

# 2021

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Portion Omitted  
from the  
Syllabus for the  
Year 2020-2021

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# 2021

# NAVNEET PRACTICE PAPERS

Based on  
the Board's  
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## COMMERCE

## STANDARD XII

Updated  
as per the  
portions omitted  
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for the year  
2020-21

★ **Economics** ★ **Organisation of Commerce & Management**  
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# ORGANISATION OF COMMERCE AND MANAGEMENT

## EVALUATION PLAN

1. (a) Written Examination : **80 marks**
- (b) Application Based Test : **20 marks**
- Total : 100 Marks**

### 2. Unitwise Distribution of Marks :

Topic No.	Topic	Total Marks	Marks with Option
1.	Principles of Management	07	12
2.	Functions of Management	12	15
3.	Entrepreneurship Development	05	05
4.	Business Services	20	27
5.	Emerging Modes of Business	07	10
6.	Social Responsibilities of Business Organisation	07	10
7.	Consumer Protection	07	17
8.	Marketing	15	20
	<b>Total</b>	<b>80</b>	<b>116</b>

Time : 3 Hours

Marks : 80

Q. No.	Questions	Marks per Questions	No. of Questions to Attempt	Marks without Option	Marks with Option
1.	<b>From the following types of sub questions any four will be asked.</b> (A) Select the Correct Option and Rewrite the Sentence	1	5	5	5
	(B) Match the Pairs	1	5	5	5
	(C) Give One Word/Phrase/Term	1	5	5	5
	(D) State True or False	1	5	5	5
	(E) Find the Odd One	1	5	5	5
	(F) Complete the Sentences	1	5	5	5
	(G) Select the Correct Option from the Bracket	1	5	5	5
	(H) Answer in One Sentence	1	5	5	5
	(I) Correct the Underlined Word and Rewrite the Following Sentence	1	5	5	5
	(J) Arrange in Proper Order	1	5	5	5
2.	Explain the Following Terms/ Concepts	2	Any 4 Out of 6	08	12
3.	Study the Following Case/Situation and Express Your Opinion	3	Any 2 Out of 3	06	09
4.	Distinguish Between	4	Any 3 Out of 4	12	16
5.	Answer in Brief	4	Any 2 Out of 3	08	12
6.	Justify the Following Statements	4	Any 2 Out of 4	08	16
7.	Attempt the Following	5	Any 2 Out of 3	10	15
8.	Attempt the Following (Long Answer)	8	Any 1 Out of 2	08	16
	<b>Total Marks</b>			<b>80</b>	<b>116</b>

**NON-EVALUATIVE PORTION FOR THE ACADEMIC YEAR 2020-21**  
**AS DECLARED ON 22-07-2020**

- Question will not be asked in any examination on the sub units mentioned below.

Sr. No.	Chapter No. & Name	Sub Unit No. & Heading	Page No.	Matter of Self Study	Remarks
1.	1. Principles of Management	1.4 Significance of Management Principles	3	From-As we have discussed ... Up to-... it builds confidence in the minds of managers	Additional Information
2.		1.7 Techniques of Scientific Management	10	From-Some of the major ... Up to-... earn wages i.e remuneration of higher level.	”
3.	3. Entrepreneurship Development	3.6 Qualities of Successful Entrepreneur	39	From-Successful business people ... Up to-... to make the business better.	Self study for better understanding
4.	4. Business Services	4.7 Transport	74	From-In India, transport plays ... Up to-... for petroleum and natural gas.	Can be self studied by using internet
5.		4.9 Communication	80	From-Communication is an art of ... Up to-... send or receive messages.	Can be self studied by using internet
6.	6. Social Responsibilities of Business Organisations	6.4 Business Ethics	122	From-Concept ... Up to-... efficient & dynamic.	Additional information
7.	7. Consumer Protection	7.3 Need & Importance of Consumer Protection	134	From-Generally, safeguarding the rights ... Up to-... for the benefit of the people.	Self study for better understanding
8.		7.5 Responsibilities of Consumers	137	From-The Act has given ... Up to-... for consumer welfare.	Additional information
9.	8. Marketing	8.4 Types of Markets	153	From-Markets can be broadly ... Up to-... a commodity or service.	Additional information for better understanding

**ORGANISATION OF COMMERCE  
AND MANAGEMENT**

**Time : 3 Hours]**

**[Total Marks : 80**

**Note :** (i) All questions are compulsory.

(ii) Figures to the right indicate full marks for the questions.

(iii) Figures to the left indicate question numbers.

(iv) Answer to every question must start on a new page.

**Q. 1. (A) Select the correct option and rewrite the sentences :**

**(5) [20]**

- (1) ..... Policy covers all types of risks of a vessel while it is anchored at the port for a particular period of time.  
(a) Port Risk (b) Voyage (c) Floating
- (2) For online transactions, ..... is required.  
(a) registration (b) trading (c) business
- (3) Businessmen are ..... of the society.  
(a) representatives (b) leaders (c) trustees
- (4) In India, the Consumer Protection Act was initiated in the year .....  
(a) 1947 (b) 1989 (c) 1986
- (5) In the ..... Concept of Market, emphasis is given on 'buying and selling of goods and services'.  
(a) Place (b) Exchange (c) Customer

**(B) Match the pairs :**

**(5)**

**Group 'A'**

- (a) Henry Fayol
- (b) Entrepreneur
- (c) B2C
- (d) Responsibility towards Government
- (e) National Commission

**Group 'B'**

- (1) Employment
- (2) German engineer
- (3) Exceeds ₹ 10 crores
- (4) Voluntary
- (5) Modern management
- (6) Respecting rules and regulations
- (7) Self-motivated
- (8) Back up to customer
- (9) Up to ₹ 5 crores
- (10) Business to Customer

**(C) Give one word / phrase / term which can substitute each one of the following :** (5)

- (1) The principal which deals with 'to do work with innovative way'.
- (2) The process of contracting a business function to specialised agencies.
- (3) Duties, obligations of business directed towards welfare of society.
- (4) The commission which entertains case where the value of goods or services paid as consideration does not exceeds ₹ 1 crore.
- (5) Two sellers, selling either a homogeneous product or a differentiated product.

**(D) State whether the following statements are True or False :** (5)

- (1) Henry Fayol has given different techniques of management.
- (2) Every function of management is based on planning.
- (3) In bonded warehouse, imported goods on which custom duties is already paid are stocked.
- (4) It is easy to set up e-business as compared to traditional business.
- (5) The commercial organisation are expected to uplift the weaker section of the society.

**Q. 2. Explain the following terms / concepts : (Any FOUR)** (8)

- (1) Principle of Authority and Responsibility
- (2) Organising
- (3) E-Business
- (4) Social Responsibility
- (5) District Commission
- (6) Marketing Mix

**Q. 3. Study the following case/situation and express your opinion : (Any TWO)** (6)

- (1) Mr. Harshad is an entrepreneur and engaged in a production of eco-friendly utensils. Both male and female workers are working in his factory. All male employees are directly working on machines whereas female employees are working on packaging department. Mr. Paul is working as finance manager and Mrs. Naina is responsible for recruiting employees in the factory. On this basis :**

- (i) Identify any one principle of management in above case.
- (ii) What is the designation of Mrs. Naina in this organisation?
- (iii) Who is responsible for overall planning of the organisation?

(2) **Mr. Ashok visited a shop to buy a pair of shoes for ₹ 700. The salesman forced him to buy a pair of bigger size shoes of ordinary company by claiming this size would be suitable for him. After reaching home, he discovered that shoes are too big for him. He complained about the shoes to shopkeeper. The shopkeeper denied to replace the shoes despite of availability of stock. In above case,**

- (i) Which right has been violated?
- (ii) Comment on the right which has been violated.
- (iii) Where can Mr. Ashok file his complaint?

(3) **Mr. Kumar purchases goods from nearest shop. Mr. Azhar purchases mobile from Tokyo. Mr. Ram of Nandurbar purchases electronic goods from Delhi.**

- (i) From which type of market did Mr. Kumar purchase?
- (ii) Name the type of market from where Mr. Azhar deals.
- (iii) State the type of market from where Mr. Azhar deals.

**Q. 4. Distinguish between the following : (Any THREE) (12)**

- (1) Planning and Organising
- (2) Central Bank and Commercial Bank
- (3) Traditional Business and E-Business
- (4) District Commission and State Commission

**Q. 5. Answer in brief : (Any TWO) (8)**

- (1) Explain any five principles of management of Henry Fayol.
- (2) Explain any five importance of planning.
- (3) State four types of deposits.

**Q. 6. Justify the following statements : (Any TWO) (8)**

- (1) Planning is the first function of management.
- (2) Entrepreneurship is the best source for self-employment.
- (3) Principal of subrogation is applicable to all contracts of indemnity.
- (4) Role of media has major influence on business organisation.

**Q. 7. Attempt the following : (Any TWO) (10)**

- (1) Explain the utility functions of the commercial bank.
- (2) State rights of the consumer.
- (3) Explain Packaging and Labelling with reference to marketing.

**Q. 8. Answer the following questions : (Any ONE) (8)**

- (1) Define Bank. Explain different types of banks.
- (2) Define Marketing and explain in detail the concept of marketing.



## Solution : Model Practice Paper – O. C. and Management

प्र. क्र.  
Q. No.

1 (A)

**Note :** Question 1 is an objective question. In this question, 4 sub-questions of 5 marks each such as Select the Correct Option, Match the Pairs, State True or False, Find Odd One, etc. will be asked. All sub-questions are compulsory. Students can easily score maximum marks in this question. This question carries 20 marks.

**Note :** In this sub-question, 5 statements with 3 alternatives each will be given. Read the questions and given options carefully and then choose the correct answer. Rewrite the complete statement by filling in correct answer. Underline the correct answer you have filled in. Do not change the order of the statements.

- (1) Port Risk Policy covers all types of risks of a vessel while it is anchored at the port for a particular period of time.
- (2) For online transactions, registration is required.
- (3) Businessmen are trustees of the society.
- (4) In India, the Consumer Protection Act was initiated in the year 1986.
- (5) In the Exchange Concept of Market, emphasis is given on 'buying and selling of goods and services'.

(Marking Scheme : Each Correct answer carries 1 mark; Total marks : 5)

प्र. क्र.  
Q. No.

1 (B)

**Note :** In this sub-question there will be 2 groups with 5 items in GROUP 'A' and 10 alternatives in Group 'B'. Each item given in Group 'A' will have usually two close options in Group 'B'. Read and understand them carefully and select the correct option from Group 'B'. Then rewrite the complete pair. Do not change the order of items given in Group 'A'.



Group 'A'	Group 'B'
(a) Henry Fayol	Modern management
(b) Entrepreneur	Self-motivated
(c) B2C	Business to customer
(d) Responsibility towards Government	Respecting rules and regulations
(e) National Commission	Exceeds ₹ 10 crores

(Marking Scheme : Each Correct pair carries 1 mark; Total marks : 5)

प्र. क्र.  
Q. No.

1 (C)

**Note :** In this sub-question, 5 statements from different chapters will be given. Read the statements carefully. Then write correct word phrase or term for each statement. Do not change the order of the statements.



- (1) Principle of Initiative
- (2) Outsourcing
- (3) Social Responsibility
- (4) District Commission
- (5) Duopoly

(Marking Scheme : Each correct answer carries 1 mark; Total marks : 5)

प्र. क्र.  
Q. No.

1 (D)

**Note :** In this sub-question, 5 statements from different chapters will be given. Read the statements carefully. Then write whether the statements given are True or False. Do not change the order of the statements.

(1) False

(2) True

(3) False

(4) True

(5) True

(Marking Scheme : Each correct answer carries 1 mark;  
Total marks : 5)

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**Note :** Question 2 is a short note type question. Any 4 out of 6 are to be attempted. However, we have given answers of all 6 questions. In the answer to each sub-question to the point explanation are expected. Underline the sub-titles so given.

(1) Principle of Authority and Responsibility :

Authority implies right or freedom to take decisions. The manager should be given authority to get the work done systematically from the subordinates. Authority should always go with corresponding responsibility, e.g. if manager is given authority to complete a specific task within a given time, he would be held responsible for the same. Manager should have adequate authority to take managerial decisions on his own to achieve the goal.

(2) Organising :

Organising is the process of identifying, bringing the required resources together such as men, money, material, machines and method and arranging them in proper manner to achieve the goals of an organisation. It is prepared by the top level management. Organising function decides the ways and means to achieve what has been planned. Organising is more important in executing the plan.

(3) E-business :

(i) E-business is abbreviated form of electronic business which implies application and use of information and communication technologies (ICT) to conduct and complete all business activities. In 1997, International Business Machines (IBM) used this term. It refers to the use of the web, internet, intranets, extranets, etc. to connect people, process to conduct business.

(ii) The entire process of settling up a website, helping the customers navigate through the website, offering available products, discounts, to attract the prospective buyers. e-business establishes more closer relationship between partners, employees, suppliers and helps companies to manage their business efficiently. Google pay, Swiggy, Ola are the examples of e-business. Various types of 'e' business transactions are B2B, B2C, C2B, C2C, B2A, and C2A.

(4) Social Responsibility :

Social Responsibility is an obligation of the business organisation to take those decisions and perform those actions which are desirable to fulfil the objectives and add values to our society. The business organisations are expected to perform all the activities of their business in such a manner that such activities will not cause any harm to any part of the society. In other words, the business enterprises should undertake such activities which will protect and contribute to the interest of society and fulfil their expectations.

(5) District Commission :

A consumer redressal agency by the State Government in each district to give relief or settle the dispute of consumer who complain against manufacturers or traders is called District Commission. District Commission has the jurisdiction to entertain complaints where the value of goods and services, including compensation if any, does not exceed ₹ 1 crore. District Commission can exercise its jurisdiction within the limits of its district.

(6) Marketing Mix :

(i) The term 'marketing mix' is of recent origin and it is often used in modern marketing. Marketing mix refers to the mixture or combination of various marketing variables that the business enterprises intermix and control to get expected result from the target market. In other words, marketing mix means placing the right product, at right price, in right place and at right time. It is considered as one of the important tools of marketing. Every business enterprise must develop appropriate marketing mix to expand turnover and achieve its objectives.

(ii) The 4 Ps of marketing mix viz. product, price, place and promotion were introduced by E. Jerome McCarthy in 1960. Then in 1981, 4Ps were further extended by Booms and Bitner by adding 3 new elements viz. People, Process and Physical Environment. The marketing mix is broadly categorised into two types, viz. Product Marketing Mix (first 4 Ps) and Service Marketing Mix (newly added 3 Ps). In brief, marketing mix implies taking appropriate decisions in the above stated 7 broad areas which are supplementary to one another by the business enterprise.

(Marking Scheme : Each sub-question carries 2 marks; Total marks : 8)

**Note :** This is application based question. In this question, there will be 3 sub-questions of 3 marks each. The students are required to attempt any 2 sub-questions. However, we have given answers to all three questions. Students have to study the case or situation in detail. They have to analyse, justify or express opinion, answer related with the questions. Each sub-question carries 3 marks. Total marks 6.

- (1) (i) In the above case, principle of Division of work is identified.  
(ii) The designation of Mrs. Naina is Human Resource Manager in this organisation.  
(iii) Mr. Harshad, an entrepreneur of eco-friendly utensils, is responsible for overall planning of the organisation.
- (2) (i) In the above case, Right to Choose has been violated.  
(ii) In India, the choices are available to consumers to select goods and different services like telecommunications, travel and tourism, banking, electronics, consumer goods, etc. According to right to choose, consumer should be given full liberty to select an article as per his requirements, liking and purchasing capacity. The seller cannot force or compel the customer to buy specific product or service. In this manner monopoly is prevented.  
(iii) According to the Right to be Heard, Mr. Ashok can lodge complaint to the consumer forum. Mr Ashok can also file online complaint through portal or mobile applications to the trader as well as to the appropriate consumer commission or forum.
- (3) (i) Mr. Kumar purchases goods from local market.  
(ii) Mr. Azhar purchases mobiles from Tokyo (foreign market) and hence he deals in international market.  
(iii) Mr. Ram of Nandurbar purchases electronic goods from Delhi, i.e. from national market.

(Marking Scheme : Each sub-question carries 3 marks; Total marks : 6)

**Note :** In this question, 4 sub-questions on distinguish between from different chapters will be asked. Any 3 out of 4 are to be attempted. However, we have given answers of all 4 questions. In the answer, minimum 4 points with sub titles and brief explanation are expected. We have given more than four points in each question for better understanding. The explanation should be to the point. Avoid writing unnecessary details.



(1)	Planning	Organising
	<p><u>1. Meaning :</u></p> <p>Planning is a management function that decides in advance what to do, how to do, when to do, where to do and who is to do it.</p>	<p>Organising refers to the process of putting together various resources and activities of the organisation into a system.</p>
	<p><u>2. Objective :</u></p> <p>The objective of planning is to set the goals and choose the means to achieve those goals.</p>	<p>The main objective of organising is to identify and bring together all the resources.</p>
	<p><u>3. Area of function :</u></p> <p>Planning involves setting objectives, identifying alternative courses of actions and selecting the best plan for the organisation.</p>	<p>Organising involves identifying the activities and grouping of relative activities of the organisation.</p>
	<p><u>4. Order :</u></p> <p>Planning is the first and foremost function of management. It precedes every other function.</p>	<p>In organising function, internal as well as external factors are considered to make arrangement of resources.</p>



5. Nature :

Planning is continuous in nature. It is related with those resources which are required for achieving the targets.

Organising is related with all the available resources as they need to be properly arranged.

6. Levels of management :

Top management is responsible for preparing planning for the activities of the entire organisation.

Usually, the function of organising is undertaken by the top level management and middle level management.

(2)

Central Bank

Commercial Bank

1. Meaning :

The central bank regulates money supply in the country by exercising control over the commercial banks.

A commercial bank accepts deposits from the public, grants loans to businessmen and public.

2. Printing and Currency :

The central bank is authorised to print currency notes.

The commercial bank is not authorised to print currency notes.

3. Acceptance of deposits :

The central bank does not accept deposit from the public.

The commercial bank accepts deposit from the general public.

4. Loans :

The central bank provides loans and advances to banks and other financial institutions.

The commercial bank grants loans and advances to businessmen, industry and people.

5. Ownership :

The central bank is owned and controlled by the Central Government of the concerned country.

The commercial banks can be owned and controlled by the government as well as private sector organisations.

6. Number :

There is only one central bank for the whole country.

There is a large network of different commercial banks in the country.

(3)

Traditional Business

E-business

1. Meaning :

Business which is managed and carried out in accordance with specific custom or a trading practice for long time is called traditional business.

Business which is managed and carried out by using information technology i.e. the internet is called e-business.

2. Formation :

Traditional business is comparatively difficult to form as it requires lengthy and complicated procedure to start.

E-business is comparatively easy to form.

3. Setting up cost :

To start, establish and manage traditional business large amount of capital is required.

To start, establish and manage e-business very less amount of capital is required.

4. Risk involved :

In traditional business, less risk is involved as interaction between parties is possible due to personal contact.

In e-business, high risk is involved as there is no direct contact between the parties.

5. Scope of business :

Traditional business is limited to specific area so its scope is limited.

E-business covers the entire world so its scope is vast and unlimited.

6. Physical inspection and delivery of goods :

In traditional business, goods can be inspected physically before they are purchased and their delivery is instant.

In e-business, goods cannot be inspected physically before they are purchased and their delivery usually takes time.

(4)

District Commission

State Commission

1. Meaning :

A consumer disputes redressal agency at the district level established by the State Government is known as District Commission,

A consumer disputes redressal agency at the state level established by the State Government is known as State Commission.

2. President :

A person who is or retired or qualified as a judge of a district court is appointed as president of the District Commission.

A person who is or retired as a judge of a High Court is appointed as president of State Commission.

3. Membership tenure :

Every member of District Commission shall hold office for a term of 5 years or up to the age of 65 years whichever is earlier.

Every member of State Commission shall hold office for a term of 5 years or up to the age of 67 years whichever is earlier.

4. Area covered :

It has jurisdiction over a particular District.

It has jurisdiction over a particular State.

5. Monetary jurisdiction :

It has the jurisdiction to entertain complaints where the value of goods or services, including compensation, if any, does not exceed ₹ 1 crore.

It has the jurisdiction to entertain complaints where the value of goods or services, including compensation, if any, exceeds ₹ 1 crore but does not exceed ₹ 10 crore.

6. Appeal against orders :

Any person not satisfied with the order of District Commission can appeal against such order to the State Commission within 30 days of the order.

Any person not satisfied with the order of the State Commission can appeal against such order to the National Commission within 30 days of the order.

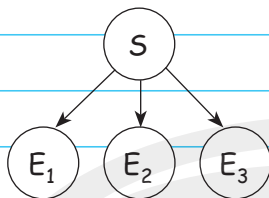
(Marking Scheme : 1 mark for each point with correct explanation in brief. Each sub-question carries 4 marks; Total marks : 12)

**Note :** This is a short note type question. Any 2 out of 3 are to be attempted. However, we have given answers to all 3 questions. In the answer to each sub-question, minimum 4 points with sub titles must be written. Write to the point explanation. Underline the sub titles given.

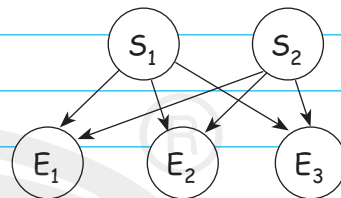
- (1) Henry Fayol, the Father of Modern Management developed the 14 principles of management. Some are explained below :
- (i) Principle of Division of Work : According to this principle, the entire work such as technical, financial, commercial, accounting, management and security operations should be assigned to different employees as per their qualification, qualities, capabilities and experience. It gives benefits of specialisation and improves efficiency and expertise of employees. This in turn helps to attain expected productivity level.
- (ii) Principle of Authority and Responsibility : Authority implies right or freedom to take decisions. The manager should be given authority to get the work done systematically from the subordinates. Authority should always go with corresponding responsibility, e.g. if manager is given authority to complete a specific task within a given time, he would be held responsible for the same. Manager should have adequate authority to take managerial decisions on his own to achieve the goal.
- (iii) Principle of Discipline : Fayol insists that discipline is essential for smooth working of an organisation. It helps to achieve the goals set in the organisation. In relation to organisation, discipline means strictly obeying instructions of the superiors. There should be clear and utmost understanding between management and employees in respect to organisation's rules. It is necessary to observe basic discipline at all levels of management.

(iv) Principle of Unity of Command : According to this principle, every employee should receive orders and instructions from one boss only and he should be accountable to him only. If he receives orders from more than one boss at a time, he will not understand whose orders should be executed first. To avoid this, organisational hierarchy should be well defined and each employee in the organisation should know his immediate boss. He should receive orders and instructions from him only and should report to him only.

Right Approach



Wrong Approach



S : Superior, E : Employee.

(v) Principle of Unity of Direction : Fayol advocates "One head for One plan". It means that a group of employees working on similar activities should have common objectives and must work under one head (senior). All the objectives of the different groups should be in line with the objectives of the organisation. If this principle is followed there will be an effective co-ordination of the individual efforts and energies.

(2) The importance of planning is explained as follows :

(i) Helps to set clear objectives : Planning is the process of setting objectives, targets and formulating plans to achieve these objectives. With the help of proper planning, management can analyse the present condition of the organisation and can identify the ways of attaining the desired position in future.

(ii) Provides path of action : Planning ensures that the goals or objectives are clearly set. It acts as a guide and provides direction for doing the right things at the right time and in the right way. It helps the employees to understand the organisational goals and what they must do to achieve the same.

(iii) Planning improves performance : It helps the manager to improve future performances of employees by setting clear objectives and selecting a right course of action. It leads to efficiency in working of the employees. Due to proper planning the employees can work according to guidelines which helps them to improve performance. This results into higher profitability of the organisation.

(iv) Minimizes the risk : Planning is the process of looking into the future and anticipating the future changes. By deciding in advance the task to be performed, planning helps to deal with future changes and unforeseen events. Planning helps in anticipation of risk and decide preventive measures accordingly. Though changes or risks cannot be eliminated but proper planning minimizes them.

(v) Planning leads to optimum utilisation of resources : Plans are made on the basis of availability of resources with proper allocation for various activities. Proper allocation of resources brings higher efficiency and desired results with minimum wastages.



(3) The four different types of deposits are explained below :

(i) Fixed Deposits : Fixed deposit is a type of bank account in which certain fixed amount is deposited and kept in the bank for certain fixed period of time bearing fixed interest rate. The rate of interest paid on fixed deposit is higher than the rate of interest paid on other types of deposits. This rate of interest varies with the deposit period. Interest may also be paid periodically or annually. On premature withdrawal of deposit, i.e. before maturity date, lower rate of interest is given. The deposit holder gets Fixed Deposit Receipt (FDR) issued by the bank. Loan can be obtained against this FDR.

(ii) Recurring deposit : Recurring deposit is an account where depositor is required to deposit certain fixed amount at regular interval say monthly for certain fixed period. On the date of maturity, depositor gets the total amount deposited and interest accrued on such deposit amount. Rate of interest paid is higher and varies according to period of time. The depositor is given pass book to record the entries of deposits. It is taken by salaried people and businessmen who have regular income.

(iii) Demand deposit : The demand deposit is one in which deposited amount is repaid to the accountholder as and when demanded. The amount of money can be withdrawn by the accountholder from the bank by using withdrawal slips, cheques, ATM cards, online transfer, etc.

(iv) Savings deposit : A bank account designed for the personal savings is called savings account. The main aim of this deposit account is to inculcate the regular habit of savings among the common people. This account is suitable for those people who have fixed and regular income like salaries, wages, etc. Although there is no restriction on the depositing of money but frequent withdrawals are not permitted by the bank. Interest on balance amount is credited in this account quarterly or half yearly. Pass book, cheque book, balance on SMS, account statement, etc. are provided to the accountholders to know the position of account.

Some banks provide to their accountholders flexi deposit facility which combines the advantages of savings account and fixed deposit account. In case of multiple option deposit account, the excess amount above certain predetermined limit gets automatically transferred from Savings Account to fixed deposit account. Under this type of account, if adequate fund is not available in savings account to honour the cheques, then the funds get transferred automatically from fixed deposit account to savings deposit account.

(Marking Scheme : Each sub-question carries 4 marks; Total marks : 8)

**Note :** In this question, you have to give specific reasons to justify the statements given. Any 2 out of 4 are to be attempted. However, we have given the answers of all 4 questions. In the answer to each sub-question, write minimum 4 points with sub titles. Write to the point explanation. Underline the sub titles given.

- (1) (i) Planning is the basic function of management. Every function of management is based on planning. Planning is an intellectual process of logical thinking and rational decision making.
- (ii) Designing i.e. doing a proper planning and implementing it accordingly is the key of achieving the objectives of organisation.
- (iii) Planning means deciding in advance what to do, when to do, how to do, where to do and who is to do it. Thus, it is a detailed programme of future courses of action.
- (iv) Planning involves setting objectives, identifying alternative courses of action and selecting the best plan. It focuses on organisation's objective and develop various course of action to achieve those goals.
- (2) Entrepreneurship is the best source for self employment because of the following reasons :
- (i) Intellectual capabilities : An entrepreneur is a creative thinker. He always thinks more creatively and better than others. He always gives innovative ideas which is the sign of his intellectual capabilities. He has ability to analyse any situation and take proper decision.
- (ii) Future vision : The entrepreneurs have the ability of foreseeing the future market conditions. He can take appropriate decision by considering recent market situations and changes in market conditions. He must have knowledge of external business environment. This enables them to take timely actions.

(iii) Technical knowledge : The entrepreneur should have advance technical knowledge about the products and service, plans of production, etc. Entrepreneur should also update his technical knowledge from time to time to understand latest changes taking place in technology.

(iv) Risk-bearing capacity : This is one of the main characteristics of an entrepreneur. He should be calculative in taking risk. He should be prepared to face challenges and look for opportunities in every adverse situation of business.

(3) (i) The principle of subrogation is a colliery to the principle of indemnity. According to the principle of subrogation, after the insured is fully compensated for the total loss of the property or goods insured by him, all the rights in such property or goods pass on to the insurer.

(ii) Insured person cannot claim any right in the property saved from the damage or loss, once he is fully compensated by the insurer. This is necessary because, if part of the goods or property saved from the fire, accident, damage, floods or cyclone, etc. could fetch any price, the same cannot be retained by the policyholder or insured. In that case, he would realise more than the actual loss, which is against the principle of indemnity.

(iii) As like the principle of indemnity, the principle of subrogation is applicable to all insurance policies except life insurance policies. In life insurance contracts, the question of indemnity and subrogation does not arise. The insurer cannot indemnify the insured because the loss due to death cannot be determined exactly in terms of money.

(iv) In all insurance contracts, except life insurance contract, principle of indemnity and principle of subrogation are applicable. On indemnifying the insured, the insurer can sell the remains of the property damaged and reduce his loss. However, this principle is applicable only if the damaged property has any value after the happening of the event.

(4) (i) Media refers to the various means used by advertisers to inform the public about the products or services. The mass media include the press, social media, radio and television. Active media plays crucial role in the life of the people. Through internet, reach of social media to common people has become very easy.

(ii) Media has efficiency to disburse any information, wrong policy, unfair trade practice adopted by any business organisation at a very fast pace to the public at large that too in every corner of the world. Media is very vibrant and active.

(iii) Media connects the people and creates influence on masses. It can make propaganda (or raise voice) against business malpractices and exploitation of consumers. It can do publicity through repetition of messages by different means.

(iv) Newspapers, radio, television, internet, social media, etc. can easily give publicity to unfair practices of business organisations. So, media makes business organisations understand social values and exerts major influence.

(Marking Scheme : Each sub-question carries 4 marks; Total marks : 8)

**Note :** In this type of question, 3 sub-questions of different chapters are given. Students are expected to attempt any 2 out of 3 sub-questions. However, we have given answers of all 3 questions. Usually, questions such as features, functions, nature, advantages, disadvantages, roles, importance, etc. will be asked in this question. In the answer to each sub-question, minimum 5 points with sub titles and brief explanation are expected. Underline the sub title given.

(1) The utility functions of the commercial bank are explained as follows :

- (i) Issue of drafts and cheques : The bank draft/cheque is an order issued by the bank upon the other branch of the same bank or other bank to pay money to the person whose name is specified thereon. The bank issues bank drafts to its accountholders or non-account holders. However, cheques are issued by the bank only to its account holders. For issuing the bank draft, bank charges some commission.
- (ii) Locker facility : The bank provides safe deposit vaults to the customers for keeping their valuables like gold ornaments, jewels, securities, valuables, documents, etc. in safe custody. Safe deposit vaults/lockers are made available to the customers on rental basis.
- (iii) Project reports : As per the request of the clients, bank prepare project report and feasibility study (i.e. a study designed to determine practicability of a system or plan) on their behalf. This helps the business organisation to get funds from the market and clearance from the government authorities.
- (iv) Gift cheques : The commercial banks also issue gift cheques and gold coins to the customers as well as to the general public by charging nominal charges. It is more popular and has wider acceptance in India. Instead of giving gifts in cash, one can give gift cheques as a present on various occasions such as birthdays, weddings, marriage anniversaries, etc.

(v) Underwriting services : Underwriting services are given by the banks to the companies in which the bank gives guarantee to the issuing company to purchase unsubscribed portion of the shares, debentures, bonds and other securities if the public demand is not enough to fulfil the minimum subscription amount. For these services, bank charges underwriting commission.

(vi) Gold related services : Nowadays, many commercial banks offer gold related services to its customers. The banks on commercial basis buy and sell gold and gold ornaments to the customers on large scale basis. Some banks even gives advisory services to its customers in regard to gold funds, gold Exchange Traded Fund (ETF) etc.

(2) The rights of consumers are explained as follows :

(i) Right to Safety : The right to safety means the right to be protected against products, production processes and services which are hazardous to consumer's lives or health and property. It includes consumer's long term interest and immediate requirements. This right demands that consumer must get full safety and protection to his/her life and health in relation to medicines, food, electrical appliances, etc. AGMARK, ISI - Indian Standard Institute, BIS - Bureau of Indian Standards, Hallmark, etc. are the safety standards prescribed by the Government of India (GOI).

(ii) Right to Information : The consumer has a right to get correct and adequate information of all aspects of goods and services like price, name of manufacturer, contents used, batch number, date of manufacture and expiry date, use manual and safety instructions, etc. This information



helps the consumers to make right choice of goods and services. This right is applicable to medicines, food products, spare parts and other consumer products or services.

(iii) Right to Choose : According to this right, the consumer has full freedom to select or choose the product or service as per his/her liking, requirement and purchasing capacity. The seller cannot force a consumer to purchase a particular product. This right aims at removing monopoly. The choices available to consumers in India include goods and different services such as telecommunications, travel and tourism, banking, electronics, Fast Moving Consumer Goods (FMCG) etc.

(iv) Right to Be Heard : It is the responsibility of every business organisation to listen and solve difficulties, complaints and grievances of the consumers. This right gives an opportunity to the consumers to express and voice their complaints to the consumer forum. The consumers also have rights to give suggestions to the manufacturer as well as to the trader on the quality, quantity, price, packaging, etc. of the products they use. Nowadays consumers can file online complaints through portal or mobile applications.

(v) Right to Consumer Education : The consumers have right to know about consumer rights and solutions to their problems. This is to create awareness among the consumers to make rational choice of goods and services and to protect themselves from the exploitation of unscrupulous (dishonest) businessmen. In this regard, the government, media and various Non-Government Organisations (NGOs) can play an important role to create awareness among the consumers and to educate them, e.g. Jago Grahak Jago campaign.



- (3) (1) Packaging : The term 'Pack' means a collected amount of anything wrapped up or tied together for carrying. Package is a parcel, box or container in which things are packed accordingly, packaging means a process by which a finished product is made ready for storage, delivery or transportation, usually by placing the product in container or providing it with a wrapping. It implies designing the package for the product. The aim of packaging is to protect the goods during transport and storage and to preserve the contents and the quality of the product. It facilitates easy handling of goods in transit and helps to avoid breakage, leakage, damage, spoilage, pilferage and destruction of the product. Sealed packaging reduces the chances of adulteration or duplication of the products. Materials like bottles, containers, plastic bags, bubble bags, tin, jute bags, wooden boxes, packing foam, etc. are used for packing the product. Packaging decorates and beautifies a product and thereby creates a desire in the minds of the customers to buy the product even though they have no immediate need for it. Good packing increases durability of the product. In brief, packaging is an indispensable technique by which the goods are protected, handled, identified, advertised and sold on large scale. Thus, modern packaging promotes sales.

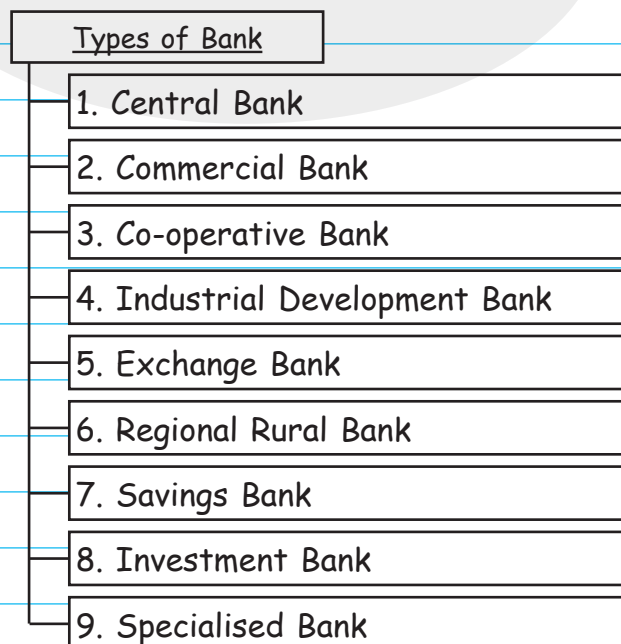
(2) Labelling : The term, 'label' means a piece of paper, card or other material attached to an object. It is a slip affixed on the product which provides all detail information in respect to product and its producers. It also gives details of ingredients and their quantity used in the product. Labelling also gives information about the product i.e. its weight, size, price, date of manufacture and expiry name and address of manufacturer, etc. The slip on which all these information are printed is called label and its process is called labelling. A label may be part of the package or it may be attached as a tag on the product. Labelling serves as an effective tool of marketing the product. Label is used to indicate the brand, grade, quality, etc. of the product. Good labelling adds to products overall attractiveness.

(Marking Scheme : Each sub-question carries 5 marks; Total marks : 10)

**Note :** In this question, 2 long answer type questions from chapter no. 4 and chapter no. 8 will be asked. Out of 2 questions, students are expected to attempt any one. However, we have given answers of both the questions. In each questions, there will be 2 sub parts. Usually, meaning or definition of any concept of this subject may be asked in the first part. This part of the answer carries 2 marks. Feature, types, advantages or disadvantages of that concept may be asked in the second part. The second part of the question carries 6 marks. At least 7 points with sub titles and brief explanation are expected in this part of the answer.

(1) [A] Definition : Bank is a dealer in money and credit. It is a financial institution whose basic activities are to accept deposits and advance, lend money and provide other related services. According to The Indian Banking Regulation Act, 1949, "any company which transacts the business of banking in India." The term banking is further defined as, "accepting for the purpose of lending or investment of deposits from the public, repayable on demand or otherwise and withdrawable by cheque, draft and order or otherwise."

[B] Types of Banks : The different types of banks are shown in the following diagram :



The different types of banks are explained below :

(1) Central Bank : The central bank is the financial institution at the top (apex) of all the banking institutions operating in the country.

In India, The Reserve Bank of India was established in 1945 under a special statute called the Reserve Bank of India Act, 1944. It performs the functions like framing monetary policy, issuing currency notes, acting as a banker to the Government and acting as the banker's bank to commercial and other banks in India.

(2) Commercial Bank : The Commercial bank plays key role in the economic, industrial and social development of a country. It performs broadly two functions such as (i) Primary functions which include accepting deposits and lending money in different forms and (ii) Secondary function which include agency functions and utility functions. The different types of commercial banks in India are as follows :

(i) Public Sector Banks : The banks in which majority of the share capital or stake (interest) is held by the Government of India are called Public Sector Bank, e.g. State Bank of India, Bank of India, etc.

(ii) Private Sector Banks : The banks in which majority of the share capital or stake is held by private individuals are called Private Sector Banks, e.g. Axis Bank, HDFC Bank, etc.

(iii) Foreign Banks : The banks which are registered and have their headquarters in foreign country but operate in different countries including India through their branches established there, are called Foreign banks, e.g. Standard Chartered Bank, American Express Bank, HSBC, etc.

(3) Co-operative Banks : Co-operative banks are formed, registered and organised under the Indian Co-operative Societies Act and regulated under Banking Regulation Act. These banks are more popular in rural and semi-urban areas. These banks are primarily meant for catering to the financial needs of economically backward people, farmers and small scale units. They operate at three different levels :

(i) Primary Credit Societies : The primary credit societies work at village level. These credit societies collect the savings and surplus money in the form of deposits from members and common people. They are also financed by the State Co-operative Banks and District Co-operative Banks for the purpose of lending to needy people for productive purpose.

(ii) District Central Co-operative Banks : The District Central Co-operative Banks operating at district level and financed by the State Co-operative Bank for the purpose of providing finance to primary credit societies.

(iii) State Co-operative Banks : The State Co-operative Banks are working at state level. These banks provide funds to District Central Co-operative Banks and Primary Credit Societies to enable them to provide finance to rural and semi urban areas. Apart from this, they also supervise the working of district banks and credit co-operative societies.

(4) Industrial Development Banks : The banks which provide medium and long term finance to the business organisations for the purposes like purchase of machinery and equipment, latest technology, expansion and modernisation of business, etc. are called Industrial Development Banks. Industrial Finance Corporation of India (IFCI), State Financial Corporations (SFCs), Maharashtra State Finance Corporation

(MSFC), etc. are the examples of Industrial Development Banks. These banks perform the following functions :  
(i) Provide medium and long term finance to business organisations for expansion and modernisation.  
(ii) Underwriting, i.e. giving guarantee to buy shares issued by public limited companies. (iii) Purchase debentures and bonds.

(5) Exchange Banks : An exchange bank specialises in financing import and export trade and in foreign exchange transactions. The American Express Bank, Bank of Tokyo, Barclays Bank, etc. are the examples of Exchange Banks functioning in India. The Exchange Banks perform the following functions : (i) Finance foreign trade transactions, (ii) Issue letter of credit on behalf of importer, (iii) Discount foreign bills of exchange, (iv) Remit dividend, interests and profits.

(6) Regional Rural Banks : These banks were constituted (established) in 1975 and are sponsored by large public sector banks. 50%, 35% and 15% of the capital of these banks are provided by the Central Government, sponsored banks and State Government respectively. These banks collect (mobilise) funds in the form of deposits from rural and semi-urban areas. They provide loans and advances to small and marginal farmers, agricultural workers, rural artisans for productive purpose.

(7) Savings Bank : A savings bank is one which has the main object of inculcating the habit of saving among the community. It collects scattered savings of the community especially from rural areas and invests the same in good securities. In India, Postal Savings Bank is an example of such a bank. Commercial Banks and Co-operative Banks act as savings banks as they have separate savings accounts departments.

(8) Investment Bank : Investment banks offer financial and advisory assistance to their customers which usually include business firms and government organisations. These banks provide advice on investment decisions and facilitate mergers and acquisitions by undertaking research. These Banks do not directly deal with the common people.

(9) Specialised Banks : The banks which make available to the requirements of the business and provide possible support to set up business activities in specific area are called Specialised Banks. The different types of specialised banks are :

(i) Export Import Bank of India (EXIM Bank) : These banks provide the needed financial assistance and support to the exporters and importers in setting up business for exporting and importing products respectively. They work to expand and promote country's international trade.

(ii) Small Industries Development Bank of India (SIDBI) : SIDBI was established on 2nd April, 1990 under the Act of Parliament of India. Its main function is to act as the main institution for financing, promoting and developing the Micro, Small and Medium Enterprises (MSMEs) as well as co-ordinator of the institutions engaged in similar activities.

(iii) National Bank for Agricultural and Rural Development (NABARD) : NABARD has been established to work as an apex institution to finance agricultural and rural sector. It provides long term and short term loans through regional rural banks. It provides loans to financial institutions and not individuals. It is also concerned with the function of policy planning and



operations relating to agricultural credit and credit for other activities in rural areas.

(Marking Scheme : (i) Definition of Bank carries 2 marks and (ii) Types of Banks carries 6 marks; Total marks : 8)

(2) [A] Definition : The concept of 'marketing' has originated from the term 'market'. The term 'market' implies any arrangement by which the buyers and sellers come into contact directly or indirectly to exchange goods and services at a price. Accordingly, marketing means an action or business of promoting and selling products including market research and advertising. It includes all the activities responsible for the flow of goods and services from the centre of production to ultimate consumers. In brief, the sum total of all the activities involved in the promotion, distribution and selling of product or service from the producer or seller to the consumer or buyer is called marketing. According to Philip Kotler, "Marketing is a social process by which individuals and groups obtain what they need and want through creating, offering and freely exchanging products and services of value with others". Marketing is consumer-oriented. It creates customers for the goods produced in advance.

[B] Concept of marketing : The different concepts of marketing are explained below :

(1) Place concept of market : The place concept of market is usually taken to mean the place where the goods and services are bought and sold for money or money's worth. Here, the emphasis is given on the place where trading takes place. It is referred to a place where buyers,



sellers and other intermediaries meet and buy and sell goods and services. In ancient days, the term market was defined on the basis of place only. However in recent era of information and technology market has wider meaning and not just a place.

(2) Commodity concept of market : In this concept of market, more stress (significance) is given on exchange of goods and services. In this concept, the process of exchange of goods and services is more important and not the place of exchange. The buyer and seller and commodity bought and sold among them play significant role in this process. Accordingly, commodity concept of market means 'buying and selling of goods and services'.

(3) Exchange concept of market : Exchange concept of market has given stress on the selling and buying of goods and services between buyers and sellers with free consent and mutual trust. During the buying and selling any coercion, undue influence or fraud should not be applied by either party to the transaction. The process between buyer and seller should be voluntary.

(4) Area concept of market : Area concept of market is associated with exchange concept. This concept gives more stress on free association between buyers and sellers to determine the price of goods to be bought and sold. To fix price it is not essential for buyer and seller to meet each other personally. With the help of different modern communication media, buyers and sellers can fix the price and complete the transaction of exchange of goods or services.

(5) Demand or Customer concept of market : According to this concept, customer being the king of the market, so important side of the market is to assess (measure) then needs or demand of the customers. As per this concept, market can be studied from the total size of demand or customers. This concept states that the aggregate (total) demand of prospective (potential) buyers for any product is a market.

(6) Space or Digital concept of market : Growth and development of information technology gave rise to the new concept of the market known as space or digital concept. Now people can buy and sell any commodity easily and conveniently with the help of new and sophisticated E-commerce portals and mobile applications. The direct contact between buyer (customer) and seller is now possible through the communication media such as telephone, mobile, computer, internet, etc. Now it is easy for the customers to get information of quality, features, price, terms and conditions etc. of any products of any company. In brief, Digital market may be defined as, "market which uses Information Technology for buying and selling of the products or services and facilitate communication of quality, features, price, terms of exchange among them.

[Marking Scheme : (i) Definition of Marketing carries 2 marks and (ii) The details of concept of marketing carries 6 marks; Total marks : 8]