



$$A = \frac{m}{(m^2 + c)^2}$$



NIOS PYQ's SOLUTIONS

$$fa = bc^2$$

$$\sqrt{h-x^2}$$

PREVIOUS YEARS' QUESTIONS & ANSWERS



APRIL-2024

Your Path to Success

SECTION - A



Q1 - "The growing awareness about health care has led to an increase in the demand for health care products and services in the country." Identify the feature of business environment being described in the above case.

- (A) Dynamic (B) Uncertainty
(C) Complex (D) Interrelatedness

Answer - (D) Interrelatedness

Q 2 - The full form of WTO is

- (A) World Traders Organization (B) World Trade Organization
(C) World Travelers Organization (D) World Tour Organization

Answer - (B) World Trade Organization

Q 3 ____ refers to the process of instructing, guiding, counselling, motivating and leading people in the organization to achieve their objectives.

- A) Planning (B) Organizing
(C) Staffing (D) Directing

Answer - (D) Directing

Or

____ is concerned with getting, utilizing and maintaining a satisfactory and satisfied workforce.

- (A) Planning (B) Organizing
(C) Staffing (D) Directing



Answer - (C) Staffing

Q 4 - Which of the following documents is not used in external trade?

- (A) Indent (B) Letter of credit
(C) Purchase order (D) Bill of lading

Answer - (C) Purchase order

Or

The letter issued by the importer's bank in favour of the exporter which enable the exporter to get immediate payment is called

- (A) letter of hypothecation (B) letter of credit
(C) letter of advice (D) demand draft

Answer - (B) Letter of Credit.

Q 5 A company can raise capital through the primary market in which of the following forms?

- (A) Equity shares (B) Preference shares
(C) Debentures (D) All of the above

Answer - (D) All of the above.

Or

The capital structure of an organization refers to the choice of which of the following?

- A) Dividend and wealth (B) Debt and equity
(C) Fixed assets and current assets (D) Fixed capital and working capital

Answer - (B) Debt and equity



Q 6 - Maximum number of members in a private company is

- (A) 50 (B) 100
(C) 150 (D) 200

Answer - (D) 200

Q 7 - "Sanjay has decided to earn a profit of 30% in the current financial year." Identify the type of plan being described in the above lines.

- (A) Method (B) Objective
(C) Strategy (D) Programme

Answer - (B) Objective

Or

Which of the following statements is not related to the importance of planning?

- A) It reduces risk and uncertainty. (B) It leads to efficiency in operations.
(C) It delays in actions. (D) It facilitates decision making.

Answer - (C) It delays in actions

Q 8- The World Youth Skill Day is celebrated on

- (A) 15th July (B) 15th March
(C) 15th October (D) 15th December

Answer - (A) 15th July



Q 9 - Identify the correct sequence of steps in the process of formation of a company.

- (A) Promotion stage
(B) Capital subscription stage
(C) Commencement of business stage
(D) Incorporation stage
- (A) I, II, III, IV
(B) I, IV, III, II
(C) IV, I, II, III
(D) IV, II, I, III

Answer - (B) I, IV, III, II

Or

Which of the following plans is expressed in financial terms?

- (A) Strategy
(B) Rule
(C) Policy
(D) Budget

Answer - (D) Budget

Q 10 - Equity shareholders are called

- (A) owners of the company
(B) partners of the company
(C) executives of the company
(D) creditors of the company

Answer - (A) owners of the company

Q 11 - There are two statements marked as Assertion (A) and Reason (R). Read the statements and choose the appropriate option from the options given below:

Assertion (A): B2C enables a business firm to be in touch with its customers round the clock.

Reason (R): As in B2C, there are business firms at one end and its customers on the other end.



- (A) (A) is correct but (R) is wrong
- (B) Both (A) and (R) are correct but (R) is not the correct explanation of (A)
- (C) Both (A) and (R) are correct but (R) is the correct explanation of (A)
- (D) Both (A) and (R) are incorrect

Answer - (B) Both (A) and (R) are correct but (R) is not the correct explanation of (A)

Or

Which of the following is not a limitation of E-commerce?

- A) Lack of adequate Internet
- (B) Delivery and payment infrastructure related issues
- (C) Shortened transaction time
- (D) Absence of cyber laws

Answer - (C) Shortened transaction time

Q 12 - Short-term and temporary incentives to purchase or induce trials of new goods refers to

- (A) advertising
- (B) publicity
- (C) sales promotion
- (D) direct marketing

Answer - (C) sales promotion

Q 13 - Contracting out some of its activities to a third party which was earlier performed by the organization is

- (A) BPO
- (B) E-commerce
- (C) outsourcing
- (D) E-banking

Answer - (C) outsourcing



Or

Which among the following is not a characteristic of business risk?

- (A) Loss is the reward for risk-bearing.
- (B) Business risks are due to uncertainties.
- (C) Risk is an essential component of every business.
- (D) Degree of risk depends mainly upon the nature and size of business.

Answer - (A) Loss is the reward for risk-bearing.

Q 14 - National Small Industries Corporation Ltd. (NSIC) was set up in the year

- (A) 1950
- (B) 1955
- (C) 1951
- (D) 1956

Answer - (B) 1955

Q 15 - Which function of management helps in minimizing errors?

- (A) Planning
- (B) Organizing
- (C) Directing
- (D) Controlling

Answer - (D) Controlling

Or

Authority and responsibility relationships among job positions is defined in which of the following functions of management?

- (A) Planning
- (B) Organizing
- (C) Staffing
- (D) Directing

Answer - (B) Organizing



Q 16 In government company, the share of the Central Government in paid-up capital must be at least

(A) 30%

(B) 49%

(C) 51%

(D) 75%

Answer - (C) 51%

Q 17 The ability of a firm to convert an asset to cash is called

(A) liquidity

(B) solvency

(C) return

(D) marketability

Answer - (A) Liquidity

Or

X Ltd. earned a profit of ₹15 crores. Out of this, the company decided to retain ₹10 crores for business expansion and growth, this decision relates to

(A) investment decision

(B) financing decision

(C) working capital decision

(D) dividend decision

Answer - (D) Dividend decision

Q 18 Which of the following is not a feature of the Departmental Store?

(A) 24×7 shopping

(B) Wide range of products

(C) Large size

(D) Located at a central place

Answer - (A) 24×7 shopping



Q 19 The full form of NSE is

- (A) National Securities Exchange (B) National Stock Exchange
(C) Nominal Securities Exchange (D) Net Sales Earning

Answer - (B) National Stock Exchange

Q 20 The 'King of the Market' is

- (A) producer (B) consumer
(C) retailer (D) wholesaler

Answer - (B) consumer

Or

Paid form of non-personal presentation and promotion of goods and services is called

- (A) publicity (B) salesmanship
(C) advertising (D) sales promotion

Answer - (C) advertising





SECTION—B



Q 21. Fill in the blanks:

(a) ____ refers to the official powers and position required to carry out the task.

Answer – (a) Authority

(b) ____ refers to the obligation on the part of the subordinates to whom responsibility and authority are granted.

Answer – (b) Responsibility

Or

Fill in the blanks:

(a) ____ refers to the process of entrustment of a part of work or responsibility and authority to subordinates.

Answer – (a) Delegation

(b) ____ refers to systematic efforts to delegate authority at all levels of management.

Answer - (b) Decentralization



Q 22. Match the type of preference shares given in Column—I with their respective meaning given in Column—II

Column—I

- (a) Convertible preference**

- (b) Non-cumulative**

- (c) Participating preference Pre**

- (d) Irredeemable pre**

Column—II

- (i) Have a right to share the profit after shares**

- (ii) Shares which can be converted into preference shares equity shares after a specified period of time.**

- (iii) When the amount of preference shares is shares refundable only at the time of liquidation.**

- (iv) The preference shares on which the preference shares dividend is not accumulated if it is not paid.**

**(A) (a) (b) (c) (d)
(i) (ii) (iii) (iv)**

**(B) (a) (b) (c) (d)
(ii) (iv) (i) (iii)**

**(C) (a) (b) (c) (d)
(iii) (i) (iv) (ii)**

**(D) (a) (b) (c) (d)
(iv) (iii) (ii) (i)**

**Answer - (B) (a) (b) (c) (d)
(ii) (iv) (i) (iii)**



Q 23. Fill in the blanks

(a) The money market instrument which is payable on demand and its maturity period varies between one day to a fortnight is _____.

Answer - (a) Call Money

(b) A short-term instrument issued by commercial banks and special financial institutions which are freely transferable from one party to another is _____.

Answer - (b) Commercial Paper (CP)

Or

Write True or False of the following statements:

(a) Capital market may be defined as a market dealing in short-term and medium-term funds.

Answer - False

(b) Financial market may be defined as a transaction mechanism between investors and the borrowers through which transfer of funds is facilitated.

Answer - True

Q 24. Give one word for the following statements:

(a) It involves estimating the manpower requirement of an organization.

Answer – Manpower Planning

(b) The process of systematically collecting information relating to all aspects of a job.

Answer – Job Analysis

Or



Give one word for the following statements:

(a) The process of finding and attracting suitable applicants for employment.

Answer – Recruitment

(b) The process of choosing the most suitable person from amongst the list of interested candidates.

Answer – Selection

Q 25. Fill in the blanks:

(a) ____ refers to buying goods from the manufacturers or wholesalers and selling the same to the final consumers.

Answer – Retailing

(b) ____ refers to buying goods in large quantities from producers or manufacturers for sale to other traders.

Answer – Wholesaling

Q 26. Give one word for the following:

(a) The campaign launched by the Government of India for connecting rural areas with high-speed Internet connectivity and improve digital literacy

Answer – Digital India

(b) The programme that aims at utilising the existing Indian talent base, creating additional employment opportunities and empowering secondary and tertiary sectors

Answer – Skill India

Or



Give one word for the following:

(a) Simplified policies to attract foreign capital and technology to India

Answer – Liberalization

(b) Integrating the economy of a country with the world economy

Answer – Globalization

Q 27. From the following, identify the major components of working capital:

(a) Supplies, temporary or short-term investments

Answer – Current Assets

(Supplies, temporary or short-term investments are examples of Current Assets, as they can be used, sold, or converted into cash within a year.)

(b) Customer deposits and deferred revenue, pay roll taxes withhold from employees

Answer – Current Liabilities

(Customer deposits, deferred revenue, and payroll taxes withheld from employees are Current Liabilities, as they are obligations payable within one year.)

Or

Identify the following types of leverage:

(a) This refers to the amount of debt in the capital structure of the business firm.

Answer – **(a) Financial Leverage** – It refers to the use of debt in a firm's capital structure to increase shareholder returns.



(b) It is the ratio of fixed cost to variable cost.

Answer – (b) Operating Leverage – It is the ratio of fixed costs to variable costs, measuring sensitivity of operating income to sales.

Q 28. From the following, identify import trade, export trade and entrepot trade:

(a) When the firm of a country sells goods to the firm of another country

Answer – (a) Export Trade – It occurs when a firm sells goods to firms in another country, earning foreign exchange.

(b) When the firm of a country import goods for the purpose of exporting the same to the firms of some other countries with or without making any change

Answer – (b) Entrepot Trade – It occurs when goods are imported for re-export to other countries, with or without minor processing.

Q 29. Identify manufacturing/service small enterprises from the following statements:

(a) The enterprises having investment in plant and machinery excluding investments in land and building between ₹25 lakh and ₹5 crores.

Answer – (a) These enterprises are medium-sized manufacturing units, having plant and machinery investment between ₹25 lakh and ₹5 crores, excluding land/building.

(b) The enterprises having investment in plant and machinery excluding investments in land and building between ₹10 lakh and ₹2 crores

Answer – (b) These enterprises are small manufacturing units, having plant and machinery investment between ₹10 lakh and ₹2 crores, excluding land/building.

Q 30. Give one word for the following statements:

(a) The component of marketing mix that relates to channels of distribution.



Answer – (a) Place – It is the marketing mix component that deals with distributing products through proper channels to reach consumers efficiently.

(b) The component of marketing mix which persuades and influences the consumers.

Answer – (b) Promotion – It is the marketing mix component that persuades, informs, and influences consumers to buy a product or service.

Or

Give one word for the following :

(a) Goods meant for personal consumption by the households

Answer – Consumer Goods

Reason: These goods are purchased by households for direct use to satisfy their personal needs and wants, not for further production.

(b) Goods meant for use as inputs in production

Answer – Intermediate goods

Reason: Intermediate goods are used as inputs in the production of other goods and are not meant for direct consumption. For example, flour for bread or steel for cars.

Q 31. Identify the type of private company being referred to in the following statements:

(a) A company whose turnover as per its last Profit and Loss Account does not exceed ₹2 crores.

Answer – Small Company

Reason: A small company is defined under the Companies Act as a private company whose turnover does not exceed ₹2 crores and paid-up capital is within prescribed limits. It enjoys simplified compliance compared to larger companies.



(b) The company having relaxation from preparing cash flow statement, holding annual general meeting, etc.

Answer – Private Company

Reason: A private company is exempted from certain statutory requirements like preparing cash flow statements, holding annual general meetings, or inviting public for shares, as it has a limited number of members and does not trade publicly.

32. Identify the following and write 'ES' for equity share and 'D' for debenture:

(a) These holders get assured return irrespective of profit.

Answer – D (Debenture)

Reason: Debenture holders receive a fixed rate of interest, which is paid even if the company earns no profit.

(b) It is suitable for those who wants to take risk for higher return.

Answer – ES (Equity Share)

Reason: Equity shareholders bear higher risk but can earn higher returns through dividends and capital appreciation.

Q 33. Write the full forms of the following:

(a) NSDC

Answer – National Skill Development Corporation

(b) NSDM

Answer – National Skill Development Mission

Or



Write the full forms of the following:

(a) NSDA

Answer – National Skill Development Agency

(b) SSC

Answer – Sector Skill Council

Q 34. Correct the following sentences:

(a) Zero-stage distribution channel exists where there is an indirect sale of goods by producer to customers.

(b) In one-stage channel of distribution, there are two middlemen used namely, wholesaler and retailer.

Answer – (a) Zero-stage distribution channel exists where there is a direct sale of goods by the producer to the customers.

(b) In a two-stage channel of distribution, there are two middlemen, namely the wholesaler and the retailer.

Q 35. Identify the method of price fixation:

(a) Soham fixes the prices of shirts that he manufactures at 15% higher than the cost.

(b) Rampal, a fruit vendor, increases the price of apples if there is a heavy demand for them.

Answer – (a) Cost-Plus Pricing: Soham fixes the price of shirts by adding 15% profit to the cost of production.

(b) Demand-Based Pricing: Rampal raises the price of apples when demand is high.





SECTION—C



Q 36. "It is common now to see CD-ROM's, computerized information kiosks, and Internet/World Wide Web multimedia pages highlighting the virtues of products." Name the components of the business environment highlighted by this statement. Also name the two other components of non-economic environment affecting business.

Answer – Highlighted component: Technological Environment

Technological Environment:

It includes all innovations, tools, and technology that help businesses produce better products, reduce costs, and work efficiently.

Other non-economic components:

Social Environment:

It consists of society's culture, values, and lifestyle, which influence consumer behavior and demand.

Political Environment:

It includes government policies, laws, and regulations that affect how businesses operate.

Q 37. State any two benefits of training to employees.

Answer – Two benefits of training to employees:

1. It improves their skills and efficiency in performing their job.
2. It increases job satisfaction and boosts their confidence.

Or



Name the process through which the new employees are introduced to the organization. Why is it significant? State.

Answer-Process: The process is called Induction (Orientation).

Significance:

It helps new employees understand the organization, their job, and work environment, and enables them to adjust quickly and work efficiently.

Q 38. Differentiate between 'advertising and sales promotion' on the basis of—

(a) objectives;

(b) nature.

Answer –

Basis	Advertising	Sales Promotion
Objectives	To create awareness and build brand image	To boost immediate sales and encourage trial
Nature	Long-term and continuous	Short-term and temporary

Q 39. State any four objectives of World Trade Organization.

Answer – Four objectives of the World Trade Organization (WTO):

1. To promote free and fair international trade among countries.
2. To reduce trade barriers like tariffs and restrictions.
3. To help in settling trade disputes between member countries.
4. To support developing countries in international trade.

Or



State any four points highlighting the role of World Trade Organization.

Answer – Four points highlighting the role of the World Trade Organization (WTO):

1. It promotes free and fair trade among member countries.
2. It helps in reducing trade barriers like tariffs and quotas.
3. It provides a system to settle trade disputes between countries.
4. It supports developing countries by giving special trade benefits and assistance.

Q 40. Give the meaning of durable and non-durable goods.

Answer –

- **Durable goods:** Goods that last for a long time and can be used repeatedly, such as furniture, vehicles, and appliances.
- **Non-durable goods:** Goods that are used up quickly or last for a short period, such as food, soap, and stationery.

Or

Give the meaning of tangible and intangible goods.

Answer –

- **Tangible goods:** Goods that have a physical form and can be seen and touched, like books, furniture, and cars.
- **Intangible goods:** Goods that do not have a physical form and cannot be seen or touched, like services, insurance, and software.



Q 41. Name the outsourcing services that require expertise of a higher order knowledge work. Why is this outsourcing done? State.

Answer – Outsourcing Services Requiring Higher-Order Knowledge Work:

1. **Research and Development (R&D)** – developing new products, technologies, or innovations.
2. **Legal Services** – handling complex legal matters, compliance, and patents.
3. **Financial Analysis & Consultancy** – investment planning, auditing, and risk management.
4. **Data Analytics & IT Services** – big data analysis, AI, machine learning projects.

Reason for Outsourcing:

These services are outsourced to access specialized skills, reduce costs, and focus on core business activities, as the work requires high expertise not available in-house.

Q 42. Name the function of management that harmonizes group efforts so as to achieve the goals of the organization. State any two points of significance of this function.

Answer – Function of Management: Directing - It is the management function that guides, leads, and supervises employees to work together efficiently to achieve organizational goals.

Significance of Directing:

1. **Coordinates Efforts:** Directing ensures that all employees work together in a unified and coordinated way to achieve the organization's goals efficiently.
2. **Motivates Employees:** It provides leadership, guidance, and motivation, encouraging employees to perform better and remain committed to their tasks, enhancing overall productivity.



Q 43. "It is a form of retailing wherein two parties enter into an agreement in which one party authorizes others to sell or produce specified goods and services."

(a) Identify the form of large-scale retail business.

(b) Identify the two parties involved in the business identified in (a) above.

(c) Give an example of such business.

Answer – (a) Form of large-scale retail business: Franchising – It is a form of retailing where one party allows another to sell its goods or services under a legal agreement.

(b) Two parties involved:

1. **Franchisor** – The party that owns the brand, product, or service and grants permission.
2. **Franchisee** – The party that is authorized to sell or produce the goods/services.

(c) Example: McDonald's, Domino's Pizza, KFC.

Or

JG Transport Company is providing the service of sending goods from one part of the country to another. At the time of booking the goods, a receipt is issued by JG Transport Company.

(a) Name the receipt which is issued at the time of booking of goods by the company.

(b) List the information covered in this receipt.

Answer– (a) Name of the Receipt:

Goods Receipt Note / Consignment Note

(b) Information Covered in the Receipt:

1. **Details of the Sender and Receiver:** Name and address of the person sending the goods and the person receiving them.



2. **Description of Goods:** Type, quantity, weight, and nature of goods being transported.
3. **Freight and Charges:** Amount of freight or transportation charges, including any additional costs.
4. **Date and Place:** Date of booking and the place from where the goods are sent.
5. **Terms and Conditions:** Rules regarding loss, damage, or delay of goods during transit.

Q 44. Differentiate between 'fixed capital' and 'working capital' on the basis of—

(a) meaning;

(b) tenure;

(c) benefits.

Answer –

Basis	Fixed Capital	Working Capital
(a) Meaning	The portion of capital invested in long-term assets like land, building, machinery, which are used for production over a long period.	The portion of capital invested in short-term assets like raw materials, cash, and inventory, required for day-to-day operations.
(b) Tenure	Fixed capital is invested for a long-term and is not frequently changed.	Working capital is short-term and constantly changes with business operations.
(c) Benefits	Helps in establishing and expanding the business,	Ensures smooth daily operations, timely payment



	increasing production of expenses, and capacity.	maintenance of liquidity.
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Or

Explain the following as determinants of working capital:

- (a) Nature of business**
- (b) The manufacturing cycle**
- (c) Promotional and formative phase**

Answer – (a) Nature of Business:

The amount of working capital required depends on the type of business. Trading businesses need less working capital as they only buy and sell goods, whereas manufacturing businesses require more working capital to maintain raw materials, work-in-progress, and finished goods.

(b) The Manufacturing Cycle:

A longer manufacturing process increases the need for working capital. If production takes more time from raw materials to finished goods, more funds are tied up in inventory, increasing working capital requirements.

(c) Promotional and Formative Phase:

New businesses in their promotional and formative stage require higher working capital to cover initial expenses such as marketing, setup, hiring staff, and procuring materials before sales start generating revenue.

Q 45. Sukesh is working in a textile industry. He is the Human Resource Manager and has to recruit 10 salesmen for the company. After determining the qualification and experience required for various jobs involved, he is in search of suitable candidates. For



this purpose, he decided to use various sources from outside the organization. Explain any three such sources.

Answer – Since Sukesh has decided to recruit employees from outside the organization, he will use external sources of recruitment.

Any three such sources are explained below:

1. Direct Recruitment:

Under this source, the company gives advertisements or displays notices at the factory gate. Interested candidates directly apply for the job. It is a simple and economical method.

2. Advertisement:

Vacancies are advertised through newspapers, magazines, or online job portals. This source helps in attracting a large number of qualified candidates from different places.

3. Employment Exchanges:

Employment exchanges maintain records of unemployed persons. Companies inform their requirements, and suitable candidates are suggested by the exchange.

Or

Mukesh, the Human Resource Manager of BP Ltd., an electronics company, has received a number of applications for the post of Production Manager. From amongst the various applications, he has to choose only one. Identify the process which Mukesh would use to choose the most suitable candidate. Explain the first two steps of the process identified.

Answer – **Process Identified:** Selection



Selection is the process of choosing the most suitable candidate from among the applicants for a particular job. It involves screening, testing, and evaluating candidates so that the best person is appointed for the required position.

Explanation of the first two steps of the Selection Process:

1. Preliminary Screening:

In this step, all the applications received are carefully examined. Candidates who do not meet the basic qualifications and experience required for the job are rejected. This helps in shortlisting suitable candidates for further steps.

2. Selection Tests:

After preliminary screening, suitable candidates are asked to appear for tests. These tests help in measuring the candidate's ability, intelligence, aptitude, and skills related to the job.

Q 46. Suraj has completed diploma in Sales and Marketing from a reputed institute. He now wants to take up a job as a salesman. Guide him by stating any three qualities that he must possess to become a good salesman.

Answer – To become a good salesman, Suraj should have these three qualities:

1. Good Communication Skills:

A salesman should speak clearly and explain the product in a simple way so that customers can easily understand.

2. Pleasing Personality:

A salesman should look neat, be polite, and behave nicely with customers. This helps in making customers feel comfortable.

3. Patience and Persuasion:

A salesman should listen calmly to customers and gently convince them to buy the product, without forcing them.



Q 47. State any two formalities to be completed by clearing agent in external trade.

Answer – Any two formalities to be completed by a clearing agent in external trade are:

1. Customs Clearance:

The clearing agent completes all customs formalities on behalf of the exporter or importer. This includes preparation and submission of required documents and payment of customs duty to get the goods cleared.

2. Preparation and Submission of Documents:

The clearing agent prepares and submits important documents such as the bill of entry or shipping bill, invoice, and packing list to the concerned authorities to ensure smooth movement of goods.

Or

Give the meaning of the following documents used in external trade:

(a) Indent

(b) Letter of credit

Answer – Meaning of Documents used in External Trade:

(a) Indent:

An indent is a formal written order placed by an importer with a foreign exporter specifying the type, quantity, and price of goods to be supplied. It acts as a request to the exporter to supply the goods according to the importer's requirements.

(b) Letter of Credit (L/C):

A Letter of Credit is a document issued by a bank on behalf of the importer, guaranteeing payment to the exporter once the goods are shipped as per the agreed terms. It ensures that the exporter receives payment safely and reduces the risk of non-payment.



Q 48. Differentiate between 'Private Limited' and 'Public Limited' company on any five bases as per the provisions of the Companies Act, 2013.

Answer –

Basis	Private Limited Company	Public Limited Company
Minimum Members	Needs at least 2 members.	Needs at least 7 members.
Maximum Members	Can have up to 200 members.	No limit on the number of members.
Share Transferability	Shares cannot be freely transferred; restrictions exist in the Articles of Association.	Shares can be freely sold and bought in the stock market.
Raising Capital	Cannot ask the public to buy shares.	Can ask the public to buy shares and debentures.
Regulatory Requirements	Follows fewer rules and simpler compliance.	Follows strict rules under Companies Act and SEBI.

Or

Differentiate between 'public enterprise' and 'private enterprise' on any five bases.

Answer –



Basis	Public Enterprise	Private Enterprise
Ownership	Owned and managed by the government.	Owned and managed by private individuals or companies.
Objective	Focuses on social welfare and public interest.	Focuses on profit maximization.
Capital	Capital is provided by the government.	Capital is provided by private owners.
Decision Making	Decisions are taken by government authorities.	Decisions are taken by the owners or management team.
Profit Distribution	Profit is used for public welfare or reinvestment.	Profit is distributed among the owners/shareholders.

Q 49. Explain the steps in the process of controlling.

Answer – Steps in the Process of Controlling:

Controlling is a management activity that makes sure actual work matches the planned goals. The steps are:

1. Setting Standards:

First, decide clear goals or standards, like targets for production, sales, or quality. These will be used to check actual performance.

2. Measuring Performance:

Check how well employees, processes, or the company are performing. Use reports, observations, or simple tools to measure performance.



3. Comparing with Standards:

Compare actual performance with the set standards to see if there is any difference or gap.

4. Analyzing Deviations:

Find out why performance did not meet the standards. The problem could be with employees, resources, methods, or external factors.

5. Taking Corrective Action:

Take steps to fix the problems and improve performance. This can include training, improving processes, or changing plans.

Q 50. Suresh is a broker in a stock exchange. His son, Rahul, a student of class XII is now-a-days studying the chapter of 'stock exchange' as a part of his business studies syllabus. He asks various questions regarding the functions of stock exchange from his father. Before explaining the functions of stock exchange, Rahul's father first describes the meaning of stock exchange as per the Securities Contract (Regulation) Act.

(a) Give the meaning of 'stock exchange' as per the Act explained by Rahul's father.

(b) Explain any two functions of stock exchange

Answer – (a) Meaning of Stock Exchange:

As per the Securities Contract (Regulation) Act, 1956, a stock exchange is an organized market where securities like shares, bonds, and debentures are bought and sold. It provides a platform for investors to trade securities in a regulated and systematic way, ensuring transparency and fairness in transactions.

(b) Functions of Stock Exchange:

1. Providing Liquidity:

Stock exchanges allow investors to buy and sell securities easily, making it possible to convert investments into cash quickly. This encourages more people to invest in shares, as they know they can sell them anytime when needed.



2. **Price Determination:**

Stock exchanges help in deciding the prices of securities through demand and supply.

When many investors want a share, its price rises; when fewer want it, the price falls.

This ensures that security prices reflect the real market value.

Or

“As part of its efforts to protect investor’s interests, the Securities and Exchange Board of India (SEBI) has initiated many primary market reforms like improved disclosure standards in public issue documents, introduction of prudential norms and simplification of issue procedures, etc.” Explain five other primary market reforms initiated by the SEBI except those discussed above.

Answer – Five Primary Market Reforms by SEBI (Other than those mentioned):

1. **Dematerialization of Shares:**

SEBI introduced electronic or demat shares to replace physical share certificates. This makes share trading faster, safer, and reduces the risk of loss, theft, or forgery.

2. **Book Building Process:**

SEBI started the book building method to help companies determine the fair price of shares based on investor demand during a public issue.

3. **Minimum Public Shareholding:**

SEBI made it compulsory for listed companies to maintain a minimum percentage of shares with the public, ensuring wider ownership and better transparency.

4. **Investor Protection Measures:**

SEBI ensures companies give accurate and complete information in prospectuses and has set up systems to resolve investor complaints effectively.



5. **Simplified IPO Process:**

SEBI simplified the Initial Public Offer (IPO) procedure by reducing paperwork and allowing electronic applications, making it easier for companies to raise funds.

Q 51. Give the meaning of 'self-employment'. State any four characteristics of self-employment.

Answer –

Meaning of Self-Employment:

Self-employment means earning a living by working for yourself instead of working for someone else. A self-employed person runs their own business, profession, or work and earns income directly from their efforts.

Four Characteristics of Self-Employment:

1. **Independence:**

A self-employed person works independently and makes their own decisions about work and business.

2. **Own Capital and Risk:**

They invest their own money and bear all risks of the business or work they do.

3. **Direct Reward:**

Income comes directly from their own efforts. The harder they work, the more they earn.


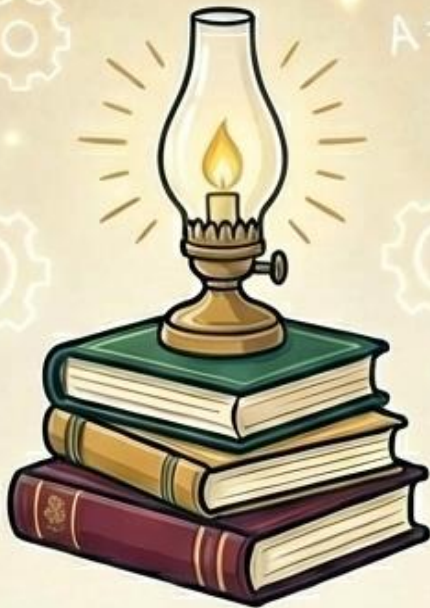
4. **Flexible Work:**

They can choose their working hours, methods, and pace of work according to their convenience





$A = \frac{m}{(m^2 + c)^2}$



NIOS PYQ's SOLUTIONS

$\sqrt{h-x^2}$

$\bar{f}a = bc^2$

PREVIOUS YEARS' QUESTIONS & ANSWERS



OCTOBER-2024

Your Path to Success

SECTION - A

A.
B.
C.



Q 1. The element of business environment that is shaped by beliefs and customs of people :

(A) Legal Environment

(B) Economic Environment

(C) Social Environment

(D) Political Environment

Answer – (C) Social Environment

Q 2. The function of management which bridges the gap between where we are and where we want to go :

(A) Planning

(B) Organising

(C) Directing

(D) Staffing

Answer – (A) Planning

Q 3 Long-term investment decisions are also called as :

(A) Working Capital Decisions

(B) Capital Budgeting Decisions

(C) Dividend Decision

(D) Financing Decision

Answer – (B) Capital Budgeting Decisions

Q 4 Infosys decides to open schools for lesser privileged children is an example of _____ environment.

(A) Economic

(B) Political

(C) Legal

(D) Social

Answer – (D) Social



Q 5 Which of the following is not an importance of planning ?

(A) Reduces risk and uncertainty

(B) Leads to efficiency in operations

(C) Delay in actions

(D) Facilitates decision making

Answer – (C) Delay in actions

Q 6 The capital structure of an organization refers to the choice of the combination of :

(A) Dividend and wealth

(B) Debt and equity

(C) Fixed assets and current assets

(D) Fixed capital and working capital

Answer – (B) Debt and equity

Q 7 Which of the following is not a feature of Business environment ?

(A) Interrelatedness

(B) Dynamics

(C) Complexity

(D) Continuity

Answer – (D) Continuity

Q 8 Identify the correct sequence of steps involved in the planning process :

(A) Selection of course of action, Identifying alternative courses of action, Establishment of objectives, Making assumptions.

(B) Establishment of objectives, Identifying alternative courses of action, Selection of course of action, Making assumptions.

(C) Establishment of objectives, Making assumptions, Identifying alternative courses of action, Selection of course of action.

Answer – (C) Establishment of objectives, Making assumptions, Identifying alternative courses of action, Selection of course of action.



Q 9 Identify which of the following concept is involved in the product of T-Shirts ?

(A) Product

(B) Price

(C) Place

(D) Promotion

Answer – (A) Product

Q 10 Creating a website and selling online is related to :

(A) Political Environment

(B) Technological Environment

(C) Social Environment

(D) Economic Environment

Answer – (B) Technological Environment

Q 11 Purchasing goods from a foreign country is called :

(A) Import

(B) Entrepot

(C) Export

(D) Re-Export

Answer – (A) Import

Q 12 Current assets are those assets that get converted into cash :

(A) Within six months

(B) Within one year

(C) Between one and three years

(D) Between three and five years

Answer – (B) Within one year



Q 13 The persons who come in between the primary producer and the final consumer to promote trade is called as _____.

(A) Trader

(B) Middleman

(C) Auctioneer

(D) Agent

Answer – (B) Middleman

Q 14 In online buying the buyer drops the items selected in a _____.

(A) Shopping cart

(B) Shopping box

(C) Net card

(D) Container

Answer – (A) Shopping cart

Q 15 Funds required for purchasing current assets is an example of :

(A) Fixed capital requirement

(B) Ploughing back of profits

(C) Working capital requirement

(D) Lease financing

Answer – (C) Working capital requirement

Q 16 he term of trade 'FOB' stands for :

(A) Free on business

(B) Free on board

(C) Fees on board

(D) Fee on buying

Answer – (C) Fees on board



Q 17 Plastic Card is the popular name for :

(A) Debit/Credit card

(B) Cheque

(C) Digital Cash

(D) Crypto currency

Answer – (A) Debit/Credit card

Q 18 The ability of a firm to convert an asset into cash is called _____.

(A) Liquidity

(B) Solvency

(C) Return

(D) Marketability

Answer – (A) Liquidity

19. _____ refers to contracting out some of its activities to a third party which were earlier performed by the organization.

(A) BPO

(B) E-Commerce

(C) Outsourcing

(D) E-Banking

Answer – (C) Outsourcing

Q 20 From among the following, which is not an application of e-business ?

(A) Contract R & D

(B) Online trading

(C) Online procurement

(D) Online bidding

Answer – (A) Contract R & D



SECTION - B

A.
B.
C.



Q 21 State the full form of the following :

(a) SEBI

(b) FCCB

Answer – (a) SEBI - Securities and Exchange Board of India

(b) FCCB - Foreign Currency Convertible Bonds

Q 22 (a) Give an example of current assets.

Answer – Stock or Debtors

(b) Give an example of current liabilities.

Answer – Creditors or Bills Payable

Q 23 Give one word answer :

(a) It refers to the process of eliminating unnecessary controls and restrictions on the smooth functioning of business enterprises.

Answer – Liberalization

(b) It refers to reducing the role of public sector by involving the private sector in most activities.

Answer – Privatization

Q 24 Give one word for the following :

(a) The component of marketing that relates to channels of distribution.

Answer – Place Mix / Physical Distribution



(b) The ingredient of marketing mix relating to informing, persuading and influencing a consumer to make a choice of the product to be bought.

Answer – Promotion Mix

Q 25 Identify the following in e-banking transactions :

(a) A machine using which we can withdraw money from our deposit accounts at our convenience.

Answer – ATM - Automated Teller Machine

(b) A convenient way of accessing the account any time, anywhere and any number of times.

Answer – Internet Banking

Q 26 State any two benefits of Digital India.

Answer – Increase in Transparency , Easy access to government services through e-governance

Q 27 State whether statements are true or false :

(a) Objectives are the end results towards which all the activities are directed.

Answer – True

(b) A strategy is a general statement that guides decision-making.

Answer – False

(c) Policies are plans which determine the sequence of any work performance.

Answer – False



(d) Budget is a statement of expected results expressed in numerical terms.

Answer – True

Q 28 Fill in the blanks :

(a) The date on which the Board of Directors declare the dividend is called the _____ date.

Answer – Declaration

(b) _____ dividend is also known as bonus shares.

Answer – Stock

Q 29 Which type of channel of distribution will be suitable in each of the following cases?

(a) For a perishable product.

Answer – Perishable : Direct Channel / Zero Level

(b) For durable products like Fridge.

Answer – Durable – Fridge : Indirect Channel - Dealer/Retailer network

Q 30 State the full form of the following :

(a) OTCEI

Answer – Over The Counter Exchange of India

(b) UMS

Answer – Unified Messaging Service



Q 31 Identify the type of preference shares :

(a) The preference shares which can be converted into equity shares after a specified period of time.

Answer – Convertible Preference Shares

(b) The preference shares in which the unpaid dividends are accumulated and carried forward for payment in future years.

Answer – Cumulative Preference Shares

Q 32 Identify the types of non-economic environment in the following cases :

(a) Demand for new clothes increases during festive session.

Answer – Social Environment

(b) Computer has outdated typewriter.

Answer – Technological Environment

Q 33 List the four components of product mix.

Answer –

- Branding
- Packaging
- Labeling
- Product features/Design



Q 34 Fill in the blanks :

(a) The depository receipts which are issued by a USA-based bank for trading only in American Stock markets are known as

Answer – ADR (American depository receipt)

(b) _____ depository receipts are offered for sale globally through foreign stock exchanges.

Answer – GDR (Global depository receipt)

Q 35 In relation to Terms of Trade, match the terms given in column I with their meaning given in column II.

Column I	Column II
1. COD	(a) This includes all charges at the port of shipment upto the loading of goods on board the ship and export duty.
2. CIF	(b) It is a type of transaction in which payment for goods is made at the time of delivery.
3. FOB	(c) It is an expression that is used as a disclaimer against clerical errors.



5. E & OE

(d) This includes the cost of goods, all expenses incurred for taking the goods to the port of destination and insurance charges.

Answer –

- COD: (b) माल के सौंपे जाने पर भुगतान
- CIF: (d) माल की लागत, बीमा और किराया
- FOB: (a) जहाज पर लदान तक के शुल्क
- E & OE: (c) लिपकीय त्रुटियों के विरुद्ध अस्वीकरण

SECTION - C



Q 36 State any two differences between a public company and a private company.

Answer –

Number of Members: A Private Company has a minimum of 2 members, whereas a Public Company must have a minimum of 7 members.

Invitation to Public: A Private Company cannot invite the public to subscribe to its shares, whereas a Public Company can invite the public (issue a prospectus).

Q 37 Describe the role of SIDBI and SISI in providing support to small business in India.

Answer – SIDBI (Small Industries Development Bank of India): Its main role is to provide direct and indirect financial assistance (loans) to small-scale industries.

SISI (Small Industries Service Institute): It provides technical consultancy, training, and workshops to guide small entrepreneurs.



Or

Describe the role of NSIC and NABARD in providing support to small business in India.

Answer – The roles of these two institutions in the development of small businesses in India are as follows:

(a) Role of National Small Industries Corporation (NSIC):

1. **Supply of Machines:** It provides modern machines and equipment to small industries on easy terms under the 'Hire-Purchase' scheme.
2. **Raw Material:** It assists small units in procuring raw materials at reasonable prices and at the right time.
3. **Marketing Assistance:** It helps in the marketing (selling) of products and ensures priority in government procurement programs.
4. **Technology:** It provides information about new technologies for technological upgradation and quality improvement.

(b) Role of NABARD (National Bank for Agriculture and Rural Development):

1. **Credit Facility:** It provides financial assistance for the development of small and cottage industries in rural areas.
2. **Refinance:** It provides refinance facilities to banks (such as cooperative banks) that extend credit in rural areas.
3. **Skill Development:** It organizes training and skill development programs for rural entrepreneurs.
4. **Monitoring:** It monitors rural development projects to ensure the proper utilization of loans.



Q 38 (a) Name the process of finding and attracting suitable applicants for employment.

(b) List the two sources of the process as named in (a) above.

Answer – (a) The process is called Recruitment.

(b) Two sources of recruitment are:

1. Internal Sources (e.g., Promotion, Transfer)
2. External Sources (e.g., Advertisement, Employment Exchange)

Or

(a) Name the process of assignment of job to the selected candidate.

(b) Name the process of introducing new employees to the organization.

Answer – (a) Placement: The process of allocating work to selected candidates is called 'Placement'.

- **Description:** When a candidate is selected, they are assigned the specific post or responsibility for which they have been chosen. In simple words, it is the process of assigning the right job to the right person. In this, the employee is given their appointment letter and informed about what their role and responsibilities in the organization will be. This ensures that the employee works according to their qualification.

(b) Orientation: The process of introducing new employees to the organization is called 'Orientation'.

- **Description:** The objective of this process is to familiarize the new employee with the organization's environment, rules, and existing employees. It is also called 'Induction' or 'Introductory Training'. Through this, the hesitation of the new employee is removed so



that they feel comfortable and can start their work with confidence. In this, they are provided information about the company's history, facilities, and work culture.

Q 39 Differentiate between Advertising and sales promotion on the basis of :

(a) Objectives

(b) Nature

Answer – (a) Objective: The objective of Advertising is to build a brand image and increase long-term sales, whereas Sales Promotion aims to boost immediate sales.

(b) Nature: Advertising is a recurring process, while Sales Promotion is a short-term and temporary incentive.

Q 40 Describe any two functions of stock exchange.

Answer – Providing Liquidity: It provides a platform where securities can be converted into cash (sold) at any time.

Pricing of Securities: It helps in determining the fair price of shares based on demand and supply forces.

Q 41 State any two objectives of WTO.

Answer – Reduction of Trade Barriers: To reduce tariffs and other barriers to trade between nations.

Formulating Rules: To establish a uniform set of rules for international trade to ensure smooth functioning.

Or



"WTO has been playing an important role in facilitating and promoting international trade". State any two Roles of WTO in the light of this statement.

Answer – The International Trade Organization (World Trade Organization) plays a very important role in facilitating trade at the global level. Its two main roles are as follows:

1. Reducing Trade Barriers (Trade Liberalization): The most prominent role of this organization is to remove obstacles coming in the way of trade between countries. Often, countries impose heavy import duties (taxes) or quotas on foreign goods, making trade difficult. This organization negotiates with member countries to reduce these duties and restrictions. This allows the flow of goods and services from one country to another easily without any hindrance, resulting in consumers getting affordable and good quality items.

2. Resolving Disputes: When a dispute or conflict arises between two countries regarding trade, this organization acts like an impartial court. It ensures that powerful countries do not act arbitrarily with weaker countries. It follows a defined process to resolve disputes and gives decisions that have to be accepted by both parties. This maintains peace and stability in international trade.

Q 42 Explain the relationship between planning and controlling.

Answer – Planning and Controlling are complementary to each other. Planning decides what needs to be done and sets the standards. Controlling ensures that the actual performance matches those standards.

- Planning without Controlling is meaningless because there is no mechanism to check if the plan is succeeding.
- Controlling without Planning is blind because there are no standards to compare performance against.



Q 43 Which promotion mix is being referred to in the following statements ?

(a) It is a paid form of non-personal communication through an identified sponsor.

Answer – Advertising

(b) It is a short-term and temporary incentive to purchase or induce trials of new goods.

Answer – Sales Promotion

(c) It is a direct presentation of the product to the consumers or prospective buyers.

Answer – Personal Selling

Q 44 Amit is working in a plastic fabrication industry. He is the Human Resources manager and has to recruit 15 salesmen for the company. After determining the qualification and experience required for various jobs involved, he is in search for suitable candidates. For this purpose he may use various sources from outside the organization. Explain any three such sources.

Answer – Amit can use the following External Sources:

1. **Advertisement** : Publishing ads in newspapers or online portals to attract a large pool of candidates.
2. **Employment Exchange** : Government-run exchanges can provide data on registered job seekers.
3. **Campus Recruitment** : Visiting colleges and technical institutes to hire fresh and qualified talent directly.

Or



Sumit, the Human Resources manager of ST Ltd- an Electronics company has received a number of applicants for the post of production manager. From among the various applications he has to choose only one. Name the process which Sumit would use to choose the most suitable candidate and explain the first two steps in the process.

Answer – The process that Sumit will use to select the best candidate is called the 'Selection Process'. The first two steps of this process are as follows:

1. Preliminary Screening: This is the first step of the selection process. In this, the manager scrutinizes all the received application forms. Its main objective is to eliminate those applicants who do not fulfill the prescribed qualifications or experience requirements for the post. Applications that are incomplete or contain incorrect information are rejected. This ensures that only eligible candidates are sent to the next stage, thereby saving both time and effort.

2. Selection Tests: Candidates who qualify in the preliminary screening are called for selection tests. The objective of these tests is to measure the candidate's intelligence, skills, aptitude, and personality. These can be of both written or practical types. For example, a 'Trade Test' can be conducted to assess the candidate's technical knowledge, or an 'Aptitude Test' to assess their learning capacity.

Q 45 State any three qualities of a good salesperson.

Answer – A good salesperson should possess the following qualities:

- 1. Good Listener:** They should listen carefully to the customer to understand their needs.
- 2. Politeness and Patience:** They must remain polite and patient even if the customer asks many questions or refuses to buy.
- 3. Product Knowledge:** They must have complete knowledge of the product to answer customer queries confidently.



Or

Name any three advertising media and state their suitability

Answer – 1. Newspapers: It is a written and popular medium of advertising that reaches a large population.

- **Suitability:** This medium is most suitable when the advertiser wants to reach the educated class and provide detailed information. Also, if the advertisement needs to be changed frequently at the local or regional level, newspapers are the best option.

2. Television: It is a combination of both audio and visual (sight and sound) elements, therefore, it has a very deep impact.

- **Suitability:** It is most suitable for products that require demonstration, such as washing machines or mixers. Additionally, it is excellent for reaching people who cannot read or write. It is very effective for household consumer goods (soaps, detergents).

3. Outdoor Advertising (Posters and Hoardings): This involves pasting posters on walls, and putting up signboards or large hoardings.

- **Suitability:** This medium is suitable when a product needs to be promoted in a specific local area. It is excellent for repeatedly reminding passers-by about the product. It is suitable for products used by the general public in their daily lives.

Q 46 Explain the three types of external trade.

Answer – There are three types of External (International) Trade:

1. **Import :** Buying goods from another country (e.g., India buying machinery from the USA).
2. **Export :** Selling domestically produced goods to another country (e.g., India selling tea to the UK).



3. **Entrepot** : Importing goods from one country specifically for the purpose of exporting them to a third country, not for domestic consumption.

Q 47 Explain any three roles played by clearing agent in external trade.

Answer – Commercial Invoice: A bill sent by the seller containing details of goods, quantity, and price.

Bill of Lading: A receipt issued by the shipping company acknowledging that goods have been loaded on the ship. It also serves as a document of title.

Letter of Credit (L/C): A guarantee issued by the importer's bank stating that the exporter will receive payment on time.

Or

Explain any three documents used in External Trade.

Answer – Several important documents are used to ensure smooth transactions in external trade (export-import). Three of these major documents are as follows:

1. Commercial Invoice: This is the most important document prepared by the exporter (seller) which he sends to the importer (buyer). In simple words, it is the 'bill' of the goods. It contains the complete details of the goods sent, such as the name of the goods, quantity, quality, weight, price per unit, and the total amount payable. Customs officers calculate the tax (duty) levied on the goods on the basis of this document.

2. Bill of Lading: This document is issued by the shipping company when they load the goods onto the ship. It serves three purposes:

- It is a receipt of goods that the shipping company has received the goods.
- It is a contract for carrying the goods.



- It is a document of title to the goods. At the destination port, it is mandatory to show this bill for the importer to get the goods released.

3. Letter of Credit: It is difficult to trust each other in international trade, so a 'Letter of Credit' is used for payment security. It is a guarantee letter issued by the importer's bank. In this, the bank gives a written assurance to the exporter that if he presents the correct shipping documents on time, the bank will definitely pay him a certain amount. This eliminates the risk for the exporter.

Q 48 Differentiate between public enterprises and private enterprises on the basis of any five points.

Answer –

Basis	Private Enterprise	Public Enterprise
Ownership	Owned by private individuals or groups.	Owned by the Government (Central or State).
Objective	Main objective is to earn profit.	Main objective is service and public welfare.
Management	Managed by owners or a Board of Directors.	Managed by Govt. officials or a Govt. appointed Board.
Accountability	Accountable only to the owners/investors.	Accountable to the Public/Parliament.
Finance	Capital is arranged by private investors.	Capital is provided from the Government treasury.



Q 49 Rotrex Ltd. has hired 2000 buses for the different routes for the passengers of metropolitan city. In order to fill vacancies, it advertised in the newspaper and large number of applicants applied for the same. The company has to now undertake the process of selection to identify and select the best. Explain the first five steps involved in the process.

Answer – For selecting the best candidates, Rotrex Ltd. should follow these steps:

1. **Preliminary Screening:** Elimination of unqualified candidates based on application forms.
2. **Selection Tests:** Conducting written or practical tests to measure aptitude, intelligence, and skills.
3. **Employment Interview:** A face-to-face conversation with successful candidates to assess their personality and confidence.
4. **Reference Check:** Verifying the character and background of the candidate from previous employers or references provided.
5. **Selection Decision:** Making the final decision to select the most suitable candidate from those who passed the previous steps.

Or

Naresh recently completed his M.B.A. from one of the Indian Institutes of Management in Human Resource Management. He has been appointed as Human Resource Manager in a Truck Manufacturing Company. The company has 1,500 employees and has an expansion plan in hand that may require additional 500 persons for various types of jobs. Naresh has been given the complete charge of the company's Human Resource Department. List out any 5 specialised activities that Naresh is supposed to perform as the Human Resource Manager of the company.



Answer – Naresh, as the Human Resource Manager of the company, will have to perform the following major activities:

- 1. Human Resource Planning:** Naresh's first task will be to determine the type of qualifications and skills required for the 500 new personnel needed under the expansion plan. He will analyze the current workforce and future requirements.
- 2. Recruitment:** To attract qualified candidates, Naresh will have to initiate the recruitment process. For this, he can issue advertisements or seek assistance from employment exchanges and placement agencies to encourage a maximum number of people to apply.
- 3. Selection:** To select the best candidates from the received applications, Naresh will have to conduct written tests, interviews, and other screening procedures. The objective is to select the right person for the right job.
- 4. Training and Development:** To familiarize the 500 newly selected employees with the company's operations and their responsibilities, Naresh will have to arrange appropriate training programs so that they can work efficiently.

Q 50 A company requires rupees two crore for inventory, payment of wages, maintaining bank balance etc.

(a) Explain which financial market the company may approach and why ?

(b) Explain any four instruments to raise finance in that market.

Answer – (a) The company should approach the Money Market. Reason: The requirement is for working capital (inventory, wages), which is a short-term need (less than one year). The Money Market deals in short-term funds.



(b) Instruments:

1. **Treasury Bills (T-Bills):** Safe, short-term promissory notes issued by the government.
2. **Commercial Paper:** Unsecured, short-term promissory notes issued by large, creditworthy companies.
3. **Call Money:** Money borrowed for a very short period (usually one day), mostly used by banks.
4. **Certificate of Deposit (CD):** A negotiable instrument issued by banks to companies against deposits.

Or

Differentiate between primary market and secondary market on the basis of any five points.

Answer – 1. Type of Securities:

- **Primary Market:** It deals with the buying and selling of only new securities that are being issued for the first time.
- **Secondary Market:** It deals with the buying and selling of old or already issued (existing) securities.

2. Buying and Selling Process:

- **Primary Market:** Here, investors buy securities directly from the company. It involves only the buying option.
- **Secondary Market:** Here, the transaction of securities takes place between investors. It involves both buying and selling.



3. Capital Formation:

- **Primary Market:** It directly contributes to capital formation in the country because the money goes directly to the company, which uses it for productive purposes.
- **Secondary Market:** It does not directly lead to capital formation; instead, it provides liquidity to securities, thereby encouraging investment.

4. Price Determination:

- **Primary Market:** Here, the price of securities is determined beforehand by the management of the company.
- **Secondary Market:** Here, the price of securities fluctuates based on the forces of demand and supply in the market.

5. Location:

- **Primary Market:** It has no fixed geographical location. Companies, banks, and brokers coordinate to operate it from anywhere.
- **Secondary Market:** It has a specific geographical location, which we call the Stock Exchange.

Q 51 Explain any five forms in which small business can operate in India.

Answer – Small businesses in India generally operate in the following forms:

1. **Sole Proprietorship:** Owned and managed by a single person. Best for very small businesses like local shops.
2. **Partnership:** Two or more people join hands to run a business and share profits/losses.
3. **Hindu Undivided Family (HUF):** A family business run by the eldest member (Karta) with family members as co-parceners.



4. **Cooperative Society:** Formed by a group of people for mutual help rather than profit maximization (e.g., Amul).
5. **Private Limited Company:** If the small business wants limited liability, it can register as a Private Ltd. company under the Company Act.





Thank you!



We hope you found this material helpful. We wish you the very best for your examination.



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