B (Business to Business)** B2B refers to transactions between two businesses. One business sells products or services to another business, such as a manufacturer supplying goods to a retailer. Example: a wholesaler selling raw materials to a factory. 2. **B2C (Business to Consumer)** B2C refers to transactions where a business sells directly to individual customers. It is the most common online model, where companies sell goods or services through websites or apps. Example: buying clothes from an online shopping site. 3. **Intra-B (Intra-Business)** Intra-B refers to business activities that happen within the same organization using digital systems. It involves internal communication, data sharing, and coordination between departments using intranet systems. 4. **C2C (Consumer to Consumer)** C2C refers to transactions between individual consumers, usually through an online platform. One consumer sells product directly to another consumer. Example: selling used goods on online marketplaces.	4
25	1. **Mode of Operation**: E-Business Operates through the internet and digital platforms whereas Traditional Business Operates through physical stores and face-to-face interactions. 2. **Geographical Reach**: E-Business Has a global reach, customers can be from anywhere in the world. On the other hand, Traditional Business usually has a limited/local reach depending on physical location. 3. **Time of Operation**: E-Business is available 24×7; customers can buy or access services anytime but Traditional Business Operates during fixed working hours only. 4. **Cost and Efficiency**: E-Business generally, have lower operational costs due to automation and less paperwork. Traditional Business Involves higher costs like rent, staff, and physical infrastructure.	4
26	a) **E-business** – use of internet for all business activities including sales, payments, inventory, and customer interaction b) **Convenience (24/7 ordering)** Cost reduction (automation)	6

	Customer satisfaction (personalized offers) c) **Online transactions** Inventory management Customer relationship management	
27	**Benefits of e-Business-** **Global reach** – businesses can operate worldwide without physical presence **Cost efficiency** – reduced paperwork, labor, and operational costs **24/7 availability** – customers can access services anytime **Improved communication** – faster interaction with customers and suppliers **Customization** – personalized products/services based on data Better decision-making – real-time data and analytics	6

Chapter-5

SOCIAL RESPONSIBILITY OF BUSINESS AND BUSINESS ETHICS

Concept of Social Responsibility:-

Social responsibility means the obligation of business to work for the welfare of society along with earning profit. A business should consider the interests of customers, employees, government, environment and society.

Thus social responsibility relates to the voluntary efforts on the part of the businessmen to contribute to the social well-being.

Cases of Social Responsibility:

Arguments in favour of Social Responsibility:- There is a need for Social Responsibility of business for Existence and Growth:

1. Justification for Existence and Growth: Business is the creation of society therefore it should respond according to the demands of the society. To survive and grow in society for the long run the business must provide continuous services to the society.

2. Long term Interest of the firm: A firm can improve its image and build goodwill in the long run when its highest goal is to serve the society. If it indulges in unfair Trade Practices e.g. adulteration, hoarding, black marketing, it may not be able to exist for long.

3. Avoidance of government regulations: Business can avoid the problem of government regulations by voluntarily assuming social responsibilities.

4. **Availability of resources with business:** Business has valuable financial and human resources which can be effectively used for solving problems of the society.

5. Better environment for doing business: It is the social responsibility of business enterprise to provide better quality of life and standard of living to people. So, businesses will get a better community to conduct business.

6. Contribution to social problems: Some of the social problems have been created by business firms themselves such as pollution, creation of unsafe workplaces, discrimination etc. Therefore, it is the moral obligation of business to solve such social problems.

Social responsibility towards different Interest groups: -

1. Responsibility towards shareholders / Owners: -

a) To ensure a fair and regular return on the investment of shareholders.

b) To ensure safety of their investment.

c) To strengthen financial position of the company.

d) To safeguard the assets of the business.

e) To protect the interest of all types of investors in the business.

Responsibility Towards Workers:

a) Providing fair compensation and benefits.

b) Providing good and safe working conditions.

c) To develop a sense of belongingness.

Responsibility Towards Consumers:

a) To supply right quality of goods and services at reasonable prices.

b) To ensure regular and adequate supply of products.

c) To inform them about new products and new uses of existing products.

d) To handle the customer's grievance promptly.

Responsibility Towards Government:

a) To pay taxes honestly.

b) To observe rules laid down by the government.

c) To avoid corrupting government employees.

Responsibility Towards Community:

a) To create employment opportunities.

b) To avoid polluting the environment.

c) To uplift the weaker sections of society.

Business and Environmental Protection

Role of Business in Environmental protection.:

Business should take the lead in providing their own solutions to environmental problems. Some of the specific steps that can be taken by a business are as follows.

1. A definite commitment by top management to systematically protect environment.

2. Involving all divisions and sections of employees in environmental protection.

3. Developing clear cut policies and programs with regards to quality, method and process of production and disposal of waste.

4. Complying with laws of the land in relation to environmental protection.

5. Participation in government programs such as management of waste, forestation etc.

6. Periodical assessment of pollution control programs of their own, with a view to improve them. 7. Arranging educational workshops and training materials to share technical information with everyone involved in pollution control.

Business Ethics:

Business ethics are moral principles and values that guide the behaviour of businessmen and organizations.

It means doing business honestly, fairly and responsibly.

Elements of Business Ethics:

1. Top Management commitment: Higher level managers need to be openly and strongly committed to ethical conduct.

2. Publication of a 'code': 'Code' refers to the written ethical programs followed by a particular business or industry – which normally covers the areas of honesty, adherence to laws, product's safety and quality and fairness in all dealings.

3. Establishment of Compliance Mechanism: Simply having a written 'Code of Ethics' is not sufficient; the business needs to ensure its effective implementation at all levels & throughout the life of the business.

4. Involving employees at all levels: To make ethical business a reality, employees at all levels must be involved.

5. Measuring Results: Measuring the results of ethics programs may be difficult but can have an audit at regular intervals to monitor compliance with ethical standards and decide about further course of action.

QUESTIONS

1	सामाजिक जिम्मेदारी में समाज के लाभ के लिए व्यापारिक लोगों की ओर से स्वैच्छिक कार्रवाई का एक तत्व शामिल है। उपरोक्त कथन के आलोक में निम्नलिखित में से कौन सा कथन सत्य है? अ. सामाजिक जिम्मेदारी एक कानूनी जिम्मेदारी है। ब. कानून के अनुपालन से ही सामाजिक जिम्मेदारी पूरी की जा सकती है। स. सामाजिक उत्तरदायित्व सामाजिक दायित्व की फर्म की मान्यता है जो कानून द्वारा कवर नहीं किया गया है। द. उपरोक्त सभी। Social responsibility involves an element of voluntary action on the part of	1

	business people for the benefit of society. In the light of the above statement which of the following statement is true? A. Social responsibility is a legal responsibility. B. Social responsibility may be fulfilled by mere compliance with the law. C. Social responsibility is firm's recognition of social obligation not covered by law. D. All of the above.	
2	अभिकथन (A): कंपनी के सीईओ को नैतिक आचरण के प्रति दृढ़ता से प्रतिबद्ध होना चाहिए। कारण (R): सीईओ को कर्मचारियों को नैतिक व्यवहार का पालन करने के लिए मार्गदर्शन और प्रोत्साहित करना चाहिए। विकल्प: अ. अभिकथन (A) और कारण (R) दोनों सत्य हैं और कारण (R) अभिकथन (A) की सही व्याख्या है। ब. अभिकथन (A) और कारण (R) दोनों सत्य हैं और कारण (R) अभिकथन (A) की सही व्याख्या नहीं है। स. अभिकथन (A) सत्य है लेकिन कारण (R) असत्य है। द. अभिकथन (A) असत्य है लेकिन कारण (R) सत्य है। Assertion (A) : CEO of the company must be strongly committed towards ethical conduct. Reason (R) : CEO should guide and encourage employees to follow ethical behaviour. Alternatives: A. Both Assertion (A) and Reason (R) are True and Reason (R) is the correct explanation of Assertion (A). B. Both Assertion (A) and Reason (R) are True and Reason (R) is not the correct explanation of Assertion (A). C. Assertion (A) is True but Reason (R) is False. D. Assertion (A) is False but Reason (R) is True.	1

3	अभिकथन (A): कर्मचारियों को नैतिक कार्यक्रमों को विकसित करने में शामिल होना चाहिए। कारण (R): नैतिक नीतियों को केवल कर्मचारियों द्वारा लागू किया जाना चाहिए। विकल्प: अ. अभिकथन (A) और कारण (R) दोनों सत्य हैं और कारण (R) अभिकथन (A) की सही व्याख्या है। ब. अभिकथन (A) और कारण (R) दोनों सत्य हैं और कारण (R) अभिकथन (A) की सही व्याख्या नहीं है। स. अभिकथन (A) सत्य है लेकिन कारण (R) असत्य है। द. अभिकथन (A) असत्य है लेकिन कारण (R) सत्य है। Assertion (A): Employees should be involved in developing ethical programmes. Reason (R): Ethical policies have to be implemented by the employees only. Alternatives: A. Both Assertion (A) and Reason (R) are True and Reason (R) is the correct explanation of Assertion (A). B. Both Assertion (A) and Reason (R) are True and Reason (R) is not the correct explanation of Assertion (A). C. Assertion (A) is True but Reason (R) is False. D. Assertion (A) is False but Reason (R) is True.	1
4	एक कंपनी प्रदूषण नियंत्रण उपकरणों पर बड़ी राशि खर्च करती है, भले ही उस क्षेत्र में पर्यावरण कानून कमजोर हों। सामाजिक जिम्मेदारी के लिए कौन सा तर्क सबसे अच्छा परिलक्षित होता है? अ. प्रतिस्पर्धा से बचना ब. फर्म का दीर्घकालिक हित स. राजनीतिक दबाव	1

	द. लाभ अधिकतमकरण A company spends a large amount on pollution control equipment even though environmental laws in that area are weak. Which argument for social responsibility is best reflected? A. Avoidance of competition B. Long-term interest of the firm C. Political pressure D. Profit maximization	
5	एक व्यावसायिक फर्म नैतिक प्रथाओं का पालन करती है, लेकिन इसके प्रतियोगी अनुचित व्यापार प्रथाओं के माध्यम से उच्च लाभ कमाते हैं। लंबे समय में, नैतिक फर्म के जीवित रहने की संभावना है क्योंकि: अ. सरकार हमेशा नैतिक फर्मों को आर्थिक रूप से समर्थन देती है ब. उपभोक्ता और समाज नैतिक व्यवसायों पर अधिक भरोसा करते हैं स. नैतिक फर्म सभी प्रतिस्पर्धा से बचते हैं द. नैतिक फर्मों को मुनाफे की आवश्यकता नहीं होती है A business firm follows ethical practices, but its competitors earn higher profits through unfair trade practices. In the long run, the ethical firm is likely to survive because: A. Government always supports ethical firms financially B. Consumers and society trust ethical businesses more C. Ethical firms avoid all competition D. Ethical firms do not require profits	1
6	एक कंपनी का शीर्ष प्रबंधन सार्वजनिक रूप से ईमानदारी को बढ़ावा देता है, लेकिन वरिष्ठ अधिकारी भ्रष्टाचार में शामिल होते हैं। व्यावसायिक नैतिकता की कौन सी विशेषता यहाँ	1

	विफल हो रही है? A. नैतिक नेतृत्व और प्रतिबद्धता बी. उत्पाद गुणवत्ता नियंत्रण C. बाजार अनुसंधान D. केवल कर्मचारी प्रशिक्षण A company's top management publicly promotes honesty, but senior executives are involved in corruption. Which feature of business ethics is failing here? A. Ethical leadership and commitment B. Product quality control C. Market research D. Employee training only	
7	एक कंपनी का शीर्ष प्रबंधन सार्वजनिक रूप से ईमानदारी को बढ़ावा देता है, लेकिन वरिष्ठ अधिकारी भ्रष्टाचार में शामिल होते हैं। व्यावसायिक नैतिकता की कौन सी विशेषता यहाँ विफल हो रही है? अ. नैतिक नेतृत्व और प्रतिबद्धता ब. उत्पाद गुणवत्ता नियंत्रण स. बाजार अनुसंधान द. केवल कर्मचारी प्रशिक्षण A company advertises its product as "100% safe" despite knowing certain safety risks. Which aspect is MOST affected? A. Financial management B. Ethical responsibility towards consumers C. Employee welfare	1

	D. Shareholder protection	
8	**निम्नलिखित का मिलान कीजिए**	1

स्तम्भ I	**स्तम्भ II**
A. उपभोक्ताओं के प्रति उत्तरदायित्व	**1. उचित वेतन**
B. कर्मचारियों के प्रति उत्तरदायित्व	**2. प्रदूषण नियंत्रण**
C. समुदाय के प्रति उत्तरदायित्व	**3. गुणवत्तापूर्ण वस्तुएँ**
D. सरकार के प्रति उत्तरदायित्व	**4. ईमानदारी से कर भुगतान**

सही विकल्प चुनिए:

अ. A-3, B-1, C-2, D-4

ब. A-1, B-2, C-3, D-4

स. A-4, B-3, C-2, D-1

द. A-2, B-1, C-4, D-3

Match the Following

Column I	**Column II**
A. Responsibility towards consumers	1. Fair wages
B. Responsibility towards employees	2. Pollution control
C. Responsibility towards community	3. Quality goods
D. Responsibility towards government	4. Honest tax payment

Choose the correct option:

A. A-3, B-1, C-2, D-4

B. A-1, B-2, C-3, D-4

C. A-4, B-3, C-2, D-1

D. A-2, B-1, C-4, D-3

9	**निम्नलिखित का मिलान कीजिए** | **स्तम्भ I** | **स्तम्भ II** | | **A. व्यावसायिक नैतिकता** | **1. पर्यावरण संरक्षण** | | **B. सामाजिक उत्तरदायित्व** | **2. नैतिक सिद्धांत** | | **C. वनीकरण कार्यक्रम** | **3. समाज का कल्याण** | | **D. उपभोक्ता शिकायतें** | **4. शिकायत निवारण** | **सही विकल्प चुनिए:** **अ. A-2, B-3, C-1, D-4** **ब. A-1, B-2, C-4, D-3** **स. A-3, B-1, C-2, D-4** **द. A-4, B-3, C-1, D-2** **Match the Following** | **Column I** | **Column II** | | A. Business ethics | 1. Protection of environment | | B. Social responsibility | 2. Moral principles | | C. Afforestation programs | 3. Welfare of society | | D. Consumer complaints | 4. Grievance handling | Choose the correct option: A. A-2, B-3, C-1, D-4 B. A-1, B-2, C-4, D-3 C. A-3, B-1, C-2, D-4 D. A-4, B-3, C-1, D-2	1
10	एक कंपनी अनुसंधान के बाद एक अत्यधिक लाभदायक उत्पाद का निर्माण बंद करने का	1

	फैसला करती है जिससे पता चलता है कि यह भविष्य में सार्वजनिक स्वास्थ्य को नुकसान पहुंचा सकता है। कौन सा सिद्धांत सबसे अधिक परिलक्षित होता है? अ. अल्पकालिक लाभप्रदता ब. दीर्घकालिक नैतिक जिम्मेदारी स. बाजार का एकाधिकार द. प्रतिस्पर्धी मूल्य निर्धारण रणनीति A company decides to stop manufacturing a highly profitable product after research shows it may harm public health in the future. Which principle is MOST reflected? A. Short-term profitability B. Long-term ethical responsibility C. Market monopoly D. Competitive pricing strategy	
11	**अभिकथन (A): व्यावसायिक नैतिकता केवल बड़ी बहुराष्ट्रीय कंपनियों के लिए महत्वपूर्ण है। कारण (R): छोटे व्यवसाय समाज को महत्वपूर्ण रूप से प्रभावित नहीं करते हैं।** **अ. अभिकथन (A) और कारण (R) दोनों सत्य हैं, और R, A की सही व्याख्या है।** **ब. अभिकथन (A) और कारण (R) दोनों सत्य हैं, लेकिन R, A की सही व्याख्या नहीं है।** **स. अभिकथन (A) सत्य है, लेकिन कारण (R) असत्य है।** **द. अभिकथन (A) असत्य है, लेकिन कारण (R) सत्य है।** **Assertion (A):** Business ethics are only important for large multinational companies. **Reason (R):** Small businesses do not affect society significantly. A. Both Assertion (A) and Reason (R) are true, and R is the correct explanation of A. B. Both Assertion (A) and Reason (R) are true, but R is not the correct	1

	explanation of A. C. Assertion (A) is true, but Reason (R) is false. D. Assertion (A) is false, but Reason (R) is true.	
12	**अभिकथन (A): पर्यावरण संरक्षण व्यवसाय की एक महत्वपूर्ण जिम्मेदारी है।** **कारण (R): व्यवसाय प्राकृतिक संसाधनों का उपयोग करते हैं और प्रदूषण पैदा कर सकते हैं।** **अ. अभिकथन (A) और कारण (R) दोनों सत्य हैं, और R, A की सही व्याख्या है।** **ब. अभिकथन (A) और कारण (R) दोनों सत्य हैं, लेकिन R, A की सही व्याख्या नहीं है।** **स. अभिकथन (A) सत्य है, लेकिन कारण (R) असत्य है।** **द. अभिकथन (A) असत्य है, लेकिन कारण (R) सत्य है।** **Assertion (A):** Environmental protection is an important responsibility of business. **Reason (R):** Businesses use natural resources and may create pollution. A. Both Assertion (A) and Reason (R) are true, and R is the correct explanation of A. B. Both Assertion (A) and Reason (R) are true, but R is not the correct explanation of A. C. Assertion (A) is true, but Reason (R) is false. D. Assertion (A) is false, but Reason (R) is true.	1
13	**अभिकथन (A): व्यवसायों को वनीकरण जैसे पर्यावरणीय कार्यक्रमों में भाग लेना चाहिए।** **कारण (R): पर्यावरण संरक्षण पूरी तरह से सरकारी एजेंसियों की जिम्मेदारी है।** **अ. अभिकथन (A) और कारण (R) दोनों सत्य हैं, और R, A की सही व्याख्या है।** **ब. अभिकथन (A) और कारण (R) दोनों सत्य हैं, लेकिन R, A की सही व्याख्या नहीं है।** **स. अभिकथन (A) सत्य है, लेकिन कारण (R) असत्य है।** **द. अभिकथन (A) असत्य है, लेकिन कारण (R) सत्य है।** **Assertion (A):** Businesses should participate in environmental programs	1

	such as afforestation. **Reason (R):** Environmental protection is solely the responsibility of government agencies. A. Both Assertion (A) and Reason (R) are true, and R is the correct explanation of A. B. Both Assertion (A) and Reason (R) are true, but R is not the correct explanation of A. C. Assertion (A) is true, but Reason (R) is false. D. Assertion (A) is false, but Reason (R) is true.	
14	नैतिक उद्यम अक्सर पूरे संगठन द्वारा पालन किए जाने वाले आचरण के सिद्धांतों को परिभाषित करते हैं। वे लिखित दस्तावेजों के रूप में होते हैं और उन्हें 'कोड' कहा जाता है। ऐसी आचार संहिता का पालन किया जाना है: अ. शीर्ष स्तर ब. मध्य स्तर स. परिचालन स्तर द. उपरोक्त सभी Ethical enterprises often define the principles of conduct to be followed by entire organisation. They are in the form of written documents and are termed as 'Code'. Such Code of Conduct is to be followed by: A. Top Level B. Middle Level C. Operational Level D. All of the above	1
15	अजय लिमिटेड अपने कर्मचारियों को एक दर पर वेतन का भुगतान करता है, जो सरकार द्वारा निर्धारित न्यूनतम वेतन से बहुत कम है। कारखाने में काम करने की स्थिति अनुपयुक्त है क्योंकि उचित वेंटिलेशन की कमी है और ट्रेड यूनियन के गठन के खिलाफ एक सख्त नियम है। किस 'समूह' के खिलाफ, अजय लिमिटेड ने सामाजिक जिम्मेदारी की	1

	अनदेखी की है? अ. उपभोक्ता ब. श्रमिक स. समाज द. शेयरधारक Ajay Ltd pays wages to its employees at a rate, which is much lower than the minimum wages prescribed by the government. The working conditions in the factory are inappropriate as there is lack of proper ventilation and there is a strict, rule against formation of trade union. Against, which ‘Group’, Ajay Ltd has ignored the social responsibility? A. Consumers B. Workers C. Society D. Shareholders	
16	एक कारखाना महंगे प्रदूषण-नियंत्रण उपकरण स्थापित करता है, भले ही यह अल्पकालिक लाभ को कम करता हो। कंपनी किस उद्देश्य को प्राथमिकता दे रही है? अ. उपभोक्ता शोषण ब. बाजार का एकाधिकार स. पर्यावरण संरक्षण द. कर में कमी A factory installs expensive pollution-control equipment even though it reduces short-term profits. Which objective is the company prioritizing? A. Consumer exploitation B. Market monopoly C. Environmental protection D. Tax reduction	1

17	कथन I: व्यवसाय की कानूनी जिम्मेदारियां वैकल्पिक हैं और कंपनी की इच्छा पर आधारित हैं। कथन II: नैतिक जिम्मेदारियां कानून द्वारा लागू नहीं की जाती हैं, बल्कि समाज द्वारा अपेक्षित होती हैं। विकल्प: अ. दोनों कथन सत्य हैं ब. दोनों कथन असत्य हैं स. कथन I असत्य है, कथन II सत्य है। द. कथन I सत्य है, कथन II असत्य है। Statement I: Legal responsibilities of business are optional and based on the company's will. Statement II: Ethical responsibilities are not enforced by law but are expected by society. Options: A. Both statements are true B. Both statements are false C. Statement I is false, Statement II is true D. Statement I is true, Statement II is false	1
18	कथन I: व्यवसाय को प्रदूषण की रोकथाम के लिए सरकार द्वारा बनाए गए कानूनों और विनियमों का पालन करना चाहिए। कथन II: पर्यावरण संरक्षण और प्रदूषण की रोकथाम के लिए कार्य संस्कृति बनाने, बनाए रखने और विकसित करने में उद्यम के निचले प्रबंधन को शीर्ष प्रबंधन की तुलना में अधिक प्रतिबद्ध होना चाहिए। अ. दोनों कथन सत्य हैं ब. दोनों कथन असत्य हैं स. कथन I असत्य है, कथन II सत्य है।	1

	द. कथन I सत्य है, कथन II असत्य है। Statement I: Business should abide by the laws and regulations enacted by the Government for prevention of pollution. Statement II: Lower management of the enterprise should be more committed than top management in creating, maintaining and developing work culture for environmental protection and pollution prevention. A. Both statements are true B. Both statements are false C. Statement I is false, Statement II is true D. Statement I is true, Statement II is false	
19	एक फर्म नियमित रूप से जांच करती है कि कर्मचारी नैतिक मानकों का पालन कर रहे हैं या नहीं। व्यावसायिक नैतिकता का कौन सा तत्व शामिल है? अ. परिणाम मापना ब. लाभ साझा करना स. उपभोक्ता जागरूकता द. विज्ञापन नीति A firm regularly checks whether employees are following ethical standards. Which element of business ethics is involved? A. Measuring results B. Profit sharing C. Consumer awareness D. Advertisement policy	1
20	निम्नलिखित में से कौन सा कर्मचारियों के प्रति जिम्मेदारी नहीं है? अ. उचित मजदूरी ब. सुरक्षित काम करने की स्थिति	1

	स. शीघ्र शिकायत प्रबंधन द. ईमानदार कर भुगतान Which of the following is NOT a responsibility towards employees? A. Fair wages B. Safe working conditions C. Prompt grievance handling D. Honest tax payment	
21	कपड़ा बनाने वाली कंपनी आलोक टेक्सटाइल्स लिमिटेड को पास की एक नदी में अनुपचारित रासायनिक कचरे को छोड़ते हुए पाया गया। सार्वजनिक विरोध और मीडिया कवरेज के बाद, कंपनी ने एक अपशिष्ट उपचार संयंत्र स्थापित किया और क्षेत्र में जल संरक्षण के बारे में जागरूकता अभियान शुरू किया। सामाजिक उत्तरदायित्व के पक्ष में किन्हीं दो तर्कों की पहचान कीजिए और समझाइए जो उपरोक्त मामले में स्पष्ट हैं। Alok Textiles Ltd., a garment manufacturing company, was found discharging untreated chemical waste into a nearby river. After public protests and media coverage, the company installed an effluent treatment plant and launched an awareness campaign about water conservation in the area. Identify and explain any two arguments in favour of social responsibility that are evident in the above case.	3
22	पूनम कालरा स्वीट्स की मालकिन हैं। अपने यहां की जलेबी बहुत फेमस है इसलिए कई लोग इसे उनकी दुकान से लेते थे, लेकिन कुछ महीनों के अच्छे रिस्पॉन्स के बाद उन्होंने लोगों के स्वास्थ्य के बारे में सोचे बिना अधिक लाभ कमाने के लिए धीरे-धीरे इसमें मिलावट शुरू कर दी। क) उपरोक्त पैरा में उल्लंघन/चर्चा की गई अवधारणा की पहचान करना।	3

	ख) ऊपर (क) में पहचानी गई अवधारणा की व्याख्या करें। Ms. Poonam is the owner of Kalra Sweets. Jalebi from her place is very famous so many people used to take it from her shop, but after few months of good response, she slowly started adulterating it to earn more profit without thinking about health of people. a) Identify the concept violated /discussed in the above para. b) Explain the concept identified in (a) above.	
23	प्रदूषण जिसका शाब्दिक अर्थ है दूषित होने या अशुद्ध होने की स्थिति भूमि, हवा या पानी की भौतिक, रासायनिक और जैविक विशेषताओं में एक अवांछनीय परिवर्तन है जो मानव जीवन या वांछनीय प्रजातियों को हानिकारक रूप से प्रभावित करता है। प्रदूषक प्राकृतिक रूप से और साथ ही मानव गतिविधि के कारण होते हैं। ज्वालामुखी विस्फोटों से सल्फर, प्रकृति में रेडियोधर्मी पदार्थ और वायुमंडल में हाइड्रोकार्बन प्राकृतिक प्रदूषक हैं, लेकिन उनका प्रभाव, आम तौर पर, मानव निर्मित प्रदूषकों की तरह कठोर और लंबे समय तक चलने वाला नहीं होता है। (क) क्या आपको लगता है कि प्रदूषण नियंत्रण की आवश्यकता है? (ख) किन्हीं तीन कारणों का उल्लेख कीजिए जो इस बात को न्यायोचित ठहराते हैं कि व्यावसायिक उद्यम को प्रदूषण को नियंत्रित करने के लिए उचित कदम उठाने चाहिए। Pollution which literally means the state of being contaminated or having been rendered unclean is an undesirable change in the physical, chemical and biological characteristics of the land, air or water that harmfully affects human life or that of the desirable species. Pollutants occur naturally as well as due to human activity. Sulphur from volcanic eruptions, radioactive materials in nature, and hydrocarbons in the atmosphere are natural pollutants but their effect is not, generally, as drastic and long-lasting as that of man-made pollutants. (a) Do you think there is a need for pollution control? (b) State any three reasons which justify that business enterprise should	4

	take reasonable steps to control the pollution.	
24	व्यावसायिक नैतिकता उद्देश्यों, प्रथाओं और तकनीकों और समाज की भलाई के बीच संबंधों से संबंधित है। एक व्यावसायिक उद्‌यम व्यावसायिक नैतिकता के कुछ बुनियादी तत्वों का पालन करके कार्यस्थल पर नैतिकता को बढ़ावा दे सकता है। उपरोक्त कथन के आलोक में, व्यावसायिक नैतिकता के किन्हीं चार मूल तत्वों की व्याख्या कीजिए। Business ethics concerns itself with relationship between objectives, practices and techniques and the good of society. A Business enterprise can foster ethics at the workplace by following certain basic elements of business ethics. In the light of above statement, explain any four basic elements of business ethics.	4
25	नेचुरल ऑयल लिमिटेड भारतीय बाजार में खाद्‌य तेल का निर्माण करती है और यह 60% बाजार पर कब्जा कर लेती है। अपने उत्पाद की बिक्री बढ़ाने के लिए, उन्होंने अपने विक्रेता को ग्राहकों को उनकी गुणवत्ता के बारे में झूठे दावे करने के लिए प्रोत्साहित किया। कंपनी एक सुपरस्टार को भी काम पर रखती है और अपने उत्पाद की बिक्री बढ़ाने के लिए विज्ञापन के माध्यम से उत्पाद की अच्छी गुणवत्ता का दावा करती है। (क) उस समूह की पहचान कीजिए जिसके हितों की अनदेखी नेचुरल ऑयल लि द्‌वारा की जा रही है। (ख)उस समूह से संबंधित कोई तीन सामाजिक उत्तरदायित्व लिखिए Natural Oil Ltd. manufactures edible oil in Indian market and it occupies 60% market. In order to increase sales of their product, they encouraged their salesman to make false claims to customers about quality of their. The company also hires a superstar and claim the good quality of product through advertisement to increase the sale of its product. (a) Identify the	4

	group whose interest is being ignored by Natural Oil Ltd. (b)Write any three social responsibility related to that group	
26	सॉफ्ट एंड टच एंटरप्राइजेज सूरत में स्थित एक बड़ी कपड़ा निर्माण कंपनी है। इन वर्षों में, कंपनी ने महत्वपूर्ण वृद्धि और लाभप्रदता हासिल की है। हाल ही में, यह पाया गया कि कंपनी का कारखाना अनुपचारित रासायनिक कचरे को पास की नदी में छोड़ रहा था, जिससे ग्रामीणों और जलीय जीवन का स्वास्थ्य प्रभावित हो रहा था। जनता और मीडिया द्वारा आलोचना किए जाने पर, प्रबंधन ने सुधारात्मक कदम उठाने का फैसला किया। उन्होंने एक अपशिष्ट उपचार संयंत्र स्थापित किया, पर्यावरण के अनुकूल रंगों का उपयोग करना शुरू कर दिया, और ग्रामीणों के लिए एक मुफ्त स्वास्थ्य जांच शिविर शुरू किया। कंपनी ने कपड़ा उद्योग में टिकाऊ प्रथाओं के बारे में जागरूकता फैलाने के लिए एक अभियान भी शुरू किया। क. व्यवसाय की किन्हीं तीन जिम्मेदारियों को पहचानना और समझाना जिन्हें रवि एंटरप्राइजेज ने सुधारात्मक कार्रवाई करके पूरा किया। ख. बताएं कि सामाजिक जिम्मेदारी एक व्यवसाय के लिए निवेश के रूप में कैसे कार्य कर सकती है। Soft and Touch Enterprises is a large textile manufacturing company based in Surat. Over the years, the company has achieved significant growth and profitability. Recently, it was found that the company's factory was discharging untreated chemical waste into a nearby river, affecting the health of villagers and aquatic life. On being criticised by the public and media, the management decided to take corrective steps. They set up a waste treatment plant, started using eco-friendly dyes, and initiated a free health check-up camp for villagers. The company also launched a campaign to spread awareness about sustainable practices in the textile industry. A. Identify and explain any three responsibilities of business that Ravi Enterprises fulfilled by taking corrective actions. B. Explain how social responsibility can act as an investment for a business.	6

27	यह उन निर्णयों को लेने और उन कार्यों को करने के अपने दायित्व को संदर्भित करता है जो हमारे समाज के उद्देश्यों और मूल्यों के संदर्भ में वांछनीय हैं। ऊपर चर्चा की गई अवधारणा की पहचान करें और इसके लिए किन्हीं चार पक्ष में तर्कों की व्याख्या करें। It refers to its obligation to take those decisions and perform those actions which are desirable in terms of the objectives and values of our society. Identify the concept discussed above and explain any four cases for it or arguments in favour of it.	6

ANSWERS

1	C.	1
2	A	1
3	A	1
4	B	1
5	B	1
6	A	1
7	B	1
8	A	1
9	A	1
10	B	1
11	D	1
12	A	1
13	C	1
14	D	1
15	B	1
16	C	1
17	C	1

18	D	1
19	A	1
20	D	1
21	Two arguments in favour of social responsibility evident in the case are: 1. Public Expectations: Society expects businesses to act in a responsible manner. By responding to public protest, the company met social expectations. 2. Better Environment for Business: Clean surroundings and public goodwill help create a favourable environment for doing business. The awareness campaign helped improve the company's image.	3
22	a) Business Ethics b) Business ethics may be defined as a set of standards or principles governing the moral conduct of Businessmen.	3
23	(a) Yes, I think, there is a need for pollution control. (b) The following are the steps that can be taken by a businessto control the pollution: 1. A definite commitment by top management to systematically protect environment. 2. Involving all divisions and sections of employees in environmental protection. 3. Developing clear cut policies and programs with regards to quality, method and process of production and disposal of waste. 4. Complying with laws of the land in relation to environmental protection. 5. Participation in government programs such as management of waste, forestation etc. 6. Periodical assessment of pollution control programs of their own, with a view to improve them. 7. Arranging educational workshops and training materials to share technical information with everyone involved in pollution control.	4

24	**Elements of Business Ethics:** **1. Top Management commitment:** Higher level managers need to be openly and strongly committed to ethical conduct. **2. Publication of a 'code': '**Code' refers to the written ethical programs followed by a particular business or industry – which normally covers the areas of honesty, adherence to laws, product's safety and quality and fairness in all dealings. **3. Establishment of Compliance Mechanism:** Simply having a written 'Code of Ethics' is not sufficient; the business needs to ensure its effective implementation at all levels & throughout the life of the business. **4. Involving employees at all levels:** To make ethical business a reality, employees at all levels must be involved.	4
25	(a)The group whose interest is being ignored is Consumers. (b) (i). The enterprise must take proper precaution against adulteration, poor quality, lack of desired service and courtesy to customers, misleading and dishonest advertising. (ii) Right of information about the product, the company and other matters having a bearing on their purchasing decision. (iii)No black marketing or adulteration to the product.	4
26	A.) Three Responsibilities Fulfilled: i) Responsibility towards Environment: The company set up a waste treatment plant and started using eco-friendly dyes. This shows concern for reducing environmental pollution and conserving natural resources. ii) Responsibility towards Society: Organising free health check-ups for villagers reflects the company's commitment to the well-being of the local community affected by its operations. iii) Responsibility towards the Public/Community: Launching an awareness campaign promotes responsible behavior in society and among other businesses, which is part of being a socially responsible entity. B.) Social Responsibility as an Investment: Builds brand image and customer trust Ensures long-term sustainability	6

	Attracts talented employees Creates goodwill that can lead to increased sales and profitability	
27	Social responsibility of business. Cases for social responsibility of business are as follows: - **Arguments in favour of Social Responsibility:** - There is a need for Social Responsibility of business for Existence and Growth: **1. Justification for Existence and Growth**: Business is the creation of society therefore it should respond according to the demands of the society. To survive and grow in society for the long run the business must provide continuous services to the society. **2. Long term Interest of the firm:** A firm can improve its image and build goodwill in the long run when its highest goal is to serve the society. If it indulges in unfair Trade Practices e.g. adulteration, hoarding, black marketing, it may not be able to exist for long. **3. Avoidance of government regulations:** Business can avoid the problem of government regulations by voluntarily assuming social responsibilities. 4. **Availability of resources with business:** Business has valuable financial and human resources which can be effectively used for solving problems of the society.	6

Chapter - 7
SOURCES OF BUSINESS FINANCE

Meaning of Business Finance

The requirement of funds by business to carry out its various activities is called *business finance.*
It also refers to the management of cash and credit in the organization not only to meet the day to day expenses of the organization but also for its growth expansion and diversification.

Nature and Significance of Business Finance
Finance is the life blood of a business as no business can start, run or expand without adequate finance. A business cannot function unless adequate funds are made available to it.

Finance is needed for the following purposes:

(i) **Establishment Expenses:** Preliminary expenses, promotion expenses, fees paid to specialist for setting up of the business etc.
(ii) **Cost of Procuring Finance:** Underwriting commission, brokerage, issue of prospectus, commission etc.
(iii) **For procuring fixed assets:** Like land, building, plant and machinery etc.
(iv) **For procuring current assets:** Like cash, raw material, payment of expenses etc.
(v) **For procuring intangible assets:** Like patents, goodwill, copyright, trademark etc. For procuring funds for growth, expansion and diversification.

Financial Requirements
Finance needed by a business can be categorized as follows:
(i) Fixed Capital Requirement
(ii) Working Capital Requirement

Fixed Capital Requirement

The capital required for buying fixed assets of the business is known as fixed capital requirement because the funds required for fixed assets are remain invested in the business for a long period of time.

*Fixed assets*means those assets which will remain in the business for a long period such as land, building, Machinery, Furniture etc.

Thus, fixed capital requirement includes the capital which should have the following two features:
(i) It is invested to fulfill the long term requirements of the business.
(ii) It cannot be drawn from the business and is continuously used in business.

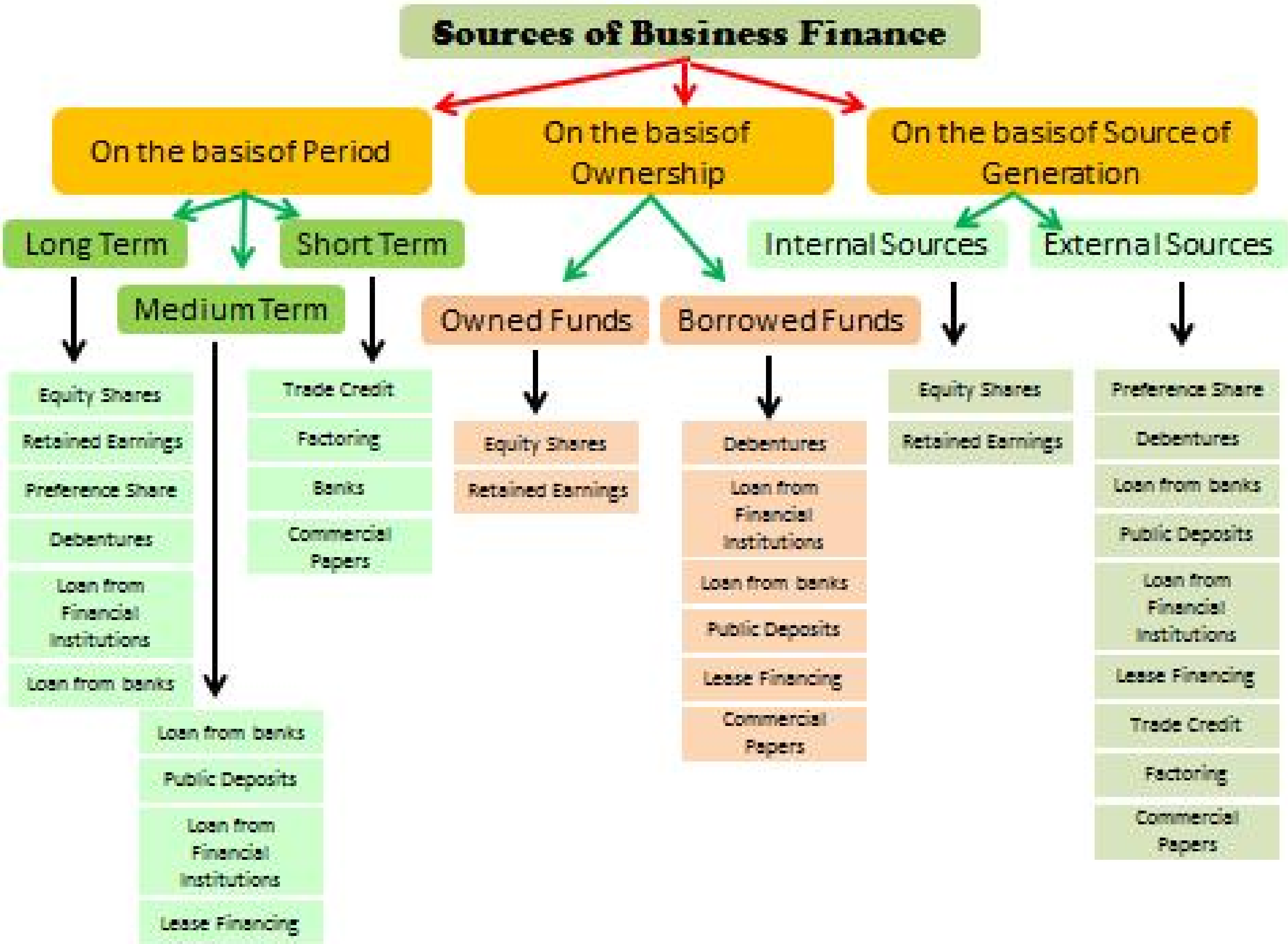
Different business units need varying amount of fixed capital depending on various factors such as the nature of business, etc. A trading concern for example, may require small amount of fixed capital as compared to a manufacturing concern. Likewise, the need for fixed capital investment would be greater for a large enterprise, as compared to that of a small enterprise.

Working Capital Requirement

The funds required for holding the current assets such as stock of material, debtors, cash bills receivables and for day-to-day expenses like salaries, rent, wages etc. are called as working capital of the business.

The amount of working capital required varies from one business concern to another depending on various factors. A business unit selling goods on credit, or having a slow sales turnover, for example, would require more working capital as compared to a concern selling its goods and services on cash basis or having a speedier turnover.

Classification of Sources of Finance



Classification of Sources of Finance:

Sources of finance can be classified on the basis of:

(i) Period

(ii) Ownership

(iii) Source of generation

Sources of finance on the basis of Period

On the basis of period, the different sources of funds can be categorised into three parts. These are:

(i) **Long-term sources:** The long-term sources fulfil the financial requirements of an enterprise for a period exceeding 5 years and include sources such as shares and debentures, long-term borrowings and loans from financial institutions. Such financing is generally required for the acquisition of fixed assets such as equipment, plant, etc.

(ii) **Medium-term sources**: Where the funds are required for a period of more than one year but less than five years, medium-term sources of finance are used. These sources include borrowings from commercial banks, public deposits, lease financing and loans from financial institutions.

(iii) **Short term sources:** Short-term funds are those which are required for a period not exceeding one year. Trade credit, loans from commercial banks and commercial papers are some of the examples of the sources that provide funds for short duration. Short-term financing is most common for financing of current assets and seasonal requirements.

Sources of finance on the basis of Ownership

On the basis of ownership, the sources can be classified into

(i) **Owner's funds:** Owner's funds means funds that are provided by the owners of an enterprise. Apart from capital, it also includes profits reinvested in the business. Issue of equity shares and retained earnings are the two important sources from where owner's funds can be obtained.

The owner's capital remains invested in the business for a longer duration and is not required to be refunded during the life period of the business.

(ii) **Borrowed funds:** Borrowed funds refer to the funds raised through loans or borrowings. The sources for raising borrowed funds include loans from commercial banks, loans from financial institutions, issue of debentures, public deposits and trade credit.

Such sources provide funds for a specified period, on certain terms and conditions and have to be repaid after the expiry of that period.

Sources of finance on the basis of Source of Generation

On the basis of source of generation, the sources can be classified into:

(i) **Internal sources**: Internal sources of funds are those that are generated from within the business. A business, for example, can generate funds internally by accelerating collection of receivables, disposing of surplus inventories and ploughing back its profit.
The internal sources of funds can fulfil only limited needs of the business.

(ii) **External sources**: External Sources of funds include those sources that are raised from outside an organisation. Issue of debentures, borrowing from commercial banks and financial institutions and accepting public deposits are some of the examples of external sources of funds commonly used by business organisations.
When large amount of money is required to be raised, it is generally done through the use of external sources.

Retained Earnings / Ploughing back of Profit

The part of profits which is invested in business rather than distributing it as dividend to the shareholders is known as retained earnings.It is a source of internal financing or self-financing or 'ploughing back of profits'.
The profit available for ploughing back in an organisation depends on many factors like net profits, dividend policy and age of the organisation.

Merits of Retained Earnings

(i) Retained earnings is a permanent source of funds available to an organisation;
(ii) It does not involve any explicit cost in the form of interest, dividend or floatation cost;
(iii) As the funds are generated internally, there is a greater degree of operational freedom and flexibility;
(iv) It enhances the capacity of the business to absorb unexpected losses;
(v) It may lead to increase in the market price of the equity shares of a company.

Demerits of Retained Earnings

(i) Excessive ploughing back may cause dissatisfaction amongst the shareholders as they would get lower dividends;
(ii) It is an uncertain source of funds as the profits of business are fluctuating;

(iii) The opportunity cost associated with these funds is not recognised by many firms. This may lead to sub-optimal use of the funds.

Trade Credit

It refers to the credit period offered by the supplier of the goods to the buyer of the goods. The trade credit normally ranges from 30 days to 90 days. Trade credit facilitates the purchase of supplies without immediate payment; they can make payment on some future date.

It is a short term source of finance for the company. It does not create a charge on the assets of the company.

Such credit appears in the records of the buyer of goods as 'sundry creditors' or 'accounts payable'. The volume and period of credit extended depends on factors such as reputation of the purchasing firm, financial position of the seller, volume of purchases, past record of payment and degree of competition in the market.

Merits of Trade Credit

The important merits of trade credit are as follows:

(i) Trade credit is a convenient and continuous source of funds;

(ii) Trade credit may be readily available in case the credit worthiness of the customers is known to the seller;

(iii) Trade credit needs to promote the sales of an organisation;

(iv) If an organisation wants to increase its inventory level in order to meet expected rise in the sales volume in the near future, it may use trade credit to, finance the same;

(v) It does not create any charge on the assets of the firm while providing funds.

Demerits of Trade Credit

Trade credit as a source of funds has certain limitations, which are given as follows:

(i) Availability of easy and flexible trade credit facilities may induce a firm to indulge in overtrading, which may add to the risks of the firm;

(ii) Only limited amount of funds can be generated through trade credit;

(iii) It is generally a costly source of funds as compared to most other sources of raising money.

Public Deposits

The deposits that are raised by organisations directly from the public are known as public deposits.Rates of interest offered on public deposits are usually higher than that offered on bank deposits. This source of finance fulfills the short term and medium term capital requirements of the company.

Companies generally invite public deposits for a period upto three years. The acceptance of public deposits is regulated by the Reserve Bank of India.

Any person who is interested in depositing money in an organisation can do so by filling up a prescribed form. The organisation in return issues a deposit receipt as acknowledgment of the debt.

Merits of Public Deposits

The merits of public deposits are:

(i) The procedure of obtaining deposits is simple and does not contain restrictive conditions as are generally there in a loan agreement;

(ii) Cost of public deposits is generally lower than the cost of borrowings from banks and financial institutions;

(iii) Public deposits do not usually create any charge on the assets of the company. The assets can be used as security for raising loans from other sources;

(iv) As the depositors do not have voting rights, the control of the company is not diluted.

Demerits of Public Deposits

(i) New companies generally find it difficult to raise funds through public deposit.

(ii) It is an unreliable source of finance as the public may not respond when the company needs money.

(iii) Collection of public deposits may prove difficult, particularly when the size of deposits required is large.

Shares

The capital of the company is divided into small indivisible unit known as share. Each share has its nominal value. For example, a company can issue 1,00,000 shares of Rs. 10 each for a total value of Rs. 10,00,000.

Company issues shares to raise the funds as capital. The persons who subscribe the shares are called shareholders. They are the owners of company and receive share of the profits every year which is known as dividend.

Types of Shares

There are two types of shares:

(i) Equity Shares

(ii) Preference Shares

Equity Shares

Equity shares represent the ownership of a company and thus the capital raised by issue of such shares is known as ownership capital or owner's funds.

These are those shares which do not impose any obligation on the company to pay fixed rate of dividend to their holders. However, equity shares carry voting rights in the company. It means equity shareholders have right to participate in the management of the company.

They are referred to as *'residual owners'* since they receive what is left after all other claims on the company's income and assets have been settled. They enjoy the reward as well as bear the risk of ownership.

Merits of Equity Shares

(i) Equity shares are suitable for investors who are willing to assume risk for higher returns;

(ii) Payment of dividend to the equity shareholders is not compulsory. Therefore, there is no burden on the company in this respect;

(iii) Equity capital serves as permanent capital as it is to be repaid only at the time of liquidation of a company. As it stands last in the list of claims, it provides a cushion for creditors, in the event of winding up of a company;

(iv) Equity capital provides credit worthiness to the company and confidence to prospective loan providers;

(v) Funds can be raised through equity issue without creating any charge on the assets of the company. The assets of a company are, therefore, free to be mortgaged for the purpose of borrowings, if the need be;

(vi) Voting right of equity shareholders facilitate democratic control and management of company matters.
(vii) With fluctuating returns shareholders enjoy higher returns in years of high profits.

Demerits of Equity Shares

The major limitations of raising funds through issue of equity shares are as follows:

(i) Investors who want steady income may not prefer equity shares as equity shares get fluctuating returns;
(ii) The cost of equity shares is generally more as compared to the cost of raising funds through other sources;
(iii) Issue of additional equity shares dilutes the voting power, and earnings of existing equity shareholders;
(iv) More formalities and procedural delays are involved while raising funds through issue of equity share.

Preference Shares

These are those shares which carry following two preferential rights over equity shares:

(i) At the time of distribution of dividend, preference shareholders get dividend at fixed rate before any dividend paid to equity shareholders; and
(ii) At the time of liquidation of the company, preference shareholder is repaid before equity shareholders.

The capital raised by issue of preference shares is called preference share capital. Thus, preference shares have some characteristics of both equity shares and debentures. Preference shareholders generally do not enjoy any voting rights.

Merits of Preference Shares

(i) Preference shares provide reasonably steady income in the form of fixed rate of return and safety of investment;
(ii) Preference shares are useful for those investors who want fixed rate of return with comparatively low risk;
(iii) It does not affect the control of equity shareholders over the management as preference shareholders don't have voting rights;

(iv) Payment of fixed rate of dividend to preference shares may enable a company to declare higher rates of dividend for the equity shareholders in good times;
(v) Preference shareholders have a preferential right of repayment over equity shareholders in the event of liquidation of a company;
(vi) Preference capital does not create any sort of charge against the assets of a company.

Demerits of Preference Shares

(i) Preference shares are not suitable for those investors who are willing to take risk and are interested in higher returns;
(ii) Preference capital dilutes the claims of equity shareholders over assets of the company;
(iii) The rate of dividend on preference shares is generally higher than the rate of interest on debentures;
(iv) As the dividend on these shares is to be paid only when the company earns profit, there is no assured return for the investors. Thus, these shares may not be very attractive to the investors;
(v) The dividend paid is not deductible from profits as expense. Thus, there is no tax saving as in the case of interest on loans.

Types of Preference Shares

(i) **Cumulative & Non-Cumulative Preference Shares:** In case of cumulative pref. shares, if dividend is not paid due to insufficient profits in the current year then they get accumulated and are paid in the subsequent years.

In case of non-cumulative pref. shares, the shareholder can receive the dividend only for that year in which the company has earned profits. The dividend is not accumulated and is not paid in subsequent years.

(ii) **Redeemable & Irredeemable Preference Shares:** Redeemable pref. shares are those shares which are redeemed (repaid) by the company after a specified period of time.

Irredeemable pref. shares are those shares which are not redeemed (repaid) by the company during its lifetime and can only be redeemed at the time of liquidation of the company.

(iii) **Participating & Non-Participating Preference Shares:** Participating preference share are those shares, which has right to participate in the surplus profits of the company after dividend has been paid to equity shareholders at certain rate.

Non-participating preference shares are those shares which do not have right to participate in the surplus profits of the company.

(iv) **Convertible & Non-Convertible Preference shares:** Convertible pref. shares are those shares which can be converted into equity shares after a particular period of time.

Non-convertible pref. shares are those shares which cannot be converted into equity shares after a specified period of time.

Debentures

Debenture is an acknowledgement of the debt taken by a company which is to be repaid after a specified period along with interest.

The people who buy debentures of a company are called debenture holders and they are the creditors of the company.

Debentures are generally secured by a charge on the fixed assets of the company. In case, the company is unable to pay the interest on the principal amount of debentures, the debenture holder can sell off the mortgaged asset and recover the dues.

Public issue of debentures requires that the issue be rated by a credit rating agency like CRISIL (Credit Rating and Information Services of India Ltd.) on aspects like track record of the company, its profitability, debt servicing capacity, credit worthiness and the perceived risk of lending.

Issue of Zero Interest Debentures (ZID) which do not carry any explicit rate of interest has also become popular in recent years. The difference between the face value of the debenture and its purchase price is the return to the investor.

Types of Debentures

(i) **Registered Debentures:** These are those debentures where the name of the debenture holder is written in the register of the company. In case these debentures are to be transferred the transfer can only be valid when the name of transferee is written in the register of the company.

(ii) **Bearer Debentures:** These are those debentures where the debenture can be transferred by mere delivery. No registration of the transfer is necessary in this case.

(iii) **Convertible Debentures:** These debentures have the option that they can be converted into equity shares after a specified period of time.

(iv) **Non-convertible Debentures:** These debentures cannot be converted into equity shares after a specified period of time.

(v) **Secured Debentures:** These are those debentures which create a charge upon some assets of the company i.e. some assets are kept mortgaged when these debentures are issued.

(vi) **Unsecured Debentures:** These debentures have no charge on the assets of the company. These are also called naked debentures or ordinary debentures.

(vii) **First Debentures:** These debenture holders are repaid before other debenture holders are paid anything.

(viii) **Second Debentures:** These debenture holders are repaid after the first debenture holder has been paid.

Merits of debentures

The merits of raising funds through debentures are given as follows:

(i) It is preferred by investors who want fixed income at lesser risk;

(ii) Debentures are fixed charge funds and do not participate in profits of the company;

(iii) The issue of debentures is suitable in the situation when the sales and earnings are relatively stable;
(iv) As debentures do not carry voting rights, financing through debentures does not dilute control of equity shareholders on management;
(v) Financing through debentures is less costly as compared to cost of preference or equity capital as the interest payment on debentures is tax deductible.

Demerits of debentures

Debentures as source of funds have certain limitations. These are given as follows:

(i) As fixed charge instruments, debentures put a permanent burden on the earnings of a company. There is a greater risk when earnings of the company fluctuate;
(ii) In case of redeemable debentures, company has to make provisions for repayment on the specified date, even during periods of financial difficulty;
(iii) Each company has certain borrowing capacity. With the issue of debentures, the capacity of a company to further borrow funds reduces

Difference between Shares and Debentures

Basis	Shares	Debentures
(i) Nature of Capital	Share capital is the owned fund of the company.	Funds raised through Debentures are borrowed funds of the company.
(ii) Return	The return on shares is known as dividend	The return on debentures is known as interest.
(iii) Priority	Dividend is paid after paying interest on debentures and tax to the govt.	Interest is paid before dividend is paid to shareholders and tax to the govt.
(iv) Security	Issue of shares does not create a charge on the assets of the company.	Company's assets are mortgaged for raising funds from debentures.
(v) Relation with Company	Shareholders are the owners of the company.	Debenture holders are the creditors of the company.

(vi)	Rate of return	No fixed rate of dividend is paid to equity shareholders.	Debentures are paid fixed rate of interest annually.
(vii)	Voting Rights	Equity shareholders have voting rights in the company.	Debentures holders do not have any voting right in the company.

Commercial Banks

Commercial banks extend loans to firms of all sizes and in many ways, like, cash credits, overdrafts, term loans, purchase/discounting of bills, and issue of letter of credit. The loan is repaid either in lump sum or in instalments.

Though banks have started extending loans for longer periods, generally such loans are used for medium to short periods. The borrower is required to provide some security or create a charge on the assets of the firm before a loan is sanctioned by a commercial bank.

Merits of Loans from Commercial Banks

The merits of raising funds from a commercial bank are as follows:

(i) Banks provide timely assistance to business by providing funds as and when needed by it.

(ii) Secrecy of business can be maintained as the information supplied to the bank by the borrowers is kept confidential;

(iii) Formalities such as issue of prospectus and underwriting are not required for raising loans from a bank. This, therefore, is an easier source of funds;

(iv) Loan from a bank is a flexible source of finance as the loan amount can be increased according to business needs and can be repaid in advance when funds are not needed.

Demerits of Loans from Commercial Banks

The major limitations of commercial banks as a source of finance are as follows:

(i) Funds are generally available for short periods and its extension or renewal is uncertain and difficult;

(ii) Banks make detailed investigation of the company’s affairs, financial structure etc., and may also ask for security of assets and personal sureties. This makes the procedure of obtaining funds slightly difficult;

(iii) In some cases, difficult terms and conditions are imposed by banks. for the grant of loan. For example, restrictions may be imposed on the sale of mortgaged goods, thus making normal business working difficult.

Financial Institutions

Financial institutions provide both owned capital and loan capital for long and medium term requirements and supplement the traditional financial agencies like commercial banks.

As these institutions aim at promoting the industrial development of a country, these are also called 'development banks'.

In addition to providing financial assistance, these institutions also conduct market surveys and provide technical assistance and managerial services to people who run the enterprises.

This source of financing is considered suitable when large funds for longer duration are required for expansion, reorganisation and modernisation of an enterprise.

The government (central as well as state) has established a number of financial institutions all over the country to provide finance to business organisations.

Merits of loans from financial institutions

The merits of raising funds through financial institutions are as follows:

(i) Financial institutions provide long term finance, which are not provided by commercial banks;

(ii) Besides providing funds, many of these institutions provide financial, managerial and technical advice and consultancy to business firms;

(iii) Obtaining loan from financial institutions increases the goodwill of the borrowing company in the capital market. Consequently, such a company can raise funds easily from other sources as well;

(iv) As repayment of loan can be made in easy instalments, it does not prove to be much of a burden on the business;

(v) The funds are made available even during periods of depression, when other sources of finance are not available.

Demerits of loans from financial institutions

The major limitations of raising funds from financial institutions are as given below:

(i) Financial institutions follow rigid criteria for grant of loans. Too many formalities make the procedure time consuming and expensive;

(ii) Certain restrictions such as restriction on dividend payment are imposed on the powers of the borrowing company by the financial institutions;

(iii) Financial institutions may have their nominees on the Board of Directors of the borrowing company thereby restricting the powers of the company.

Inter Corporate Deposits (ICD)

Inter Corporate Deposits are unsecured short-term deposits made by a company with another company. ICD market is used for short-term cash management of a large corporate. As per the RBI guidelines, the minimum period of ICDs is 7 days which can be extended to one year.

The three types of Inter Corporate Deposits are:

1. Three months deposits;
2. Six months deposits;
3. Call deposits.

Interest rate on ICDs may remain fixed or may be floating. The rate of interest on these deposits is higher than that of banks. These deposits are usually considered by the borrower company to solve problems of short-term funds insufficiency.

Questions

S.N.	Questions	Marks
1	Public deposits are the deposits that are raised directly from (a) The public (b) The directors (c) The auditors (d) The owners सार्वजनिक जमा वे जमा हैं जो सीधे निम्नलिखित से जुटाई जाती हैं: (क) जनता (ख) निदेशक (ग) लेखा परीक्षक (घ) मालिक	1

2	**True/False:** Trade Credit is secured source of finance. सही/गलत: व्यापार ऋण वित्त का एक सुरक्षित स्रोत है।	1
3	Which of the following is an external source of finance? (a) Retained earnings (b) Equity shares (c)Preference shares (d) Debentures निम्नलिखित में से कौन वित्त का बाह्य स्रोत है? (a) संचित आय (b) इक्विटी शेयर (c) वरीयता शेयर (d) डिबेंचर	1
4	Preference shareholders are called: (a) Partners of the company (b) Owners of the company (c) Executives of the company (d) Guardians of the company वरीयता शेयरधारकों को कहा जाता है: (क) कंपनी के साझेदार (ख) कंपनी के मालिक (ग) कंपनी के कार्यकारी अधिकारी (घ) कंपनी के संरक्षक	1
5	Which one of the following is not the feature of preference shares: (a) Provides fixed rate of return (b) Provides voting rights (c) Get Preference over equity shares (d) Part of owner’s capital	1

	निम्नलिखित में से कौन सा अधिमान्य शेयरों का गुण नहीं है: (a) निश्चित प्रतिफल प्रदान करता है (b) मतदान अधिकार प्रदान करता है (c) इक्विटी शेयरों पर वरीयता प्राप्त करता है (d) मालिक की पूंजी का हिस्सा है	
6	Debentures represent (a) Fixed capital of company. (b) Permanent capital of the company. (c) Owners capital of company (d) Loan capital of the company डिबेंचर निम्न का प्रतिनिधित्व करते हैं: (क) कंपनी की अचल पूंजी। (ख) कंपनी की स्थायी पूंजी। (ग) कंपनी की मालिकों की पूंजी। (घ) कंपनी की ऋण पूंजी।	1
7	What is a source of internal financing or self-financing? (a) Trade Credit (b) Factoring (c) Retained Earnings (d) Lease Financing आंतरिक वित्तपोषण या स्व-वित्तपोषण का स्रोत क्या है? (a) व्यापार ऋण (b) फैक्टरिंग (c) संचित आय (d) पट्टा वित्तपोषण	1
8	Funds required to purchase fixed assets like Land and Building, Plant and Machinery and Furniture and Fixtures are called (a) Business Finance	1

	(b) Working Capital (c) Fixed Capital (d) Commercial Paper भूमि और भवन, संयंत्र और मशीनरी तथा फर्नीचर और फिक्स्चर जैसी अचल संपत्तियों की खरीद के लिए आवश्यक निधियों को कहा जाता है: (क) व्यावसायिक वित्त (ख) कार्यशील पूंजी (ग) अचल पूंजी (घ) वाणिज्यिक पत्र	
9	**Statement-I**- Participating preference shares participate in the management of the company. **Statement- II**-Owner's Funds are called permanent source of finance. On the basis of above statements, choose the correct alternative: (a) Statement I is correct; statement II is wrong. (b) Statement II is correct, statement I is wrong. (c) Both the statements are correct. (d) Both the statements are wrong. कथन-**I -** सहभागी अधिमान्य शेयर कंपनी के प्रबंधन में सहभागिता करते हैं। कथन-**II -** स्वामी निधि को वित्त का स्थायी स्रोत कहा जाता है। उपरोक्त कथनों के आधार पर सही विकल्प चुनें: (a)कथन **I** सही है**;** कथन **II** गलत है। (b)कथन **II** सही है**,** कथन **I** गलत है। (c)दोनों कथन सही हैं। (d)दोनों कथन गलत हैं।	1
10	Read the following statements and choose the correct alternatives: **Assertion (A)** Interest on Debentures is a charge against profit. **Reason(R)** Organisation has to think twice before selecting debt as a source of finance since it creates additional burden on profits. **Alternatives:**	1

	(a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanationof Assertion (A). (b) Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanationof Assertion (A). (c) Assertion (A) is true but Reason (R) is False (d) Both Assertion (A) and Reason (R) are not correct. निम्नलिखित कथनों को पढ़ें और सही विकल्प चुनें: कथन (**A**)**:**ऋण पर ब्याज लाभ के विरुद्ध प्रभार है। कारण (**R**)**:**संगठन को वित्त के स्रोत के रूप में ऋण का चयन करने से पहले दो बार सोचना चाहिए क्योंकि इससे लाभ पर अतिरिक्त बोझ पड़ता है। विकल्प: **(a)** कथन (A)और कारण (R)दोनों सत्य हैं और कारण (R)कथन (A)की सही व्याख्या है। **(b)** कथन (A)और कारण (R)दोनों सत्य हैं और कारण (R)कथन (A)की सही व्याख्या नहीं है। **(c)** कथन (A)सत्य है लेकिन कारण (R)असत्य है। **(d)** कथन (A)और कारण (R)दोनों सही नहीं हैं।	
11	**True/False:** Debt is cheaper than equity. सही/गलत: ऋण, इक्विटी से सस्ता है।	1
12	Ravi invested in a company where he receives a fixed rate of dividend and is paid before other shareholders at the time of liquidation. However, he does not have voting rights. What type of shares does Ravi hold? (a) Equity Shares (b) Preference Shares (c) Debentures (d) Convertible Debentures	1

	रवि ने एक ऐसी कंपनी में निवेश किया है जहाँ उसे निश्चित दर पर लाभांश मिलता है और परिसमापन के समय अन्य शेयरधारकों से पहले उसे लाभांश का भुगतान किया जाता है। हालाँकि, उसके पास मतदान का अधिकार नहीं है। रवि के पास किस प्रकार के शेयर हैं? **(a)** इक्विटी शेयर **(b)** वरीयता शेयर **(c)** डिबेंचर **(d)** परिवर्तनीय डिबेंचर	
13	XYZ Ltd. could not pay dividend this year due to insufficient profits. However, shareholders will receive the unpaid dividend in future years. **Question:** What type of preference shares are these? (a) Non-cumulative Preference Shares (b) Participating Preference Shares (c) Cumulative Preference Shares (d) Redeemable Preference Shares **XYZ** लिमिटेड इस वर्ष अपर्याप्त लाभ के कारण लाभांश का भुगतान नहीं कर सकी। हालांकि, शेयरधारकों को आगामी वर्षों में बकाया लाभांश प्राप्त होगा। प्रश्न: ये किस प्रकार के अधिमान्य शेयर हैं? **(a)** गैर-संचयी अधिमान्य शेयर **(b)** सहभागी अधिमान्य शेयर **(c)** संचयी अधिमान्य शेयर **(d)** प्रतिदेय अधिमान्य शेयर	1
14	An investor wants a safe investment with fixed income and lower risk. He is not interested in voting rights or higher returns during high profits. **Question:** Which investment is most suitable? (a) Equity Shares (b) Preference Shares	1

	(c) Equity Mutual Funds (d) Sweat Equity Shares एक निवेशक निश्चित आय और कम जोखिम वाला सुरक्षित निवेश चाहता है। उसे वोटिंग अधिकार या उच्च लाभ के दौरान उच्च प्रतिफल में कोई दिलचस्पी नहीं है। प्रश्न: कौन सा निवेश सबसे उपयुक्त है? **(a)** इक्विटी शेयर **(b)** प्रेफरेंस शेयर **(c)** इक्विटी म्यूचुअल फंड **(d)** स्वेट इक्विटी शेयर	
15	A company issued financial instruments at a price lower than their face value and does not pay any interest. The return is the difference between issue price and maturity value. **Question:** Identify the instrument. (a) Preference Shares (b) Equity Shares (c) Zero Interest Debentures (d) Secured Debentures एक कंपनी ने अंकित मूल्य से कम कीमत पर वित्तीय साधन जारी किए और उस पर कोई ब्याज नहीं देती। प्रतिफल जारी मूल्य और परिपक्वता मूल्य का अंतर है। प्रश्न: साधन की पहचान कीजिए। **(a)** वरीयता शेयर **(b)** इक्विटी शेयर **(c)** शून्य ब्याज डिबेंचर **(d)** सुरक्षित डिबेंचर	1
16	A company issued shares which can be converted into equity shares after a specified period of time. **Question:** Identify the type of preference shares. (a) Non-convertible Preference Shares (b) Convertible Preference Shares	1

	(c) Participating Preference Shares (d) Redeemable Preference Shares एक कंपनी ने ऐसे शेयर जारी किए हैं जिन्हें एक निश्चित अवधि के बाद इक्विटी शेयरों में परिवर्तित किया जा सकता है। प्रश्न: वरीयता शेयरों के प्रकार की पहचान कीजिए। **(a)** परिवर्तनीय वरीयता शेयर **(b)** परिवर्तनीय वरीयता शेयर **(c)** सहभागी वरीयता शेयर **(d)** प्रतिदेय वरीयता शेयर	
17	A company is planning to raise funds but does not want to create any charge on its assets and also wants to avoid compulsory payment obligations. **Question:** Which source of finance should it prefer? (a) Debentures (b) Preference Shares (c) Equity Shares (d) Secured Loans एक कंपनी धन जुटाने की योजना बना रही है, लेकिन वह अपनी परिसंपत्तियों पर कोई प्रभार नहीं लगाना चाहती और अनिवार्य भुगतान दायित्वों से भी बचना चाहती है। प्रश्न: उसे वित्तपोषण के किस स्रोत को प्राथमिकता देनी चाहिए? **(a)** डिबेंचर **(b)** वरीयता शेयर **(c)** इक्विटी शेयर **(d)** सुरक्षित ऋण	1
18	A company takes a loan from a bank by pledging its inventory as security. The bank allows withdrawal up to a certain limit based on the value of stock. **Question:** Identify the type of loan facility. (a) Overdraft	1

	(b) Cash Credit (c) Term Loan (d) Bill Discounting एक कंपनी अपने स्टॉक को गिरवी रखकर बैंक से ऋण लेती है। बैंक स्टॉक के मूल्य के आधार पर एक निश्चित सीमा तक निकासी की अनुमति देता है। प्रश्न: ऋण सुविधा के प्रकार की पहचान कीजिए। **(a)** ओवरड्राफ्ट **(b)** नकद ऋण **(c)** सावधि ऋण **(d)** बिल डिस्काउंटिंग	
19	**Assertion (A):** Equity shares do not impose a fixed financial burden on the company. **Reason (R):** Payment of dividend to equity shareholders is not compulsory. (a) Both A and R are true and R is correct explanation of A (b) Both A and R are true but R is not correct explanation of A (c) A is true but R is false (d) A is false but R is true कथन **(A):** इक्विटी शेयर कंपनी पर कोई निश्चित वित्तीय बोझ नहीं डालते। कारण **(R):** इक्विटी शेयरधारकों को लाभांश का भुगतान करना अनिवार्य नहीं है। **(a) A** और **R** दोनों सत्य हैं और **R, A** का सही स्पष्टीकरण है। **(b) A** और **R** दोनों सत्य हैं, लेकिन **R, A** का सही स्पष्टीकरण नहीं है। **(c) A** सत्य है, लेकिन **R** असत्य है। **(d) A** असत्य है, लेकिन **R** सत्य है।	1
20	Company A deposits surplus funds with Company B for a short period of 3 months without any security and earns higher interest than banks. **Question:** Identify the source of finance. (a) Trade Credit (b) Commercial Paper	1

	(c) Inter Corporate Deposits (d) Public Deposits कंपनी A अपनी अधिशेष धनराशि को कंपनी B के पास तीन महीने की छोटी अवधि के लिए बिना किसी सुरक्षा के जमा करती है और बैंकों से अधिक ब्याज अर्जित करती है। प्रश्न: वित्त के स्रोत की पहचान कीजिए। (a) व्यापार ऋण (b) वाणिज्यिक पत्र (c) अंतर-निगम जमा (d) सार्वजनिक जमा	
21	Sudarshan Ltdis going to issue equity shares, Sunil made up his mind to invest money in the issue. He discussed his plan with his friend, Mr. Virender Singh who is a stock broker. He advised Sunil to invest in upcoming public issue of equity shares of Sudarshan Ltd. Give any three reasons due to which Mr. Virender Singh wants Sunil to invest in Equity Shares only. सुदर्शन लिमिटेड इक्विटी शेयर जारी करने जा रही है, सुनील ने इस निर्गम में निवेश करने का मन बना लिया है। उसने अपने इस विचार पर अपने मित्र, श्री वीरेंद्र सिंह से चर्चा की, जो एक स्टॉक ब्रोकर हैं। वीरेंद्र सिंह ने सुनील को सुदर्शन लिमिटेड के आगामी सार्वजनिक निर्गम में निवेश करने की सलाह दी। श्री वीरेंद्र सिंह द्वारा सुनील को केवल इक्विटी शेयरों में निवेश करने की सलाह देने के तीन कारण बताइए।	3
22	Ram and Rahim are friends pursuing BBA in finance.One day, Ram told Rahim that retained earnings is the cheapest source of business finance because it is the ploughing back of the profits. On the other hand, Rahim thought that debt is the cheapest source since it incurs the least cost. Whose opinion will be considered right regarding the cheapest source of business finance? Justify your answer by giving reason. राम और रहीम वित्त में बीबीए कर रहे मित्र हैं। एक दिन राम ने रहीम से कहा कि संचित आय (रिटेन्ड अर्निंग्स) व्यवसायिक वित्त का सबसे सस्ता स्रोत है क्योंकि इसमें	3

	लाभ को ही दोबारा निवेश किया जाता है। वहीं, रहीम का मानना था कि ऋण (डेरव) सबसे सस्ता स्रोत है क्योंकि इसमें सबसे कम लागत आती है। व्यवसायिक वित्त के सबसे सस्ते स्रोत के संबंध में किसकी राय सही मानी जाएगी? अपने उत्तर को कारण सहित स्पष्ट कीजिए।	
23	Brinda Ltd, a company dealing in electronics is planning to expand their business on account of growing demand of consumer's electronics. So, the company requires additional funds. The finance manager reported that, the company is not in a position to bear extra burden of explicit cost and equity shareholders insisted not to issue more shares as there is risk of losing control. On the basis of the given information about Brinda Ltd., answer the following questions: (a) Suggest a source of owner's fund most suitable for the company. (b) Enlist the merits (any three) of source of owner's fund identified in part (a). ब्रिंदा लिमिटेड, जो इलेक्ट्रॉनिक्स के क्षेत्र में काम करने वाली कंपनी है, उपभोक्ता इलेक्ट्रॉनिक्स की बढ़ती मांग के कारण अपने कारोबार का विस्तार करने की योजना बना रही है। इसलिए, कंपनी को अतिरिक्त धन की आवश्यकता है। वित्त प्रबंधक ने बताया कि कंपनी प्रत्यक्ष लागत का अतिरिक्त बोझ वहन करने की स्थिति में नहीं है और शेयरधारकों ने अधिक शेयर जारी न करने पर जोर दिया है क्योंकि इससे कंपनी पर नियंत्रण खोने का खतरा है। ब्रिंदा लिमिटेड के बारे में दी गई जानकारी के आधार पर, निम्नलिखित प्रश्नों के उत्तर दीजिए: (क) कंपनी के लिए सबसे उपयुक्त स्वामित्व निधि का स्रोत सुझाइए। (ख) भाग (क) में पहचाने गए स्वामित्व निधि के स्रोत के गुण (कोई तीन) सूचीबद्ध कीजिए।	4
24	Simran Tech Ltd has decided to expand its production capacity by modernizing its plant and machinery at anestimated cost of Rs. 8 crores. It does not have sufficient reserves to finance the expansion. Suggest any four sources of finance for the company. सिमरन टेक लिमिटेड ने अपने संयंत्र और मशीनरी के आधुनिकीकरण द्वारा अपनी उत्पादन क्षमता बढ़ाने का निर्णय लिया है, जिसकी अनुमानित लागत 8 करोड़ रुपये है।	4

	कंपनी के पास इस विस्तार के लिए पर्याप्त निधि नहीं है। कंपनी के लिए वित्त के किन्हीं चार स्रोतों का सुझाव दीजिए।	
25	Jhelum Rolls Ltd is a multi-location, multi-product company, manufacturing pipes in stainless steel/exotic material in wide size ranges, for wide spectrum of applications. It now wants to cater to the Indian market and decided to invest in new Hi-tech machines. Since, the investment is large; the finance manager wants to raise funds through cheapest long-term source of finance. On the basis of the given information about Jhelum Rolls Ltd, answer the following questions: (a) Identify and explain the source of finance to be used by company to meet its funds requirement. (b) State any three merits of the source of finance identified in part (a). झेलम रोल्स लिमिटेड एक बहु-स्थानिक, बहु-उत्पाद कंपनी है, जो विभिन्न आकारों में स्टेनलेस स्टील/विशेष सामग्रियों से बने पाइपों का निर्माण करती है, जिनका उपयोग विभिन्न अनुप्रयोगों में होता है। अब यह भारतीय बाजार की जरूरतों को पूरा करना चाहती है और इसके लिए उसने नई हाई-टेक मशीनों में निवेश करने का निर्णय लिया है। चूंकि निवेश बड़ा है, इसलिए वित्त प्रबंधक सबसे सस्ते दीर्घकालिक वित्त स्रोत से धन जुटाना चाहता है। झेलम रोल्स लिमिटेड के बारे में दी गई जानकारी के आधार पर, निम्नलिखित प्रश्नों के उत्तर दीजिए: (क) कंपनी द्वारा अपनी निधि आवश्यकताओं को पूरा करने के लिए उपयोग किए जाने वाले वित्त स्रोत की पहचान कीजिए और उसकी व्याख्या कीजिए। (ख) भाग (क) में पहचाने गए वित्त स्रोत के किन्हीं तीन गुण बताइए।	4
26	Differentiate between share and debentures. शेयर और ऋणपत्र में अंतर स्पष्ट कीजिए। अथवा/ OR Differentiate between equity share and preference shares. समता अंशो और पूर्वाधिकार अंशों में अंतर स्पष्ट कीजिए।	6
27	Explain any three merits and three demerits of “loan from commercial	6

	banks" as a source of finance. वाणिज्यिक बैंकों से लिए गए ऋण को वित्त के स्रोत के रूप में अपनाने के किन्हीं तीन गुण और तीन दोष बताइए।	

S.N.	ANSWERS	Marks
1	Ans: (a) The public	1
2	Ans. False	1
3	Ans: (d) Debentures	1
4	Ans: (b) Owners of the company	1
5	Ans: (b) Provides voting rights	1
6	Ans: (d) Loan capital of the company	1
7	Ans: (c) Retained Earnings	1
8	Ans: (c) Fixed Capital	1
9	Ans: (b)	1
10	Ans: (a)	1
11	Ans. True	1
12	**Answer:**(b) Preference Shares	1
13	**Answer:** (c) Cumulative Preference Shares	1
14	**Answer:** (b) Preference Shares	1
15	**Answer:** (c) Zero Interest Debentures	1
16	**Answer:** (b) Convertible Preference Shares	1
17	**Answer:** (c) Equity Shares	1
18	**Answer:** (b) Cash Credit	1
19	**Answer:** (a)	1
20	**Answer:** (c) Inter Corporate Deposits	1
21	Ans. Merits of equity shares: (i)Equity shares are suitable for investors who are willing to assume risk for higher returns; (ii)Payment of dividend to the equity shareholders is not compulsory. Therefore, there is no burden on the company in this respect; (iii)Equity capital serves as permanent capital as it is to be repaid only	3

	at the time of liquidation of a company. As it stands last in the list of claims, it provides a cushion for creditors, in the event of winding up of a company; (iv)Equity capital provides credit worthiness to the company and confidence to prospective loan providers; (v)Funds can be raised through equity issue without creating any charge on the assets of the company. The assets of a company are, therefore, free to be mortgaged for the purpose of borrowings, if the need be; (vi)Voting right of equity shareholders facilitate democratic control and management of company matters.	
22	Ans. Rahim is right. Financing through debentures is less costly as compared to cost of preference or equity capital as the interest payment on debentures is tax deductible.	3
23	Ans. (a) Preference Shares (b) Merits of preference shares: (vii) Preference shares provide reasonably steady income in the form of fixed rate of return and safety of investment; (viii) Preference shares are useful for those investors who want fixed rate of return with comparatively low risk; (ix) It does not affect the control of equity shareholders over the management as preference shareholders don't have voting rights; (x) Payment of fixed rate of dividend to preference shares may enable a company to declare higher rates of dividend for the equity shareholders in good times; (xi) Preference shareholders have a preferential right of repayment over equity shareholders in the event of liquidation of a company; (xii) Preference capital does not create any sort of charge against the assets of a company.	4
24	Ans. To expand its production capacity by modernizing plant and machinery, the company has to depend on long-term sources of	4

	finance. If the company does not have sufficient reserves (i.e., retained profits), it may rely on following sources : (a) Debentures. (b) Financial institutions. (c) Equity shares. (d) Preference shares.	
25	Ans. (a) Debentures (b) Merits: (vi) It is preferred by investors who want fixed income at lesser risk; (vii) Debentures are fixed charge funds and do not participate in profits of the company; (viii) The issue of debentures is suitable in the situation when the sales and earnings are relatively stable; (ix) As debentures do not carry voting rights, financing through debentures does not dilute control of equity shareholders on management; (x) Financing through debentures is less costly as compared to cost of preference or equity capital as the interest payment on debentures is tax deductible.	4
26	**1. Ownership and Control** **Shares:** Shareholders are part-owners of the company. They typically have voting rights in major company decisions and can elect the board of directors. **Debentures:** Debenture holders are merely lenders or creditors to the company. They have no ownership stake and do not possess any voting rights. **2. Returns and Payouts** **Shares:** Returns are paid in the form of **dividends**, which fluctuate depending on the company's profitability. If the company performs poorly, dividends may not be paid at all. **Debentures:** Returns are paid as a **fixed rate of interest** at regular intervals (e.g., semi-annually). The company is legally obligated to pay this interest, even if it incurs a loss. **3. Repayment and Maturity** **Shares:** Shares represent the permanent capital of the company. They do not have a maturity date, and the principal amount is generally not returned to the shareholder during the company's lifetime.	6

Debentures: Debentures are issued for a specific tenure. At the end of this fixed period (maturity date), the company must repay the principal amount to the debenture holders.

4. Risk and Priority in Liquidation

Shares: Shares carry a higher risk. In the event of bankruptcy or winding up, shareholders are the last to be paid after all other liabilities have been cleared.
Debentures: Debentures carry a lower risk because they are frequently secured against the company's assets. During liquidation, debenture holders have a priority claim and are paid before any money is distributed to shareholders.

5. Convertibility

Shares: Shares cannot be converted into debentures.
Debentures: Certain types of debentures (convertible debentures) can be converted into shares after a specified period, subject to the terms of the issue

6.status

Share- shareholders are known as ownersof company.
Debenture- Debentureholders are known as creditors of the company.

OR

Equity shares and Preference Shares

Dividend Priority: Preference shareholders are paid dividends before any payouts are made to equity shareholders.
Dividend Rate: The dividend rate on preference shares is fixed. Equity dividends are variable, depending entirely on the company's annual profits.
Voting Rights: Equity shareholders hold voting rights and control over management. Preference shareholders typically do not have voting rights, except in limited situations where their specific interests are affected.
Capital Repayment (Liquidation): In the event of bankruptcy or winding up, preference shareholders have their capital repaid before equity shareholders.
Redemption & Conversion: Preference shares are redeemable during the company's lifetime and can sometimes be converted into equity shares. Equity shares cannot be redeemed (except through buybacks) or converted.
To explore more about company ownership and investment fundamentals, review guides from financial platforms

Face value

Equity Shares- face value of equity shares is generally low.

Preference Shares- The face value of preference shares is generally high.

27	Ans. Merits of Loans from Commercial Banks The merits of raising funds from a commercial bank are as follows: (v) Banks provide timely assistance to business by providing funds as and when needed by it. (vi) Secrecy of business can be maintained as the information supplied to the bank by the borrowers is kept confidential; (vii) Formalities such as issue of prospectus and underwriting are not required for raising loans from a bank. This, therefore, is an easier source of funds; (viii) Loan from a bank is a flexible source of finance as the loan amount can be increased according to business needs and can be repaid in advance when funds are not needed. Demerits of Loans from Commercial Banks The major limitations of commercial banks as a source of finance are as follows: (iv) Funds are generally available for short periods and its extension or renewal is uncertain and difficult; (v) Banks make detailed investigation of the company's affairs, financial structure etc., and may also ask for security of assets and personal sureties. This makes the procedure of obtaining funds slightly difficult; (vi) In some cases, difficult terms and conditions are imposed by banks. for the grant of loan. For example, restrictions may be imposed on the sale of mortgaged goods, thus making normal business working difficult.	6

Chapter-8

SMALL BUSINESS AND ENTREPRENEURSHIP DEVELOPMENT

1. Meaning of Small Business

Small business refers to enterprises which operate on a small scale with limited investment, limited workforce, and comparatively lower production capacity. These businesses play an important role in employment generation, balanced regional development, and promotion of entrepreneurship.

Features of Small Business

- Limited capital investment
- Small workforce
- Local area operation
- Personal management by owner
- Quick decision making
- Labour intensive

Importance of Small Business

1. Generates employment opportunities.
2. Helps in balanced regional development.
3. Promotes entrepreneurial skills.
4. Supports large industries.
5. Contributes to exports.
6. Mobilizes local resources.

2. Types of Small Business Enterprises

(a) Micro Enterprises- Enterprises with very small investment and turnover.

(b) Small Enterprises-Businesses operating with moderate investment and limited scale.

(c) Medium Enterprises Enterprises larger than small businesses but smaller than large industries.

(d) Cottage Industries-Industries carried out mainly by family members using traditional methods.

(e) Village Industries-Industries established in rural areas using local resources and labour

3. Role of Small Business in India

- Provides large employment opportunities.
- Reduces regional imbalance.
- Encourages women entrepreneurship.
- Promotes exports.
- Utilizes local skills and resources.
- Helps in economic development.

4. Government Assistance to Small Business

Financial Assistance

- Commercial Banks
- Cooperative Banks
- SIDBI (Small Industries Development Bank of India)
- NABARD

Institutional Support

- NSIC (National Small Industries Corporation)
- DIC (District Industries Centre)
- KVIC (Khadi and Village Industries Commission)

Other Support

- Training facilities
- Marketing support
- Tax concessions
- Subsidies

Entrepreneurship

5. Meaning of Entrepreneurship

Entrepreneurship is the process of starting and managing a business venture with the objective of earning profit while taking risks.

6. Meaning of Entrepreneur

An entrepreneur is a person who identifies opportunities, takes risks, organizes resources, and establishes an enterprise.

Characteristics of an Entrepreneur

1. Risk-taking ability
2. Innovation
3. Leadership qualities
4. Decision-making ability
5. Self-confidence
6. Hardworking nature
7. Creativity

7. Functions of an Entrepreneur

- Innovation
- Organizing resources
- Taking risks
- Decision making
- Managing business operations
- Providing employment

8. Importance of Entrepreneurship

1. Economic development
2. Employment generation
3. Innovation and creativity
4. Increase in national income
5. Better standard of living
6. Balanced regional development

9. Entrepreneurship Development

Entrepreneurship development refers to the process of improving entrepreneurial skills and knowledge through training and education.

Objectives of Entrepreneurship Development

- To encourage self-employment
- To develop managerial skills
- To create employment opportunities
- To improve industrial growth

10. Problems Faced by Small Businesses

1. Lack of finance
2. Shortage of raw material
3. Marketing problems
4. Competition from large industries
5. Lack of technology
6.

S.No.	**Questions**	Marks
1	Small business enterprises generally operate with: a) Huge investment b) Limited investment c) Foreigninvestment. d) Unlimited capital छोटे व्यवसाय आमतौर पर किस तरह काम करते हैं: a) भारी निवेश b) सीमित निवेश c) विदेशी निवेश d) असीमित पूंजी	1
2	Which institution provides financial assistance to small industries? a) RBI. b) SIDBI c) SEBI. d) LIC कौन-सी संस्था लघु उद्योगों को वित्तीय सहायता प्रदान करती है? a) RBI. b) SIDBI c) SEBI. d) LIC	1

3	An entrepreneur is a person who: a) Avoids risks b) Takes risks and starts business c) Works only in government offices d) Only invests money द्यमी वह व्यक्ति है जो: a) जोखिम से बचता है b) जोखिम उठाता है और व्यवसाय शुरू करता है c) केवल सरकारी कार्यालयों में काम करता है d) केवल पैसा निवेश करता है	1
4	Cottage industries are generally operated by: a) Large companies b) Government departments. c) Family members d) Foreign investors कुटीर उद्योग आमतौर पर किसके द्वारा चलाए जाते हैं: a) बड़ी कंपनियाँ b) सरकारी विभाग c) परिवार के सदस्य d) विदेशी निवेशक	1
5	Which of the following is a characteristic of an entrepreneur? a) Fear of failure b) Innovation c) Laziness d) Indecision इनमें से कौन-सी एक उद्यमी की विशेषता है? a) असफलता का डर b) नवाचार c) आलस्य d) अनिर्णय	1
6	Assertion (A): Small businesses generate employment opportunities. Reason ®: Small businesses are labour intensive. a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A). b) Both Assertion (A) and Reason (R) are true but Reason (R) is not the correct explanation of Assertion (A). c) Assertion (A) is true but Reason (R) is false. d) Assertion (A) is false but Reason (R) is true. कथन (A): छोटे व्यवसाय रोज़गार के अवसर पैदा करते हैं। कारण (R): छोटे व्यवसायों में ज़्यादा श्रम की आवश्यकता होती है। a) कथन (A) और कारण (R) दोनों सही हैं और कारण (R), कथन (A) की सही व्याख्या है। b) कथन (A) और कारण (R) दोनों सही हैं लेकिन कारण (R), कथन (A) की सही व्याख्या नहीं है।	1

	c) कथन (A) सही है लेकिन कारण (R) गलत है। d) कथन (A) गलत है लेकिन कारण (R) सही है।	
7	Assertion (A): Entrepreneurs avoid innovation. Reason ®: Innovation helps businesses grow. a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A). b) Both Assertion (A) and Reason (R) are true but Reason (R) is not the correct explanation of Assertion (A). c) Assertion (A) is true but Reason (R) is false. d) Assertion (A) is false but Reason (R) is true. कथन (A): उद्यमी इनोवेशन से बचते हैं। कारण (R): इनोवेशन व्यवसायों को बढ़ने में मदद करता है। a) कथन (A) और कारण (R) दोनों सही हैं और कारण (R), कथन (A) की सही व्याख्या है। b) कथन (A) और कारण (R) दोनों सही हैं लेकिन कारण (R), कथन (A) की सही व्याख्या नहीं है। c) कथन (A) सही है लेकिन कारण (R) गलत है। d) कथन (A) गलत है लेकिन कारण (R) सही है।	1
8	Assertion (A): Government provides support to small businesses. Reason ®: Small businesses contribute to economic development. a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A). b) Both Assertion (A) and Reason (R) are true but Reason (R) is not the correct explanation of Assertion (A).	1

	c) Assertion (A) is true but Reason (R) is false. d) Assertion (A) is false but Reason (R) is true. कथन (A): सरकार छोटे व्यवसायों को सहायता देती है। कारण (R): छोटे व्यवसाय आर्थिक विकास में योगदान देते हैं। a) कथन (A) और कारण (R) दोनों सही हैं और कारण (R), कथन (A) की सही व्याख्या है। b) कथन (A) और कारण (R) दोनों सही हैं लेकिन कारण (R), कथन (A) की सही व्याख्या नहीं है। c) कथन (A) सही है लेकिन कारण (R) गलत है। d) कथन (A) गलत है लेकिन कारण (R) सही है।	
9	Assertion (A): Cottage industries use local resources. Reason ®: Cottage industries are usually located in villages. a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A). b) Both Assertion (A) and Reason (R) are true but Reason (R) is not the correct explanation of Assertion (A). c) Assertion (A) is true but Reason (R) is false. d) Assertion (A) is false but Reason (R) is true. कथन (A): कुटीर उद्योग स्थानीय संसाधनों का उपयोग करते हैं। कारण (R): कुटीर उद्योग आमतौर पर गांवों में स्थित होते हैं। a) कथन (A) और कारण (R) दोनों सही हैं और कारण (R), कथन (A) की सही व्याख्या है। b) कथन (A) और कारण (R) दोनों सही हैं लेकिन कारण (R), कथन (A) की सही व्याख्या नहीं है।	1

	c) कथन (A) सही है लेकिन कारण (R) गलत है। d) कथन (A) गलत है लेकिन कारण (R) सही है।	
10	Assertion (A): Entrepreneurship increases unemployment. Reason R: Entrepreneurship creates job opportunities. a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A). b) Both Assertion (A) and Reason (R) are true but Reason (R) is not the correct explanation of Assertion (A). c) Assertion (A) is true but Reason (R) is false. d) Assertion (A) is false but Reason (R) is true. कथन (A): उद्यमिता से बेरोजगारी बढ़ती है। कारण (R): उद्यमिता से रोजगार के अवसर पैदा होते हैं। a) कथन (A) और कारण (R) दोनों सही हैं और कारण (R), कथन (A) की सही व्याख्या है। b) कथन (A) और कारण (R) दोनों सही हैं लेकिन कारण (R), कथन (A) की सही व्याख्या नहीं है। c) कथन (A) सही है लेकिन कारण (R) गलत है। d) कथन (A) गलत है लेकिन कारण (R) सही है।	1
11	Column A Column B 1. SIDBI a. Village industries 2. KVIC b. Risk taker 3. Entrepreneur c. Financial assistance 4. Cottage Industry d. Family-based industry	

	5. Small Business e. Limited investment कॉलम A कॉलम B 1. SIDBI a. ग्रामीण उद्योग 2. KVIC b. जोखिम उठाने वाला 3. उद्यमी c. वित्तीय सहायता 4. कुटीर उद्योग d. परिवार-आधारित उद्योग 5. लघु व्यवसाय e. सीमित निवेश	
12	Statement 1: Small businesses help in generating employment opportunities in rural and semi-urban areas. Statement 2: Small businesses require huge capital investment like multinational companies. (a) Both statements are true (b) Both statements are false (c) Statement 1 is correct and Statement 2 is false (d) Statement 1 is false and Statement 2 is correct कथन 1: छोटे व्यवसाय ग्रामीण और अर्ध-शहरी क्षेत्रों में रोज़गार के अवसर पैदा करने में मदद करते हैं। कथन 2: छोटे व्यवसायों को बहुराष्ट्रीय कंपनियों की तरह भारी पूंजी निवेश की आवश्यकता होती है। (a) दोनों कथन सही हैं (b) दोनों कथन गलत हैं (c) कथन 1 सही है और कथन 2 गलत है (d) कथन 1 गलत है और कथन 2 सही है	1
13	**Statement 1:** Entrepreneurship promotes innovation and economic development. **Statement 2:** Entrepreneurs avoid taking risks while starting a business. (a) Both statements are true (b) Both statements are false	1

	(c) Statement 1 is correct and Statement 2 is false (d) Statement 1 is false and Statement 2 is correct कथन 1: उद्यमिता इनोवेशन और आर्थिक विकास को बढ़ावा देती है। कथन 2: उद्यमी बिज़नेस शुरू करते समय जोखिम लेने से बचते हैं। (a) दोनों कथन सही हैं (b) दोनों कथन गलत हैं (c) कथन 1 सही है और कथन 2 गलत है (d) कथन 1 गलत है और कथन 2 सही है	
14	**Statement 1:**Startup India provides support and encouragement to new entrepreneurs. **Statement 2:** Startup India Scheme was launched to close down small businesses in India. (a) Both statements are true (b) Both statements are false (c) Statement 1 is correct and Statement 2 is false (d) Statement 1 is false and Statement 2 is correct कथन 1: स्टार्टअप इंडिया नए उद्यमियों को सहायता और प्रोत्साहन प्रदान करता है। कथन 2: भारत में छोटे व्यवसायों को बंद करने के लिए स्टार्टअप इंडिया योजना शुरू की गई थी। (ए) दोनों कथन सत्य हैं (बी) दोनों कथन गलत हैं (सी) कथन 1 सही है और कथन 2 गलत है (डी) कथन 1 गलत है और कथन 2 सही है	1
15	**Statement 1:** Village and cottage industries use local skills and resources. **Statement 2:** Cottage industries are always established in large factories with modern machinery. (a) Both statements are true (b) Both statements are false (c) Statement 1 is correct and Statement 2 is false (d) Statement 1 is false and Statement 2 is correct कथन 1: गाँव और कुटीर उद्योगों में स्थानीय कौशल और संसाधनों का इस्तेमाल होता है। कथन 2: कुटीर उद्योग हमेशा आधुनिक मशीनों वाली बड़ी फैक्ट्रियों में स्थापित किए जाते हैं।	1

	(a) दोनों कथन सही हैं (b) दोनों कथन गलत हैं (c) कथन 1 सही है और कथन 2 गलत है (d) कथन 1 गलत है और कथन 2 सही है	
16	**Statement 1:** Entrepreneurship helps in improving the standard of living of people. **Statement 2:** Entrepreneurs do not contribute to the economic growth of a country. (a) Both statements are true (b) Both statements are false (c) Statement 1 is correct and Statement 2 is false (d) Statement 1 is false and Statement 2 is correct कथन 1: उद्यमिता लोगों के जीवन स्तर को बेहतर बनाने में मदद करती है। कथन 2: उद्यमी देश की आर्थिक वृद्धि में योगदान नहीं देते हैं। (a) दोनों कथन सही हैं (b) दोनों कथन गलत हैं (c) कथन 1 सही है और कथन 2 गलत है (d) कथन 1 गलत है और कथन 2 सही है	1
17	**Source:** "An entrepreneur introduced eco-friendly paper bags in the local market. His innovative idea reduced plastic usage and created awareness among customers." **Question:** Identify the characteristic of entrepreneurship highlighted in the above source. स्रोत: "एक उद्यमी ने स्थानीय बाजार में पर्यावरण-अनुकूल पेपर बैग पेश किए। उनके अभिनव विचार ने प्लास्टिक के उपयोग को कम किया और ग्राहकों के बीच जागरूकता पैदा की।" प्रश्न: उपरोक्त स्रोत में उजागर उद्यमिता की विशेषता को पहचानें।	1

18	 Identify the type of industry shown in the images above. ऊपर दी गई तस्वीरों में दिखाए गए उद्योग के प्रकार की पहचान करें।	1
19	 **Question:** Name the government initiative related to entrepreneurship shown above. ऊपर दिखाए गए एंटरप्रेन्योरशिप से जुड़े सरकारी इनिशिएटिव का नाम बताइए।	
20	 **Question:** Which role of small business is highlighted in the images above? ऊपर दी गई तस्वीरों में छोटे बिज़नेस की किस भूमिका को दिखाया गया है?	1

21	Explain any three features of small business. छोटे व्यवसाय की किन्हीं तीन विशेषताओं को समझाइए।	3
22	Ravi started a small handmade soap manufacturing unit in his village using local resources and employing local people. His business gradually became successful. Questions: 1. Identify the type of business started by Ravi. 2. State any two benefits of small businesses. रवि ने अपने गाँव में स्थानीय संसाधनों और स्थानीय लोगों का इस्तेमाल करके हाथ से बने साबुन बनाने की एक छोटी सी यूनिट शुरू की। धीरे-धीरे उसका बिज़नेस सफल हो गया। सवाल: 1. रवि द्वारा शुरू किए गए बिज़नेस के प्रकार को पहचानें। 2. छोटे बिज़नेस के कोई दो फ़ायदे बताएँ।	3
23	Explain the importance of small business in India. भारत में छोटे व्यवसायों के महत्व को समझाइए।	4
24	Describe the role of government in supporting small businesses. छोटे व्यवसायों को सहायता देने में सरकार की भूमिका बताइए।	4
25	Rohan started an online handicraft business with the help of the Startup India Scheme. Through this scheme, he received guidance, easier registration facilities, and financial support. His business provided employment to many local artisans.	4

	Questions: 1. Identify the government scheme discussed above. 2. State any two benefits of this scheme. 3. Explain one role of entrepreneurship highlighted in the case. रोहन ने 'स्टार्टअप इंडिया स्कीम' की मदद से हस्तशिल्प का ऑनलाइन बिज़नेस शुरू किया। इस स्कीम के ज़रिए उसे गाइडेंस, आसान रजिस्ट्रेशन की सुविधाएँ और आर्थिक मदद मिली। उसके बिज़नेस से कई स्थानीय कारीगरों को रोज़गार मिला। सवाल: 1. ऊपर बताई गई सरकारी स्कीम का नाम बताइए। 2. इस स्कीम के कोई दो फ़ायदे बताइए। 3. इस मामले में बताई गई एंटरप्रेन्योरशिप (उद्यमिता) की एक भूमिका बताइए।	
26	A group of women in a village started making organic pickles and papads at home. Initially, they sold their products only in nearby markets. Later, with the help of government training programmes and financial assistance from a self-help group, they expanded their business. They began using social media for promotion and employed many local women. Their enterprise became popular for providing quality products at reasonable prices. Questions: Identify the type of business enterprise discussed above. (1 mark) State any two features of small business highlighted in the case. (2 marks) Explain any three roles played by small businesses in the development of the Indian economy. (3 marks एक गाँव में महिलाओं के एक समूह ने घर पर ही ऑर्गेनिक अचार और पापड़ बनाना शुरू किया। शुरू में, वे अपने उत्पाद केवल आस-पास के बाज़ारों में बेचती थीं। बाद में, सरकारी ट्रेनिंग प्रोग्राम और स्वयं-सहायता समूह से मिली आर्थिक मदद से उन्होंने अपने कारोबार का विस्तार किया। उन्होंने प्रचार के लिए सोशल मीडिया का इस्तेमाल करना शुरू किया और कई स्थानीय महिलाओं को काम पर रखा। उनका उद्यम उचित कीमतों पर अच्छी गुणवत्ता वाले उत्पाद उपलब्ध कराने के लिए लोकप्रिय हो गया। सवाल: • ऊपर बताए गए कारोबार के प्रकार की पहचान करें। (1 अंक) • इस मामले में बताए गए छोटे कारोबार की कोई दो विशेषताएँ बताएँ। (2 अंक)	6

	• भारतीय अर्थव्यवस्था के विकास में छोटे कारोबारों की कोई तीन भूमिकाएँ बताएँ। (3 अंक)	
27	Ravi, a young entrepreneur, wanted to start an eco-friendly packaging business. He registered his startup under the Startup India initiative. Through the scheme, he received guidance regarding business planning, tax benefits, and easier access to loans. His business grew rapidly and supplied packaging materials to many companies. He also introduced innovative biodegradable products that reduced environmental pollution. Questions: 1. Name the government initiative mentioned in the case. (1 mark) 2. State any two benefits provided under this scheme. (2 marks) 3. Explain any three roles of entrepreneurship highlighted in the case. (3 marks) वि, एक युवा उद्यमी, पर्यावरण के अनुकूल पैकेजिंग का बिज़नेस शुरू करना चाहता था। उसने 'स्टार्टअप इंडिया' पहल के तहत अपने स्टार्टअप का रजिस्ट्रेशन कराया। इस स्कीम के ज़रिए उसे बिज़नेस प्लानिंग, टैक्स में छूट और आसानी से लोन मिलने के बारे में मदद मिली। उसका बिज़नेस तेज़ी से बढ़ा और उसने कई कंपनियों को पैकेजिंग का सामान सप्लाई किया। उसने नए तरह के बायोडिग्रेडेबल प्रोडक्ट भी पेश किए, जिनसे पर्यावरण प्रदूषण कम हुआ। सवाल: 1. केस में बताई गई सरकारी पहल का नाम बताइए। (1 अंक) 2. इस स्कीम के तहत मिलने वाले कोई दो फ़ायदे बताइए। (2 अंक) 3. केस में बताई गई उद्यमिता (entrepreneurship) की कोई तीन भूमिकाएँ बताइए। (3 अंक)	6

ANSWERS

S.No.		Marks
1	b) Limited investment	1

2	b) SIDBI	1
3	b) Takes risks and starts business	1
4	c) Family members	1
5	b) Innovation	1
6	a)	1
7	d)	1
8	a)	1
9	b)	1
10	d)	1
11	1 – c 2 – a 3 – b 4 – d 5 – e	
12	(c) Statement 1 is correct and Statement 2 is false	1
13	(c) Statement 1 is correct and Statement 2 is false	1
14	(c) Statement 1 is correct and Statement 2 is false	1
15	(c) Statement 1 is correct and Statement 2 is false	1
16	(c) Statement 1 is correct and Statement 2 is false	1
17	**Answer:** Innovation / Creativity	1
18	Cottage Industry / Small Scale Industry	1
19	Startup India	
20	Employment Generation	1
21	Limited Capital: Small businesses operate with limited investment. Local Operations: Their market area is usually local.	3

	Personal Management: The owner manages and controls the business personally.	
22	Answers: 1. Ravi started a small business/village industry. 2. Benefits: Employment generation Utilization of local resources	3
23	Generates employment opportunities. Promotes balanced regional development. Utilizes local resources. Helps in export promotion and economic growth. संतुलित क्षेत्रीय विकास को बढ़ावा देता है। स्थानीय संसाधनों का उपयोग करता है। निर्यात को बढ़ावा देने और आर्थिक विकास में मदद करता है।	4
24	Describe the role of government in supporting small businesses. Answer: 1. Financial support through banks and institutions. 2. Training and skill development programmes. 3. Subsidies and tax concessions. 4. Marketing and technical assistance	4
25	The government scheme discussed above is Startup India. Any two benefits of this scheme are: Easier and faster registration process for starting a business. Financial support, guidance, and assistance for new entrepreneurs.	4

	One role of entrepreneurship highlighted in the case is employment generation. Rohan's handicraft business provided employment opportunities to many local artisans, helping them earn income and improve their standard of living.	
26	Answers: The type of business enterprise is a Small Business Enterprise. Two features of small business highlighted in the case are: Small scale of operations. Limited capital investment and local area operations. Roles played by small businesses in the Indian economy: Employment Generation: Small businesses create job opportunities for local people, especially women and rural workers. Balanced Regional Development: They help in the development of rural and backward areas. **Mobilisation of Local Resources:** They use locally available raw materials and skills effectively	6
27	Answer: The government initiative mentioned is Startup India. Two benefits provided under this scheme are: • Easier access to loans and financial support. • Tax benefits and business guidance. Roles of entrepreneurship highlighted in the case: • **Innovation:** Ravi introduced biodegradable packaging products. • **Economic Development:** The business contributed to industrial growth and business expansion. • **Employment Generation:** The startup created work opportunities for people.	6

Chapter-9
Internal Trade

Definition/Meaning of Internal Trade – The goods produced in a country may be sold within the country or outside the country. When buying and selling of goods and services takes place within the geographical boundaries of a country, it is referred to as internal Trade.

Types of Internal Trade; Internal trade can be classified into two categories.
(i) Wholesale Trade; It refers to the trade in which goods are sold in large quantities.
(ii) Retail Trade; Retail trade refers to sale of goods in small lots to the finalconsumers. A retailer buys goods from a wholesaler and sells them to the consumer.

SERVICES OF WHOLESALER TO MANUFACTURERS
Facilitating Large Scale Production - Wholesaler collects small orders from anumber of retailers and passes on the pool of such orders to the manufactures and make purchases in bulk quantities. This enables the producers to undertake production on large scale and take advantage of the economies of large scale.
Bearing Risk - The wholesale merchant deal in goods in their own name take delivery of the goods and keep the goods purchased in large lots in their warehouses. In this process they bear variety of risks such as the risk of fll in prices, theft, pilferage, spoilage, fire etc.,
Financial Assistance - The wholesalers generally make cash payment for goods purchased by them. Sometimes they also make advance money to producers for bulk orders placed by them. This help the manufacturers for their funds.
Expert Advice - As the wholesalers are in direct contact with the retailers they are in position to advice the manufactures about various aspects including customers taste and preferences, market conditions, competitive activities and the features preferred by the buyers.
Help in Marketing Functions - The wholesalers take care of the distribution of goods to a number of retailers who in turns sell these goods to large number of customers spread over a large geographical area. This relives the manufacturers from many of the marketing activities and enables them to concentrate on the production activity.
Facilitates Production Continuity - The wholesalers facilitate continuity of production activity throughout the year by purchasing the goods as and when these are produced and storing them till the time these are demanded by retailers or consumers in the market.
Storage - Wholesalers take delivery of goods when these are produced in factory and keep them in their godowns / warehouses. This reduces the burden of manufactures of providing for storage facilities for the finished products. Thus they provide time utility

SERVICES OF WHOLESALERS TO RETAILERS
Availability of Goods Retailers have to maintain adequate stock of varied commodities so that they can offer variety to their customers. They provide the different products various manufactures readily available to the retailers. This relives

the retailers of the work of collecting goods from producers and keeping big inventory of the same.
Marketing Support The wholesalers perform various marketing functions and provide support to the retailers. They undertake advertising and other sales promotional activities to induce customers to purchase the goods. It is benefitted to the retailers to increase the demand for various new products.
Grants of Credit Services of Wholesalers to Retailers The wholesalers generally provide credit facilities to their regular customers. This enables the retailers to manage their business with relatively small amount of capital/ working capital
Specialized Knowledge The wholesalers specialize in one-line products and know the pulse of the market. They pass on the benefit of their specialized knowledge to the retailers.
Opportunity to get new goods the wholesaler brings to the notice of the retailers the new type of goods that are produced by the manufacturer. This give opportunity to get new types of goods for expanding their business.
Risk Sharing The wholesalers purchases in bulk and sell in relatively small quantities to the retailers. They help us in purchasing small quantities. It also avoids the risk of storage, pilferage, obsolescence, reduction of cost/ price and demand fluctuations.

Retailer: Retailer is a person who buys the goods in small lots/ large quantities from the wholesalers and sells them in small quantities to the ultimate consumers.

Services to Manufacturers/Wholesalers
Help in distribution of goods- As this people are scattered over different geographical areas. As he helps in the distribution of wholesalers and manufacturers products by making these available to the final consumers.

Personal selling- In the process of sale Personal selling is must. As the wholesaler and manufacturer cannot communicate with the customer directly so retailer helps in this process.

Enabling large scale production- The manufacturers and wholesalers are freed from the trouble of making individual sales to consumers in small quantities. This enables the wholesaler and manufacturer relatively work on large scale operations.

Collecting market information- The retailer is direct touch and contact with the buyer /customer /consumer. He will be collecting the feedback of the products and help the wholesaler and manufacturer for changes in the products. He remains in important source in collecting the market information about the taste and preferences and attitude of the customer/consumer.
Helps in sales promotion- Time to time manufacturer and wholesaler should provide promotional activities in order to increase the sales of products.

Services to Consumers
Regular availability of products - This is the most important service rendered by the retailer to his customer is to maintain regular availability of the products by different manufacturers. This may help the buyer to buy different products as and when necessitated.

New product information- The retailers arranges the variety products with effective display along with personal selling efforts, retailers provide important information about the products and special features for arrivals. This impacts the buyer to buy the products.

Convenience in buying- As the retailer are scattered in different areas and located near by the residences it helps the buyers to buy the products as and when required. As they buy in bulk quantities and sell in according to the requirement of the customer/ consumer

Wide selection of products- The retailer generally keeps the wide range of products of different manufacturers. Which help the customer/ consumer to make their choice among wide variety of products.

After sales service- Retailer provide different service to his customers after sales like free home delivery of the products, supply of spare parts, and attending the complaints. This is an important factor in the buyer's decision for repeat purchase of the products.

Giving credit facilities- The retailers sometime provide credit facility to the regular buyers. This enables the increase of their level of consumption and their standard of living.

Types of Retailers

1. Itinerant retailers

Itinerant means travelling from place to place. Itinerant retailers have no fixed place of business. They move from place to place for selling their goods to the consumers. Itinerant sell in small quantities. They invest a very small amount of capital. They deal in varieties of goods.

Types of Itinerant Retailers

Peddlers and Hawkers: - This Retailers carry their goods/products on their head (or) back from one door to another in the streets for selling the goods/ products. Ex: Vegetables, Fruits, Flowers, Etc.,

Market traders - Market traders are the small traders who open their shops at different places on fixed days or dates.

Street traders - This trader is also called Pavement Vendors. This people are found in the places where huge floating population gathers, nearby railway station etc.

Cheap Jacks - Cheap Jacks are petty retailers who have independent shops of a temporary nature in a business locality. They keep on changing their business from one locality to another depending upon the business.

2. FIXED SHOP RETAILERS (Small Retailers)

Fixed Shop Retailers - They operate from a fixed location and are self-explanatory. They are permanent structures that do not relocate frequently.

Types of Fixed Shop Retailers: -

A. On the basis of Small Retailers

These are the retail shops are established in every nook and corner of most of the cities. They operate their business with small capital and small stock in a fixed place.

General Stores - General stores are commonly found in local market near by the residential areas. These shops provide basic needs (day to day needs) of the consumers residing in nearby localities. Ex: Soaps, Stationary, Etc.,

Single line store - Single line stores are those stores which deal in one line of product only; for example, sweet shop, chemist shop, garment shop, Stationary shop etc.

Second hand Products Store - These shops generally sell used goods like books, furniture, automobiles, Etc.,

Street Stall holders - They are situated in the corner of the street they deal in low price articles like Soft Drinks, Cookies, Etc.
Speciality Stores Stores -that specialise in one product category, such as women's clothing, technology, or cosmetics. They exclusively sell things from one category. Vijay Sales exclusively sells electronics. These shops are frequently located in cities. They set up shop in a busy area, like a mall, to maximise foot traffic.

B. On the basis of Large Retailers

Departmental Stores
Departmental Stores are a fixed shop which sells different kinds of goods under different departments in a single building, there may be separate departments for medicines, furniture, textiles and electronics etc.,
Features of a departmental store
1. They are located at a central place so that maximum customers could reach there.
2. They provide all facilities such as restaurant, travel and information bureau, telephone booth, restrooms etc.
3. These stores are very large in size and so they are generally formed as a joint stock company managed by the board of directors.
4. All the purchases in a departmental store are made by the purchase department of the store centrally and sales are made in decentralised manner.
5. A departmental store combines both the functions of retailing as well aswarehousing.
Advantages of Departmental Stores.
1. They *attract large number of customers*
2. *convenience* to customers as they can purchase number of goods at one place.
3. *attractive many services* to customers.
4. *promotional activities*
5. *(economies) of large-scale operations* are available to them.

Limitations of Departmental Store.
1. *lack of personal attention*
2. *High operating cost*
3. Situated at a central place and thus they are *not convenient* for sudden required goods.
4. *Possibility of loss* is also large */ high*. e.g: loss due to change in the tastes of customers.

Chain Stores or Multiple Shops.
Chain store or multiple shop refer to network of retail shops that are owned and operated by same organisation, having similar appearance are established in localities, and spread in different parts of the country. Bata Shoe Co., Mc Donald’s etc.
Features of such shops are as follows.
1. They are located in populous localities where maximum customers can approach.
2. The manufacturing or procurement of goods is centralized at the head office. The goods are dispatched to each store or shop from head office.

3. Each chain store is supervised by the Branch manager, who is responsible for its day to day working. He sends all the information like sales, cash deposits, requirement of the stock daily to head office.

4. All the branches are controlled by the head office.

5. The prices of goods are fixed and all sales are made on cash basis.

Advantages of Chain Stores.

1. *No* losses on account of *bad debts*.

2. *eliminate middlemen*

3.economies of scale.

4.*Diffusion of risk.*

5.The goods not in demand in one locality may be transferred to another locality where they are in demand, which

6. Reduces the chances of dead stock *(transfer of goods).*

7. In case a shop is not operating at a profit, then it may be closed or shifted to other locality *(flexibility)*. Limitations of Chain Stores.

8. *Offer limited choice* of goods.

9. Rigid controls and uniform policies of the head office. Thus, they are *discouraged* from taking *initiatives or* creative skills to satisfy the customers.

10. *Lake of personal interest* in each and every customer.

Mail order houses

Mail order business is a type of retail trade where orders for the supply of goods are received from customers through mail and goods are dispatched through mail. The goods are supplied either by registered parcel or V.P.P. For this type of business seller advertises in the leading dailies and magazines and desires the buyers to ask for quotation or price list from the seller. Mail order business has been described as shopping by post from the point of view of buyers and selling by post from the point of view of sellers

Advantages or Merits of mail order business

Mail order system offers the following advantages. They are

1.**Less capital needs:** Mail order houses enjoy considerable saving in the investment of capital.

2.**A wide market:** Now-a-days the mail order business is carried both nationally and internationally. Adoption of modern mechanical devices to handle orders and prompt supply encourage customers all over the country to buy by mail.

3.**Unusual buying power:** Large mail order houses buy in bulk.They enjoy economies of large scale buying.

4.**No risk of bad debts:** mail order business, a vast majority of the goods is sold for cash. So, bad debts are eliminated.

5.**Efficient use of capital:** The orders are received, goods are mailed directly to the buyers. middlemen are avoided. So, huge stock of merchandise is not required. Mail order houses carry a smaller inventory. This results in saving in capital investment. As there is rapid turnover of stock, capital is not unnecessarily locked.

S.No.	QUESTIONS	
1	Karanveer &Sons runs a retail shop in different parts of the country where some types of commodities are sold at uniform prices. identify the name of such retail stores. (A) Multiple shops (B) Departmental stores (C) Consumer Cooperative Store (D) Mail Order Houses करणवीर एंड संस देश के अलग-अलग हिस्सों में रिटेल दुकानें चलाता है, जहाँ कुछ खास तरह की चीज़ें एक ही कीमत पर बेची जाती हैं। ऐसी रिटेल दुकानों का नाम बताइए। (A) मल्टीपल शॉप्स (B) डिपार्टमेंटल स्टोर्स (C) कंज्यूमर कोऑपरेटिव स्टोर (D) मेल ऑर्डर हाउसेस	1
2	Which of the following is not itinerant retailer? (A) Market traders (B) Pavement vendors (C) Cheap jacks (D) Speciality shops इनमें से कौन घूमने-फिरने वाला रिटेलर नहीं है? (A) मार्केट ट्रेडर्स (B) फुटपाथ पर सामान बेचने वाले (C) सस्ते सामान बेचने वाले (D) स्पेशलिटी शॉप्स	1
3	Statement I: Wholesalers purchase in bulk quantity and sell in small lots to the consumer. Statement II: The wholesalers perform several marketing functions. They provide considerable support to the consumers. Choose the correct option from the following: (A) Statement I is true and II is false (B) Statement II is true and I is false	1

	(C) Both the Statements are true (D) Both the Statements are false कथन I: थोक व्यापारी बड़ी मात्रा में सामान खरीदते हैं और उसे छोटी-छोटी मात्रा में ग्राहकों को बेचते हैं। कथन II: थोक व्यापारी मार्केटिंग के कई काम करते हैं। वे ग्राहकों को काफी मदद देते हैं। नीचे दिए गए विकल्पों में से सही विकल्प चुनें: (A) कथन I सही है और II गलत है (B) कथन II सही है और I गलत है (C) दोनों कथन सही हैं (D) दोनों कथन गलत हैं	
4	Rekha owns a small gift shop in Karnataka. She keeps various gift items like bracelets, soft toys, fancy clocks, wall hangings etc. Her suppliers are based in Mumbai. However, they do not send the goods to Karnataka, instead Meera collect the goods from Maharashtra and takes them to Karnataka where they are sold to consumers. At which place will GST be applied to the goods? (a) Karnataka (b) Mumbai (c) Gujarat (d) Gujarat and Mumbai रेखा की कर्नाटक में एक छोटी सी गिफ्ट की दुकान है। वह कंगन, सॉफ्ट टॉयज़, फैंसी घड़ियाँ, वॉल हैंगिंग जैसी कई तरह की गिफ्ट आइटम रखती है। उसके सप्लायर मुंबई में रहते हैं। हालाँकि, वे सामान कर्नाटक नहीं भेजते; इसके बजाय, मीरा महाराष्ट्र से सामान इकट्ठा करती है और उसे कर्नाटक ले जाती है, जहाँ वह ग्राहकों को बेचा जाता है। सामान पर GST कहाँ लगेगा? (a) कर्नाटक (b) मुंबई (c) गुजरात (d) गुजरात और मुंबई	1
5	Government of India, following the credo of “One Nation and One Tax”, and wanting a unified market in order to ensure the smooth flow of goods across the country implemented the Goods and Service Tax (GST) from ……………….. (a) April 1, 2020 (b) November 15, 2018 (c) July 1, 2017 (d)August 15, 2016 भारत सरकार ने "एक राष्ट्र, एक कर" के सिद्धांत का पालन करते हुए और पूरे देश में	1

	सामान के आसान प्रवाह को सुनिश्चित करने के लिए एक एकीकृत बाज़ार बनाने के उद्देश्य से, वस्तु एवं सेवा कर (GST) को .... से लागू किया। (a) 1 अप्रैल, 2020 (b) 15 नवंबर, 2018 (C) 1 जुलाई, 2017 (d) 15 अगस्त, 2016	
6	Ramesh sells vegetables in a cycle rickshaw and moves from place to place. He provides them at the doorstep of his customers. Which type of itinerant trader he is? a) Hawkers b) Pedlars c) Cheap jacks d) Market traders रमेशसाइकिलरिक्शापरसब्ज़ियाँबेचताहैऔरएकजगहसेदूसरीजगहघूमतारहताहै। वहअपनेग्राहकोंकेदरवाज़ेतकसब्ज़ियाँपहुँचाताहै।वहकिसतरहकाघूमने-फिरनेवालाव्यापारीहै? a) फेरीवालाb) घूम-घूमकरबेचनेवालाc) सस्तेसामानबेचनेवालाd) मार्केटट्रेडर	1
7	Rajesh is a trader dealing in low-cost fashionable footwear. In order to sell his goods, he opens his shop on fixed days in different market. In context of above case. Name the category of that type of retail trade is identified in above line. (a) Market trader (b) Street trader (c) Cheap jacks (d) Peddlers and hawkers राजेश एक ऐसा व्यापारी है जो कम कीमत वाले फैशनेबल जूतेपार करता चप्पलों का व्या-अलग बाज़ारों में तय दिनों पर अपनी दुकान -है। अपना सामान बेचने के लिए वह अलग खोलता है। ऊपर दिए गएमामले के संदर्भ में, उस प्रकार के खुदरा व्यापार की श्रेणी का नाम बताइए जिसकी पहचान ऊपर की पंक्ति में की गई है। (a) बाज़ार व्यापारी)b) सड़क व्यापारी (c) सस्ते सामान बेचने वाले)Cheap jacks) (d) फेरीवाले और ठेले वाले	1
8	Mobile traders who deal in low priced articles with no fixed place of business are called (a) Street stalls Retailers (b) Hawkers. (c) Agents (d) Itinerant traders चलनेफिरने वाले व्यापारी जो कम कीमत वाली चीज़ों का व्यापार करते हैं और जिनका - कोई तय कारोबारी ठिकाना नहीं होता, उन्हें क्या कहते हैं? (a) सड़क किनारे स्टॉल लगाने वाले खुदरा व्यापारी	1

	(b) फेरीवाले)Hawkers) (c) एजेंट (d) घूमने) रीफिरने वाले व्यापा-Itinerant traders)	
9	Which of the following statements is correct for wholesalers? (a) They undertake additional activities. (b) They generally take the title of the goods and bear the business risks in their own name. (c) They engage in buying and selling of goods. (d) All of these थोक व्यापारियों के लिए निम्नलिखित में से कौन सा कथन सही है? (a) वे अतिरिक्त गतिविधियाँ करते हैं। (b) वे आम तौर पर सामान का मालिकाना हक अपने नाम कर लेते हैं और कारोबारी जोखिम भी अपने नाम पर उठाते हैं। (c) वे सामान खरीदने और बेचने का काम करते हैं। (d) ये सभी	1
10	_______________ serves as the link between wholesalers and customers. (a) Suppliers (b) Manufactures (c) Retailers (d) All of the above _______________ थोक विक्रेताओं और ग्राहकों के बीच एक कड़ी का काम करता है। (a) आपूर्तिकर्ता)b) निर्माता)c) खुदरा विक्रेता)d) उपरोक्त सभी	1
11	Instructions: Read the following passage and answer the questions number 11 and 12 Manish is a wholesale trader of packaged food items in Kolkata. He buys products like chips, biscuits, and ready-to-eat meals directly from manufacturing companies in large quantities. He stores them in his warehouse and distributes them to nearby retail shops. Manish does not sell directly to consumers. One of his regular clients, Sonakshi, owns a retail grocery store called “Daily Needs”. She buys limited quantities of products from Manish based on her shop’s demand. Sonakshi sells directly to consumers, accepts payments via UPI, and often advises customers on product choices. She also provides home delivery for regular customers. Who among the following is a wholesaler in the story? a) Sonakshi, because she deals with food items b) Manish, because he sells directly to consumers c) Manish, because he buys in bulk from manufacturers and sells to retailers d) Sonakshi , because she offers home delivery	1

	निर्देश: नीचे दिए गए अनुच्छेद को पढ़ें और प्रश्न संख्या 11 और 12 के उत्तर दें। मनीष कोलकाता में पैकेटबंद खाद्य पदार्थों का थोक व्यापारी है। वह चिप्स, बिस्किट और खाने के लिए तैयार भोजन (ready-to-eat meals) जैसे उत्पाद सीधे निर्माण करने वाली कंपनियों से बड़ी मात्रा में खरीदता है। वह उन्हें अपने गोदाम में रखता है और आस-पास की खुदरा दुकानों में वितरित करता है। मनीष सीधे उपभोक्ताओं को बिक्री नहीं करता है। उसकी नियमित ग्राहकों में से एक, सोनाक्षी, "डेली नीड्स" नाम की एक खुदरा किराने की दुकान की मालिक है। वह अपनी दुकान की मांग के आधार पर मनीष से सीमित मात्रा में उत्पाद खरीदती है। सोनाक्षी सीधे उपभोक्ताओं को बिक्री करती है, UPI के माध्यम से भुगतान स्वीकार करती है, और अक्सर ग्राहकों को उत्पादों के चयन के बारे में सलाह देती है। वह नियमित ग्राहकों के लिए होम डिलीवरी की सुविधा भी प्रदान करती है। इस कहानी में निम्नलिखित में से कौन एक थोक व्यापारी है? a) सोनाक्षी, क्योंकि वह खाद्य पदार्थों का व्यापार करती है b) मनीष, क्योंकि वह सीधे उपभोक्ताओं को बिक्री करता है c) मनीष, क्योंकि वह निर्माताओं से थोक में खरीदता है और खुदरा विक्रेताओं को बेचता है d) सोनाक्षी, क्योंकि वह होम डिलीवरी की सुविधा देती है	
12	Which of the following correctly distinguishes between a wholesaler and a retailer? a) Wholesalers buy in small quantities, while retailers buy in bulk b) Retailers serve as a link between manufacturers and wholesalers c) Wholesalers sell to retailers, whereas retailers sell to final consumers d) Retailers are involved in production, wholesalers are not निम्नलिखित में से कौन-सा विकल्प थोक विक्रेता और खुदरा विक्रेता के बीच सही अंतर बताता है? a) थोक विक्रेता कम मात्रा में खरीदते हैं, जबकि खुदरा विक्रेता बड़ी मात्रा में खरीदते हैं। b) खुदरा विक्रेता, निर्माताओं और थोक विक्रेताओं के बीच एक कड़ी का काम करते हैं। c) थोक विक्रेता, खुदरा विक्रेताओं को बेचते हैं, जबकि खुदरा विक्रेता अंतिम उपभोक्ताओं को बेचते हैं।	1

	d) खुदरा विक्रेता उत्पादन कार्य में शामिल होते हैं, जबकि थोक विक्रेता नहीं।	
13	Read the following statements, Assertion and Reason and choose the correct alternative from the given below. Assertion (A) : The departmental Stores are generally formed as joint stock company. Reason (R): All the purchases in a departmental store are made centrally by the Purchase department. Alternatives: (a) Both Assertion (A) and Reason (R) are true and Reason(R) is the correct explanation of Assertion (A) (b) Both Assertion (A) and Reason (R) are true and Reason(R) is not the correct explanation of Assertion (c) Assertion(A) is true, but Reason (R) is false (d) Assertion (A) is false, but Reason (R) is true नीचे दिए गए कथनों, अभिकथन और कारण को पढ़ें और नीचे दिए गए विकल्पों में से सही विकल्प चुनें। अभिकथन)A): डिपार्टमेंटल स्टोर आमतौर पर संयुक्त स्टॉक कंपनी के रूप में बनाए जाते हैं। कारण)R): डिपार्टमेंटल स्टोर में सभी खरीद, खरीद विभाग द्वारा केंद्रीय रूप से की जाती है। विकल्प: (a) अभिकथन)A) और कारण)R) दोनों सत्य हैं और कारण)R), अभिकथन)A) की सही व्याख्या है। (b) अभिकथन)A) और कारण)R) दोनों सत्य हैं और कारण)R), अभिकथन की सही व्याख्या नहीं है। (c) अभिकथन)A) सत्य है, लेकिन कारण)R) असत्य है। (d) अभिकथन)A) असत्य है, लेकिन कारण)R) सत्य है।	1
14	Read the following statements carefully and choose the correct alternative from the following. Statement 1: Import of goods and services is treated as inter-state supplies and would be subject to IGST under GST. Statement 2: GST is a destination based consumption tax with facility of Input Tax Credit in the supply chain. Alternatives: (a) Both the statements are true. (b) Both the statements are false. (c) Statement 1 is true and Statement 2 is false. (d) Statement 1 is false and Statement 2 is true. निम्नलिखित कथनों को ध्यानपूर्वक पढ़ें और नीचे दिए गए विकल्पों में से सही विकल्प चुनें। कथन 1: वस्तुओं और सेवाओं के आयात को अंतर राज्यीय आपूर्ति माना जाता है और- GST के तहत इस पर IGST लागू होगा।	1

	कथन 2: GST एक गंतव्यआधारित उपभोग कर है-, जिसमें आपूर्ति श्रृंखला में इनपुट टैक्स क्रेडिट की सुविधा उपलब्ध है। विकल्प: (a) दोनों कथन सत्य हैं। (b) दोनों कथन असत्य हैं। (c) कथन 1 सत्य है और कथन 2 असत्य है। (d) कथन 1 असत्य है और कथन 2 सत्य है।	
15	Suresh is the proprietor of a Men's wear shop located in the city. Which type of Retail shop is it ? (a) General Stores (b) Speciality shops (c) Street Shops (d) Second hand goods shops सुरेश शहर में स्थित पुरुषों के कपड़ों की एक दुकान के मालिक हैं। यह किस प्रकार की खुदरा दुकान है? (a) जनरल स्टोर्स (b) स्पेशलिटी शॉप्स (c) स्ट्रीट शॉप्स (d) सेकंड हैंड सामान की दुकानें	1
16	Sonu sells vegetables in a cycle rickshaw and moves from place to place. He provides them at the doorstep of his customers. Which type of itinerant trader he is? a) Hawkers b)Pedlars c) Cheap jacks d) Market traders सोनू साइकिल रिक्शा पर सब्ज़ियाँ बेचता है और एक जगह से दूसरी जगह घूमता है। वह अपने ग्राहकों के दरवाज़े पर ही सब्ज़ियाँ पहुँचाता है। वह किस प्रकार का घूमफिरकर - व्यापार करने वाला व्यापारी है? a) फेरीवाला b) घूम फिरकर बेचने वाला-c) सस्ता सामान बेचने वाला d) बाज़ार व्यापारी	1
17	'Bata stores' is an example for which type of retail shops ? (a) Departmental Stores (b) General stores (c) Multiple Shops (d) Specialty shops 'Bata stores' किस प्रकार की खुदरा दुकानों का एक उदाहरण है? (a) डिपार्टमेंटल स्टोर्स)b) जनरल स्टोर्स (c) मल्टीपल शॉप्स)d) स्पेशलिटी शॉप्स	1
18	One example of Small-scale Fixed retailers among these is A. Pedlers B. General stores C. Hawkers D. Cheap Jacks इनमें से छोटे पैमाने के स्थायी खुदरा विक्रेताओं का एक उदाहरण है: A. फेरीवाले B. जनरल स्टोर C. हॉकर D. सस्ते सामान बेचने वाले	1
19	Wholesalers serve as an important link between the manufacturers and retailers. Which of the following statement is true about wholesalers?	1

	(a) The wholesaler buys goods in bigger lots. (b) The wholesalers usually specialize in one particulars line of products. (c) Wholesalers undertake additional activities like grading of products, storage, promotion of goods, etc. (d) All of the above. थोक विक्रेता, निर्माताओं और खुदरा विक्रेताओं के बीच एक महत्वपूर्ण कड़ी का काम करते हैं। थोक विक्रेताओं के बारे में निम्नलिखित में से कौन सा कथन सत्य है? (a) थोक विक्रेता बड़ी मात्रा में माल खरीदते हैं। (b) थोक विक्रेता आमतौर पर उत्पादों की किसी एक विशेष श्रेणी में विशेषज्ञता रखते हैं। (c) थोक विक्रेता उत्पादों की ग्रेडिंग, भंडारण, माल का प्रचार आदि जैसी अतिरिक्त गतिविधियाँ भी करते हैं। (d) उपरोक्त सभी।	
20	Petty retailers who have independent shops of a temporary nature in a business locality. They keep on changing their business from one locality to another, depending upon the potentiality of the area. However, the change of place is not as frequent as in the case of hawkers or market traders - are (a) Second hand goods shop (b) Cheap Jacks (c) General Stores (d) Streat Traders छोटे खुदरा विक्रेता, जिनकी किसी व्यावसायिक क्षेत्र में अस्थायी प्रकृति की स्वतंत्र दुकानें होती हैं। वे क्षेत्र की संभावनाओं के आधार पर, अपने व्यवसाय का स्थान एक क्षेत्र से दूसरे क्षेत्र में बदलते रहते हैं। हालाँकि, स्थान परिवर्तन उतनी बार नहीं होता, जितनी बार फेरीवालों या बाज़ार के व्यापारियों के मामले में होता है :ये हैं - (a) पुरानी चीज़ों की दुकान)b) सस्ते सामान बेचने वाले)Cheap Jacks) (c) जनरल स्टोर्स)d) सड़क किनारे व्यापार करने वाले	1
21	An MBA student while showing presentation the topic 'Internal trade' cites the examples of 'Bata Shoe Company', having its headquarters in Mumbai where it has its showrooms at different locations of the city as well as in various cities all over India. The products of the company carry the same price in all these showrooms. a. Identify the type of shop cited in the example. b List any two features of such shops एक MBA स्टूडेंट 'इंटरनल ट्रेड' टॉपिक पर प्रेजेंटेशन दिखाते हुए 'बाटा शू कंपनी' का उदाहरण देता है, जिसका हेडक्वार्टर मुंबई में है, जहाँ शहर के अलग-अलग लोकेशन पर और पूरे	3

	भारत के अलग-अलग शहरों में इसके शोरूम हैं। इन सभी शोरूम में कंपनी के प्रोडक्ट्स की कीमत एक जैसी है। a. उदाहरण में बताई गई दुकान का टाइप पहचानें। b ऐसी दुकानों की कोई दो खासियतें बताएं।	
22	Fixed shop retailers are shops which have a permanent establishment to sell their products. One of their characteristics is that they need not move from place to place for product selling. In the same manner, specify the other characteristics of these retailers and explain its classification. स्थिर दुकान वाले खुदरा विक्रेता ऐसी दुकानें होती हैं जिनका अपने उत्पादों को बेचने के लिए एक स्थायी ठिकाना होता है। इनकी एक विशेषता यह है कि इन्हें अपने उत्पाद बेचने के लिए एक जगह से दूसरी जगह जाने की आवश्यकता नहीं होती। इसी प्रकार, इन खुदरा विक्रेताओं की अन्य विशेषताओं का उल्लेख करें और इनके वर्गीकरण की व्याख्या करें।	3
23	State the meaning of 'Mail Order House' and which emerging mode of business is replacing the mail order house. Give two examples of such business organization. 'मेल ऑर्डर हाउस' का अर्थ स्पष्ट कीजिए और बताइए कि व्यवसाय का कौन-सा उभरता हुआ तरीका मेल ऑर्डर हाउस की जगह ले रहा है। ऐसी व्यावसायिक संस्थाओं के दो उदाहरण दीजिए।	4
24	State the meaning and three features of 'Departmental Store' 'डिपार्टमेंटल स्टोर' का अर्थ और उसकी तीन विशेषताएँ बताइए।	4
25	Sunbeam Pvt. Ltd. is a company that manufactures wooden chairs and tables. Instead of selling directly to retailers across the country, the company relies on wholesalers in different regions. These wholesalers purchase furniture in bulk, store them in their warehouses, and sell smaller quantities to local retailers. The wholesalers also help retailers by offering goods on credit and updating them about the latest furniture designs. Moreover, they give valuable feedback to Sunbeam Pvt. Ltd. about the demand in different markets, helping the company plan its production accordingly. 1. Mention any two services provided by wholesalers to manufacturers in the above case. 2. How do wholesalers help retailers in the given case? Sunbeam Pvt. Ltd. एक ऐसी कंपनी है जो लकड़ी की कुर्सियाँ और मेज़ें बनाती है। पूरे देश में खुदरा विक्रेताओं को सीधे बेचने के बजाय, कंपनी अलग-अलग क्षेत्रों में थोक विक्रेताओं पर निर्भर रहती है। ये थोक विक्रेता बड़ी मात्रा में फ़र्नीचर खरीदते हैं, उन्हें अपने गोदामों में	4

	जमा करते हैं, और स्थानीय खुदरा विक्रेताओं को छोटी मात्रा में बेचते हैं। थोक विक्रेता, खुदरा विक्रेताओं को उधार पर सामान देकर और उन्हें फ़र्नीचर के नए-नए डिज़ाइनों के बारे में जानकारी देकर भी मदद करते हैं। इसके अलावा, वे Sunbeam Pvt. Ltd. को अलग-अलग बाज़ारों में मांग के बारे में ज़रूरी जानकारी (फ़ीडबैक) देते हैं, जिससे कंपनी को उसी हिसाब से अपना उत्पादन तय करने में मदद मिलती है। 1. ऊपर दिए गए मामले में, थोक विक्रेताओं द्वारा निर्माताओं को दी जाने वाली कोई भी दो सेवाओं का ज़िक्र करें। 2. दिए गए मामले में, थोक विक्रेता खुदरा विक्रेताओं की मदद कैसे करते हैं?	
26	Timex Store is network of retails shop and operated by Timex company .There shop operate in different parts of country. One can easily these shops in any part of country as they same appearance, even their interior is also identical. All the shops are supplied the goods from head office only. Even store some goods at uniform prices. (a) State the type of retail store mentioned in above case. (b) State any five features of that store. टाइमेक्स स्टोर रिटेल दुकानों का एक नेटवर्क है और टाइमेक्स कंपनी इसे चलाती है। ये दुकानें देश के अलग-अलग हिस्सों में चलती हैं। कोई भी इन दुकानों को देश के किसी भी हिस्से में आसानी से देख सकता है क्योंकि ये दिखने में एक जैसी हैं, यहाँ तक कि इनका इंटीरियर भी एक जैसा है। सभी दुकानों को सामान हेड ऑफिस से ही सप्लाई किया जाता है। यहाँ कुछ सामान एक जैसी कीमतों पर भी स्टोर किए जाते हैं। (a) ऊपर बताए गए रिटेल स्टोर का टाइप बताएँ। (b) उस स्टोर की कोई पाँच खासियतें बताएँ।	6
27	Gursharan Singh owns a large-scale retail outlet in Chandigarh. He deals with various kinds of products in his shop like textiles, footwear, cosmetics, stationery, Grocery, etc. He sells them in different divisions in his big shop. In contest of the above case. 1. identify the type of retail outlet being described in the above lines 2. State any five features of that outlet. गुरशरण सिंह का चंडीगढ़ में एक बड़े पैमाने का रिटेल आउटलेट है। वह अपनी दुकान में कई तरह के उत्पादों का व्यापार करते हैं, जैसे कि कपड़ा, जूते-चप्पल, कॉस्मेटिक्स, स्टेशनरी, किराने का सामान आदि। वह अपनी इस बड़ी दुकान में इन उत्पादों को अलग-अलग	6

	विभागों में बेचते हैं। उपरोक्त मामले के संदर्भ में: 1. ऊपर लिखी पंक्तियों में जिस रिटेल आउटलेट का वर्णन किया गया है, उसके प्रकार की पहचान करें। 2. उस आउटलेट की कोई पाँच विशेषताएँ बताएँ।	

**************************END OF QUESTIONS*************************************

Answers

1	(A) Multiple shops	1
2	(D) Speciality shops	1
3	(D) Both the Statements are false	1
4	(a) Karnataka (according to the rule of destination in GST)	1
5	(c) July 1, 2017	1
6	(a) Hawkers	1
7	(A) Market trader	1
8	(d) Itinerant traders	1
9	(d) All of these	1
10	(c) Retailers	1
11	(c) Manish, because he buys in bulk from manufacturers and sells to retailers	1
12	(c) Wholesalers sell to retailers, whereas retailers sell to final consumers	1
13	(b) Both Assertion (A) and Reason (R) are true and Reason(R) is not the correct explanation of Assertion	1
14	(a) Both the statements are true.	1
15	(b) Speciality shops	1
16	(a) Hawkers	1
17	(c) Multiple Shops	1
18	(B). General stores	1
19	(d) All of the above.	1
20	(d) Streat Traders	1

21	Multiple Shops/Chain Stores Important features of Multiple shops are: (any 2) (i) Large Size: Chain stores operate on a large scale. Huge investment is required to to set up identical shops in different parts of the country. (ii) Location : These shops are located in fairly populous localities where sufficient number of customers can be approached. (iii) Centralised Purchases: The head office makes all the purchases for all these multiple shops. Thereafter goods are dispatched to different shops as per their requirements.	3
22	1.Compared with the itinerant traders, normally they have greater resources and operate on a relatively large scale. However, there are different size groups of fixed shop retailers, varying from very small to very large. 2.These retailers may be dealing in different products, including consumer durables as well as nondurables. 3. This category of retailers has greater credibility in the minds of customers, and they are in a position to provide greater services to the customers such as home delivery, guarantees, repairs, credit facilities, availability of spares, etc.	3
23	Mail order houses are retail businesses that sell goods to customers through mail-order catalogues or online platforms, without requiring customers to visit a physical store. B to C is replacing mail order house Example: Flipkart, Amazon	4
24	A departmental store is a large retail establishment offering a wide variety of goods organized into distinct departments under one roof. Key features include a large size, a central location, a wide range of products, specialized departments, and centralized management. 1. Large Size and Central Location: Departmental stores are typically large, occupying significant physical space, and are usually located in central areas of a city to attract a large customer base. 2. Wide Range of Products: They offer a vast array of goods, often categorized into different departments, allowing customers to find a variety of products, from clothing and electronics to groceries and home goods, all in one place. 3. Specialized Departments: Each department within a departmental store focuses on a specific product category, like clothing, cosmetics, or electronics, allowing for	4

	specialized service and product knowledge. 4. Centralized Management and Purchasing: While departments operate independently, they are usually overseen by a centralized management structure, which often handles centralized purchasing to benefit from economies of scale.	
25	1. (i) Bulk Buying and Storage – Wholesalers purchase furniture in large quantities and store them, reducing the manufacturer's burden of storage and distribution. (ii) Market Information – Wholesalers provide feedback about market demand and trends, helping the manufacturer in production planning. 2.Wholesalers help retailers by: (i) Supplying goods in small quantities as per their need, which reduces their inventory cost. (ii) Offering credit facilities, allowing retailers to sell goods first and pay later. (iii) Sharing information about the latest furniture designs, helping retailers meet customer demands effectively.	4
26	Chain store 1 mark Large size, one line product, quality uniform prices, located in populous localities (1 mark for each features)	6
27	Chain store 1 mark Large size, one line product, quality uniform prices, located in populous localities (1 mark for each features)	6

CHAPTER-10

INTERNATIONAL BUSINESS

Meaning of International Business

Manufacturing and trading beyond the boundaries of one's own country is known as international or external business. It can be defined as those business activities that take place across the national frontiers.

Scope of International Business

1. Merchandise Exports and Imports It includes trade in goods that are tangible. They can be touched and seen like machinery, garments, etc.
2. Services Exports and Imports This involves trade in intangibles and therefore it is also known as invisible trade. It cannot be seen and touched but can only be felt like tourism, travel, insurance, etc. They are the major constituents of world trade.
3. Licensing It is permitting another party in a foreign country to produce and sell goods under one's own trademark, patents or copyrights in lieu of some fee.
4. Franchising It is similar to licensing but it is used in connection with services only. Pizza Hut, Dominos, etc. operate through this system. They also pay a fee for the use of the name.
5. Foreign Investments This is the investment of funds in abroad in exchange of financial return from that country in the form of profit, interest or dividend. It is of two types:
   (i) Foreign Direct Investments (FDI) It takes place when a company directly invests in properties such as plant and machinery, land and building to undertake production and marketing of goods and services in those countries.
   (ii) Portfolio Investments It takes place when a company invests in another company by acquiring shares of that company or giving them loans and earn dividend on shares and interest on loans.

Advantages of International Business

International business provides benefits to nations as well as business firms.

Advantages to Nations

- **Earning of Foreign Exchange:** International business helps a country to import those goods and services which it cannot produce efficiently such as petroleum products and fertilisers, etc. Thus, it helps to earn foreign exchange

- **More Efficient use of Resources:** International business operates on a principle that the countries should tend to produce goods in which they have a comparative advantage or which they can produce efficiently. This results in prevention of wasteful duplication of resources**.**
- **Improving Growth Prospects and Employment Potentials:** International business results in increase in employment opportunities directly or indirectly. It results in increase in production and for this demand, requirement of labour also increases.
- **Increased Standard of Living:** In the absence of international business, it would not have been possible for the world community to consume goods and services produced in other countries that the people in these countries are able to consume and enjoy a higher standard of living.

Advantages to Firms:

- **Prospects for Higher Profits:** When prices in the domestic market are low, firms can earn more profits by selling their products in those countries in which prices are high**.**
- **Increased Capacity Utilisation:** Many business and industrial enterprises have unused capacity, that can be efficiently utilised for further production. Thus, surplus production can be used to generate extra profits from foreign trade.
- **Prospects for Growth:** When the domestic demand for a firm's product or services start getting saturated in the domestic market, then firms can considerably improve prospects of their growth by venturing out in the international market.
- **Way Out to Intense Competition in Domestic Market:** Highly competitive domestic market drives many companies to go international in search of markets for their products.
- **Improved Business Vision:** Most enterprises have an urge to grow, to become more competitive, to diversify and derive the benefits of going global through international business.

Disadvantages of International Business

Distance: Due to long distances between countries, it is difficult to establish personal and quick contacts between traders from different countries. There is a large time gap between the placement of order and receipt of goods from foreign countries.

Different Currency: Each country has its own currency. Payment for imported goods is made in foreign currency and payment for export is also received in foreign currency.

Different Languages: Different languages are spoken and written in different countries. It is therefore, difficult for traders to understand each other. One must know the foreign language or appoint someone to read the price lists of foreign countries.

Legal Formalities: International business is monitored by the government. Prior permission has to be obtained before exporting or importing goods or services. A large number of documents have to be filed and custom duties are paid on imports and exports.

Blocked Capital: Traders have to often depend upon a chain of intermediaries in international business. There is a long time gap between the dispatch of goods by the exporter and their receipt and payment by the importer. Therefore, the capital of the exporter is blocked for a long period.

Reasons for International Business

The countries cannot produce equally and cheaply all the things that they need. This is because of the following reasons:

- *Unequal distribution of natural resources among them or differences in their productivity levels.*
- *Availability of various factors of production such as labour, capital and raw materials, differ among nations.*

Labour productivity and production cost differ among nations due to various socio-economic, geographical and political reasons.

Export Trade

It is a mode of international trade in which goods produced in the domestic country are sold to the residents of another country.

Objectives of Export Trade:

1. **Sell Surplus Goods:** A country may produce a commodity in such quantities that are more than its needs. The country can sell its surplus output to foreign countries. In this way, export trade is undertaken to make productive use of surplus goods.
2. **Better Utilisationof Resources**: Export trade widens the market for goods. A country can make better utilisation of its resources by producing goods on a large-scale, both for domestic use and for export.
3. **Earn Foreign Exchange:** A country can earn valuable foreign exchange through export.
4. **Increase National Income:** Export trade helps a country to increase its national income.
5. **Generate Employment:** The growth of export trade also creates employment opportunities.
6. **To Create International Cooperation**: Export trade improves mutual understanding and cooperation between nations.

<u>Procedure for Conducting Export Trade</u>

Step1: **Receipt of enquiry and sending quotations:**

- Importer sends enquiry for price, quality, terms
- Exporter replies with proforma invoice (quotation)

Step 2: **Receipt of order or indent**:

- Importer places order if satisfied
- Order includes: quantity, price, delivery terms, packing, instructions

Step 3: **Assessing importer's creditworthiness and securing a guarantee for payments**:

- Exporter checks importer's ability to pay
- To reduce risk, asks for Letter of Credit (LC)

Step 4: **Obtaining export licence:**

- Open bank account (RBI authorised)
- Obtain IEC (Import Export Code) from DGFT
- Register with Export Promotion Council & ECGC

Step 5: **Obtaining pre-shipment finance:**

- Exporter gets finance from bank after confirmed order & LC

Step 6: **Production or procurement of goods:**

- Goods prepared as per importer's specifications

Step 7: **Pre-shipment inspection*:***

- Inspection by authorised agencies
- Under Export Quality Control & Inspection Act, 1963

Step 8: **Excise clearance:**

- Clearance from Excise Commissioner
- Duty exemption/refund available = Duty Drawback

Step 9: **Obtaining certificate of origin:**

- Certifies country of manufacture of goods
- Helps importer claim tariff concessions

Step 10: **Reservation of shipping space:**

- Exporter books space with shipping company
- Receives shipping order

Step 11: **Packing and forwarding:**

- Goods packed & labelled: weight, address, destination, etc.
- Transport to port arranged
- Railway receipt acts as title to goods

Step 12: **Insurance of goods:**

- Goods insured against loss/damage during transit

Step 13: **Customs clearance:**

- Goods cleared by customs before shipment
- Documents required: Export order, Invoice, LC, Certificate of Origin, Inspection certificate, Insurance policy

Step 14: **Obtaining mate's receipt:**

- Issued by ship captain after loading
- Handed to port superintendent → given to C&F agent

Step 15: **Payment of freight and issuance of bill of lading:**

- Issued by shipping company after freight payment
- Proof of shipment + ownership of goods
- For air: Airway Bill

Step 16: **Preparation of invoice:**

- Final invoice sent to importer
- Shows quantity & amount payable

Step 17: **Securing payment:**

- Exporter sends documents via bank
- Bank releases documents to importer on payment/acceptance
- Called negotiation of documents

Documents used in Export Trade

I. Documents related to Goods Exported:

1. **Export Invoice:** It is a seller bill information about goods like quantity, number of packages, name of ship, terms of delivery, payments, etc.
2. **Packing List:** This document provides complete details regarding the goods exported and the form in which they are being sent.
3. **Certificate of Origin:** It specifies the country in which the goods are being manufactured. This certificate enables the importer to claim tariff concessions or other exemptions. It is also used in the case when there is a ban on import of some goods from certain countries.
4. **Certificate of Inspection:** It is the certificate that states that the consignment has been inspected as required under the Export (Quality Control and Inspection) Act, 1963. It is issued by some authorised agency Export Inspection Council of India (EICI).

II. Documents related to Shipment of Exported Goods

1. **Mate's Receipt:** This receipt is issued by the captain or mate of the ship to the exporter after the goods are loaded on board of the ship. Such receipts contain name of the vessel, description of packages, marks, condition of the cargo, etc.
2. **Shipping Bill:** With the help of this document, permission is granted for the export of goods by the customs office. It contains details regarding the goods being exported, name of the vessel, exporters name and address, country of final destination, etc.
3. **Bill of Lading:** It acts as an evidence regarding the acceptance of shipping company to carry the goods to the port of destination. It is also referred to as document of title to the goods and is freely transferable by endorsement and delivery.
4. **Shipping Order:** It is an instruction to the captain of the ship to receive the specified goods on board after their customs clearance at a designated port.

5. **Airway Bill:** It is a document issued by the airline company on receiving the goods on board its aircraft and at the same time giving its acceptance to carry them to the port of destination.
6. **Marine Insurance Policy:** It is a document containing contract between the exporter and the insurance company to indemnify against loss.
7. **Cart Ticket:** It is also known as cart chit or gate pass. It is prepared by the exporter and contains details regarding export cargo like number of packages, shipping bill number, port of destination, etc.

III. Documents related to Payment of Exported Goods:

1. **Letter of Credit:** It is a guarantee letter issued by the importer bank stating that it will honour the export bills to the bank of the exporter, upto a certain amount.
2. **Bill of Exchange:** It is a written document in export and import transactions in which exporter asks the importer to pay a specified amount to a certain person or the bearer of the document. The importer claims the title of exported goods only when he accepts the order in bill of exchange.
3. **Bank Certificate of Payment:** It is a certificate specifying that necessary documents relating to the particular export consignment have been negotiated and payment has been received in accordance with the exchange control regulations.

Import Trade

It is a mode of international trade in which the residents of a domestic country purchases goods from a foreign country.

Objectives of import trade:

1. **Speed Up Industrialisation:** Developing countries import scarce raw materials and capital goods and advanced technology required for rapid industrial development.
2. **Meet Consumer Demand:** The goods which are in demand but are not available in the country are imported to meet consumer demand.
3. **Overcome Famine:** During famine, a country can import foodgrains and other essential commodities to prevent starvation.
4. **Ensure National Defense:** Countries like India import equipment for its armed forces Army, Air Force and Navy. Such imports enable the country to

ensure its sovereignty and territorial integrity.

Procedure for Conducting Import Trade

Step 1: **Trade enquiry:**

- Importer gathers info about exporting countries/firms from trade directories, associations.
- Approaches export firms for export price & terms.
- Exporter replies with Proforma Invoice = quotation.

Step 2: **Procurement of import licence:**

- Some goods need import licence, some are free.
- Importer checks EXIM Policy to confirm if licence required.

Step 3: **Obtaining foreign exchange:**

- In India, forex regulated by Exchange Control Dept. of RBI.
- Importer applies to RBI authorised bank for forex sanction.
- Bank scrutinises application → sanctions forex for import.

Step 4: **Placing order or indent:**

- After getting import licence + forex sanction, importer places order/indent with exporter.
- Indent = details of goods ordered.

Step 5: **Obtaining letter of credit:**

- If payment terms accepted by both parties, importer obtains LC from his bank.
- LC = bank guarantee of payment to exporter.
- Importer forwards LC to overseas supplier.

Step 6: **Arranging for finance:**

- Importer must arrange funds in advance to pay exporter on goods arrival at port.
- Avoids heavy penalties/demurrage for uncleared goods.

Step 7: **Receipt of shipment advice:**

- After loading goods, exporter sends Shipment Advice to importer.
- Contains: shipment details, vessel name, date, etc.

Step 8: **Retirement of import documents:**

- Exporter prepares documents as per contract + LC → gives to his bank.

- Bank sends docs to importer's bank for negotiation.
- Docs include: Bill of Exchange, Commercial Invoice, Bill of Lading/Airway Bill, Packing List, Certificate of Origin, Marine Insurance Policy.

Step 9: **Arrival of goods:**

- Carrier in-charge informs dock/airport officer about goods arrival.
- Submits Import General Manifest = details of all imported goods on ship/aircraft.

Step 10: **Customs clearance and release of goods:** All imported goods must pass customs.

Steps:

(i) Delivery Order: Obtain from shipping company after paying freight. Entitles importer to take delivery**.**

(ii) Port Trust Dues Receipt: Pay dock charges → submit Application to Import to landing & shipping dues officer → get receipt.

(iii) Bill of Entry: Filled for customs duty assessment → pay duty → present to dock superintendent for examination.

(iv) Release Order: After dock superintendent’s satisfaction → port authority issues release order after charges paid.

<u>Documents used in Import Trade:</u>

1. **Trade Enquiry:** It is a written request by importer to exporter for price and terms of export.
2. **Proforma Invoice:** It contains details of quality, grade, size, price and terms of import/export.
3. **Import Order or Indent:** It is the importer's order to supplier with details of goods, quantity, price, packing and payment mode.
4. **Shipment Advice:** It is sent by exporter to inform importer about shipment and includes invoice no., B/L, vessel name, date and goods details.
5. **Bill of Entry:** It is filed by importer with customs for duty assessment and clearance of goods.
6. **Sight Draft:** It is a bill of exchange payable immediately on presentation by the importer.
7. **Usance Draft:** It is a bill of exchange payable after a specified time period.

8. **Import General Manifest:** It is submitted by carrier to customs with details of all goods on vessel/aircraft.
9. **Dock Challan:** It is the receipt for dock dues paid by importer to port authorities.

World Trade Organisation (WTO)

It was setup on 1st January, 1995, replacing the General Agreement on Tariffs and Trade (GATT). The headquarters of WTO is at Geneva in Switzerland. WTO has an international status, similar to that of the International Monetary Fund (IMF) and the World Bank.It was set-up to promote free and fair trade amongst nations. India is a founding member of WTO. All the members of WTO are required to adopt laws and policies framed under WTO rules.

Objectives of WTO

- To ensure reduction of tariffs and other trade barriers imposed by different countries.
- To engage in activities that improve the standards of living, create employment, increase income and effective demand, facilitate production, etc.
- To promote an integrated, viable, durable trading system and ensure international peace.
- To settle disputes among member nations.
- To ensure a smooth process for international trade by framing common rules and regulations.
- To accelerate economic growth of developing countries.

Role or Functions of WTO

- **Supervision and Liberalisation:** WTO is an international organisation which supervise international trade. It deals with regulation of trade between countries.
- **Lays Code of Conduct:** It lays down a commonly accepted code of conduct which contains rules and regulations, so as to eliminate trade barriers.
- **Dispute Settlement Body:** All disputes between member nations are settled by WTO with mutual consultations, in order to promote international peace and good trade relations. It ensures that all the member countries follow the rules and regulations prescribed in the WTO agreement act for the settlement of their disputes.

• **Operation of Revised Agreements:** WTO supervises the operations of the revised agreements and ministerial declarations about the goods, services and Trade Related Intellectual Property Rights (TRIPS).

Practice Questions:

S.No.	Questions	Marks
1	A Country experiencing a surplus in the production of high quality coffee decides to export it to other nations, as domestic consumption is limited. This move not only stabilises coffee prices in the local market but also generates foreign exchange, boosts employment in the coffee industry and allows people in other countries to enjoy premium coffee. Which of the following is not an advantage of international business? (a) Earning foreign exchange (b) Better utilisation of resources (c) Decline in employment opportunities (d) Increase in standard of living एक देश, जहाँ अच्छी किस्म की कॉफ़ी का उत्पादन ज़रूरत से ज़्यादा होता है, उसे दूसरे देशों में एक्सपोर्ट करने का फ़ैसला करता है क्योंकि देश के अंदर इसकी खपत कम है। इस कदम से न सिर्फ़ लोकल मार्केट में कॉफ़ी की कीमतें स्थिर होती हैं, बल्कि विदेशी मुद्रा भी मिलती है, कॉफ़ी इंडस्ट्री में रोज़गार बढ़ता है और दूसरे देशों के लोग भी प्रीमियम कॉफ़ी का मज़ा ले पाते हैं। इनमें से कौन-सा इंटरनेशनल बिज़नेस का फ़ायदा नहीं है? (a) विदेशी मुद्रा कमाना (b) संसाधनों का बेहतर इस्तेमाल (c) रोज़गार के मौकों में कमी (d) जीवन स्तर में सुधार	1
2	A textile exporter in India faces challenges due to delayed payments from an overseas buyer, leading to blocked capital. Additionally, the company must navigate complex legal formalities and convert payments received in foreign currency to Indian Rupees. Despite these hurdles, the business continues due to India's advantage in low cost labour and high quality raw materials. Which of the following is a disadvantage of international business? (a) Unequal distribution of natural resources (b) Blocked capital due to delayed payments (c) Availability of low cost labour	

	(d) Differences in productivity levels भारत में एक टेक्सटाइल एक्सपोर्टर को विदेशी खरीदार से पेमेंट में देरी के कारण चुनौतियों का सामना करना पड़ता है, जिससे उसका पैसा (कैपिटल) फंस जाता है। इसके अलावा, कंपनी को जटिल कानूनी प्रक्रियाओं से गुजरना पड़ता है और विदेशी मुद्रा में मिले पेमेंट को भारतीय रुपये में बदलना पड़ता है। इन मुश्किलों के बावजूद, भारत में कम लागत वाली लेबर और अच्छी क्वालिटी के रॉ मटीरियल की वजह से यह बिज़नेस चलता रहता है। इनमें से कौन-सा इंटरनेशनल बिज़नेस का नुकसान है? (a) प्राकृतिक संसाधनों का असमान वितरण (b) पेमेंट में देरी के कारण कैपिटल का फंसना (c) कम लागत वाली लेबर की उपलब्धता (d) उत्पादकता स्तर में अंतर	
3	A smartphone manufacturer in a saturated domestic market decides to expand internationally. By exporting to countries with high demand and less competition, the company effectively utilises its surplus production capacity and earns higher profits. This move also aligns with its vision of becoming a global leader in the technology sector. Which of the following is not an advantage of international business to firms? (a) Prospects for higher profits (b) Intense competition in foreign markets (c) Increased capacity utilization (d) Improved business vision घरेलू बाज़ार में पूरी तरह से भरे हुए (सैचुरेटेड) बाज़ार में एक स्मार्टफ़ोन बनाने वाली कंपनी अंतरराष्ट्रीय स्तर पर विस्तार करने का फ़ैसला करती है। ज़्यादा मांग और कम कॉम्पिटिशन वाले देशों में एक्सपोर्ट करके, कंपनी अपनी अतिरिक्त प्रोडक्शन क्षमता का सही इस्तेमाल करती है और ज़्यादा मुनाफ़ा कमाती है। यह कदम टेक्नोलॉजी सेक्टर में ग्लोबल लीडर बनने के उसके विज़न के भी अनुरूप है। इनमें से कौन-सा फ़र्मों के लिए अंतरराष्ट्रीय व्यापार का फ़ायदा नहीं है? (a) ज़्यादा मुनाफ़े की संभावना (b) विदेशी बाज़ारों में कड़ी प्रतिस्पर्धा (c) क्षमता का बेहतर इस्तेमाल (d) बेहतर बिज़नेस विज़न	1
4	An agricultural country, with surplus wheat production, decides to export to neighbouring nations to avoid wastage and earn foreign exchange. By	1

	exporting wheat, the country utilises its resources more effectively and generates employment opportunities in farming and logistics. This move also fosters better cooperation and trade relations with importing nations, contributing to the country's national income growth. Which of the following is not an objective of export trade? (a) To sell surplus goods (b) To earn foreign exchange (c) To reduce imports from other countries (d) To generate employment गेहूं का अतिरिक्त उत्पादन करने वाला एक कृषि प्रधान देश, बर्बादी से बचने और विदेशी मुद्रा कमाने के लिए पड़ोसी देशों को गेहूं निर्यात करने का फैसला करता है। गेहूं का निर्यात करके, देश अपने संसाधनों का बेहतर ढंग से उपयोग करता है और खेती व लॉजिस्टिक्स के क्षेत्र में रोजगार के अवसर पैदा करता है। यह कदम आयात करने वाले देशों के साथ बेहतर सहयोग और व्यापारिक संबंध भी बनाता है, जिससे देश की राष्ट्रीय आय में वृद्धि होती है। इनमें से कौन-सा निर्यात व्यापार का उद्देश्य नहीं है? (a) अतिरिक्त सामान बेचना (b) विदेशी मुद्रा कमाना (c) दूसरे देशों से आयात कम करना (d) रोजगार पैदा करना	
5	Raghav, an exporter sent complete information about the quality, grade, size, weight and type of packing of the product on his enquiry. Such an above quotation prepared is known as (a) Performa invoice (b) Intent (c) Letter of information (d) Enquiry Performa एक निर्यातक, राघव ने पूछताछ के जवाब में उत्पाद की गुणवत्ता, ग्रेड, आकार, वजन और पैकिंग के प्रकार के बारे में पूरी जानकारी भेजी। इस तरह तैयार किए गए कोटेशन को क्या कहा जाता है? (a) प्रोफार्मा इनवॉइस (b) इंटेंट (c) सूचना पत्र (d) पूछताछ प्रोफार्मा	1
6	Pradeep wants to export auto spare parts to Mr. David in Switzerland. Mr. David has asked for an enquiry to seek information about availability of goods, price, quality and terms and conditions for export of goods. In response to the enquiry, Pradeep sends a reply in the form of proforma invoice. Mr. David	1

	found the price and terms and conditions acceptable. So, he placed the order for goods. After verifying the creditworthiness of Mr. David, Pradeep obtains an export licence and arranges the pre-shipment finance. On the basis of given case study, state the next step to be followed by Pradeep related to the procedure of export trade. (a) Procurement of goods (b) Pre-shipment inspection (c) Excise clearance (d) None of these प्रदीप स्विट्ज़रलैंड में मिस्टर डेविड को ऑटो स्पेयर पार्ट्स एक्सपोर्ट करना चाहते हैं। मिस्टर डेविड ने सामान की उपलब्धता, कीमत, क्वालिटी और एक्सपोर्ट की शर्तों के बारे में जानकारी के लिए पूछताछ (enquiry) की है। पूछताछ के जवाब में, प्रदीप 'प्रोफॉर्मा इनवॉइस' के रूप में जवाब भेजते हैं। मिस्टर डेविड को कीमत और शर्तें मंजूर हैं। इसलिए, उन्होंने सामान का ऑर्डर दिया। मिस्टर डेविड की क्रेडिट योग्यता (creditworthiness) की जांच करने के बाद, प्रदीप एक्सपोर्ट लाइसेंस लेते हैं और प्री-शिपमेंट फाइनेंस का इंतजाम करते हैं। दी गई केस स्टडी के आधार पर, एक्सपोर्ट ट्रेड की प्रक्रिया से जुड़े प्रदीप के अगले कदम के बारे में बताएं। (a) सामान की खरीद (b) प्री-शिपमेंट इंस्पेक्शन (c) एक्साइज क्लीयरेंस (d) इनमें से कोई नहीं	
7	Raj Exports received an enquiry from a French buyer requesting details about their textile products, including pricing and delivery terms. After sending a quotation, the French buyer placed an order, agreeing to the stated terms. Before proceeding, Raj exports assessed the buyer's creditworthiness and requested a letter of credit to secure payment. Once assured, they initiated steps to obtain an export licence, including registration with the export promotion council and obtaining an import export code. Which document ensures the exporter minimises the risk of non-payment by the importer? (a) Commercial invoice (b) Certificate of origin (c) Letter of credit (d) Duty drawback राज एक्सपोर्ट्स को एक फ्रेंच खरीदार से उनके टेक्सटाइल उत्पादों के बारे में जानकारी (जैसे कीमत और डिलीवरी की शर्तें) के लिए एक पूछताछ मिली। कोटेशन भेजने के बाद, फ्रेंच खरीदार ने बताई गई शर्तों को मानते हुए ऑर्डर दिया। आगे बढ़ने से पहले, राज एक्सपोर्ट्स ने खरीदार की क्रेडिट-योग्यता की जाँच की और पेमेंट सुरक्षित करने के लिए 'लेटर ऑफ़ क्रेडिट' की माँग की। आश्वस्त होने के बाद, उन्होंने एक्सपोर्ट लाइसेंस पाने की प्रक्रिया शुरू की, जिसमें एक्सपोर्ट प्रमोशन काउंसिल के साथ रजिस्ट्रेशन और इम्पोर्ट-एक्सपोर्ट कोड प्राप्त करना शामिल था। कौन सा दस्तावेज़ यह पक्का करता है कि एक्सपोर्टर, इम्पोर्टर द्वारा पेमेंट	1

	न करने के जोखिम को कम कर सके? (a) कमर्शियल इनवॉइस (b) सर्टिफ़िकेट ऑफ़ ओरिजिन (c) लेटर ऑफ़ क्रेडिट (d) ड्यूटी ड्रॉबैक	
8	Global Traders, a spice exporter, completed production as per the importer's specifications and obtained pre-shipment finance for packing and transport. Before shipment, the goods underwent mandatory inspection under the Export Quality Control and Inspection Act, 1963. The exporter then arranged insurance to safeguard the goods against damage during transit and submitted the required documents, including a shipping bill, to the customs office for clearance. Under which act is pre-shipment inspection of export goods mandated in India? (a) Central Excise Tariff Act (b) Export Quality Control and Inspection Act, 1963 (c) Foreign Trade Policy Act (d) Customs Clearance Act मसालों का निर्यात करने वाली कंपनी 'ग्लोबल ट्रेडर्स' ने इम्पोर्टर की ज़रूरतों के हिसाब से प्रोडक्शन पूरा किया और पैकिंग व ट्रांसपोर्ट के लिए प्री-शिपमेंट फाइनेंस हासिल किया। शिपमेंट से पहले, 'एक्सपोर्ट क्वालिटी कंट्रोल एंड इंस्पेक्शन एक्ट, 1963' के तहत सामान का अनिवार्य इंस्पेक्शन किया गया। इसके बाद एक्सपोर्टर ने रास्ते में सामान को नुकसान से बचाने के लिए इंश्योरेंस का इंतज़ाम किया और क्लीयरेंस के लिए कस्टम्स ऑफिस में शिपिंग बिल समेत ज़रूरी डॉक्यूमेंट्स जमा किए। भारत में एक्सपोर्ट किए जाने वाले सामान का प्री-शिपमेंट इंस्पेक्शन किस एक्ट के तहत अनिवार्य है? (a) सेंट्रल एक्साइज़ टैरिफ एक्ट (b) एक्सपोर्ट क्वालिटी कंट्रोल एंड इंस्पेक्शन एक्ट, 1963 (c) फॉरेन ट्रेड पॉलिसी एक्ट (d) कस्टम्स क्लीयरेंस एक्ट	1
9	TechWave Solutions, a domestic company in India, recently imported large quantities of foodgrains from neighbouring countries due to a poor harvest caused by unexpected droughts in the region. The company, alongside government initiatives, aimed to ensure a steady food supply to the public and prevent a potential food crisis. By importing these grains, TechWave Solutions helped meet the immediate demand for food and contribute to national food security. This decision was made in light of the country's limited domestic production and the urgent need to address the food shortage.	1

	Which of the following is an objective of import trade? (a) Export surplus goods (b) Overcome famine (c) Strengthen international cooperation (d) Increase national income . भारत की एक घरेलू कंपनी, टेक वेव सोल्यूशन्स (TechWave Solutions) ने हाल ही में पड़ोसी देशों से बड़ी मात्रा में अनाज का आयात किया, क्योंकि इलाके में अप्रत्याशित सूखे के कारण फसल खराब हो गई थी। कंपनी का मकसद सरकारी पहलों के साथ मिलकर जनता तक अनाज की लगातार सप्लाई सुनिश्चित करना और संभावित खाद्य संकट को रोकना था। इन अनाजों का आयात करके, TechWave Solutions ने भोजन की तत्काल मांग को पूरा करने और राष्ट्रीय खाद्य सुरक्षा में योगदान देने में मदद की। यह फैसला देश में सीमित घरेलू उत्पादन और भोजन की कमी को दूर करने की तत्काल ज़रूरत को ध्यान में रखते हुए लिया गया था। इनमें से कौन-सा आयात व्यापार का उद्देश्य है? (a) अतिरिक्त सामान का निर्यात करना (b) अकाल से निपटना (c) अंतर्राष्ट्रीय सहयोग को मजबूत करना (d) राष्ट्रीय आय बढ़ाना	
10	An Indian exporter wants to export electronic goods to Japan. He prepares a document and includes the details of the cargo in terms of the shippers name, the name of the vessel, port where goods are to be discharges, etc. What is this document called? (a) Shipping bill (b) Shipping order (c) Airway bill (d) Bill of lading एक इंडियन एक्सपोर्टर जापान को इलेक्ट्रॉनिक सामान एक्सपोर्ट करना चाहता है। वह एक डॉक्यूमेंट तैयार करता है और उसमें कार्गो की डिटेल्स शामिल करता है, जैसे शिपर का नाम, जहाज का नाम, वह पोर्ट जहाँ सामान उतारा जाना है, वगैरह। इस डॉक्यूमेंट को क्या कहते हैं? (a) शिपिंग बिल (b) शिपिंग ऑर्डर (c) एयरवे बिल (d) बिल ऑफ़ लैडिंग	1
11	"The goods were not loaded on the ship as they did not get the customs clearance due to lack of one of the main documents." Identify the document which was required among the following.	1

	(a) Bill of clearance (b) Custom bill (c) Shipping bill (d) Bill of exchange "मुख्य दस्तावेजों में से एक की कमी के कारण कस्टम क्लीयरेंस न मिल पाने की वजह से माल को जहाज पर नहीं चढ़ाया जा सका।" नीचे दिए गए विकल्पों में से उस दस्तावेज की पहचान करें जिसकी आवश्यकता थी। (a) बिल ऑफ क्लीयरेंस (b) कस्टम बिल (c) शिपिंग बिल (d) बिल ऑफ एक्सचेंज	
12	The WTO Acts as a dispute settlement body, where disputes between member nations are resolved through mutual consultations to ensure international peace and good trade relations. Identify the role of WTO highlighted in the above statement. (a) Supervision and liberalization (b) Lays code of conduct (c) Dispute settlement body (d) Operation of revised agreements WTO एक विवाद निपटान निकाय के रूप में कार्य करता है, जहाँ सदस्य देशों के बीच विवादों को आपसी परामर्श के माध्यम से सुलझाया जाता है ताकि अंतर्राष्ट्रीय शांति और अच्छे व्यापारिक संबंध सुनिश्चित हो सकें। उपरोक्त कथन में रेखांकित WTO की भूमिका की पहचान करें। (a) पर्यवेक्षण और उदारीकरण (b) आचार संहिता निर्धारित करना (c) विवाद निपटान निकाय (d) संशोधित समझौतों का संचालन	1
13	WTO aims to reduce tariffs and other trade barriers, promote economic growth and create a smooth process for international trade by establishing common rules and regulations. Identify the primary objectives of WTO mentioned in the above statement. (a) To ensure reduction of tariffs and other trade barriers (b) To engage in export activities (c) To deal only with trade of goods (d) All of the above WTO का उद्देश्य टैरिफ और व्यापार की अन्य रुकावटों को कम करना, आर्थिक विकास को बढ़ावा देना और साझा नियम व कानून बनाकर अंतरराष्ट्रीय व्यापार को सुगम बनाना है।	1

	ऊपर दिए गए वाक्य में WTO के मुख्य लक्ष्यों को पहचानें। (a) टैरिफ और व्यापार की अन्य रुकावटों को कम करना (b) निर्यात के कामों में लगना (c) सिर्फ वस्तुओं के व्यापार से संबंधित होना (d) ये सभी	
14	**Assertion (A)** International business and international trade are one and the same thing. **Reason (R)** International business involves the international movements of goods and services, capital, personnel, technology and intellectual property. (a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A) (b) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A) (c) Assertion (A) is true, but Reason (R) is false (d) Assertion (A) is false, but Reason (R) is true कथन (A) इंटरनेशनल बिज़नेस और इंटरनेशनल ट्रेड एक ही चीज़ हैं। कारण (R) इंटरनेशनल बिज़नेस में सामान और सेवाओं, पूंजी, कर्मचारियों, टेक्नोलॉजी और इंटेलेक्चुअल प्रॉपर्टी का इंटरनेशनल स्तर पर आदान-प्रदान शामिल है। (a) कथन (A) और कारण (R) दोनों सही हैं और कारण (R), कथन (A) की सही व्याख्या है। (b) कथन (A) और कारण (R) दोनों सही हैं, लेकिन कारण (R), कथन (A) की सही व्याख्या नहीं है। (c) कथन (A) सही है, लेकिन कारण (R) गलत है। (d) कथन (A) गलत है, लेकिन कारण (R) सही है।	1
15	**Assertion (A)** Obtaining an export licence is a crucial step in completing an export transaction. **Reason (R)** An export licence ensures compliance with export regulations and allows goods to be legally exported. (a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A) (b) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A) (c) Assertion (A) is true, but Reason (R) is false (d) Assertion (A) is false, but Reason (R) is true कथन (A) एक्सपोर्ट ट्रांज़ैक्शन पूरा करने में एक्सपोर्ट लाइसेंस हासिल करना एक अहम कदम	1

	है। कारण (R) एक्सपोर्ट लाइसेंस यह पक्का करता है कि एक्सपोर्ट से जुड़े नियमों का पालन हो रहा है और सामान को कानूनी तौर पर एक्सपोर्ट किया जा सके। (a) कथन (A) और कारण (R) दोनों सही हैं और कारण (R), कथन (A) की सही व्याख्या है। (b) कथन (A) और कारण (R) दोनों सही हैं, लेकिन कारण (R), कथन (A) की सही व्याख्या नहीं है। (c) कथन (A) सही है, लेकिन कारण (R) गलत है। (d) कथन (A) गलत है, लेकिन कारण (R) सही है।	
16	**Assertion (A)** An exporter must secure payment after the shipment of goods. **Reason (R)** Documents like letter of credit and bill of Exchange are used to ensure payment. (a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A) (b) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A) (c) Assertion (A) is true, but Reason (R) is false (d) Assertion (A) is false, but Reason (R) is true कथन (A) एक निर्यातक को माल भेजने के बाद भुगतान सुरक्षित करना चाहिए। कारण (R) भुगतान सुनिश्चित करने के लिए लेटर ऑफ क्रेडिट और बिल ऑफ एक्सचेंज जैसे दस्तावेजों का उपयोग किया जाता है। (a) कथन (A) और कारण (R) दोनों सही हैं और कारण (R), कथन (A) की सही व्याख्या है। (b) कथन (A) और कारण (R) दोनों सही हैं, लेकिन कारण (R), कथन (A) की सही व्याख्या नहीं है। (c) कथन (A) सही है, लेकिन कारण (R) गलत है। (d) कथन (A) गलत है, लेकिन कारण (R) सही है।	1
17	**Assertion (A)** Letter of credit is the most appropriate and secure method of payment to settle international transactions. **Reason (R)** Letter of credit is a guarantee issued by the exporter's bank. (a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A) (b) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A)	1

	(c) Assertion (A) is true, but Reason (R) is false (d) (d) Assertion (A) is false, but Reason (R) is true कथन (A) लेटर ऑफ़ क्रेडिट अंतरराष्ट्रीय लेन-देन के निपटान के लिए भुगतान का सबसे उपयुक्त और सुरक्षित तरीका है। कारण (R) लेटर ऑफ़ क्रेडिट निर्यातक के बैंक द्वारा जारी की गई एक गारंटी है। (a) कथन (A) और कारण (R) दोनों सही हैं और कारण (R), कथन (A) की सही व्याख्या है। (b) कथन (A) और कारण (R) दोनों सही हैं, लेकिन कारण (R), कथन (A) की सही व्याख्या नहीं है। (c) कथन (A) सही है, लेकिन कारण (R) गलत है। (d) कथन (A) गलत है, लेकिन कारण (R) सही है।	
18	**Statement I** Customers are more homogeneous in their taste, preferences, consumption patterns and buying behaviour in case of international business. **Statement II** Production cost of a particular good differs in different countries due to difference in socio economic, geographical and political conditions. (a) Statement I is correct and Statement II is incorrect (b) Statement II is correct and Statement I is incorrect (c) Both the statements are correct (d) Both the statements are incorrect कथन I: अंतरराष्ट्रीय व्यापार के मामले में ग्राहकों की पसंद, प्राथमिकताएं, उपभोग के तरीके और खरीदारी का व्यवहार काफी हद तक एक जैसा होता है। कथन II: सामाजिक-आर्थिक, भौगोलिक और राजनीतिक स्थितियों में अंतर के कारण अलग-अलग देशों में किसी खास वस्तु की उत्पादन लागत अलग-अलग होती है। (a) कथन I सही है और कथन II गलत है। (b) कथन II सही है और कथन I गलत है। (c) दोनों कथन सही हैं। (d) दोनों कथन गलत हैं।	1
19	**Statement I** A railway receipt serves as a title document for goods transported via railway to the port of shipment. **Statement II** Pre-shipment finance is used for acquiring raw materials and other components needed for export production. (a) Statement I is correct and Statement II is incorrect (b) Statement II is correct and Statement I is incorrect	1

	(c) Both the statements are correct (d) Both the statements are incorrect. कथन I रेलवे रसीद, शिपमेंट के बंदरगाह तक रेलवे से भेजे जाने वाले सामान के लिए मालिकाना हक का दस्तावेज़ होती है। कथन II प्री-शिपमेंट फाइनेंस का इस्तेमाल एक्सपोर्ट के लिए सामान बनाने में लगने वाले कच्चे माल और अन्य पुर्ज़ों को खरीदने के लिए किया जाता है। (a) कथन I सही है और कथन II गलत है। (b) कथन II सही है और कथन I गलत है। (c) दोनों कथन सही हैं। (d) दोनों कथन गलत हैं।	
20	**Statement I** The World Trade Organisation (WTO) facilitates Trade Related Intellectual Property Rights (TRIPS). **Statement II** India obtained its Import Export Code (IEC) from the Directorate General Foreign Trade (DGFT). (e) Statement I is correct and Statement II is incorrect (f) Statement II is correct and Statement I is incorrect (g) Both the statements are correct (h) Both the statements are incorrect कथन I विश्व व्यापार संगठन (WTO) व्यापार से संबंधित बौद्धिक संपदा अधिकारों (TRIPS) को सुविधाजनक बनाता है। कथन II भारत ने अपना आयात-निर्यात कोड (IEC) विदेश व्यापार महानिदेशालय (DGFT) से प्राप्त किया। (a) कथन I सही है और कथन II गलत है। (b) कथन II सही है और कथन I गलत है। (c) दोनों कथन सही हैं। (d) दोनों कथन गलत हैं।	1
21	XYZ Ltd., a leading Indian textile company, recently expanded its operations by exporting its premium quality fabrics to Europe and Asia. This move not only increased its revenue but also enhanced its global reputation. The government of India supported such initiatives as they contribute to the country's foreign exchange reserves. The company's management reported that the expansion allowed them to utilise their production capacity efficiently and generate employment opportunities in the domestic market. The success	(1+2) =3

	of XYZ Ltd. highlights the growing significance of international business in today's interconnected world. (i) Define international business. (ii) State any one benefit of international business to the nation as well as to firms. एक्सवाईजेड लिमिटेड [XYZ Ltd.], भारत की एक अग्रणी वस्त्र कंपनी, ने हाल ही में यूरोप और एशिया में अपने प्रीमियम गुणवत्ता वाले वस्त्रों का निर्यात करके अपने परिचालन का विस्तार किया। इस कदम से न केवल उसकी आय में वृद्धि हुई, बल्कि वैश्विक स्तर पर उसकी प्रतिष्ठा भी बढ़ी। भारत सरकार ने ऐसी पहलों का समर्थन किया क्योंकि ये देश के विदेशी मुद्रा भंडार में योगदान करती हैं। कंपनी के प्रबंधन ने बताया कि इस विस्तार से उन्हें अपनी उत्पादन क्षमता का कुशलतापूर्वक उपयोग करने और घरेलू बाजार में रोजगार के अवसर उत्पन्न करने में सहायता मिली। एक्सवाईजेड लिमिटेड [XYZ Ltd.] की सफलता आज की परस्पर जुड़ी हुई दुनिया में अंतर्राष्ट्रीय व्यापार के बढ़ते महत्व को दर्शाती है। (i) अंतर्राष्ट्रीय व्यापार को परिभाषित कीजिए। (ii) राष्ट्र के साथ-साथ फर्मों को अंतर्राष्ट्रीय व्यापार का कोई एक लाभ बताइए।	
22	Rajneesh is a successful businessman who is engaged in the manufacturing of high quality auto spare parts. He ensures that his products meet international standards, making them highly competitive in the global market. His manufacturing unit is located in India, where he sells products domestically through a network of distributors and retailers. At the same time, Rajneesh has expanded his operations internationally, exporting auto spare parts to countries like Singapore, Switzerland and Belgium, which has helped him earn foreign exchange and build a global reputation. On the basis of the given case, answer the following questions (i) Identify the two kinds of business in which Rajneesh is engaged. (ii) Differentiate between the two types of business as identified in part (i) of the question. रजनीश एक सफल व्यवसायी है जो उच्च गुणवत्ता वाले ऑटो स्पेयर पार्ट्स के निर्माण में संलग्न है। वह सुनिश्चित करता है कि उसके उत्पाद अंतर्राष्ट्रीय मानकों को पूरा करते हैं, जिससे वे वैश्विक बाजार में अत्यधिक प्रतिस्पर्धी बनते हैं।उसकी निर्माण इकाई भारत में स्थित है, जहाँ वह वितरकों और खुदरा विक्रेताओं के नेटवर्क के माध्यम से घरेलू स्तर पर उत्पाद बेचता है।साथ ही, रजनीश ने अपने परिचालन का अंतर्राष्ट्रीय स्तर पर विस्तार किया है, सिंगापुर, स्विट्जरलैंड और बेल्जियम जैसे देशों में ऑटो स्पेयर पार्ट्स का निर्यात किया है, जिससे उसे	(1+2) =3

	विदेशी मुद्रा अर्जित करने और वैश्विक प्रतिष्ठा बनाने में मदद मिली है। दिए गए प्रकरण के आधार पर, निम्नलिखित प्रश्नों के उत्तर दीजिए: (i) उन दो प्रकार के व्यवसायों की पहचान कीजिए जिनमें रजनीश संलग्न है। (ii) प्रश्न के भाग (i) में पहचाने गए व्यवसायों के दो प्रकारों में अंतर स्पष्ट कीजिए।	
23	Global Tech Industries, a software development firm headquartered in Country X, has expanded its operations to Country Y. This move has allowed Global Tech to access a skilled talent pool in Country Y at competitive wages, enabling them to offer high quality software solutions at lower costs. Additionally, the company has entered new markets, providing a wider customer base and increased revenues. However, local businesses in Country Y have expressed concerns about increased competition, potential job displacement and the dominance of foreign firms in the local economy, leading to economic disparities. (i) State any two advantages of international business to nations. (ii) State any two disadvantages of international business. ग्लोबल टेक इंडस्ट्रीज, देश X में मुख्यालय वाली एक सॉफ्टवेयर विकास फर्म, ने अपने परिचालन का विस्तार देश Y में किया है। इस कदम से ग्लोबल टेक को देश Y में कुशल प्रतिभा पूल प्रतिस्पर्धी मजदूरी पर प्राप्त करने में मदद मिली है, जिससे वे कम लागत पर उच्च गुणवत्ता वाले सॉफ्टवेयर समाधान प्रदान करने में सक्षम हुए हैं।इसके अतिरिक्त, कंपनी ने नए बाजारों में प्रवेश किया है, जिससे ग्राहकों का आधार बढ़ा है और राजस्व में वृद्धि हुई है। हालांकि, देश Y के स्थानीय व्यवसायों ने बढ़ी हुई प्रतिस्पर्धा, संभावित रोजगार विस्थापन और स्थानीय अर्थव्यवस्था में विदेशी फर्मों के प्रभुत्व के बारे में चिंता व्यक्त की है, जिससे आर्थिक असमानताएँ पैदा हो रही हैं। (i) राष्ट्रों को अंतर्राष्ट्रीय व्यापार के कोई दो लाभ बताइए। (ii) अंतर्राष्ट्रीय व्यापार की कोई दो हानियाँ बताइए।	(2+2) =4
24	Mr. X runs a leather factory and produces leather garments for exports to different countries. Mr. X has obtained all environmental clearances for his business after installing the state of the art machinery. He has taken every precaution to ensure that no pollution is caused to the areas surrounding his factory. Further to contribute to the reputation of brand India, Mr. X goes extra miles to ensure quality of leather garments to be exported. There is zero tolerance level as far as quality of export items is concerned. Because of all this, his profit margin is very low. On the basis of above case, answer the following	(1+1+2) =4

	questions (i) Comment on the conduct of Mr. X as a manufacturer and an exporter. (ii) Is it advisable to sacrifice profits to take care of environment surrounding the factory? (iii) What objectives are being attained by the export efforts of Mr. X? श्री X एक चमड़ा कारखाना चलाते हैं और विभिन्न देशों को निर्यात के लिए चमड़े के वस्त्रों का उत्पादन करते हैं। श्री X ने अत्याधुनिक मशीनरी स्थापित करने के बाद अपने व्यवसाय के लिए सभी पर्यावरणीय स्वीकृतियाँ प्राप्त कर ली हैं। उन्होंने यह सुनिश्चित करने के लिए हर सावधानी बरती है कि उनके कारखाने के आसपास के क्षेत्रों में कोई प्रदूषण न हो।इसके अलावा, ब्रांड इंडिया की प्रतिष्ठा में योगदान देने के लिए, श्री X निर्यात किए जाने वाले चमड़े के वस्त्रों की गुणवत्ता सुनिश्चित करने के लिए अतिरिक्त प्रयास करते हैं। निर्यात वस्तुओं की गुणवत्ता के मामले में शून्य सहनशीलता स्तर है। इन सबके कारण उनका लाभ मार्जिन बहुत कम है। उपरोक्त प्रकरण के आधार पर, निम्नलिखित प्रश्नों के उत्तर दीजिए: (i) निर्माता और निर्यातक के रूप में श्री X के आचरण पर टिप्पणी कीजिए। (ii) क्या कारखाने के आसपास के पर्यावरण का ध्यान रखने के लिए लाभ का त्याग करना उचित है? (iii) श्री X के निर्यात प्रयासों से कौन से उद्देश्य प्राप्त किए जा रहे हैं?	
25	Raj Industries, a well-established manufacturing company, decided to expand its operations internationally to enhance its market reach. After thorough market research, they chose to adopt different strategies for entering foreign markets. They explored three methods (i) Raj Industries permitted a foreign company in Germany to produce and sell their products under the Raj Industries trademark. The foreign company paid a fee in return for the use of the brand, trademarks and patents. (ii) Raj Industries entered into a franchising agreement with a local partner in Australia for their restaurant chain. The local partner paid a fee for the right to use the Raj Industries brand name and operational procedures. (iii) Raj Industries invested directly in a plant in China, establishing a production unit to manufacture goods and market them locally in the region. **Quoting lines from the above case, identify and explain three forms of foreign business operations discussed in the case.** राज इंडस्ट्रीज, एक सुस्थापित विनिर्माण कंपनी, ने अपने बाजार विस्तार को बढ़ाने के लिए	6

	अंतर्राष्ट्रीय स्तर पर अपने परिचालन का विस्तार करने का निर्णय लिया। गहन बाजार अनुसंधान के बाद, उन्होंने विदेशी बाजारों में प्रवेश करने के लिए विभिन्न रणनीतियाँ अपनाने का विकल्प चुना। उन्होंने तीन तरीकों की खोज की: (i) राज इंडस्ट्रीज ने जर्मनी में एक विदेशी कंपनी को राज इंडस्ट्रीज के ट्रेडमार्क के तहत अपने उत्पादों का उत्पादन और बिक्री करने की अनुमति दी। विदेशी कंपनी ने ब्रांड, ट्रेडमार्क और पेटेंट के उपयोग के बदले शुल्क का भुगतान किया। (ii) राज इंडस्ट्रीज ने ऑस्ट्रेलिया में अपने रेस्तरां श्रृंखला के लिए एक स्थानीय साझेदार के साथ फ्रैंचाइज़िंग समझौता किया। स्थानीय साझेदार ने राज इंडस्ट्रीज के ब्रांड नाम और परिचालन प्रक्रियाओं का उपयोग करने के अधिकार के लिए शुल्क का भुगतान किया। (iii) राज इंडस्ट्रीज ने चीन में एक संयंत्र में प्रत्यक्ष निवेश किया, वस्तुओं का निर्माण करने और क्षेत्र में स्थानीय स्तर पर उनका विपणन करने के लिए एक उत्पादन इकाई स्थापित की। उपरोक्त प्रकरण से पंक्तियाँ उद्धृत करते हुए, प्रकरण में चर्चित विदेशी व्यापार परिचालन के तीन रूपों की पहचान कीजिए और व्याख्या कीजिए।	
26	XYZ Industries, a leading manufacturer of organic food products, recently decided to expand its operations by exploring the export market. With a strong domestic customer base, XYZ Industries aimed to enter the global market, particularly in regions where demand for healthy and sustainable products was growing. The company partnered with distributors in countries like the United States, Canada and Australia to export its range of packaged organic snacks and beverages. However, this expansion came with its own set of challenges. XYZ Industries had to ensure that its products met stringent international health and safety regulations. They also had to establish efficient supply chain management, secure the necessary export documentation and maintain quality control throughout the process. Export trade not only helps businesses like XYZ Industries grow by tapping into new markets but also enhances their competitive advantage through product differentiation and specialisation. Additionally, it contributes to fostering bilateral trade relationships, leading to stronger economic ties between nations. (i) Define export trade. (ii) Discuss the objectives of export trade. (iii) Discuss the documents related to goods exported.	(1+2+3) =6

	XYZ इंडस्ट्रीज, जैविक खाद्य उत्पादों की एक अग्रणी निर्माता, ने हाल ही में निर्यात बाजार की खोज करके अपने परिचालन का विस्तार करने का निर्णय लिया। एक मजबूत घरेलू ग्राहक आधार के साथ, XYZ इंडस्ट्रीज का लक्ष्य वैश्विक बाजार में प्रवेश करना था, विशेषकर उन क्षेत्रों में जहाँ स्वस्थ और टिकाऊ उत्पादों की माँग बढ़ रही थी। कंपनी ने संयुक्त राज्य अमेरिका, कनाडा और ऑस्ट्रेलिया जैसे देशों में वितरकों के साथ साझेदारी की ताकि अपने पैकेज्ड जैविक स्नैक्स और पेय पदार्थों की श्रृंखला का निर्यात किया जा सके।हालांकि, इस विस्तार के साथ अपनी चुनौतियाँ भी आईं। XYZ इंडस्ट्रीज को यह सुनिश्चित करना था कि उसके उत्पाद कड़े अंतर्राष्ट्रीय स्वास्थ्य और सुरक्षा नियमों को पूरा करते हों। उन्हें कुशल आपूर्ति श्रृंखला प्रबंधन स्थापित करना, आवश्यक निर्यात दस्तावेज़ सुरक्षित करना और पूरी प्रक्रिया में गुणवत्ता नियंत्रण बनाए रखना भी था।निर्यात व्यापार न केवल XYZ इंडस्ट्रीज जैसे व्यवसायों को नए बाजारों में प्रवेश करके बढ़ने में मदद करता है, बल्कि उत्पाद विभेदीकरण और विशेषज्ञता के माध्यम से उनकी प्रतिस्पर्धात्मक बढ़त को भी बढ़ाता है।इसके अतिरिक्त, यह द्विपक्षीय व्यापार संबंधों को बढ़ावा देने में योगदान देता है, जिससे राष्ट्रों के बीच मजबूत आर्थिक संबंध बनते हैं। (i) निर्यात व्यापार को परिभाषित कीजिए। (ii) निर्यात व्यापार के उद्देश्यों की चर्चा कीजिए। (iii) निर्यातित वस्तुओं से संबंधित दस्तावेजों की चर्चा कीजिए।	

INTERNATIONAL BUSINESS

ANSWER SCHEME

S.No.	Answers	Marks
1	(c) Decline in employment opportunities	1
2	(b) Blocked capital due to delayed payments	1
3	(b) Intense competition in foreign markets	1
4	(c) To reduce imports from other countries	1
5	(a) Performa invoice	1
6	(a) Procurement of goods	1
7	(c) Letter of credit	1
8	(b) Export Quality Control and Inspection Act, 1963	1
9	(b) Overcome famine	1
10	(a) Shipping bill	1
11	(c) Shipping bill	1
12	(c) Dispute settlement body	1
13	(a) To ensure reduction of tariffs and other trade barriers	1
14	**(d)** Assertion (A) is false, but Reason (R) is true	1
15	**(a)** Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A)	1
16	(a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct	1

<table>
<tr><td></td><td>explanation of Assertion (A)</td><td></td></tr>
<tr><td>17</td><td>(c) Assertion (A) is true, but Reason (R) is false</td><td>1</td></tr>
<tr><td>18</td><td>(b)Statement II is correct and Statement I is incorrect</td><td>1</td></tr>
<tr><td>19</td><td>(c)Both the statements are correct</td><td>1</td></tr>
<tr><td>20</td><td>(a)Statement I is correct and Statement II is incorrect</td><td>1</td></tr>
<tr><td>21</td><td>(i) Manufacturing and trading beyond the boundaries of one’s own country is known as international or external business. International business can be defined as those business activities that take place across the national frontiers.
(ii) Benefit of International Business to Nation
Earning of Foreign Exchange International business helps a country to import those goods and services which it cannot produce efficiently such as petroleum products and fertilisers, etc.
Benefit of International Business to Firm
Improved Business Vision Most enterprises have an urge to grow, to become more competitive, to diversify and derive the benefits of going global through international business</td><td>(1+2)=
3</td></tr>
<tr><td>22</td><td>(i) The two kinds of business in which Rajneesh is engaged are domestic business and international business.
(ii) Following are the differences between domestic business and international business:
<table>
<tr><td>Basis</td><td>Domestic Business</td><td>International Business</td></tr>
<tr><td>Nationality of Buyers and Sellers</td><td>It involves dealings between people or organisation from the same country.</td><td>It involves dealings between people or organisation from the different countries.</td></tr>
<tr><td>Political System and Risks</td><td>Political factors have a profound impact on domestic business. It subject to political system and risks of one single country.</td><td>Different countries have different forms of political systems and degrees of risks which often became barrier to international business.</td></tr>
<tr><td>Business Regulations and Policies</td><td>Domestic business is subjected to rules, laws and policies, taxation system, of a single country.</td><td>International business transactions are subject to rules, laws and policies, tariffs and quotas, etc of multiple countries.</td></tr>
</table></td><td>(1+2)=3</td></tr>
</table>

23	(i) Following are the advantages of international business to nations: • **Increase in Employment:** International business results in increase in employment opportunities directly or indirectly. It results in increase in production and for this demand, requirement of labour also increases, which creates employment opportunities. **Increase in Standard of Living:** In the absence of international business, it would not have been possible for the world community to consume goods and services produced in other countries that the people in these countries are able to consume and enjoy a higher standard of living. Following are the disadvantages of international business: **Legal Formalities:** International business is monitored by the government. Prior permission has to be obtained before exporting or importing goods or services. A large number of documents have to be filed and custom duties are paid on imports and exports. **Blocked Capital:** Traders have to often depend upon a chain of intermediaries in international business. There is a long time gap between the dispatch of goods by the exporter and their receipt and payment by the importer. Therefore, the capital of the exporter is blocked for a long period.	(2+2)=4
24	(i) Mr. X is a responsible manufacturer and exporter as he has taken all environmental clearances by installing necessary equipment to check pollution of any kind. (ii) Yes, it is advisable to invest money on environmental protection even if the profit margin declines. Taking care of environment is an important social responsibility of a businessman. (iii) The export objectives being achieved are • Earning of foreign exchange. • Building up India's image by exporting quality products.	(1+1+2) =4
25	Following are the three forms of foreign business operations discussed in the case: Licensing: "Raj Industries permitted a foreign company in Germany to produce and sell their products under the Raj Industries trademark." Licensing involves allowing another party in a foreign country to produce and sell goods under the company's trademark, patents or copyrights in exchange for a fee. Raj Industries granted a German company the right to use their brand in return for a fee, allowing them to leverage the local market without direct investment. (ii) Franchising: "Raj Industries entered into a franchising agreement with a local partner in Australia for their restaurant chain."	6

	Franchising is similar to licensing, but it focuses on services rather than goods. The local partner pays a fee to operate under the Raj Industries brand name and utilise the company's business model and operational systems. This allows the company to expand without managing operations directly in the foreign market. (iii) Foreign Investment: "Raj Industries invested directly in a plant in China, establishing a production unit to manufacture goods and market them locally in the region." It involves making investments directly in properties such as land, buildings or machinery in a foreign country to undertake production and marketing. Raj Industries set-up a production facility in China to manufacture and market goods locally, ensuring direct control over operations. Foreign investment is the investment of funds in abroad in exchange of financial return from that country in the form of profit, interest or dividend. **It is of two types:** • Foreign Direct Investments (FDI) It takes place when a company directly invests in properties such as plant and machinery, land and building to undertake production and marketing of goods and services in those countries. • Portfolio Investments It takes place when a company invests in another company by acquiring shares of that company or giving them loans and earn dividend on shares and interest on loans.	
26	Export trade is a mode of international trade in which goods produced in the domestic country are sold to the residents of another country. (ii) Following are the objectives of export trade: • **Sell Surplus Goods:** A country may produce a commodity in such quantities that are more than its needs. The country can sell its surplus output to foreign countries. In this way, export trade is undertaken to make productive use of surplus goods. • **Better Utilisation of Resources:** Export trade widens the market for goods. A country can make better utilisation of its resources by producing goods on a large-scale, both for domestic use and for export. • **Earn Foreign Exchange:** A country can earn valuable foreign exchange through export. • **Increase National Income:** Export trade helps a country to increase its national income. • **Generate Employment:** The growth of export trade also creates employment opportunities.	(1+2+3) =6

	(iii) Following are the documents related to goods exported • **Export Invoice:** It is a seller bill information about goods like quantity, number of packages, name of ship, terms of delivery, payments, etc. • **Packing List:** This document provides complete details regarding the goods exported and the form in which they are being sent. • **Certificate of Origin:** It specifies the country in which the goods are being manufactured. This certificate enables the importer to claim tariff concessions or other exemptions. It is also used in the case when there is a ban on imports of some goods from certain countries. • **Certificate of Inspection:** It is the certificate that states that the consignment has been inspected as required under the Export (Quality Control and Inspection) Act, 1963. It is issued by some authorised agency Export Inspection Council of India (EICI)	

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