

**Maharashtra State Board**  
**Organisation of Commerce & Management**  
**Sample Question Paper – 2**  
**Academic Year: 2024-2025**

**Note:**

1. ALL questions are compulsory.
2. Figures to the right indicate full marks for the questions.
3. Figures to the Left indicate question numbers.
4. Answer to every question must be started on a new page.

**Q1.A | Select the correct option and rewrite the sentences:**

**1.A.1. Medium-term Loans are taken for a period of \_\_\_\_ to meet the working capital requirements.**

1. 1 to 3 years
- 2. 1 to 5 years**
3. 1 to 6 years

**Solution:**

Medium-term Loans are taken for a period of **1 to 5** to meet the working capital requirements.

**1.A.2. \_\_\_\_ focuses on motivating the subordinates for group efforts.**

1. Co-ordinating
- 2. Direction**
3. Controlling

**Solution:**

**Direction** focuses on motivating the subordinates for group efforts.

**1.A.3. Who is the president of the State Commission is \_\_\_\_.**

1. District Court Judge
2. Supreme Court Judge

**3. High Court Judge**

**Solution:**

Who is the president of the State Commission is High Court Judge.

**1.A.4. The term market is derived from the \_\_\_\_ word 'Mercatus'.**

1. French

**2. Latin**

3. Italian
4. Greek

**Solution:**

The term market is derived from Latin the word 'Mercatus'.

**1.A.5. The minimum age of a member of the District Commission should be \_\_\_\_.**

1. 32 years
2. 30 years

**3. 35 years**

**Solution:**

The minimum age of a member of the District Commission should be 35 years.

**Q1.B | Give one word or phrase for the following sentences:**

**1.B.1. Write a word or phrase or term that can substitute the following:**

Last function of management.

**Solution:**

Controlling

**1.B.2. Give one word/phrase/term for the following sentence.**

A transport system used to carry petroleum and gases.

**Solution:**

Pipeline transport

**1.B.3. Give one word or phrase for the following sentence:**

Another term used for 'People's Court'.

**Solution:**

Lok Adalat

**1.B.4. Correct the underlined word and rewrite the following sentence.**

Security in job always affects adversely on the efficiency of employees.

**Solution:**

Insecurity on the job always affects adversely the efficiency of employees.

**1.B.5. Give one word or phrase for the following sentence:**

Who propounded the concept of trusteeship?

**Solution:**

Mahatma Gandhi

**Q1.C | True or false:**

**1.C.1.** LPO stands for legal product outsourcing.

1. True

2. False

**Solution:**

This statement is **False**.

**1.C.2. Businessmen are trustees of society.**

1. True

2. False

**Solution:**

This statement is **True**.

**1.C.3. The process of contracting a business function to specialized agencies is known as outsourcing.**

1. True

2. False

**Solution:**

This statement is **True**.

**1.C.4. The market for the commodities which are produced in one country and sold in other countries is known as the national market.**

1. True

2. False

**Solution:**

This statement is **False**.

**1.C.5. Standards are not set for every performance in controlling function.**

1. True

2. False

**Solution:**

This statement is **False**.

**1.D | Match the pairs:**

**Match the pairs.**

Group 'A'	Group 'B'
A) Air Transport	1) Time utility
B) Warehousing	2) Intangible in nature
C) Money remittance	3) Fast mode of transport
D) Pipeline Transport	4) April 2019
E) Business Service	5) Western Union Money Transfer
	6) Fixed deposit account
	7) Petroleum and gas
	8) Tangible
	9) Place utility

	10) Savings account
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**Solution:**

Group 'A'	Group 'B'
A) Air Transport	3) Fast mode of transport
B) Warehousing	1) Time utility
C) Money remittance	5) Western Union Money Transfer
D) Pipeline Transport	7) Petroleum and gas
E) Business Service	2) Intangible in nature

**Q2 | Explain the following terms/concepts in detail (Any 4 out of 6):**

**2.A. Explain the following term/concept in detail.**

Pricing of Product

**Solution:**

Pricing is one of the most important as well as challenging functions of marketing. Many times price of the product decides the success or failure of the product. Pricing plays an important role in the market where there is cutthroat competition. While determining the price of the product businessman needs to consider factors like cost, desired profit, price of the competitor's product, demand for the product, market condition, etc. Business needs to change prices as per the need of the market. If prices are too high, it might lose customers but if prices are too low, it might suffer losses. So deciding the right price needs extensive market research.

**2.B. Explain the following term/concept in detail.**

Differential piece rate wage plan

**Solution:**

Remuneration should be fixed in such a way that the average worker is motivated to attain a standard output. Taylor suggested the differential piece-wage system. Higher rates are offered to employees who complete the work more than the standard quantity under this system. On the other hand, if an employee is performing below the standard: he shall be given a Lower rate of wages. This

technique motivates the employees to attain a higher standard of performance and earn wages i.e. remuneration at a higher rate.

**2.C. Explain the following term/concept.**

Lok Adalat.

**Solution:**

Lok Adalat is an effective and economical system for the quick redressal of public grievances. It can also be referred to as the 'People's Court'. It is established by the government to settle disputes by compromise. The aggrieved party can directly approach the Adalat with a grievance, issues are discussed on the spot, and decisions are taken immediately. Resolution of disputes by Lok Adalat gets statutory recognition. e.g. MSEDCL, MSRTC, Railway authority, Insurance Companies, Banks, etc. organize regular Lok Adalat.

**2.D. Explain the following term/concept in detail.**

Oligopoly

**Solution:**

In an oligopoly, there are only a few sellers. They may be producing and selling either a homogeneous or a differentiated product.

**2.E. Explain the following term/concept.**

B2B

**Solution:**

In this form, the buyer and seller are both business entities and do not involve individual consumers. Here, both the parties involved in e-commerce transactions are business firms, and hence they are called B2B i.e. business to business. Transactions between business firms come under this category. Business firms interact with each other for a variety of services. These include supplying ancillary parts/components to manufacturers providing value-added services Like catering and also providing manpower.

**2.F. Explain the following term/concept in detail.**

E-mail

**Solution:**

Electronic mail (email or e-mail) is a method of exchanging mail between people using electronic devices. Today's email systems are based on a store-and-forward model. Email servers accept, forward, deliver, and store messages. Neither the users nor their computers are required to be online simultaneously; they need to connect only briefly, typically to a mail server or a webmail interface for as long as it takes to send or receive messages.

**Q3 | Study the following case/situation and express your opinion (Any 2):**

**3.A. Study the following case/situation and express your opinion.**

Mr. Lobo wishes to transport goods from Goa to Delhi and seeks your opinion regarding modes of transport that can be used.

**Solution:**

Generally, transportation is earned through various modes such as railways, roads, waterways, and airways.

**Modes of transport are as follows:**

- a. Road Transport
- b. Rail Transport
- c. Air Transport
- d. Water Transport
- e. Mono Rail and Metro
- f. Ropeways
- g. Pipeline

**3.B. Study the following case/situation and express your opinion.**

In ABC Ltd, Mr. Amar gives instructions to the employees working under him and guides and motivates them for their best performances. Mr. Akbar takes efforts to harmonize the work done by the employees of different departments while achieving the organizational goals. Mr. Anthony is looking after the arrangement of required resources for the business organization. Mention the name of the employee engaged in the following functions:

- a. Organization

- b. Direction
- c. Coordination

**Solution:**

- a. Organization: Mr. Anthony.
- b. Direction: Mr. Amar
- c. Coordination: Mr. Akbar

**3.C. Study the following case/situation and express your opinion.**

Mr. Harshad is an entrepreneur and is engaged in the 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 in Packaging Department. Mr. Sharath is working as Finance Manager while Mrs. Naina is working as HR Manager who is responsible for recruiting employees in the factory. On this basis:

- a. Identify any one principle of management in the above case.
- b. What is the designation of Mrs. Naina in this organization
- c. Who is responsible for the overall planning of the organization?

**Solution:**

- a. In the above case, the principle of Division of work is identified.
- b. The designation of Mrs. Naina is Human Resource Manager.
- c. Mr. Harshad, an entrepreneur of eco-friendly utensils, is responsible for the overall planning of the organization.

**Q4 | Distinguish between (Any 3):**

**4.A. Distinguish between.**

E-business and E-commerce

**Solution:**

E-business	E-commerce
<b>1. Meaning:</b> E-business is the conduct of business processes on the internet.	E-commerce involves commercial transactions done over the internet.

<b>2. What is it?</b> E-business is a superset of E-commerce.	E-commerce is a subset of E-business.
<b>3. Features:</b> E-business includes all kinds of resale and post-sale efforts.	E-commerce just involves buying and selling products and services.
<b>4. Concept:</b> It is a broader concept that involves market surveying, supply chain, and logistic management and using data mining.	E-commerce is a narrower concept and is restricted to buying and selling.
<b>5. Transaction:</b> It is used in the context of B2B transactions.	It is more appropriate in the B2C context.
<b>6. Which network is using:</b> E-business can involve the use of an internet intranet or extranet.	E-commerce involves the mandatory use of the internet.

#### 4.B. Distinguish between.

Central Bank and Commercial Bank

#### **Solution:**

Central Bank	Commercial Bank
<b>1. Function:</b> The main function of the central bank is to regulate the money supply in the country.	The main function is to accept deposits from the public and lend it to industry and others.
<b>2. Printing of Currency:</b> The central bank can print currency notes.	Commercial banks cannot print currency
<b>3. Acceptance of Deposits:</b> The central bank does not accept deposits from the public.	Commercial banks accept deposits from the public.

<b>4. Loans</b> The central bank provides loans to bankers and financial institutions.	Commercial banks provide loans to industry and commerce.
<b>5. Ownership:</b> It is owned and controlled by the government of India.	It can be owned by private and/or government agencies.
<b>6. Number of Banks:</b> There is only one Central Bank (RBI) in India.	There are many commercial banks in India.
<b>7. Monetary policy</b> The Central Bank frames the monetary and credit policy.	Commercial banks do not frame any monetary policy
<b>8. Control</b> The central bank keeps a check on commercial banks.	Commercial banks do not keep a check on the central bank.

#### 4.C. Distinguish between.

District Commission and State Commission.

#### **Solution:**

<b>Points of Distinction</b>	<b>District Commission</b>	<b>State Commission</b>
<b>1. Meaning</b>	A consumer dispute redressal forum at the district level established by the state government is known as the District Commission.	A consumer dispute redressal forum at the state level established by the state government is known as the State Commission.
<b>2. President</b>	A person who is sitting, retired or qualified to be a district judge.	A person who is sitting or retired Judge of the high court shall be appointed by the State Government as the president of the state commission.
<b>3. Member</b>	Not less than two and not more than such number of	Not less than four or not more than such number of members

	members as may be prescribed, in consultation with the Central Government.	as may be prescribed in consultation with the Central Government.
<b>4. Membership Tenure</b>	The members can have the membership for a term of five years or up to the age of sixty-five years, whichever is earlier.	The members can have the membership for a term of five years or up to the age of sixty-seven, whichever is earlier.
<b>5. Area covered</b>	It covers a particular district.	It covers a particular state.
<b>6. Monetary Jurisdiction</b>	To entertain complaints where the value of the goods or services paid as consideration does not exceed Rs. 1 crore.	To entertain complaints where the value of the goods or services paid as consideration exceeds Rs. 1 crore but does not exceed Rs. 10 crore.
<b>7. Appeal</b>	An appeal against the District Commission can be made to the State Commission.	An appeal against the State Commission can be made to the National Commission.

#### 4.D. Distinguish between the following:

Current account & Savings account

**Solution:**

<b>Basis of Difference</b>	<b>Current Account</b>	<b>Saving Account</b>
<b>Meaning</b>	It is opened by businesspersons and others who do regular banking transactions.	It is opened by individuals who wish to save some parts of their income
<b>Restriction on number of withdrawals</b>	There are no restrictions on the number of withdrawals till the balance in the customer's the account is more than	There are certain restrictions on the number of withdrawals.

	that required.	
<b>Mode of withdrawing money</b>	It is done through cheques	It is done through cheques or withdrawal slips.
<b>Preferred by</b>	It is preferred by businesspersons, firms and different institutions	It is preferred by salaried people.
<b>Interest given</b>	No interest is given	Interest is given, but the rate is very low.
<b>Overdraft facility</b>	Overdraft facility is available.	The overdraft facility is not available.
<b>Documents</b>	The bank gives a passbook, checkbook, statement of account, and pay-in-slip book to the customers.	The bank gives a passbook, cheque book and pay-in-slip book to the customers.
<b>Nature of account</b>	It is of continuous Nature.	It is of continuous Nature.

#### Q5 | Answer the following questions in brief (Any 2):

5.A. Define the marketing mix.

#### **Solution:**

The marketing mix is the combination of different marketing variables that the firm blends and controls to achieve the desired result from the target market. In simple words, the marketing mix is putting the right product at the right time, at the right price in the right place. It is one of the important tools of marketing. The 4Ps of the marketing mix was introduced by E. Jerome McCarthy in 1960. It was further extended by Booms & Bitner in 1981 by adding 3 new elements to the 4 Ps principle.

**OR**

**Explain the types of Marketing Mix.**

#### **Solution:**

Marketing mix is a combination of different marketing variables that the firm blends and controls to achieve the desired result from the target market. In simple words, the marketing mix is putting the right product, at the right time, at the right price, in the right place. The 4Ps of marketing were introduced by E. Jerome McCarthy in 1960. It was further extended by Booms and Bitner in 1981 by adding 3 new elements to the 4Ps principle.

**There are two types of marketing mix** – Product Marketing Mix (4Ps) and Service Marketing mix (3Ps). The four Ps are the key factors involved in the marketing of goods or services.

**1. Product:**

Product refers to the goods or services that are offered to the customers for sale and are capable of satisfying the need of the customer. The product can be intangible or tangible, as it can be in the form of services or goods. The business needs to decide the right type of product through extensive market research. The success of the business depends on the impact of the product in the minds of the customer.

**2. Price:**

The price of the product is basically the amount that a customer pays for the product. Price plays an important role in creating demand for the product. The business needs to take the utmost care to decide the price of the product. The cost of the product and willingness of the customer to pay for the product plays an important role in pricing the product. The too-high prices may affect the demand for the product and pricing too low may affect the profitability of the business. While deciding the prices, the value and utility of the product to its customers are to be considered.

**3. Place:**

The place is also known as a distribution channel. Placement or distribution is a very important part of marketing. Making the right product at the right price is not enough. A businessman needs to make the product available to potential customers in the right place too. Business needs to distribute the product in a place that is accessible to potential buyers. It covers location, distribution, and ways of delivering the product to the customer. Better the chain of distribution higher the coverage of the product in the market.

**4. Promotion:**

Promotion is an important element of marketing as it creates brand recognition and sales. Promotion is a tool of marketing communication that helps to publicize the product to the customer. It helps to convey product

features to the potential buyer and inducing them to buy it. The promotion mix includes tools such as advertising, direct marketing, sales promotion, personal selling, etc. A combination of promotional strategies depends on budget, the message business wants to communicate, and the target market.

**5. People:**

People inside and outside the business directly or indirectly influence the business. People comprise of all the human beings that play an active role in offering the product or service to the customer. The people include employees who help to deliver services to the customer. Right people at right place add value to the business. For the success of the business, it is necessary to recruit right people, train them, develop their skill and retain them.

**6. Process:**

Process refers to the steps involved in delivering products and services to the customer. Processes are important to deliver a quality service. Good process helps to ensure same standard of service to the customer as well as save time and money by increasing efficiency. The advancement in technology helps businesses in effective monitoring of the process of the business and take corrective action wherever is necessary.

**7. Physical Environment:**

Physical environment refers to the marketing environment wherein the interaction between customer and firm takes place. Since services are intangible in nature, service providers try to incorporate certain tangible elements into their offering to enhance customer experience. In the service market, the physical evidence is important to ensure that the service is successfully delivered. Through physical evidence customers know the brand Leaders in the market. Physical evidence affects the customer's satisfaction. It includes Location, Layout, interior design, packaging, branding, dress of the staff and how they act, waiting area etc.

**5.B. Define any four types of e-banking services.**

**Solution:**

**E-banking Service:**

E-banking stands for electronic banking it is also called 'Virtual Banking'. E-banking is the result of the development in the field of electronics and computers. Under E-banking, banking operations are computerized. Some of the elements of E-banking are as follows:

- a. **Automated Teller Machine:** ATMs are electronic machines that are operated by the customer on his own to withdraw or deposit money. It can be used for other banking transactions also such as balance inquiries, transferring money, request for a checkbook or bank statements, etc. Nowadays, ATMs also provide the facility for cash deposits through CDM (cash deposit machines).
- b. **Credit Cards:** A credit card is a payment card. It allows the cardholder to pay for different transactions he performs. The issuing bank creates a revolving account and grants a line of credit to the customer or user. The credit card offers convenience to customers as customer need not carry cash.
- c. **Debit Cards:** Most banks nowadays offer debit cards as soon as the account is opened by the account holder. Through debit card payments, the amount gets deducted from the account holder's account. Some banks offer personalized debit and credit cards as per the requirement of the customer.
- d. **RTGS:** RTGS stands for Real Time Gross Settlement. RTGS is a fund transfer system where the transfer of funds or money takes place from one bank to another bank in "real-time" and on a "gross basis". It is the fastest money transfer system through the banking channel.
  - 1. Real-Time Settlement means payment transaction is not subject to any waiting period. The transactions are settled as soon as they are processed. The receiving bank has to credit the account of the client within 2 hours of receiving the fund's transfer message.
  - 2. Gross Settlement means the transactions are settled on one to one basis without bunching with any other transactions. The minimum amount to be remitted through RTGS is Rs. Two lacs while there is no upper limit for transactions. However, the amount changes from bank to bank.

### 5.C. What is Entrepreneurship Development Program?

#### **Solution:**

An entrepreneurship development program has been defined as 'A program designed to help a person in strengthening his entrepreneurial motive and in acquiring skills and capabilities necessary for playing his entrepreneurial role efficiently'.

EDP is a device through which people with latent entrepreneurial traits are identified, motivated to take up new industrial ventures, trained in managing the unit, and guided in all aspects of starting a venture/enterprise.

EDP was first introduced in Gujarat in 1970 and was sponsored by the Gujarat Industrial Investment Corporation. The EDPs are based on McClelland's experiments in the Kakinada District of Andhra Pradesh where businessmen were provided with motivation and training.

**The EDP includes the following steps:**

1. Arrangement of Infrastructure.
2. Selection of potential entrepreneurs.
3. Identification of enterprise.
4. Actual training program
5. Selection of training personnel.
6. Selection of the method of training.
7. Actual training.
8. Monitoring and follow-up.

**Objectives of EDP:**

The following objectives of EDP are identified.

1. To foster entrepreneurial growth in the country.
2. Optimum use of available resources.
3. Development of backward regions and improving the economic status of socially disadvantaged groups.
4. Generation of employment opportunities.
5. The widening base for small and medium-scale industries.

**Q6 | Justify the following statements (Any 2):**

**6.A. Justify the following statement.**

Marketing is important to society.

**Solution:**

**Importance of Marketing to the Society:**

- a. **Increase in Standard of Living:** The prime objective of marketing is to provide goods and services to customers to satisfy their needs. Paul Mazur

defined marketing as, "The delivery of standard of living to the society". Marketing helps to identify the needs of the customers and take an initiative to provide quality goods at cheaper prices. This will help to increase and maintain the standard of living of the customers. In modern times, large-scale production of goods and services reduced their prices due to which even the poorer sections of society can attain a reasonable level of living.

- b. **Provides Employment:** Modern marketing is a total system that covers almost all functions of an organization such as buying, selling, financing, transport, warehousing, risk bearing, research, development, etc. To run this system there is a need for people. Thus, marketing gives job opportunities to people. In the modern era of automation, lesser employments are available in the production function and the role of marketing has widened. It gives more opportunities for employment in marketing. Converse, Huegy, and Mitchell have rightly pointed out that "In order to have continuous production, there must be continuous marketing, only then employment can be sustained and high level of business activity can be continued".
- c. **Decreases Distribution Costs:** Marketing activities help to provide cheap goods and services to society. Effective utilization of channels of distribution can help in reducing the cost prices of the products and services. Reduction of the cost will help to increase the potential consumers for the products or services. It also assures the timely availability of the product.
- d. **Consumer Awareness:** Marketing helps society by informing and educating consumers. The function of marketing is to fulfill the needs of the consumers. Marketing helps consumers to know about new products and services available in the market and their usefulness to the customer. Marketing provides satisfaction to society by supplying relevant information, goods, and services to the people of society according to their demands and taste. Marketing can also include more practical information to assist in making a purchase, such as addresses, phone numbers, product release dates, store hours, and Web addresses.
- e. **Increase in National Income:** Every economy revolves around marketing, production, and finance to the industry. The scientifically organized marketing activities help in the economic development of the country. Effective marketing of products and services result in industrialization, more job, and makes the economy stronger and more stable. Marketing can bring about the rapid development of the country by integrating agriculture and industry.

- f. **Managing Consumer Expectations:** Marketing research helps organizations to understand the needs of the consumers. It helps in developing products that fulfill customers' expectations. Customers' reviews collected through different sources can help organizations to make necessary changes to the products. Businesses use marketing to make consumers aware of major changes, such as mergers and transfers in ownership that affect product offerings or seek to improve quality. Government regulations prevent marketers from making false or misleading claims.

#### 6.B. Justify the following statement.

E-business does have certain disadvantages when compared to the traditional way of doing business.

#### **Solution:**

E-business does have certain disadvantages when compared to the traditional way of doing business. Some of the limitations of e-business are as follows.

- a. **Lack of personal Touch:** E-business lacks the personal touch. One cannot touch or feel the products. So it is difficult for consumers to check the quality of products.
- b. **Delivery Time:** The delivery of the products takes time. In traditional business, you get the product as soon as you buy it. But that doesn't happen in online business. This time lag often discourages customers e.g. Amazon now assures one-day delivery. This is an improvement but does not resolve the issue completely.
- c. **Security issues:** There are a lot of people who scam through online businesses. Also, it is easier for hackers to get your financial details. It has a few security and integrity issues. This also causes disturbance among potential customers.
- d. **Government interference:** Sometimes Government monitoring can lead to interference in the business.
- e. **High Risk:** High Risk is involved as there is no direct contact between the parties. In case of fraud, it becomes difficult to take legal action.

#### 6.C. Justify the following statement.

Marketing helps in increasing consumer awareness.

#### **Solution:**

1. Many companies undertake different marketing activities to promote their products and services. Marketing makes consumers aware of the different products, brands, features, and usefulness of the products and services available in the market. Marketing facilitates consumers to make the right decisions on the purchases of the right products and services.
2. Marketing helps society by educating consumers and by giving information about new products and services available in the market and their usefulness. Marketing identifies and satisfies the requirements of consumers by providing relevant information, goods, and services to the people as per their demands and preferences. Marketing provides information to consumers to make the right decisions.
3. On the basis of marketing information, consumers can compare products' features, availability, price, and other essentials and chooses the right products at the right price. Marketing also helps to improve the quality of life of consumers. Marketing helps to create awareness about existing products, new products entering the market, and the company selling specific products in the market. This in turn helps to raise awareness among potential and prospective consumers. Marketing also creates a brand image among consumers.
4. Business organizations use marketing to create awareness among consumers regarding major changes such as mergers and transfer of ownership that influence product offerings or ways to improve quality. Thus, marketing creates awareness among consumers about the products available in the market and attracts customers to buy the same.
5. Marketing provides satisfaction to society by supplying relevant information, goods, and services to the people of society according to their demands and taste. Marketing can also include more practical information to assist in making a purchase, such as addresses, phone numbers, product release dates, store hours, and Web addresses.

**6.D. Justify the following statement.**

The aim of the consumer organization is to protect the rights of the consumer.

**Solution:**

The role of consumer organization type of Non-Government Organisations (NGOs) in consumer protection is explained as follows:

1. NGOs organise campaigns and various programmes on consumer issues to create social awareness.
2. They initiate and organise training programmes for the consumers and make them aware and conscious of their rights and various modes of redressal of their grievances.
3. They publish journals and periodicals at regular intervals to make the consumers understand and keep them informed about various consumer-related developments.
4. They provide legal advice free of charge to the members on matters of consumer interest and help them to put up grievances before the appropriate authority.
5. NGO's active members interact (communicate) with the businessmen and Chambers of Commerce and Industry for ensuring a better deal for the consumers.
6. They file Public Interest Litigation (Janhit Yachika) on important consumer issues like a ban on a product or medicine injurious to public health. They also file cases in the court of law to safeguard their rights and protect the interest of the general public.
7. A few examples of NGOs working for the consumers are the Consumer Guidance Society of India (CGSI), the Voluntary Organisation in Interest of Consumer Education (VOICE), the Consumer Education and Research Centre (CERC), Consumers Association of India (CAI), Mumbai Grahak Panchayat (MGP), Grahak Shakti (GS), etc.

**Q7 | Answer the following questions in detail: (Any 2)**

**7.A. Explain the controlling function.**

**Solution:**

Controlling is a function of comparing the actual performance with the predetermined standard performance. It measures deviation, if any, identifies the causes of deviation, and suggests corrective measures.

**OR**

**Explain the various steps involved in the process of control.**

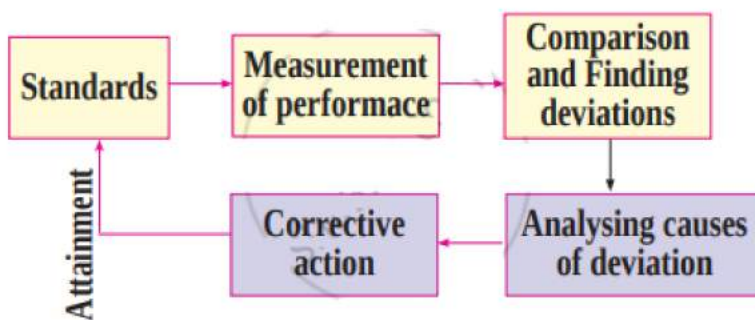
**Solution:**

Controlling is a systematic approach of managing and controlling the organisational actions. The following are the steps involved in the controlling process.

- i. **Setting Standards** - Setting up of standards involves developing the benchmarks against which the actual performance is to be measured. The standards can be set in qualitative as well as quantitative terms. Qualitative benchmarks can be in the form of improving coordination in work, higher goodwill or increased motivation level of employees, etc. For example, to improve the motivation level among employees, standard can be set in terms of number of initiatives taken. Quantitative benchmarks can be in the form of sales targets, units to be produced or time to be spent on a particular action, etc. For example, in a shirt factory completing 10 pieces a day is a quantitative target. The standards that are set should be such that they facilitate easy comparison.
- ii. **Measuring Actual Performance** - Once the standards are set, the next step is to measure the actual performance of the activities. This may be done through various techniques such as personal observation, checking the sample, performance reports, etc. The checking should be done in an exact and reliable manner so that correct measurement is taken for comparison. Measurement can be done after the completion of an activity as well as while it is in progress. For example, while assembling small parts of a bigger machine, the parts can be checked before assembling. This would ensure the continuous monitoring of the small parts as well as the final machine.
- iii. **Comparing the Performances** - Performances once measured are then compared with the set standards. Such a comparison helps in assessing the deviations in the work. Thereby, it guides the managers in taking the necessary steps to improve the performances. These comparisons are easier when they are in quantitative terms. For example, efficiency in work in terms of cost incurred can be measured against the standard cost.
- iv. **Analysing Deviation** - Every organisation faces deviations when comparing the actual performance with the pre-developed standards. Thus, it is important to find the deviations that are in the permissible range. It is said that deviations in key areas should be attended first. For analysing the deviations the managers generally use 'Critical Point Control' and 'Management by Exception'.
  1. **Critical Point Control:** An organisation cannot keep a check on all the activities of the management. Thus, this technique of controlling aims at focussing on only the key result areas (KRAs) that affect the entire

organisation. For example, rise in input cost would be more important than rise in stationary cost.

2. **Management by Exception:** This technique of management is based on the belief that 'an attempt to control everything results in controlling nothing'. According to this, only the essential and significant deviations that are beyond the acceptable limit should be controlled. For example, if there is a 6 per cent rise in labour cost whereas the permissible limit is just 3 per cent, then, this should be immediately brought into the notice of the management. On the other hand a 2 percent rise in the cost can be ignored. Once the deviations are recognised, it is necessary to acknowledge the cause for them. There can be a number of elements causing deviations in work such as infeasible standards, deficiencies in process, under utilisation of resources, changes in business environment, etc. Thus, it becomes important for the management to take into regard the causes of the concerned deviations.
- v. **Corrective Measures** - When deviations go beyond the admissible limits, there arises a need for the management to take corrective actions. This is the last step of controlling which aims at correcting the deficiencies of the organisation so that the errors do not occur again. For example, if the production target was not met duly, appropriate corrective actions such as training the workers or updating the machinery for working, etc. can be taken.



OR

Explain controlling importance.

**Solution:**

The importance of Controlling is as follows:

1. **Fulfilling Organizational Goals:** Controlling function helps to measure the progress towards the organizational goals and points out the deviations, if any, and then suggests the corrective action towards the fulfillment of the organizational goals. In this way controlling helps to achieve the goals of the organization.
2. **Accuracy of Standards:** An efficient control system helps management in judging the accuracy of standards whether they are accurate or not. Controlling measures are flexible to some extent. So after reviewing them according to changing circumstances, they are revised from time to time which is beneficial for checking performances accurately.
3. **Efficient Use of Resources:** By using control techniques, a manager helps to reduce the wastage and spoilage of resources. This ensures that resources are used in the most efficient and effective manner so as to achieve organizational objectives.
4. **Improving Employee Motivation:** A good control system ensures that employees know well in advance what they are expected to do and what are the standards of performance. Once the organizational objectives are achieved then they are rewarded with monetary and non-monetary incentives. This motivation helps the employees to perform better in the future.
5. **Ensures Order and Discipline:** The controlling function brings about order and discipline in an organization. It helps to reduce the bad behavior on the part of the employees. Under this system, regular checking is done by the authorities concerned and preventive actions are taken to avoid any deviations in already set targets.
6. **Facilitates Coordination:** Control systems are designed in such a way that they focus not only on the operating responsibilities of a manager but also on his ultimate responsibility. All the departments in the organization are 'interdependent on each other. There is always a possibility of having a good relationship between all the department managers. Coordination between the heads of departments can help to find out any deviations in their respective departments and use the remedial measure so that desired results can be achieved.
7. **Psychological Pressure:** Control pressure puts psychological pressure on individuals to perform better. Their performance is evaluated with the targets set for them. Everyone is likely to put on their best performance as they are

aware that it will be evaluated. They may also have pressure to achieve results according to the standards fixed for them.

8. **Organizational Efficiency and Effectiveness:** Proper control ensures organizational efficiency and effectiveness. Factors of control like making managers responsible, motivating them for higher performance, and achieving coordination in their performance ensure that the organization works efficiently. An organization is effective if it is able to achieve its desired objectives.
9. **Corporate Image:** The controlling function helps to improve the overall performance of the organization. Progress in the business is measured in terms of planned standards and actual performance, if there is any deviation then corrective measures are applied and desired results can be achieved. This builds a good corporate image and brings goodwill to the business.
10. **Managerial Responsibility:** Managerial responsibility is created through the assignment of activities to various individuals. This process starts at the top level and goes to the lower level. A manager assigns some activities to his subordinates and controls them.

#### **Q7.B. Define CSR.**

##### **Solution:**

Corporate Social Responsibility (CSR) is a self-regulating business model, that aims to contribute to societal goals or support volunteering or ethically-oriented practices. It makes a company socially responsible and accountable. This accountability is towards itself, its stakeholders, the public in general, etc. By practicing social responsibility, companies can be conscious of the economic, social, and environmental aspects of society.

**OR**

#### **State the scope of CSR.**

##### **Solution:**

##### **Scope of CSR:**

##### **Applicability of CSR:**

1. The companies having a net worth of 500 Cr. or more or turnover of 1000 Cr. or more; or Net profit of 5 Cr. or more during any financial year shall be

required to constitute a Corporate Social Responsibility Committee of the Board with effect from 1st April 2014.

2. The Board's report shall disclose the compositions of the CSR Committee.
3. All companies shall spend, in every financial year, at least 2% of the average net profits of the company made during the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy.

**OR**

**Illustrate any five activities of CSR covered as per Section 135 of the Companies Act, 2013.**

**Solution:**

The Policy recognizes that corporate social responsibility is a commitment to support initiatives that measurably improve the lives of the underprivileged by one or more of the following focus areas as notified under Section 135 of the Companies Act 2013 and Companies (Corporate Social Responsibility Policy) Rules 2014:

1. Eradicating hunger, poverty & malnutrition, promoting preventive health care & sanitation & making available safe drinking water.
2. Promoting education, including special education & employment enhancing vocation skills, especially among children, women, the elderly & the differently abled & livelihood enhancement projects.
3. Reducing child mortality and improving maternal health by providing good hospital facilities and low-cost medicines.
4. Ensuring environmental sustainability, ecological balance, protection of flora & fauna, animal welfare, agroforestry, conservation of natural resources & maintaining the quality of soil, air & water.
5. Employment enhancing vocational skills.

**7.C. Answer the following question:**

Describe the secondary functions of commercial banks.

**Solution:**

The secondary functions of commercial banks are classified into two groups:

- A. Agency Functions
- B. Utility Functions

**Agency Functions:** A commercial bank acts as an agent or representative of its client and performs certain functions as follows:

- **Periodic Collections and Payments:** Commercial bank collects salary, dividends, interests, and any other income periodically as well as makes periodical payments such as taxes, bills, premiums, rent, etc. on the standing instructions provided by the customer. Commercial bank charges a certain fixed amount quarterly or annually in the form of service charges from the customer for providing such services.
- **Portfolio Management:** Large commercial banks undertake to purchase and sell securities such as shares, bonds, debentures, etc. on behalf of the clients. This handling of securities is known as portfolio management. Due to this facility, more clients are opting for such services of commercial banks.
- **Fund Transfer:** Commercial banks provide the facility of fund transfer from one branch to another branch or branch of another bank. Commercial banks come with various initiatives to make these transfers hassle-free.
- **Dematerialization:** Banks provide dematerialization facilities to their clients to hold their securities in an electronic format. On behalf of clients, it undertakes the electronic transfer of shares in case of purchase or sale.
- **Forex Transactions:** Forex is an abbreviation for foreign exchange. A bank may purchase or sell foreign exchange on behalf of its clients. A bank purchases forex from its clients which the clients receive from foreign transactions and sell the forex when the clients need it for overseas transactions.

**Utility Functions:** A commercial bank performs utility functions for the benefit of its clients. It provides certain facilities or products to its clients as follows:

- **Issue of Drafts and Cheques:** A draft/cheque is an order to pay money from one branch of a bank to another branch of the same bank or another bank. A bank issue drafts to its account holders as well as nonaccount holders whereas cheques are issued only to the account holders. Bank charges a commission for issuing a bank draft.
- **Locker Facility:** This is a common utility function of any commercial bank. The bank provides a locker facility for the safe custody of valuables, documents, gold ornaments, etc.

- **Project Reports:** A bank may prepare project reports and feasibility studies on behalf of the clients. Project reports enable the business firm to obtain funds from the market and obtain clearance from government authorities.
- **Gift Cheques:** Banks issue gift cheques and gold coins to account holders as well as to non-account holders. The gift cheques/ coins can be used by the clients for the purpose of gifting on occasions like weddings, birthdays, etc.
- **Underwriting Services:** A commercial bank may underwrite the issue of securities issued by companies. If the shares are not fully subscribed, the underwriting bank agrees to take up the unsubscribed portion of the securities.
- **Gold-related Services:** Nowadays many banks are providing gold services to their customers. Some banks also provide advisory services to their customers in terms of gold funds, gold ETFs, etc.

**Q8 | Answer the following questions in detail: (Any 1)**

**8.A. Explain the following technique of scientific management:**

Motion study.

**Explain the following term/concept.**

Motion Study

**Explain the following techniques of scientific management:**

Time Study

Briefly explain any three of the following techniques of Scientific Management as given by F.W. Taylor:

- a. Method study
- b. Functional foremanship
- c. Standardization
- d. Differential piece wage system

Describe the different techniques of scientific management?

What are the techniques of scientific management according to F.W. Taylor?

**Write short note on the following.**

Techniques of scientific management

**Explain the following techniques of scientific management**

Simplification of work

Describe any four techniques of scientific management.

**Explain the following term/concept.**

Fatigue Study

'Fatigue Study' as a technique of scientific management.

**Explain the following technique of scientific management:**

Method Study

**Explain any two techniques of Scientific Management from the following:**

- a. Method study
- b. Motion study
- c. Time study

**Solution:**

**Techniques of Scientific Management given by F.W.Taylor:**

**1. Work-Study:**

Before assigning the work to the available workforce, management should do proper work-study. Work-study consists of an organized, systematic, and critical assessment of the various activities or functions. Work-study is based on techniques such as time study, motion study, method study, and fatigue study.

**A. Time Study:**

This technique helps a manager to calculate the time required to perform a particular job. He can decide on the production or completion of an activity with the help of this technique. The time study is based on the speed of the average worker. Every part of the total work is studied in detail and the time required to perform that job is calculated. This lets the manager ascertain the standard time to complete a specific job. Based on this, the manager can decide the remuneration to be paid to the worker.

**B. Method Study:**

There are always various methods for completing the task. For best quality and cost-effectiveness, identifying the best way of doing a particular job is a very important but challenging task for a manager.

**C. Motion Study:**

Motion study is the close study of body movements. That is the movements of hands, legs and other body parts. Managers should study these movements. This study helps the manager to understand the actions required for a person to do a particular task. The manager can use this technique to eliminate unnecessary job movements. With the help of motion study, the manager can eliminate or combine some actions in the process. Motion study increases the efficiency and productivity of the employees.

**D. Fatigue Study:**

Generally long working hours without sufficient breaks, target pressure, heavy working tools, and poor working conditions result in physical and mental stress i.e. fatigue. The study of fatigue and steps to reduce the level of fatigue is very important to maintain the operational efficiency of the employees.

**2. Standardization :**

Standardization in production implies (i) Selecting the standard tools and equipment for production and (ii) maintaining standard working conditions at the place of work. The management should provide good quality tools and equipment used to produce good quality. This helps the workers to perform the job quickly and efficiently. This technique minimizes the cost and makes best use of available resources.

**3. Simplification of Work:**

Simplification aims at eliminating superfluous varieties, sizes and dimensions while standardisation implies devising new varieties instead of the existing ones. Simplification aims at eliminating unnecessary diversity of products. It results in savings on the cost of labour, machines and tools. It implies reduced inventories, fuller utilisation of equipment and increasing turnover. Large companies like Nokia, Toyota, and Microsoft have successfully implemented standardisation and simplification. This is evident from their large share in their respective markets.

**4. Scientific Task Setting:**

Taylor emphasized the need for fixing a fair day's work. A scientific work

setting is vital to prevent employees from doing work much below their capacity. By using this technique, employees will complete the task according to the standards given and management can control the optimum workforce utilisation properly.

**5. Scientific Selection and Training:**

Using scientific selection procedures, management can select the right persons for the right jobs. It needs to fix job specifications as per requirement. Employees are selected according to predetermined standards in an impartial way. After selection, management should provide the proper training programs to increase efficiency.

**6. Functional Organization:**

This technique refers to the guidance given to the worker by a specialist foreman. According to this technique a single worker is supervised by different supervisors. For doing a particular job, the worker performs various small tasks. While doing this job, he will get guidance and be supervised by different superiors for each task. This technique is exactly the opposite of Fayol's principle of a unit of command. According to Fayol, there should be one boss for workers, but according to this technique, there can be many supervisors for one worker. They are categorized as follows:

**A. At the Planning Level:**

- i. Route Clerk- tells how work moves from one machine to another.
- ii. Instruction Clerk- records instructions to complete the job.
- iii. Time and Cost Clerk- determines the time in which work should be completed and work out the cost.
- iv. Discipline- ensures that the workers work as per factory rules.

**B. At the Implementation Level:**

- i. Gang Boss gets the work done.
- ii. Speed Boss- ensures the work is completed within a specified time.
- iii. Repair Boss- handles the security and maintenance of the mechanism.

iv. Inspector- provides the work is done per the specified standards.

**7. Differential Piece-Rate Wage Plan:**

Remuneration should be fixed to motivate the average worker to attain a standard output. Taylor suggested the differential piece-wage system. Higher rates are offered to employees who complete the work more than the standard quantity under this system. On the other hand, if an employee is performing below the standard, he shall be given a lower rate of wages. This technique motivates employees to attain higher performance and earn wages.

- 8. Other Techniques:** In addition to the above techniques, some other methods are also suggested by Taylor. They include the use of instruction cards, strict rules of discipline, charts, graphs, slides, charts to instruct the workers etc. these techniques are also used to develop better relations between employers and employees.

**8.B. Who is the consumer?**

**Solution:**

- The word 'Consumer' is derived from the Latin word 'Consumere' which means, to eat or to drink. The consumer is the one who consumes or uses any commodity or service available from natural resources or through a market.
- A Consumer is any person who buys any goods or hires any service or services for a consideration that has been paid or promised or partly paid or partly promised or under any system of deferred payments.
- We are all consumers when we use any commodity like foodgrains, milk, etc., or services like banks, railways, post offices, hospitals, etc.