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- Govt. Supplementary Exam August - 2021 question paper is given with answers



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PREFACE

The woods are lovely, dark and deep.
But I have promises to keep, and
miles to go before I sleep

- Robert Frost

Respected Principals, Correspondents, Headmasters/ Headmistresses, Teachers,

From the bottom of our heart, we at SURA Publications sincerely thank you for the support and patronage that you have extended to us for more than a decade.

It is in our sincerest effort we take the pride of releasing SURA's Commerce for +2 Standard. This guide has been authored and edited by qualified teachers having teaching experience for over a decade in their respective subject fields. This Guide has been reviewed by reputed Professors who are currently serving as Head of the Department in esteemed Universities and Colleges.

With due respect to Teachers, I would like to mention that this guide will serve as a teaching companion to qualified teachers. Also, this guide will be an excellent learning companion to students with exhaustive exercises and in-text questions in addition to precise answers for textual questions.

In complete cognizance of the dedicated role of Teachers, I completely believe that our students will learn the subject effectively with this guide and prove their excellence in Board Examinations.

I once again sincerely thank the Teachers, Parents and Students for supporting and valuing our efforts.

God Bless all.

Subash Raj, B.E., M.S.

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All the Best

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with Answers

UNIT I

MANAGEMENT PROCESS

CHAPTER

1

PRINCIPLES OF MANAGEMENT

CHAPTER SNAPSHOT

- 1.1 Concept of Management
- 1.2 Definitions of Management
- 1.3 Management is differ from Administration
- 1.4 Management Process
- 1.5 Principles of Scientific Management
- 1.6 Principles of Modern Management
- 1.7 Span of Management

EXERCISE

I. CHOOSE THE CORRECT ANSWERS.

1. Management is what a _____ does?
[PTA-1; QY-2019]
(a) Manager (b) Subordinate
(c) Supervisor (d) Superior
[Ans. (a) Manager]
2. Management is an _____
[Govt. MQP-2019; PTA-1; Aug-2021]
(a) Art (b) Science
(c) Art and Science (d) Art or Science
[Ans. (c) Art and Science]
3. Scientific management is developed by
[PTA-2; QY-2019; Aug-2021]
(a) Fayol (b) Taylor
(c) Mayo (d) Jacob
[Ans. (b) Taylor]

4. Dividing the work into small tasks is known as
(a) Discipline (b) Unity [Sep-2020]
(c) Division of work (d) Equity
[Ans. (c) Division of work]
5. With a wider span, there will be _____
hierarchical levels. [PTA-6]
(a) More (b) Less
(c) Multiple (d) Additional
[Ans. (b) Less]

II. VERY SHORT ANSWER QUESTIONS.

1. What is Management? [PTA-1; QY-2019]
Ans. Management is the process of giving direction and controlling the various activities of the people to achieve the objectives of an organisation.

2. List out the management tools. [HY-2019; Mar-2020]

Ans. Tools of managements have been developed such as accounting, business law, psychology, statistics, econometrics, data processing, etc.

3. State the meaning of Authority. [Sep-2020]

Ans. Authority means the right of a superior to give the order to his subordinates whereas responsibility means obligation for performance.

4. What do you mean by Span of management? [PTA-2]

Ans. (i) The span of management refers to the number of subordinates who can be managed efficiently by a superior.

(ii) Simply, the manager having the group of subordinates who report him directly is called as the span of management.

III. SHORT ANSWER QUESTIONS.

1. Define the term management. [PTA-1; Aug-2021]

Ans. According to Koontz and Weihrich, "Management is the process of designing and maintaining of an environment in which individuals working together in groups efficiently accomplish selected aims".

2. Differentiate management from Administration. (any 3) [Govt. MQP-2019; PTA-2; HY-2019]

Ans.

	Basis	Management	Administration
1.	Meaning	An organised way of managing people and things of a business is called management	The process of administering an organisation by a group of people is known as the administration
2.	Authority	Middle and lower level	Top level
3.	Concerned with	Policy implementation	Policy formulation
4.	Role	Executive	Decisive
5.	Area of operation	It works under administration	It has full control over the activities of the organisation.

3. What are the principles of Taylor? [QY-2019; Sep-2020]

Ans. Taylor propounded the principles of scientific management. They are :

- (i) Science, Not Rule of Thumb
- (ii) Harmony, Not Discord
- (iii) Mental Revolution
- (iv) Co-operation, Not individualism
- (v) Development of each and every person to his or her greatest efficiency and prosperity.

4. What determines the span of management?

Ans. Each manager or superior may have different ability and capacity in respect of such factors as leadership, communication, decision making, control affecting management of subordinates. Further, the attitudes and personality factors of the manager also determine his span of management.

The span of managements can be determined on the basis of a number of relationship that a manager can manage. These are :

- (i) Capacity of superior
- (ii) Capacity of subordinates
- (iii) Nature of work
- (iv) Degree of decentralization
- (v) Planning
- (vi) Use of staff assistance
- (vii) Supervision from others
- (viii) Communication technique

CHAPTER

2

FUNCTIONS OF MANAGEMENT

CHAPTER SNAPSHOT

- 2.1 Main Functions
- 2.2 Subsidiary Functions

EXERCISE

I. CHOOSE THE CORRECT ANSWERS.

1. Which is the primary function of management?

[PTA-3; Mar.2020]

- (a) Innovating
- (b) Controlling
- (c) Planning
- (d) Decision-making

[Ans. (c) Planning]

2. Which of the following is not a main function?

[QY-2019]

- (a) Decision-making
- (b) Planning
- (c) Organising
- (d) Staffing

[Ans. (a) Decision-making]

3. _____ is included in every managerial function.

[Aug-2021]

- (a) Co-ordinating
- (b) Controlling
- (c) Staffing
- (d) Organising

[Ans. (a) Co-ordinating]

4. Which of the following is verification function?

[Govt. MQP-2019; PTA-4; HY-2019]

- (a) Planning
- (b) Organising
- (c) Staffing
- (d) Controlling

[Ans. (d) Controlling]

5. The goals are achieved with the help of _____

- (a) Motivation
- (b) Controlling
- (c) Planning
- (d) Staffing

[Ans. (a) Motivation]

II. VERY SHORT ANSWER QUESTIONS.

1. Write a short note about Planning.

[PTA-3; QY-2019]

Ans. Planning is the primary function of management. Nothing can be performed without planning. Planning should take place before doing. In short planning refers to deciding in advance.

2. What is meant by Motivation?

Ans. The goals are achieved with the help of motivation. Motivation includes increasing the speed of performance of a work and developing a willingness on the part of the workers.

3. List the subsidiary functions of management.

- Ans.** (i) Innovation
(ii) Representation
(iii) Decision - making
(iv) Communication

4. What is the Traditional Proverb used in planning?

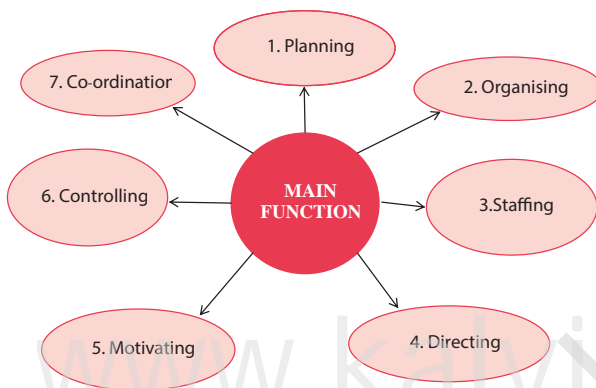
Ans. Think Before you Act' or 'Look Before you Leap' are some of the usual traditional proverbs; which provide a basis or logic for planning.

III. SHORT ANSWER QUESTIONS.

1. List out the main functions of management.
[QY-2019]

Ans. The main functions of management are :

- (i) Planning
- (ii) Organising
- (iii) Staffing
- (iv) Directing
- (v) Motivating
- (vi) Controlling
- (vii) Co-ordination



2. State the importance of staffing.

- Ans. (i) Staffing function comprises the activities of selection and placement of competent personnel.
- (ii) In other words, Staffing refers to placement of right persons in the right jobs.
- (iii) Staffing includes selection of right persons, training to those needy persons, promotion of best persons, retirement of old persons, performance appraisal of all the personnel, and adequate remuneration of personnel.
- (iv) The success of any enterprise depends upon the successful performance of staffing function.

3. How the employees are informed about important matters in a company?

Ans. Employees are kept informed of all necessary matters by circulars, instructions manuals, newsletters, notice-boards, meeting, participative mechanism etc., in order to enable the employees to accomplish the organizational goals.

IV. LONG ANSWER QUESTIONS.

1. Explain the various functions of management.
(any 5) [PTA-4; Sep.2020; Aug-2021]

Ans. Functions of management can be classified into two categories.

A. Main functions; and B. Subsidiary functions.

A. Main functions :

(i) Planning :

- (a) Planning is the primary function of management.
- (b) Planning is a constructive reviewing of future needs so that present actions can be adjusted in view of the established goal.
- (c) E.g. Writing a book starts with planning.

(ii) Organising :

- (a) Organising is the process of establishing harmonious relationship among the members of an organisation.
- (b) Organising function work is assigned to employees who are given authority to carry out the work assigned and made accountable for it.

(iii) Staffing :

- (a) Staffing function comprises the activities of selection and placement of competent personnel.
- (b) Staffing refers to placement of right persons in the right jobs.

(iv) Directing : [QY-2019]

- (a) Directing denotes motivating, leading, guiding and communicating with subordinates.
- (b) Employees are kept informed of all necessary matters by circulars, instructions manuals, newsletters, notice-boards, meeting, participative mechanism, etc.

B. Subsidiary functions :

(i) Innovation :

- (a) Innovation refers to the preparation of personnel and organisation to face the changes made in the business world.
- (b) Innovation includes developing new material, new products, new techniques in production, new package, new design of a product and cost reduction.

CHAPTER

3

MANAGEMENT BY OBJECTIVES
(MBO) MANAGEMENT BY
EXCEPTION (MBE)

CHAPTER SNAPSHOT

- 3.1 Meaning and Definition of MBO
- 3.2 Objectives of MBO
- 3.3 Features of MBO
- 3.4 Process of MBO
- 3.5 Advantages of MBO
- 3.6 Disadvantages of MBO
- 3.7 Meaning of MBE
- 3.8 Process of MBE
- 3.9 Advantages of MBE
- 3.10 Disadvantages of MBE

EXERCISE

I. CHOOSE THE CORRECT ANSWERS.

1. _____ System gives full Scope to the Individual Strength and Responsibility.
(a) MBO (b) MBE [PTA-5]
(c) MBM (d) MBA
[Ans. (a) MBO]
2. Which is the First step in Process of MBO?
(a) Fixing Key Result Area
(b) Appraisal of Activities
(c) Matching Resources with Activities
(d) Defining Organisational Objectives
[Ans. (d) Defining Organisational Objectives]

3. _____ keeps Management Alert to Opportunities and Threats by Identifying Critical Problems.
(a) MBA (b) MBE
(c) MBM (d) MBO
[Ans. (b) MBE]
4. Delegation of Authority is Easily Done with the Help of _____. [QY-2019]
(a) MBM (b) MBE
(c) MBO (d) MBA
[Ans. (c) MBO]
5. MBO is popularised in the USA by
(a) Prof. Reddin (b) George Odiorne
(c) Henry Fayol (d) F.W Taylor
[Ans. (b) George Odiorne]

II. VERY SHORT ANSWER QUESTIONS.

1. What are the objectives of MBO?

Ans. The objectives of MBO are ;

- (i) to measure and judge performance.
- (ii) to relate individual performance to organisational goals.

2. Bring out the meaning of MBE.

[Govt. MQP-2019; PTA-5]

Ans. (i) Management by Exception is an important principle of managerial control suggested by the classical writers on management.

(ii) It is a style of business management that focuses on identifying and handling cases that deviate from the norm.

3. Mention any two advantages of MBO.

Ans. The advantages of MBO are

- (i) MBO gives the criteria of performance. It helps to take corrective action.
- (ii) MBO process helps the managers to understand their role in the total organisation.

4. What is known as KRA?

Ans. (i) KRA means Key result areas. Key Result area are fixed on the basis of organisational objectives premises.

(ii) Key Result Areas are arranged on a priority basis. KRA indicates the strength of an organisation.

(iii) The examples of KRA are profitability, market standing, innovation etc.

III. SHORT ANSWER QUESTIONS.

1. Write the features of MBO. [QY-2019; Mar-2020]

Ans. The features of MBO are :

- (i) An attempt is made by the management to integrate the goals of an organisation and individuals. This will lead to effective management.
- (ii) MBO tries to combine the long run goals of an organisation with short run goals.
- (iii) Management tries to relate the organisation goals with society goals.
- (iv) MBO's emphasis is not only on goals but also on effective performance.
- (v) It increases the organisational capability of achieving goals at all levels.
- (vi) Aims at replacing the exercise of authority with consultations.

2. What are the Process of MBE?

Ans. (i) Primarily, it is necessary to set objectives or norms with predictable or estimated results.

(ii) These performances are assessed and get equated to the actual performance.

(iii) Next, the deviation gets analysed. With an insignificant or no deviation, no action is required and senior managers can concentrate on other matters.

(iv) If actual performances deviate significantly, the issue needs to be passed to the senior managers, as an exception has occurred.

(v) Finally, the aim is to solve this "exception" immediately.

3. List out any three process of MBO.

Ans. Four process of MBO are

(i) Defining Organisational Objectives.

(ii) Goals of Each Section.

(iii) Fixing Key Result Areas.

IV. LONG ANSWER QUESTIONS.

1. What are the major advantages of MBO? (any 5) [PTA-5]

Ans. The advantages of MBO are

(i) Managers are involved in objectives setting at various levels of management under MBO and this commitment ensures hard work to achieve them.

(ii) MBO process helps the managers to understand their role in the total organisation.

(iii) Manager recognises the need for planning and appreciates the planning.

(iv) MBO provides a foundation for participative management. Subordinates are also involved in goal setting.

(v) A department does not work at cross purpose with another department.

2. What are the advantages of MBE? (any 5) [PTA-3; Mar-2020]

Ans. Management by exception provides the following advantages.

(i) It saves the time of managers because they deal only with exceptional matters. Routine problems are left to subordinates.

(ii) It focuses managerial attention on major problems. As a result, there is better utilisation of managerial talents and energy.

UNIT II

FINANCIAL MARKETS – I

CHAPTER

4

INTRODUCTION TO FINANCIAL MARKETS

CHAPTER SNAPSHOT

- 4.1 Meaning and Definition of Financial Market
- 4.2 Scope of Indian Financial Market
- 4.3 Types of Financial Markets
- 4.4 Role of Financial Market
- 4.5 Functions of Financial Markets
- 4.6 New Issue Market (NIM) Vs. Secondary Market

EXERCISE

I. CHOOSE THE CORRECT ANSWERS.

1. **Financial market facilitates business firms**

- (a) To rise funds [PTA-3]
- (b) To recruit workers
- (c) To make more sales
- (d) To minimize fund requirement

[Ans. (a) To rise funds]

2. **Capital market is a market for** [Sep-2020]

[Govt. MQP-2019; PTA-4; QY-2019]

- (a) Short Term Finance
- (b) Medium Term Finance
- (c) Long Term Finance
- (d) Both Short Term and Medium Term Finance

[Ans. (c) Long Term Finance]

3. **Primary market is also called as** [PTA-5]

- (a) Secondary market
- (b) Money market
- (c) New Issue Market
- (d) Indirect Market

[Ans. (c) New Issue Market]

4. **Spot Market is a market where the delivery of the financial instrument and payment of cash occurs** [PTA-1]

- (a) Immediately
- (b) In the future
- (c) Uncertain
- (d) After one month

[Ans. (a) Immediately]

5. **How many times a security can be sold in a secondary market?** [PTA-6; Aug-2021]

- (a) Only one time
- (b) Two time
- (c) Three times
- (d) Multiple times

[Ans. (d) Multiple times]

II. VERY SHORT ANSWER QUESTIONS.

1. What are the components of organized sectors?

Ans. Organised sector consist of Regulators, Financial Institutions, Financial markets and Financial services.

2. What is Spot Market?

Ans. Spot Market is a market where the delivery of the financial instrument and payment of cash occurs immediately. i.e. settlement is completed immediately.

3. What is Debt Market?

Ans. Debt Market is the financial market for trading in Debt Instrument (i.e. Government Bonds or Securities, Corporate Debentures or Bonds).

4. How is price decided in a Secondary Market?

[Aug-2021]

Ans. Secondary markets allow for the determination of the price of the traded financial asset through the interaction of buyers and sellers. They provide a signal for the allocation of funds in the economy, based on the demand and supply, though the mechanism called price discovery processes

III. SHORT ANSWER QUESTIONS.

1. Give the meaning of Financial Market.

Ans. Meaning: A market wherein financial instruments such as financial claims, assets and securities are traded is known as a 'financial market'. In another words, financial markets may be channels through which flow loanable funds directed from a supplier who has an excess of assets toward a demander who experiences a deficit of funds.

2. Write a note on Secondary Market.

[PTA-2; QY-2019]

Ans. (i) Secondary market may be defined as the market for old securities, in the sense that securities which are previously issued in the primary market are traded here.

(ii) The trading takes place between investors who follow the original issue in the primary market.

(iii) It covers both stock exchange and over the counter market.

3. Bring out the scope of Financial Market in India.

Ans. (i) The financial market provides financial assistance to individuals, agricultural sectors, industrial sectors, service

sectors, financial institutions like banks, insurance sectors, provident funds and the government as a whole.

(ii) With the help of the financial market all the above stated individuals, institutions and the Government can get their required funds in time.

(iii) Through the financial market the institutions get their short term as well as long term financial assistance.

(iv) It leads to the overall economic development.

IV. LONG ANSWER QUESTIONS.

1. Distinguish between New Issue Market and Secondary Market. (any 5)

[Govt. MQP-2019; PTA-1; Sep-2020]

Ans.

S. No	Basis of Comparison	New Issue Market	Secondary Market
1.	Meaning	The market place for new shares is called primary market. (Initial Issues Market)	The place where formerly issued securities are traded is known as Secondary market. (Resale Market)
2.	Buying	Direct	Indirect
3.	Financing	It supplies funds to budding enterprises and also to existing companies for expansion and diversification.	It does not provide funding to companies.
4.	Buying and selling between	Company and Investors	Investors
5.	Gained person	Company	Investors
6.	Intermediary	Underwriters	Brokers

CHAPTER

5

CAPITAL MARKET

CHAPTER SNAPSHOT

- 5.1 Meaning and Definition
- 5.2 Characteristics of Capital Market
- 5.3 Kinds of Capital Market
- 5.4 Functions and Importance of Capital Market
- 5.5 Indian Capital Market – Evolution and Growth
- 5.6 New Financial Institutions

EXERCISE

I. CHOOSE THE CORRECT ANSWERS.

1. Capital market do not provide [PTA-1]
(a) Short term Funds
(b) Debenture Funds
(c) Equity Funds
(d) Long term Funds
[Ans. (a) Short term Funds]
2. When the NSEI was established [PTA-2; QY-2019; Mar-2020]
(a) 1990 (b) 1992
(c) 1998 (d) 1997
[Ans. (b) 1992]
3. Primary market is a Market where securities are traded in the [PTA-2]
(a) First Time (b) Second Time
(c) Three Time (d) Several Times
[Ans. (a) First Time]
4. Participants in the capital market includes [PTA-3]
(a) Individuals (b) Corporate
(c) Financial Institutions (d) All of the above
[Ans. (d) All of the above]

5. The _____ was set up by a premier financial institution to allow the trading of securities across the electronic counters throughout the country.
(a) OTCEI (b) Factoring
(c) Mutual Funds
(d) Venture Funds Institutions
[Ans. (a) OTCEI]

II. VERY SHORT ANSWER QUESTIONS.

1. What is Capital Market? [PTA-2]
Ans. Capital market is a market where buyers and sellers engage in trade of financial securities like bonds and stocks. The buying and selling is undertaken by participants such as individuals and institutions.
2. Write a note on OTCEI. [QY-2019]
Ans. (i) OTCEI means Over The Counter Exchange of India.
(ii) The OTCEI was set up by a premier financial institution to allow the trading of securities across the electronic counters throughout the country.
(iii) It addresses some specific problems of both investors and medium-size companies.

3. Who are the participants in a Capital Market?

Ans. The participants of the capital market include individuals, corporate sectors, Government, banks and other financial institutions.

4. How is price determined in a Capital Market?

Ans. The price of the securities is determined based on the demand and supply prevailing in the capital market for securities.

III. SHORT ANSWER QUESTIONS.

1. What are the various kinds of Capital Market? Explain. (any 3) [QY-2019]

Ans. Capital market is divided into two i.e. primary market and secondary market.

(i) Primary Market :

- (a) Primary market is a market for new issues or new financial claims. Hence, it is also called New Issue Market.
- (b) The primary market deals with those securities which are issued to the public for the first time.
- (c) In the primary market, borrowers exchange new financial securities for long term funds.
- (d) There are three ways by which a company may raise capital in a primary market. They are,
 - (i) Public Issue
 - (ii) Right Issue
 - (iii) Private Placement

(ii) Secondary Market :

- (a) Secondary Market may be defined as the market for old securities, in the sense that securities which are previously issued in the primary market are traded here.
- (b) The trading takes place between investors who follow the original issue in the primary market.
- (c) It covers both stock exchange and over-the counter market.

2. Explain any two functions of Capital Market.

Ans. The functions of capital market are as follows:

(i) Savings and Capital Formation :

- (a) In capital market, various types of securities help to mobilize savings from various sectors of population (Individuals, Corporate, Government, etc.).
- (b) The twin features of reasonable return and liquidity in stock exchange are definite incentives to the people to invest in securities.

(c) This accelerates the capital formation in the country.

(ii) Ready and Continuous Market :

- (a) The stock exchange provides a central convenient place where buyers and sellers can easily purchase and sell securities.
- (b) Easy marketability makes investment in securities more liquid as compared to other assets.

3. Explain about Factoring and Venture Capital Institutions.

Ans. (i) Factoring Institutions :

- (a) "Factoring" is an arrangement whereby a financial institution provides financial accommodation on the basis of assignment/sale of account receivables.
- (b) The factoring institutions collect the book debts for and on behalf of its clients.
- (c) Some of the factoring institutions operating in India are SBI Factors and Commercial Services Private Limited, a subsidiary of State Bank of India and Canbank Factors Limited, a subsidiary of Canara Bank.

(ii) Venture Capital Institutions :

- (a) Venture capital financing is a form of equity financing designed especially for funding new and innovative project ideas.
- (b) Venture capital funds bring into force the hi-technology projects which are converted into commercial production.
- (c) They include Risk Capital Foundation of IFCI, Venture Fund of IDBI, SIDBI, Technology Development and Infrastructure Corporation of India (TDICI) and others.

IV. LONG ANSWER QUESTIONS.

1. Discuss the characters of a Capital Market.

[PTA-3; Mar-2020]

Ans. The characters of a capital market are as follows :

- (i) **Securities Market :** The dealings in a capital market are done through the securities like shares, debentures, etc. The capital market is thus called as securities market.
- (ii) **Price :** The price of the securities is determined based on the demand and supply prevailing in the capital market for securities.
- (iii) **Participants :** There are many players in the capital market. The participants of the capital market include individuals corporate sectors, Government, banks and other financial institutions.

GOVERNMENT EXAM QUESTIONS AND ANSWERS

I. VERY SHORT ANSWER QUESTIONS. 2 MARKS

1. Oil and Coffee are sold in a commodity market. Mention the market to which they belong. [Sep-2020]

Ans. Oil - Hard Commodities
Coffee - Soft Commodities

II. SHORT ANSWER QUESTIONS. 3 MARKS

1. Explain about Venture Fund institutions. [Mar-2020]

Venture Fund Institutions :

- (i) Venture capital financing is a form of equity financing designed especially for funding new and innovative project ideas.
- (ii) Many specialised financial institutions have promoted their own venture capital funds.

(iii) They include Risk Capital Foundation of IFCI, Venture capital of IDBI, SIDBI, TDICI and others.

2. Give three suggestions to a salaried employee to invest in Gilt - Edged Securities. [Sep-2020]

- (i) Guaranteed return on investments
- (ii) No speculation in securities
- (iii) Institutional based investors which are compelled by law to invest a portion of their funds in these securities.
- (iv) Predominated by such institutions as LIC, GIC, PFs and the commercial banks.
- (v) Heavy volume of transactions necessitating negotiation of each transaction.

ADDITIONAL QUESTIONS AND ANSWERS

I. CHOOSE THE CORRECT ANSWERS. 1 MARK

I. CHOOSE THE CORRECT OPTION.

1. Rights Issue refers to the shares issued to
(a) Employees (b) Public
(c) Existing directors
(d) Existing shareholders
[Ans. (d) Existing shareholders]
2. Which one of the following is not the main functions of a capital market?
(a) To mobilise the savings from various sectors of population
(b) To enables companies to raise permanent capital
(c) To provide employment opportunities for various sectors of the population
(d) To encourage the people to invest in productive channels
[Ans. (c) To provide employment opportunities for various sectors of the population]
3. Which of the following is the advantage of investment of foreign capital in India?
(a) It brings larger industrial profits
(b) It reduces our imports
(c) It expands our exports
(d) It brings in new technical know-how

[Ans. (d) It brings in new technical know-how]

4. Which market facilitates capital formations?

- (a) Primary market
- (b) Secondary market
- (c) Debt market
- (d) Money market

[Ans. (a) Primary market]

5. The existence of a capital market enables companies to raise

- (a) capital formation
- (b) permanent capital
- (c) industrial growth
- (d) all of these

[Ans. (b) permanent capital]

6. Which markets make possible to generate foreign capital?

- (a) Primary market
- (b) Secondary market
- (c) Money market
- (d) Capital market

[Ans. (d) Capital market]

7. NSEI was established in

- (a) 1990 (b) 1992
- (c) 1996 (d) 1998

[Ans. (b) 1992]

8. The NSDL was set up in the year

- (a) 1990 (b) 1992
- (c) 1996 (d) 1998

[Ans. (c) 1996]

9. In capital markets, major suppliers of trading instruments are

- (a) government and corporations
- (b) liquid corporations
- (c) instrumental corporations
- (d) manufacturing corporations

[Ans. (a) government and corporations]

10. Which of the following instruments are traded in capital market?

- (a) Government agency securities
- (b) Negotiable bank CDs
- (c) Repurchase agreements
- (d) Commercial papers

[Ans. (a) Government agency securities]

11. Which of the following does financial services industry consist of?

- I) Tele communication
- II) Insurance
- III) Fund Management
- IV) Trusts

- (a) I and II
- (b) III and IV
- (c) I, II and III
- (d) II, III and IV

[Ans. (d) II, III and IV]

II. MATCH LIST I WITH LIST II AND SELECT THE CORRECT ANSWER USING THE CODES GIVEN BELOW.

	List I		List II
i)	Capital market	1)	New Issue Market
ii)	Securities	2)	Resale market
iii)	Primary market	3)	Debentures
iv)	Secondary market	4)	Long term funds

Codes :

- | | | | | |
|-----|-----|------|-------|------|
| | (i) | (ii) | (iii) | (iv) |
| (a) | 1 | 2 | 3 | 4 |
| (b) | 4 | 3 | 1 | 2 |
| (c) | 2 | 3 | 1 | 4 |
| (d) | 3 | 4 | 2 | 1 |

[Ans. (b) (i)-4; (ii)-3; (iii)-1; (iv)-2]

	List I		List II
i)	Hard commodities	1)	Financial risk
ii)	Soft commodities	2)	Scripless and floorless
iii)	Derivatives market	3)	Coffee and sugar
iv)	NSEI	4)	Rubber and iron

Codes :

- | | | | | |
|-----|-----|------|-------|------|
| | (i) | (ii) | (iii) | (iv) |
| (a) | 1 | 2 | 3 | 4 |
| (b) | 4 | 3 | 1 | 2 |
| (c) | 2 | 3 | 4 | 1 |
| (d) | 3 | 2 | 1 | 4 |

[Ans. (b) (i)-4; (ii)-3; (iii)-1; (iv)-2]

III. CHOOSE AND FILL IN THE BLANKS.

1. _____ forms an important core of a country's financial system.

- (a) Capital market
- (b) Financial market
- (c) Money market
- (d) Debt market

[Ans. (a) Capital market]

2. Capital market offers an ideal source of _____ finance.

- (a) internal
- (b) external
- (c) both
- (d) none of these

[Ans. (b) external]

3. Capital market is called _____ market.

- (a) financial
- (b) money
- (c) securities
- (d) debt

[Ans. (c) securities]

4. Capital market provides a transaction platform for _____ term financial assets.

- (a) long
- (b) short
- (c) medium
- (d) none of these

[Ans. (a) long]

5. Capital market is divided into _____ categories.

- (a) two
- (b) three
- (c) four
- (d) five

[Ans. (a) two]

6. _____ market is a market for new issues or new financial claims.

- (a) Secondary
- (b) Primary
- (c) Money
- (d) Debt

[Ans. (b) Primary]

7. _____ is a way of selling securities privately to a small group of investors.

- (a) Public issue
- (b) Rights issue
- (c) Private Placement
- (d) None of these

[Ans. (c) Private Placement]

8. _____ commodities are raw materials typically mined.

- (a) Hard
- (b) Soft
- (c) Both
- (d) None of these

[Ans. (a) Hard]

9. _____ are typically grown agricultural primary products such as wheat and sugar.

- (a) Hard commodities
- (b) Soft commodities
- (c) Capital markets
- (d) Financial markets

[Ans. (b) Soft commodities]

CHAPTER

6

MONEY MARKET

CHAPTER SNAPSHOT

- 6.1 Meaning and Definition
- 6.2 Objectives and Characteristics
- 6.3 Money Market Vs Capital Market
- 6.4 Participants in Money Markets
- 6.5 Money Market Instruments
 - 6.5.1 Treasury Bills
 - 6.5.2 Certificate of Deposits
 - 6.5.3 Commercial Bills
 - 6.5.4 Government or Gilt - Edged Securities Market

EXERCISE

I. CHOOSE THE CORRECT ANSWERS.

1. The money invested in the call money market provides high liquidity with _____.
[PTA-5]

- (a) Low Profitability
- (b) High Profitability
- (c) Limited Profitability
- (d) Medium Profitability

[Ans. (a) Low Profitability]

2. A major player in the money market is the _____.
[PTA-6; HY-2019]

- (a) Commercial Bank
- (b) Reserve Bank of India
- (c) State Bank of India
- (d) Central Bank.

[Ans. (a) Commercial Bank]

3. Debt Instruments are issued by Corporate Houses are raising short-term financial resources from the money market are called _____.

- (a) Treasury Bills
- (b) Commercial Paper
- (c) Certificate of Deposit
- (d) Government Securities

[Ans. (b) Commercial Paper]

4. The market for buying and selling of Commercial Bills of Exchange is known as a _____.

- (a) Commercial Paper Market
- (b) Treasury Bill Market
- (c) Commercial Bill Market
- (d) Capital Market

[Ans. (c) Commercial Bill Market]

UNIT III

FINANCIAL MARKETS – II

CHAPTER

7

STOCK EXCHANGE

CHAPTER SNAPSHOT

- 7.1 Stock Exchange – Origin, Meaning and Definition
- 7.2 Functions of Stock Exchange
- 7.3 Features of Stock Exchange
- 7.4 Benefits and Limitations of Stock Exchange
- 7.5 Stock Exchanges in India
- 7.6 Types of Speculators
- 7.7 Stock Exchange Vs Commodity Exchange
- 7.8 Recent Development in Stock Exchange

EXERCISE

I. CHOOSE THE CORRECT ANSWERS.

1. _____ is the oldest stock exchange in the world.

- (a) London Stock Exchange [PTA-1]
- (b) Bombay Stock Exchange
- (c) National Stock Exchange
- (d) Amsterdam Stock Exchange

[Ans. (d) Amsterdam Stock Exchange]

2. There are _____ stock exchange in the country.

- (a) 21 (b) 24 (c) 20 (d) 25

[Ans. (b) 24]

3. Jobbers transact in a stock exchange

[PTA-2; QY-2019; Aug-2021]

- (a) For their Clients
- (b) For their Own Transactions
- (c) For other Brokers
- (d) For other Members

[Ans. (b) For their Own Transactions]

4. A pessimistic speculator is [PTA-4]

- (a) Stag (b) Bear
- (c) Bull (d) Lame Duck [Ans. (b) Bear]

5. An optimistic speculator is [PTA-5]

- (a) Bull (b) Bear
- (c) Stag (d) Lame duck [Ans. (a) Bull]

II. VERY SHORT ANSWER QUESTIONS.

1. What is meant Stock Exchange? [PTA-1]

Ans. Stock Exchange is an organised market for the purchase and sale of industrial and financial security. It is an organised market for buying and selling of corporate and other securities. It is also called as stock market or share market.

2. Write any 5 Stock Exchanges in India.

- Ans. (i)** The Bombay Stock Exchange.
- (ii)** The Ahmedabad Stock Exchange
- (iii)** Bangalore Stock Exchange Ltd.

- (iv) The Calcutta Stock Exchange
- (v) The Madras Stock Exchange

3. What is meant by Remisier?

Ans. Remisier is an agent of a member of a stock exchange. He obtains business for his principal i.e. the member. He gets a commission for that service. He is called Remiser.

4. Who is called a Broker? [PTA-2; Aug-2021]

Ans. (i) Brokers are commission agents, who act as intermediaries between buyers and sellers of securities.

(ii) They do not purchase or sell securities on their behalf.

(iii) They bring together the buyers and sellers and help them in making a deal.

(iv) Brokers charge a commission from both the parties for their service.

5. What are the types of Speculator? [PTA-3]

Ans. Speculators are classified in to four types :

- (i) Bull
- (ii) Bear
- (iii) Stage and
- (iv) Lame duck

III. SHORT ANSWER QUESTIONS.

1. What are the limitations of Stock exchange? (any 3) [HY-2019]

Ans. The limitations of stock exchange are as follows :

- (i) Lack of uniformity and control of stock exchanges.
- (ii) Absence of restriction on the membership of stock exchanges.
- (iii) Failure to control unhealthy speculation
- (iv) Allowing more than one stock exchange in the place.

2. Explain Bull and Bear.

[Govt. MQP-2019; PTA-1; QY-2019; Aug-2021]

Ans. (i) Bull :

(a) A Bull or Tejiwala is an operator who expects a rise in prices of securities in the future.

(b) In anticipation of price rise he makes purchases of shares at present and other securities with the intention to sell at higher prices in future.

(c) He is called bull. He is an optimistic speculator.

(ii) Bear : [Mar-2020]

(a) A Bear or Mandiwala speculator expects prices to fall in future and sells securities at present with a view

to purchase them at lower prices in future.

(b) A bear does not have securities at present, but sells them at higher prices in anticipation that he will supply them by purchasing at lower price in future.

(c) He is called bear. He is a pessimistic speculator.

3. Explain Stag and Lame Duck.

Ans. (i) Stag : [PTA-2; HY-2019]

(a) A stag is cautious speculator in the stock exchange.

(b) He applies for shares in new companies and expects to sell them at a premium, if he gets and allotment.

(c) He selects those companies whose shares are in more demand and are likely to carry a premium.

(d) He sells the shares before being called to pay the allotment money. He is called a premium hunter.

(ii) Lame duck :

(a) When a bear finds it difficult to fulfill his commitment, he is said to be struggling like a lame duck.

(b) A bear speculator contracts to sell securities at a later date.

(c) Moreover, the buyer is not willing to carry over the transactions.

IV. LONG ANSWER QUESTIONS.

1. Explain the functions of Stock Exchange. (any 5) [PTA-4; Aug-2021]

Ans. The various functions of stock exchange are as follows :

(i) Ready and continuous market :

(a) Stock exchange is a market for existing securities.

(b) If an investor wants to sell his securities, he can easily and quickly dispose them off on a stock exchange.

(ii) Correct evaluation of securities :

(a) The prices at which securities are bought and sold are recorded and made public.

(b) These prices are called "market quotations".

(iii) Protection to investors :

(a) All dealings in a stock exchange are in accordance with well-defined rules and regulations.

CHAPTER

8

SECURITIES EXCHANGE BOARD OF INDIA (SEBI)

CHAPTER SNAPSHOT

- 8.1 Introduction of SEBI
- 8.2 Objectives of SEBI
- 8.3 Functions of SEBI
- 8.4 Powers of SEBI
- 8.5 Dematerialization (DEMAT)
- 8.6 Benefits of Dematerialization

EXERCISE

I. CHOOSE THE CORRECT ANSWERS.

1. Securities Exchange Board of India was first established in the year ____ [PTA-1; QY-2019]
(a) 1988 (b) 1992
(c) 1995 (d) 1998
[Ans. (a) 1988]
2. The headquarters of SEBI is ____
[Govt. MQP-2019; PTA-2; Mar-2020]
(a) Calcutta (b) Bombay
(c) Chennai (d) Delhi
[Ans. (b) Bombay]
3. Registering and controlling the functioning of collective investment schemes as ____
(a) Mutual Funds (b) Listing [PTA-6]
(c) Rematerialisation (d) Dematerialization
[Ans. (a) Mutual Funds]
4. SEBI is empowered by the Finance ministry to nominate ____ members on the Governing body of every stock exchange.
(a) 5 (b) 3 (c) 6 (d) 7
[Ans. (b) 3]

5. Trading in dematerialized shares commenced on the NSE is ____

- (a) January 1996 (b) June 1998
- (c) December 1996 (d) December 1998

[Ans. (c) December 1996]

II. VERY SHORT ANSWER QUESTIONS.

1. Write a short notes on SEBI. [PTA-4]
Ans. (i) SEBI means Securities Exchange Board of India.
(ii) It is an apex body that maintains and regulates our capital market.
(iii) It was established in 1988 by Indian government but got a statutory powers in 1992.
2. Write any two objectives of SEBI. [QY-2019]
Ans. (i) **Regulation of Stock Exchanges** : The first objective of SEBI is to regulate stock exchanges so that efficient services may be provided to all the parties operating there.
(ii) **Protection to the Investors** : The protection of the interests of the investors means protecting them from the wrong information given by the companies in their prospectus, reducing the risk of delivery and payment, etc.

3. Mention the headquarters of SEBI. [Sep-2020]

Ans. SEBI has its headquarters at the business district of Bandrakurla complex in Mumbai and has Northern, Eastern, Southern and Western Regional offices in New Delhi, Kolkatta, Chennai and Ahmedabad respectively.

4. What are the various ID proofs?

Ans. PAN card, Voters ID, Passport, Drivers license, Bank attestation, IT returns, electricity bill, telephone bill, ID cards with applicants photo issued by the central or state government and its departments are the various ID proofs.

III. SHORT ANSWER QUESTIONS.

1. What is meant by Dematerialization?

Ans. (i) Dematerialization is the process by which physical share certificates of an investor are taken back by the company/registrar and destroyed.

(ii) Dematerialization is done at the request of the investor. Investors will first have to open an account with a DP (Depository Participant) and then request for dematerialization of certificates through the DP.

(iii) Purchases made by an investor are credited to his account and sales are debited. All the holdings of a particular security will be identical and interchangeable.

(iv) Trading in dematerialized shares commenced on the NSE in December, 1996, where Reliance Industries was the first company to trade its 100 shares in demat form.

2. What are the documents required for a Demat account?

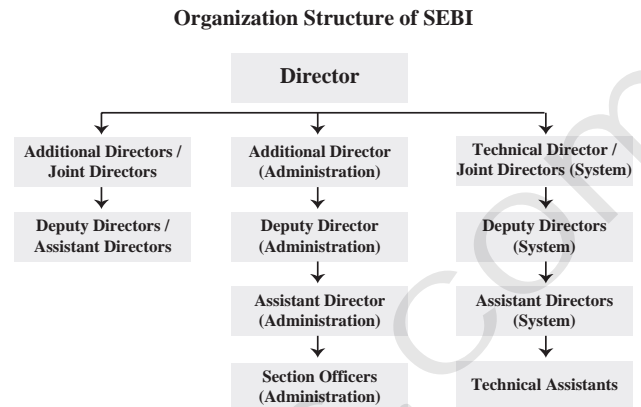
Ans. (i) We need to submit proof of identity and address along with a passport size photograph and the account opening form. Only photocopies of the documents are required for submission, and originals are also required for verification.

(ii) The Proof of identity may be, PAN card, voter's ID, passport, driver's license, bank attestation, IT returns, electricity bill, telephone bill, ID cards with applicant's photo issued by the central or state government and its departments, etc.

(iii) The Proof of address may be Ration card, passport, Voter's ID card, bank passbook or bank statement, verified copies of electricity bills, residence telephone bills, lease and license agreement or agreement for sale, etc.

3. Draw the organization structure of SEBI.

[PTA-5; QY-2019]



IV. LONG ANSWER QUESTIONS.

1. What are the functions of SEBI? (any 5)

[PTA-1]

Ans. The functions of SEBI are as follows :

(i) Safeguarding the interests of investors by means of adequate education and guidance.

(ii) Regulating and controlling the business on stock markets.

(iii) Conduct inspection and inquiries of stock exchanges, intermediaries and self-regulating organisations and to take appropriate measures wherever required.

(iv) Barring insider trading in securities.

(v) Prohibiting deceptive and unfair methods used by financial intermediaries operating in securities markets.

(vi) SEBI Issues Guidelines and instructions to businesses concerning capital issues.

2. Explain the powers of SEBI. (any 5)

[PTA-4; QY-2019]

Ans. The various powers of SEBI are as follows :

(i) Powers Relating to Stock Exchanges and Intermediaries : SEBI has wide powers regarding the stock exchanges and intermediaries dealing in securities. It can ask information from the stock exchanges and intermediaries regarding their business transactions for inspection or scrutiny and other purpose.

(ii) Power to impose monetary penalties: SEBI has been empowered to impose monetary penalties on capital market intermediaries and other participants for a range of violations.

- (iii) **Power to initiate actions in functions assigned :** SEBI has a power to initiate actions in regard to functions assigned. For example, it can issue guidelines to different intermediaries or can introduce specific rules for the protection of interests of investors.
- (iv) **Power to regulate insider - trading:** SEBI has power to regulate insider trading or can regulate the functions of merchant bankers.
- (v) **Powers under securities contracts Act :** For effective regulation of stock exchange, the Ministry of Finance issued a Notification

on 13th September, 1994 delegating several of its powers under the Securities Contracts (Regulations) Act to SEBI.

- (vi) **Power to regulate business of stock exchanges :** SEBI is also empowered to regulate the business of stock exchanges. It controls intermediaries associated with the securities market as well as mutual funds, fraudulent and unfair trade practices relating to securities and regulation of acquisition of shares and takeovers of companies.

PTA QUESTIONS AND ANSWERS

I. CHOOSE THE CORRECT ANSWERS. 1 MARK

1. _____ enables small investors to participate in the investment on share capital of large companies.

[PTA-5; QY-2019; HY-2019; Mar-2020]

- (a) Mutual Funds (b) Shares
(c) Debentures (d) Fixed deposits

[Ans. (a) Mutual Funds]

II. VERY SHORT ANSWER QUESTIONS. 2 MARK

1. What is Demat account? [PTA-5; HY-2019]

Ans. A demat account holds all the shares that are purchased in electronic or dematerialized form. Basically, a demat account is to shares what a bank account is to money. Like the bank account, a demat account holds the certificates of financial instruments like shares, bonds, government securities, mutual funds and exchange traded funds (ETFs).

III. LONG ANSWER QUESTIONS. 5 MARKS

1. What are the benefits of Dematerialisation?

[PTA-3]

Ans. (i) The risks pertaining to physical certificates like loss, theft, forgery and damage are eliminated completely with a DEMAT account.

(ii) The lack of paperwork enables quicker transactions and higher efficiency in trading.

(iii) Trading has become more convenient as one can trade through computers at any location, without the need of visiting a broker.

(iv) The shares that are created through mergers and consolidation of companies are credited automatically in the DEMAT account.

(v) As all the transactions occur through the depository participant, a trader does not have to communicate individually with each and every company.

(vi) There is no need for stamp duty for transfer of securities, this brings down the cost of transaction significantly.

(vii) Certain banks also permit holding of both equity and debt securities in a single account.

GOVERNMENT EXAM QUESTIONS AND ANSWERS

I. CHOOSE THE CORRECT ANSWERS. 1 MARK

1. _____ means buying and selling of securities by directors and promoters using confidential information about the company. [Sep-2020]

- (a) Insider Trading (b) Gambling
(c) Speculating (d) Investing

[Ans. (a) Insider Trading]

II. VERY SHORT ANSWER QUESTIONS. 2 MARK

1. Mention any one function of SEBI : [Sep-2020]

Ans. Function of SEBI : Safeguarding the interests of investors by means of adequate education and guidance.

UNIT IV

HUMAN RESOURCE MANAGEMENT

CHAPTER

9

FUNDAMENTALS OF HUMAN RESOURCE MANAGEMENT

CHAPTER SNAPSHOT

- 9.1 Meaning and Definition of Human Resource
- 9.2 Characteristics of Human Resource
- 9.3 Significance of Human Resource
- 9.4 Meaning and Definition of Human Resource Management
- 9.5 Features of Human Resource Management
- 9.6 Significance of Human Resource Management
- 9.7 Functions of Human Resource Management

EXERCISE

I. CHOOSE THE CORRECT ANSWERS.

1. Human resource is a _____ asset.
[Govt. MQP-2019; PTA-3; QY-2019;
Sep-2020; Aug-2021]
(a) Tangible (b) Intangible
(c) Fixed (d) Current
[Ans. (b) Intangible]
2. Human Resource management is both _____ and _____.
(a) Science and art
(b) Theory and practice
(c) History and Geography
(d) None of the above
[Ans. (a) Science and art]
3. Planning is a _____ function.
(a) selective (b) pervasive
(c) both a and b (d) none of the above
[Ans. (b) pervasive]

4. Human resource management determines the _____ relationship. [PTA-1]
(a) internal, external
(b) employer, employee
(c) Owner, Servant
(d) Principle, Agent
[Ans. (b) employer, employee]
5. Labour turnover is the rate at which employees _____ the organisation [PTA-6]
(a) enter (b) leave
(c) Salary
(d) None of the above [Ans. (b) leave]

II. VERY SHORT ANSWER QUESTIONS.

1. What is Human Resource Management?
[QY-2019]
Ans. (i) The branch of management that deals with managing human resource is known as Human resource management.

- (ii) Human resource management is a function of management concerned with hiring, motivating and maintaining people in an organisation. It focuses on people in an organisation.

2. State two features of HRM.

Ans. Universally relevant:

Human Resource Management has universal relevance.

Goal oriented:

The accomplishment of organizational goals is made possible through best utilization of human resource in an organization.

3. Mention two characteristics of Human Resource.

Ans. (i) Human resource is the only factor of production that lives.

(ii) Human resources created all other resources.

4. What are the managerial functions of HRM?

- Ans. (i)** Planning
(ii) Organising
(iii) Directing
(iv) Controlling

III. SHORT ANSWER QUESTIONS.

1. Define the term Human Resource Management.

Ans. According to Dale Yoder, Human Resource Management as "the effective process of planning and directing the application, development and utilisation of human resources in employment".
(or)

In the words of E.F.L. Brech, HRM "as that part of management process which is primarily concerned with the human constituents of an organisation".

(or)

Flippo defines Human Resource Management as "the personnel function that is concerned with the procurement, development, compensation, integration and maintenance of personnel of an organisation for the purpose of contributing towards the accomplishment of that organisation's major goals or objectives".

2. What are the characteristics of Human resources? (any 3)

[Govt. MQP-2019; Sep-2020; Aug-2021]

Ans. The unique, peculiar and distinctive features of human resources are as under :

- (i)** Human resource is the only factor of production that lives.
(ii) Human resource created all other resources.
(iii) It is only the labour of employees that is hired and not the employee himself.
(iv) Human resource exhibits innovation and creativity.

3. What is the significance of Human resource? (any 3) [QY-2019]

Ans. The vital resource namely human resource is significant because of the following reasons :

- (i)** It is only through human resource all other resources are effectively used
(ii) Industrial relations depend on human resource
(iii) Human relations is possible only through human resource
(iv) Human resource manages all other factors of production

IV. LONG ANSWER QUESTIONS.

1. Explain the Characteristics of Human Resource. (any 5) [PTA-4]

Ans. The unique, peculiar and distinctive features of human resources are as under :

- (i)** Human resource is the only factor of production that lives.
(ii) Human resource created all other resources.
(iii) It is only the labour of employees that is hired and not the employee himself.
(iv) Human resource exhibits innovation and creativity.
(v) Human resource alone can think, act analyse and interpret.
(vi) Human resources are emotional beings.

2. Describe the significance of Human Resource Management. (any 5)

[PTA-1; QY-2019; Sep-2020]

Ans. The significance of Human resource management are as follows :

- (i) To identify manpower needs :** Determination of manpower needs in an organisation is very important as it is a form of investment. The number of men required are to be identified accurately to optimise the cost.

- (ii) **To incorporate change**: Change is constant in any organisation and this change has to be introduced in such a way that the human resource management acts as an agent to make the change effective.
- (iii) **To ensure the correct requirement of manpower**: At any time the organisation should not suffer from shortage or surplus manpower which is made possible through human resource management.
- (iv) **To select right man for the right job**: Human resource management ensures the right talent available for the right job, so that no employee is either under qualified or over qualified.
- (v) **To update the skill and knowledge**: Managing human resource plays a significant role in the process of employee skill and knowledge enhancement to enable the employees to remain up to date through training and development programmes.

3. **Discuss the Operative functions HRM.**[PTA-3]
Ans. The operative functions of HRM are as follows :
- (i) **Procurement** : Acquisition deals with job analysis, human resource planning, recruitment, selection, placement, transfer and promotion.
 - (ii) **Development** : Development includes performance appraisal, training, executive development, career planning and development, organisational development.
 - (iii) **Compensation** : It deals with job evaluation, wage and salary administration, incentives, bonus, fringe benefits and social security schemes.
 - (iv) **Retention** : This is made possible through health and safety, welfare, social security, job satisfaction and quality of work life.
 - (v) **Integration** : It is concerned with those activities that aim to bring about reconciliation between personal interest and organisational interest.
 - (vi) **Maintenance**: This encourages employees to work with job satisfaction, reducing labour turnover, accounting for human resource and carrying out audit and research.

PTA QUESTIONS AND ANSWERS

I. VERY SHORT ANSWER QUESTIONS.

2 MARKS

1. **Give the meaning of Human Resource.**

[PTA-1]

Ans. In an organisation the human resource are the employees who are inevitable for the survival and success of the enterprise. All human beings are not considered as human resource but only those individuals who acquired the required skill sets, talents, knowledge, competencies and capabilities are called human resources.

II. SHORT ANSWER QUESTIONS.

3 MARKS

1. **Give two points of differences between HR and HRM.**

[PTA-1]

Ans.

	Human Resources	Human Resource Management
1.	In order to accomplish personal and organisational objectives the unique asset called human resource.	The branch of management that deals with managing human resources is known as Human Resource Management.
2.	In an organisation the human resource are the employees who are inevitable for the survival and success of the enterprise.	It focuses on people in an organisation.

CHAPTER
10

RECRUITMENT METHODS

CHAPTER SNAPSHOT

- 10.1 Meaning and definition of Recruitment
- 10.2 Recruitment Process
- 10.3 Sources of Recruitment
- 10.4 Recent Trends in Recruitment

EXERCISE

I. CHOOSE THE CORRECT ANSWERS.

1. Recruitment is the process of identifying _____.
[PTA-4]
(a) right man for right job
(b) good performer
(c) Right job
(d) All of the above
[Ans. (a) right man for right job]
2. Recruitment bridges gap between _____ and _____.
(a) job seeker and job provider
(b) job seeker and agent
(c) job provider and owner
(d) owner and servant
[Ans. (a) job seeker and job provider]
3. Advertisement is a _____ source of recruitment
[Govt. MQP-2019; QY-2019; Aug-2021]
(a) internal (b) external
(c) agent (d) outsourcing
[Ans. (b) external]

4. Transfer is an _____ source of recruitment.
[PTA-2; HY-2019]
(a) internal (b) external
(c) outsourcing
(d) None of the above [Ans. (a) internal]
5. E-recruitment is possible only through _____ facility.
[Mar-2020]
(a) Computer (b) Internet
(c) Broadband (d) 4G
[Ans. (b) Internet]

II. VERY SHORT ANSWER QUESTIONS.

1. Give the meaning of Recruitment.
[PTA-2; Mar-2020]
Ans. Recruitment is the process of finding suitable candidates for the various posts in an organisation. It is a process of attracting potential people to apply for a job in an organisation.
2. What is promotion? [Aug-2021]
Ans. (i) Promotion means the movement of an employee from his level to the top level.
(ii) Based on seniority and merits of the employees they are given opportunity to move up in the organisational hierarchy. This is known as promotion.

3. Write any two internal source of recruitment.

Ans. Benefits of internal source of recruitment.

- (i) Internal source will reduce the cost and expenses of recruitment.
- (ii) It is very useful, by way of selecting from the existing and retiring employees.

4. What is meant by Poaching? [HY-2019]

Ans. Organisations instead of training and developing their own employees hire employees of other competitive companies by paying them more both financial and non financial benefits. It is also called raiding.

III. SHORT ANSWER QUESTIONS.

1. What is meant by unsolicited applicants?

Ans. (i) Unsolicited applicants group is a group of applicants who have applied without any advertisement or requirement from the company.

- (ii) These are the applications of job seekers who voluntarily apply for the vacancies not yet notified by the organisations.

2. What is meant by job portals?

Ans. (i) A job portal is a website which helps in the recruitment process by bringing together both the employer and the job seeking candidate.

- (ii) The candidate will have to create his profile by uploading his resume which will be then viewed by the employer as and when there is any opening.

(iii) It is a simplified process of job hunting.

(iv) A job portal also known as a career portal is a modern name for an online job board that helps applicants find jobs and aids employers in their quest to locate ideal candidates.

3. State the steps in Recruitment process outsourcing.

[PTA-6; Mar-2020]

Ans. Recruitment process includes the following steps :

- (i) Planning recruitment
- (ii) Determining vacancies
- (iii) Identifying the sources
- (iv) Drafting information for advertisement
- (v) Selecting the suitable mode of advertisement
- (vi) Facilitating selection process
- (vii) Evaluation and control

IV. LONG ANSWER QUESTIONS.

1. Explain the Internal Sources of Recruitment. (any 5).

Ans. The following are the internal sources of Recruitment

- (i) **Transfer** - The simplest way by which an employee requirement can be filled is through

transfer of employee from one department with surplus staff to that of another with deficit staff.

(ii) **Upgrading** – Performance appraisal helps in the process of moving employees from a lower position to a higher position

(iii) **Promotion** – Based on seniority and merits of the employees they are given opportunity to move up in the organisational hierarchy

(iv) **Demotion** – Movement of employee from a higher position to a lower position because of poor performance continuously to make him realise the significance of performance

(v) **Recommendation by existing Employees** – A family member, relative or friend of an existing employee can be recruited and placed

2. Explain the External Sources of Recruitment. (any 5). (or)

What are the various methods of recruitment? (any 5) [PTA-1]

Ans. External Sources

Direct

(i) **Advertisements** – The employer can advertise in dailies, journals, magazines etc. about the vacancies in the organisation specifying the nature of work, nature of vacancy, qualification and experience required, salary offered, mode of applying and the time limit within which the candidate has to apply.

(ii) **Walk-ins** – Walk-in applicants with suitable qualification and requirement can be another source of requirement.

(iii) **Campus Recruitment** – The organisations visit the educational institutions to identify and recruit suitable candidates.

(iv) **Recruitment at Factory gate** – Usually casual or temporary unskilled employees are recruited by this way. They are recruited at factory gate and paid on hourly or daily basis.

(v) **Rival firms** – This is also called poaching where the efficient employees of rival companies are drawn to the organisations by higher pay and benefits. For example Salesmen, Chartered Accountants, Management professionals etc.

3. What is the Recent Trends in Recruitment?

[Aug-2021]

Ans. The recent methods of recruiting by organisations include the following methods :

UNIT V

ELEMENTS OF MARKETING

CHAPTER

13

CONCEPT OF MARKET AND MARKETER

CHAPTER SNAPSHOT

- 13.1 Meaning and Definition of Market
- 13.2 Need for Market
- 13.3 Classification of Markets
- 13.4 Meaning and Definition of Marketer
- 13.5 What can be Marketed?
- 13.6 Role of a Marketer
- 13.7 Functions of Marketer

EXERCISE

I. CHOOSE THE CORRECT ANSWERS.

1. One who promotes (or) Exchange of goods or services for money is called as _____.
[PTA-1; QY-2019; Sep-2020]
(a) Seller (b) Marketer
(c) Customer (d) Manager
[Ans. (b) Marketer]
2. The marketer initially wants to know in the marketing is _____. [PTA-6; Sep-2020]
(a) Qualification of the customer
(b) Quality of the product
(c) Background of the customers
(d) Needs of the customers
[Ans. (d) Needs of the customers]
3. The Spot market is classified on the basis of _____.
[HY-2019; Aug-2021]
(a) Commodity (b) Transaction
(c) Regulation (d) Time
[Ans. (b) Transaction]

4. Which one of the market deals in the purchase and sale of shares and debentures? [PTA-5]
(a) Stock Exchange Market
(b) Manufactured Goods Market
(c) Local Market (d) Family Market
[Ans. (a) Stock Exchange Market]
5. Stock Exchange Market is also called _____. [PTA-1; Mar-2020]
(a) Spot Market (b) Local Market
(c) Security Market (d) National Market
[Ans. (c) Security Market]

II. VERY SHORT ANSWER QUESTIONS.

1. What is Market? [Mar-2020; Aug-2021]
Ans. (i) The word market is derived from the Latin word 'Marcatus' which means trade, commerce, merchandise, a place where business is transacted.

(ii) The common usage of market means a place where goods are bought or sold. In simple words, the meeting place of buyers and sellers in an area is called market.

2. Define Marketer.

Ans. According to Business dictionary "A person whose duties include the identification of the goods and services desired by a set of consumers, as well as the marketing of those goods and services on behalf of the company".

3. What is meant by Regulated Market?

[HY-2019; Sep-2020]

Ans. These are types of markets which are organised, controlled and regulated by statutory measures. Example : Stock Exchange of Chennai, Mumbai, Kolkata, etc.

4. What is meant by Spot Market?

Ans. In such markets, goods are exchanged and the physical delivery of goods takes place immediately.

5. What is meant by Commodity Market?

Ans. A commodity market is a place where produced goods or consumption goods are bought and sold.

III. SHORT ANSWER QUESTIONS.

1. What can be marketed in the market? (any 3)

Ans. The dynamic items that can be marketed are listed below :

- (i) Goods
- (ii) Services
- (iii) Experiences
- (iv) Events
- (v) Persons
- (vi) Places
- (vii) Properties
- (viii) Organisations
- (ix) Information
- (x) Ideas

2. Mention any three Role of Marketer. [PTA-6]

Ans. (i) Instigator : As an instigator, marketer keenly watches the developments taking place in the market and identifies marketing opportunities emerging in the ever changing market. In such a case, marketer plays an instigator and leads the business towards new directions.

(ii) Innovator : Marketer seeks to distinguish his products/services by adding additional features to the existing product. He also does modifying the price structure, introducing new delivery pattern, creating new business models etc.

(iii) Integrator : Marketer plays a role of integrator in the sense that he collects feedback or vital inputs from channel members and consumers and provides products/service solutions to customers/consumers by co-ordinating multiple functions of organisation.

3. Explain the types of market on the basis of time.

[Govt. MQP-2019]

Ans. (i) Very short period market : Markets which deal in perishable goods like fruits, milk, vegetables, etc. are called very short period market.

(ii) Short period market : In certain goods, supply is adjusted to meet the demand. The demand is greater than supply. Such markets are known as short period market.

(iii) Long period market : This type of market deals in durable goods, where the goods and services are dealt for longer period usages.

IV. LONG ANSWER QUESTIONS.

1. How the market can be classified? (any 5)

[PTA-1, 4; QY-2019]

Ans. The market can be classified as follows :

I. On the basis of Geographical area :

- a. Family market
- b. Local market
- c. National market
- d. International market or world market

II. On the basis of commodities / Goods :

a. Commodity market :

- (i) Produce Exchange market
- (ii) Manufactured goods market
- (iii) Bullion market

b. Capital markets :

- (i) Money market
- (ii) Foreign Exchange market
- (iii) The stock Exchange market

III. On the basis of Economics :

- (i) Perfect market
- (ii) Imperfect market

IV. On the basis of Transaction :

- (i) Spot market
- (ii) Future market

V. On the basis of regulation :

- (i) Regulated market
- (ii) Unregulated market

VI. On the basis of time :

- (i) Very short period market
- (ii) Short period market
- (iii) Long period market

CHAPTER
14

MARKETING AND MARKETING MIX

CHAPTER SNAPSHOT

- 14.1 Introduction
- 14.2 Evolution of Marketing
- 14.3 Marketing Concepts
- 14.4 Definition of Marketing
- 14.5 Objectives of Marketing
- 14.6 Importance of Marketing
- 14.7 Functions of Marketing
- 14.8 Meaning and Definition of Marketing Mix
- 14.9 Elements of Marketing Mix
- 14.10 Marketing Mix Matrix

EXERCISE

I. CHOOSE THE CORRECT ANSWERS.

1. The initial stage of Marketing system is _____.
[PTA-6; QY-2019; Aug-2021]
(a) Monopoly system (b) Exchange to Money
(c) Barter system
(d) Self producing [Ans. (c) Barter system]
2. Who is supreme in the Market?
(a) Customer (b) Seller
(c) Wholesaler (d) Retailer
[Ans. (a) Customer]
3. In the following variables which one is not the variable of marketing mix?
[Govt. MQP-2019; QY-2019; Mar-2020; Sep-2020]
(a) Place Variable (b) Product Variable
(c) Program Variable (d) Price Variable
[Ans. (c) Program Variable]
4. Marketing mix means a marketing program that is offered by a firm to its target _____ to earn profits through satisfaction of their wants.
(a) Wholesaler (b) Retailer
(c) Consumer (d) Seller [Ans. (c) Consumer]

5. Which one is the example of Intangible product? [PTA-2]

- (a) Education (b) Mobiles
(c) Garments (d) Vehicles

[Ans. (a) Education]

II. VERY SHORT ANSWER QUESTIONS.

1. What is Marketing?

Ans. Marketing is one of the business functions that all activities that take place in relation to markets for actualise potential exchanges for the purpose of satisfying human needs and wants.

2. Define Marketing Mix. [PTA-2]

Ans. According to Jerome Mc. Carthy, "Marketing mix is a pack of four sets of variables namely product variable, price variable, promotion variable and place variable".

3. What is meant by Grading?

Ans. Grading means classification of standardized products in to certain well defined classes.

III. SHORT ANSWER QUESTIONS.

1. What are the objectives of marketing?

Ans. The following are the objectives of marketing :

- (i) Intelligent and capable application of modern marketing policies.
- (ii) To develop the marketing field.
- (iii) To develop guiding policies and their implementation for a good result.
- (iv) To suggest solutions by studying the problems relating to marketing.
- (v) To find sources for further information concerning the market problems.
- (vi) To revive existing marketing function, if shortcomings are found.

2. What are the concept of marketing?

Ans. Marketing Concepts:

- (i) **What I can sell?**
Make what you can sell, but do not try to sell what you can make.
- (ii) **Shall I first create Products?**
No, first create a customer, Then Create Products.
- (iii) **Shall I Love my Products?**
No, love your customers and not the Products.
- (iv) **Who is Supreme in Markets?**
Customer is Supreme or King.
- (v) **Who will shape my Decisions?**
Customer's preferences shape your decisions.

3. What do you mean by marketing mix? Write any two elements. [PTA-6]

Ans. Marketing mix refers to two things:

- (i) A list of important elements or ingredients that make up the marketing programme and
- (ii) The list of forces having bearing on marketing operations.

Elements of marketing of mix :

- (i) **Product :** Product is the main element of marketing. Without a product, there can be no marketing.
- (ii) **Price :** Price is the value of a product expressed in monetary terms. It is the amount charged for the product.

IV. LONG ANSWER QUESTIONS.

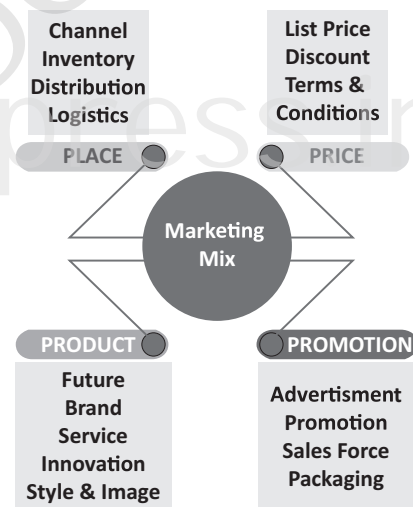
1. Discuss about the Evolution of marketing. (any 5) [PTA-1; QY-2019; Aug-2021]

- Ans. (i) Barter System :** The goods are exchanged against goods, without any other medium of exchange, like money.
- (ii) Production Orientation :** This was a stage where producers, instead of being concerned with the consumer preferences, concentrated on the mass production of goods for the purpose of profit.

- (iii) **Sales Orientation :** The stage witnessed major changes in all the spheres of economic life. The selling became the dominant factor, without any efforts for the satisfaction of the consumer needs.
- (iv) **Marketing Orientation :** Customer's importance was realised but only as a means of disposing of goods produced. Competition became more stiff.
- (v) **Consumer Orientation :** Under this stage only such products are brought forward to the markets which are capable of satisfying the tastes, preferences and expectations of the consumers-consumer satisfaction.
- (vi) **Management Orientation:** The marketing function assumes a managerial role to co-ordinate all interactions of business activities with the objective of planning, promoting and distributing and services to the present and potential customers.

2. Narrate the Elements of Marketing mix.

Ans. [Govt. MQP-2019; PTA-2; Sep-2020]



They are discussed below :

- (i) **Product :** Product is the main element of marketing. Without a product, there can be no marketing.
- (ii) **Price :** Price is the value of a product expressed in monetary terms. It is the amount charged for the product.
- (iii) **Place :** The third element of product mix, namely place or physical distribution facilitates the movement of products from the place of manufacture to the place of consumption at the right time.
- (iv) **Promotion :** An excellent product with competitive price cannot achieve a desired success and acceptance in market, unless and until its special features and benefits are conveyed effectively to the potential consumers.

CHAPTER
15

RECENT TRENDS IN MARKETING

CHAPTER SNAPSHOT

- 15.1 Recent Trends in Marketing
 - 15.1 (i) Electronic Commerce (E-Commerce)
 - 15.1 (ii) E-Business
 - 15.1 (iii) E-Commerce Vs E-Business
- 15.2 E-Marketing
 - 15.2.(i) E-Marketing – Definition
 - 15.2.(ii) Objectives of E-Marketing
 - 15.2.(iii) Advantages of E-Marketing
 - 15.2.(iv) Disadvantages of E-Marketing
 - 15.2.(v) E-Market Vs Traditional Market
- 15.3 E-Tailing
- 15.4 Green Marketing
- 15.5 Social Marketing
- 15.6 Rural Marketing
- 15.7 Service Marketing
- 15.8 Commodity Exchanges
- 15.9 Niche Marketing
- 15.10 Viral Marketing
- 15.11 Ambush Marketing
- 15.12 Guerrilla Marketing
- 15.13 Multilevel Marketing
- 15.14 Referral Marketing
- 15.15 Content Marketing

EXERCISE

I. CHOOSE THE CORRECT ANSWERS.

- Selling goods/ services through internet is** [Govt. MQP-2019; PTA-3]
(a) Green marketing (b) E- business
(c) Social marketing (d) Meta marketing
[Ans. (b) E-business]
- Which is gateway to internet?** [HY-2019]
(a) Portal (b) CPU
(c) Modem (d) Webnaire
[Ans. (c) Modem]
- Social marketing deals with:** [PTA-3]
(a) Society (b) Social Class
(c) Social change (d) Social evil
[Ans. (b) Social Class]
- Effective use of Social media marketing increase conversion rates of _____ .**
(a) Customer to buyers
(b) Retailer to customers
(c) One buyer to another buyer's
(d) Direct contact of marketer
[Ans. (a) Customer to buyers]
- Pure play retailers are called**
(a) Market creators
(b) Transaction brokers
(c) Merchants (d) Agents
[Ans. (b) Transaction brokers]

II. VERY SHORT ANSWER QUESTIONS.

- What is service marketing?** [PTA-5]
Ans. (i) Service marketing is a specialised branch of marketing.
(ii) Service marketing denotes the processing of selling service goods like telecommunication, banking, insurance, car rentals, healthcare, tourism, professional services, repairs, etc.
- What is green marketing?** [PTA-4]
Ans. (i) Green marketing implies marketing environmentally friendly products.
(ii) It refers to holistic marketing concept with growing awareness about the implications of global warming, non-biodegradable solid waste, harmful impact of pollutants etc.

(iii) Green marketing is also known as environmental marketing.

3. What is Ambush marketing?

Ambush Marketing :

(i) Ambush marketing is a method of building brands in covert ways. For example X has sponsored a football event to promote his brand. Every time camera zooms on reference, a group of people sitting on the bench wearing 'Y' company brand name imposed shirt comes into focuses.

(ii) Bigger companies engage in ambush marketing tactics to undermine official event sponsors.

4. What is Social marketing?

Ans. (i) Social marketing is a new marketing tool.

(ii) It is the systematic application of marketing philosophy and techniques to achieve specific behavioural goals which ensure social good.

(iii) For example, this may include asking people not to smoke in public areas, asking them to wear seat belts or helmets, etc.

III. SHORT ANSWER QUESTIONS.

1. What are the advantages of E-Marketing?

Ans. Advantages of E-Marketing :

(i) Any Time market: E - Marketing provides 24 hours and 7 days "24/7" service to its users. So consumer can shop or order the product anytime from anywhere.

(ii) Direct contact of end consumer by the manufacturers cuts down the substantially intermediation cost. Thus products bought through e-marketing become cheaper.

(iii) Customer can buy whatever they want/ need just by browsing the various sites.

2. Discuss the objectives E-Marketing. (any 3)

Ans. The following are the objectives of E-Marketing :

(i) Expansion of market share

(ii) Reduction of distribution and promotional expenses.

(iii) Achieving higher brand awareness.

(iv) Strengthening data- base

3. Explain in detail about Niche marketing.

[PTA-5; Mar-2020; Aug-2021]

- Ans. (i)** Niche marketing denotes a strategy of directing all marketing efforts towards one well defined segment of the population.
- (ii)** It is found by company by identifying the need of customers which are not served or under served by the competitors.
- (iii)** A niche market does not mean a small market, but it involves specific target audience with a specialized offering.
- (iv)** It aimed at being a big fish in a small pond instead of being a small fish in a big pond.
- (v)** For example, there are various cinema halls across India, but there are few which have recliner seats to offer.
- (vi)** The sports channels like STAR Sports, ESPN, Star Cricket are the examples of Niche market.

4.	E-Business enterprises can expand their operation with minimum man power	It needs more man power
5.	In this marketing product can be sold or bought 24x7, round the year with minimum manpower	That is not possible in traditional marketing

2. Discuss any two new methods of marketing.

Ans. Guerrilla Marketing : [Sep-2020]

- (i)** The concept of Guerrilla Marketing was invented as an unconventional system of promotions that relies on time, energy and imagination rather than a big marketing budget.
- (ii)** Guerrilla marketing represents an advertisement strategy to promote products/ services on streets or other public places with monkey like shopping malls, parks beach etc.,
- (iii)** It is suited to small companies which cannot set apart big advertisement budget.

Multilevel Marketing

- (i)** Multilevel Marketing is the marketing strategy wherein the direct sales companies encourage its existing distributors to recruit new distributors to facilitate the sale of goods and services.
- (ii)** The distributor is compensated not only for the sales generated by him but also gets a percentage on sales revenue of the other distributor he recruits, thus; a multilevel marketing is a type of direct selling wherein the distributor sells the product via relationship referrals and word-of-mouth marketing.

IV. LONG ANSWER QUESTIONS.

1. Explain in detail how traditional marketing differ from E-marketing. [PTA-3]

Ans.

S. No.	E-Marketing	Traditional Marketing
1.	Electronic marketing or E-marketing is the process of marketing of products and services over internet and tele networks.	Goods and services are directly purchased and sold in the market is known as traditional marketing.
2.	It is very economical and faster way to promote the products	It is very expensive and takes more time to promote product
3.	It is quite easier for promoting product globally in the short time	It is very expensive and time consuming to promote product/ service under traditional marketing

PTA QUESTIONS AND ANSWERS

I. CHOOSE THE CORRECT ANSWERS. 1 MARK

- 1. Select odd one out** [PTA-4]
- (a) Electronic marketing
(b) Online marketing
(c) Web marketing
(d) Traditional marketing
- [Ans. (d) Traditional marketing]

- 2. _____ implies marketing environmentally friendly products.** [PTA-5]
- (a) Green marketing
(b) Referral marketing
(c) Content marketing
(d) Rural trading [Ans. (a) Green marketing]

UNIT VI

CONSUMER PROTECTION

CHAPTER

16

CONSUMERISM

CHAPTER SNAPSHOT

- 16.1 Consumer
- 16.2 Consumer Exploitation
- 16.3 Meaning and Definition of Consumerism
- 16.4 Importance of Consumerism
- 16.5 Origin, Evolution and Growth of Consumerism
- 16.6 Consumer Protection
- 16.7 Need for Consumer Protection
- 16.8 Consumer Legislation
- 16.9 The Consumer Protection Act, 1986 (COPRA)
- 16.10 Caveat Emptor
- 16.11 Caveat Venditor

EXERCISE

I. CHOOSE THE CORRECT ANSWERS.

1. The term 'consumerism' came into existence in the year _____. [PTA-4]
(a) 1960 (b) 1957
(c) 1954 (d) 1958
[Ans. (a) 1960]
2. Who is the father of Consumer Movement?
[Govt. MQP-2019; PTA-5; Sep-2020; Aug-2021]
(a) Mahatma Gandhi
(b) Mr. Jhon F. Kennedy
(c) Ralph Nader
(d) Jawaharlal Nehru
[Ans. (c) Ralph Nader]
3. Sale of Goods Act was passed in the year.
(a) 1962 (b) 1972
(c) 1930 (d) 1985
[Ans. (c) 1930]
4. The Consumer Protection Act came into force with effect from [PTA-1]
(a) 1.1.1986 (b) 1.4.1986
(c) 15.4.1987 (d) 15.4.1990
[Ans. (c) 15.4.1987]
5. _____ of every year is declared as a Consumer Protection Day to educate the public about their rights and responsibilities. [PTA-2]
(a) August 15 (b) April 15
(c) March 15 (d) September 15
[Ans. (c) March 15]

II. VERY SHORT ANSWER QUESTIONS.

1. Who is a consumer? [PTA-1; HY-2019]

Ans. A consumer is one who consumes goods manufactured and sold by others or created by nature (air, water and natural resources) and sold by others. One who avails services such as banking, transport, insurance, etc. is also called consumer.

2. Give two examples of adulteration.

[Govt. MQP-2019; PTA-1; Sep-2020; Aug-2021]

- Ans.** (i) Mixing of stones with grains.
(ii) Mixing of coconut oil with palmolein.
(iii) Coffee powder is adulterated with tamarind seed.
(iv) Chilli powder is adulterated with brick powder.

3. What is Caveat Emptor? [PTA-2]

Ans. 'Caveat emptor' is a Latin term which means "let the buyer beware." In other words, the principle of caveat emptor serves as a warning to the buyers that they have no recourse with the seller if the product does not meet their expectations.

4. What is Caveat Venditor?

Ans. Caveat venditor means "let the seller beware," by which goods are covered by an implied warranty of merchantability. Unless otherwise advertised (for example, "sold as is") or negotiated with the buyer, nearly all consumer products are guaranteed to work, if used for their intended purpose.

5. Write a short notes on Consumer Protection Act, 1986.

- Ans.** (i) The Central Government enacted a comprehensive law called the Consumer Protection Act in 1986.
(ii) This Act came into force with effect from 15.04.1987. This Act was further amended in 1993.
(iii) The Act is referred in short as 'COPRA'.
(iv) The act provides safeguards to consumers against defective goods, deficient services, unfair trade practices and other forms of their exploitation.

III. SHORT ANSWER QUESTIONS.

1. What are the important legislations related to consumerism in India? (any 3). [PTA-5, 6]

Ans. The Indian contract Act, 1872

- (i) The sale of goods Act, 1930
(ii) The Essential commodities Act, 1955
(iii) The Agricultural Products Grading and Marketing Act, 1937
(iv) Prevention of food adulteration Act, 1954
(v) Weight and Measures Act, 1958

2. What is meant by artificial scarcity?

[Mar-2020; Aug-2021]

Ans. (i) There are certain situations where the shop-keepers put up the board 'No Stock' in front of their shops, even though there is plenty of stock in the store.

(ii) In such situations consumers who are desperate to buy such goods have to pay hefty price to buy those goods and thus earning more profit unconscientiously.

(iii) Even in Cinema houses, board may hang in the main entrance 'House Full' while cinema tickets will be freely available at a higher price in the black market.

3. Write the importance of consumerism. (any 3) [PTA-2]

Ans. The importance of consumerism lies in

- (i) Awakening and uniting consumers.
(ii) Discouraging unfair trade practices.
(iii) Protecting against exploitation.
(iv) Awakening the government.
(v) Effective implementation of consumer protection laws.

IV. LONG ANSWER QUESTIONS.

1. How consumers are exploited? (any 5)

[Govt. MQP-2019; PTA-4]

Ans. Consumers are exploited in many ways. Some of them are given below:

- (i) **Selling at higher price :** The price charged by the seller for a product/ service may not be commensurate with the quality but at times it is more than the fair price.
(ii) **Adulteration :** It refers to mixing or substituting undesirable material in food. This causes heavy loss to the consumers. Adulteration is quite common in food articles. For example: Mixing of stones with grains, coffee powder is adulterated with tamarind seed, etc.

(iii) **Duplicate or Spurious goods** : Duplicate products of popular products are illegally produced and sold. Duplicates are available in plenty in the market for every original and genuine parts or components like automobile spare parts, blades, pens, watches, radios, medicines, jewellery, clothes and even for currency notes. A consumer is not in a position to distinguish duplicate from the original.

(iv) **Artificial Scarcity** : There are certain situations where the shop-keepers put up the board "No Stock" in front of their shops, even though there is plenty of stock in the store. Even in Cinema houses, board may hang in the main entrance 'House Full' while cinema tickets will be freely available at a higher price in the black market.

(v) **Sub-standard** : On opening a packet or sealed container one may find the content to be of poor quality. Thus gullible consumers are easily and legally cheated.

(vi) **Warranty and Services** : In case of consumer durable goods like televisions, washing machines, refrigerators, cars, two wheelers and air conditioners etc. free service is guaranteed only for few years called warranty period. But in reality free service is denied on flimsy grounds even during the warranty period.

2. Explain the role of business in consumer protection. (any 5)

Ans. (i) Avoidance of Price Hike : Business enterprises should desist from hiking the price in the context of acute shortage of goods/articles.

(ii) **Avoidance of Hoarding** : Business enterprises should allow the business to flow normally. It should not indulge in hoarding and black marketing to earn maximum possible profit in the short term at the cost of consumers.

(iii) **Guarantees for Good Quality** : Business enterprises should not give false warranty for the products. It should ensure supply of good quality.

(iv) **Product Information** : Business enterprises should disclose correct, complete and accurate information about the product viz. size, quality, quantity, substances, use, side effects, precautions, weight, exchange, mode of application etc.

(v) **Truth in advertising**: Business enterprises should not convey false, untrue, bogus information relating to the product through the advertisements in media and thus mislead the consumers.

(vi) **Protection from the Hazard** : Business enterprises should not market the product which is potentially hazardous and harmful. As regards food items, business enterprises should withdraw spoiled and contaminated food items.

3. What are the objectives of Consumer Protection Act, 1986? (any 5) [HY-2019; Aug-2021]

Ans. Following are the objectives of consumer protection Act, 1986

(i) Protection of consumers against marketing of goods which are hazardous and dangerous to life and property of consumers.

(ii) Providing correct and complete information about quality, quantity, purity, price and standard of goods purchased by consumers.

(iii) Protecting consumers from unfair trade practices of traders.

(iv) Empowering consumers to seek redressal against exploitation

(v) Educating the consumer of their rights and duties.

(vi) Ensuring better standard of living for consumers by providing them with quality products at fair price.

PTA QUESTIONS AND ANSWERS

I. CHOOSE THE CORRECT ANSWERS.

1 MARK

1. The main objective of all business enterprises is _____. [PTA-6]

(a) providing service

(b) Providing better standard of life

(c) Providing necessities to the society

(d) Earn profit

[Ans. (d) Earn profit]

CHAPTER
17

RIGHTS, DUTIES & RESPONSIBILITIES OF CONSUMERS

CHAPTER SNAPSHOT

- 17.1 Rights of Consumer
- 17.2 Duties of Consumers
- 17.3 Responsibilities of Consumer

EXERCISE

I. CHOOSE THE CORRECT ANSWERS.

1. The final aim of modern marketing is _____.
[Aug-2021]
(a) Maximum profit (b) Minimum profit
(c) Consumer satisfaction
(d) Service to the society
[Ans. (c) Consumer satisfaction]
2. _____ is the king of modern marketing.
[PTA-3; Sep-2020]
(a) Consumer (b) Wholesaler
(c) Producer (d) Retailer
[Ans. (a) Consumer]
3. As the consumer is having the rights, they are also having _____. [Mar-2020]
(a) Measures (b) Promotion
(c) Responsibilities (d) Duties
[Ans. (c) Responsibilities]
4. Which of the following is not a consumer right summed up by John F. Kennedy
[PTA-1; Sep-2020]
(a) Right to safety (b) Right to choose
(c) Right to consume
(d) Right to be informed
[Ans. (c) Right to consume]

5. It is the responsibility of a consumer that he must obtain _____ as a proof for the purchase of goods. [PTA-2; Mar-2020]
(a) Cash receipt (b) Warranty card
(c) Invoice (d) All of these
[Ans. (a) Cash receipt]

II. VERY SHORT ANSWER QUESTIONS.

1. Write short notes on : "Right to be informed".
Ans. (i) Consumers should be given all the relevant facts about the product so that they can take intelligent decisions on purchasing the product.
(ii) Advertising and labelling on the package should provide objective information to buyers.
(iii) This implies that manufacturer and the dealer are expected to disclose all the material facts relevant and relating to the product.
2. What are the rights of consumer according to John F. Kennedy? [PTA-3; Mar-2020]
Ans. The former president of USA Mr, John F. Kennedy defined the basic consumer rights as "The Right of Safety, the Right to be informed, the Right to choose and the Right to be heard".

3. Which is the supreme objective of business?

Ans. The satisfaction of consumer wants and need is stated to be the prime and supreme objective of a business.

III. SHORT ANSWER QUESTIONS.

1. What do you understand by "Right to redressal"? [PTA-6]

Ans. (i) The complaints and protests are not just to be heard; but the aggrieved party is to be granted compensation within a reasonable time period.

(ii) There should be prompt settlement of complaints and claims lodged by the aggrieved customers.

(iii) This will boost consumer confidence and help render justice to buyers.

(iv) There should be fair and just settlement of deserving claims in a definite time frame.

2. What do you understand about "Right to protection of health and safety"?

Ans. (i) There may be few products that are more likely to cause physical danger to consumers' health, lives and property. They may contain potentially harmful substances which are dangerous from the consumer welfare point of view.

(ii) The best examples of this kind are food additives, colours, emulsifiers, preservatives. The health hazards which are likely to arise have to be eradicated or reduced altogether.

(iii) In case of food items and drugs both life saving and life sustaining safety is to be guaranteed. One thing that is encouraging to-day is that recent legislations have shifted the responsibility for the production of such unsafe items on to the shoulders of sellers rather than on buyers.

IV. LONG ANSWER QUESTIONS.

1. Explain the duties of consumers. (any 5)

Ans. (i) Buying quality products at reasonable price: [PTA-1; Sep-2020]

(1) It is the responsibility of a consumer to purchase a product after gaining a thorough knowledge of its price, quality and other terms and conditions.

(2) The consumer must have the knowledge about the quality from his own experiences or from the experiences of other persons who used product or by browsing the website.

(ii) Reading the label carefully :

(1) It is the duty of the consumer to thoroughly read the label of the product.

(2) It should have correct, complete and true information about the product.

(iii) Beware of false and attractive advertisements:

(1) Often the products are not as attractive as shown in the advertisement by the sellers.

(2) Hence, it is the prime duty of consumer not to get misled by such fraudulent advertisements.

(iv) Ensuring the receipt of cash bill :

(1) It is a legitimate duty of consumers to collect cash receipt and warranty card supplied along with bills.

(2) This will help them in seeking redressal for their grievances.

(v) Buying from reputed shops : It is advisable for the consumer to make purchase from reputed shops or government shops like super bazaar, cooperative stores, and others.

(vi) Never purchase from black market:

(1) The consumer should not buy things from black market and in excess of his requirements.

(2) At times of scarcity consumer should not resort to panic buying and stock things excessively.

2. What are the responsibilities of consumers? (any 5) [PTA-2; Aug-2021]

Ans. The responsibilities of consumer are listed below ;

(i) The consumer must pay the price of the goods according to the terms and conditions of the sales contract.

(ii) The consumer has got a responsibility to apply to the seller for the delivery of the goods.

(iii) The consumer has to bear any loss which may arise to the seller when the consumer delays taking delivery of the goods as per the terms of contract.

(iv) The consumer is bound to pay any interest and special damages caused to the seller in case if there is delay in the payment.

(v) The consumer has to assiduously follow and keenly observe the instructions and precautions while using the products.

(vi) The consumer has the responsibility to express unambiguously to the seller of his requirements and expectations from the product.

12th
STD

GOVT. SUPPLEMENTARY EXAM - AUGUST 2021
PART - III COMMERCE

[TIME ALLOWED : 3.00 HOURS]

(with Answers)

[MAXIMUM MARKS : 90]

Instructions :

- 1) Check the question paper for fairness of printing. If there is any lack of fairness, inform the Hall Supervisor immediately.
- 2) Use **Blue** or **Black** ink to write and underline and pencil to draw diagrams

PART - I

- Note :** (i) Answer **all** the questions. [20 × 1 = 20]
(ii) Choose the most appropriate answer from the given **four** alternatives and write the option code and the corresponding answer.

1. Advertisement is a _____ source of recruitment.
(a) Agent (b) Internal
(c) Outsourcing (d) External
2. Human resource is a _____ asset.
(a) Fixed (b) Tangible
(c) Current (d) Intangible
3. New Economic Policy was introduced in the year _____.
(a) 2013 (b) 1980
(c) 2015 (d) 1991
4. Scientific management is developed by :
(a) Mayo (b) Fayol
(c) Jacob (d) Taylor
5. Who is the father of 'Consumer Movement'?
(a) Ralph Nader (b) Mahatma Gandhi
(c) Jawaharlal Nehru (d) John F. Kennedy
6. A Public Company shall have a minimum of _____ Directors.
(a) 3 (b) 12 (c) 2 (d) 7
7. The purpose of an application blank is to gather information about the :
(a) Questionnaire (b) Company
(c) Competitors (d) Candidate
8. Which of the below constitutes the essential element of contract of sale?
(a) Transfer of property (b) Price
(c) Two parties (d) All of the above
9. Which of the following is a factor of production?
(a) Labour (b) Entrepreneurship
(c) Land (d) All of the above
10. The Spot market is classified on the basis of _____.
(a) Regulation (b) Commodity
(c) Time (d) Transaction
11. Management is an _____.
(a) Art and Science (b) Art
(c) Art or Science (d) Science
12. _____ is included in every managerial function.
(a) Staffing (b) Co-ordinating
(c) Organising (d) Controlling
13. The initial stage of Marketing System is _____.
(a) Barter System (b) Monopoly System
(c) Self producing (d) Exchange to Money
14. Negotiable Instrument Act was passed in the year _____.
(a) 1994 (b) 1981
(c) 1818 (d) 1881
15. How many times a security can be sold in a secondary market?
(a) Three times (b) Only one time
(c) Multiple times (d) Two times
16. The shares which are offered first to the existing shareholder at free of cost is known as _____.
(a) The Right Share (b) Bonus Share
(c) Preference Share (d) Equity Share
17. The rules and regulations of Stock exchange is framed by _____.
(a) SEBI (b) Reserve Bank
(c) Bombay Stock Exchange
(d) Central Government
18. Risk in the Money Market is _____.
(a) Low Credit and Market Risk
(b) High
(c) Medium Risk (d) Market Risk
19. Jobbers transact in a stock exchange:
(a) For other Brokers (b) For their Clients
(c) For other Members
(d) For their own Transactions
20. The final aim of modern marketing is _____.
(a) Consumer satisfaction (b) Maximum profit
(c) Service to the society (d) Minimum profit

[252]

PART - II

Note : Answer any seven questions. Question No. 30 is compulsory. $7 \times 2 = 14$

21. Who is called a Broker?
22. What is promotion?
23. Give two examples of adulteration.
24. What is meant by Negotiable Instrument?
25. List any two challenges faced by the women entrepreneurs.
26. Give a note on 'Digital India'.
27. Who is whole time Director?
28. What is Market?
29. How is price decided in a Secondary Market?
30. What is Privatisation?

PART - III

Note : Answer any seven questions. Question No. 40 is compulsory. $7 \times 3 = 21$

31. Define the term Management.
32. What are the general features of Treasury Bills?
33. What is mean by artificial scarcity?
34. State any three characteristics of Human Resources.
35. Explain in detail about Niche Marketing.
36. Explain Bull type of speculator.
37. What is existing goods?
38. When are alternative directors appointed?
39. What do you mean by Liberalisation?
40. Write any three differences between Entrepreneur and Manager.

PART - IV

Note : Answer all the questions. $7 \times 5 = 35$

41. (a) Explain any five principles of modern management.
(OR)
(b) Write any five differences between the Money Market and Capital Market.
42. (a) Explain advantages and disadvantages of E-Marketing.
(OR)
(b) What is the Recent trends in Recruitment? .
43. (a) What are the responsibilities of consumers?
(OR)
(b) Discuss the role of Financial Market.
44. (a) Narrate the Evolution of Marketing.
(OR)
(b) What are the essential elements of Contract of Sale.
45. (a) Explain any five functions of Management.
(OR)
(b) What are the objectives of Consumer Protection Act, 1986?

46. (a) Explain any five functions of Stock Exchange.
(OR)
(b) What are the disadvantages of Liberalization?
47. (a) Write any five differences between Debentures and Shares.
(OR)
(b) Explain in detail the Commercial Functions of an entrepreneur.



ANSWER

PART - I

1. (d) External
2. (d) Intangible
3. (d) 1991
4. (d) Taylor
5. (a) Ralph Nader
6. (a) 3
7. (d) Candidate
8. (d) All of the above
9. (d) All of the above
10. (d) Transaction
11. (a) Art and Science
12. (b) Co-ordinating
13. (a) Barter System
14. (d) 1881
15. (c) Multiple times
16. (b) Bonus Share
17. (a) SEBI
18. (a) Low Credit and Market Risk
19. (d) For their Own Transactions
20. (a) Consumer satisfaction

PART - II

21. (i) Brokers are commission agents, who act as intermediaries between buyers and sellers of securities.
(ii) They do not purchase or sell securities on their behalf.
(iii) They bring together the buyers and sellers and help them in making a deal.
22. (i) Promotion means the movement of an employee from his level to the top level.
(ii) Based on seniority and merits of the employees they are given opportunity to move up in the organisational hierarchy. This is known as promotion.
23. (i) Mixing of stones with grains.
(ii) Mixing of coconut oil with palmolein.
(iii) Coffee powder is adulterated with tamarind seed.
(iv) Chilli powder is adulterated with brick powder.



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