

BUSINESS STUDIES (215)

1. The industries engaged in growing of plants are known as

- a) construction industries
- b) manufacturing industries
- c) extractive industries
- d) genetic industries

Answer: c) extractive industries

2. Which of the following statement is not true for a Joint Hindu Family Business?

- a) This type of business is only found in India.
- b) It is governed by Hindu law
- c) Membership is by birth only
- d) Two successive generations can be the members of the business.

Answer: d) Two successive generations can be the members of the business.

3. When a person wants to buy goods in bulk, the best mode of purchase for him will be

- a) purchase by inspection
- b) purchase by sample
- c) purchase by description
- d) purchase from the nearest retailers

Answer: b) purchase by sample

4. Identify the direct channel of distribution from the following:

- a) Producer Retailer Consumer
- b) Producer Wholesaler Retailer Consumer
- c) Producer Wholesaler Consumer
- d) Producer Consumer

Answer: d) Producer Consumer

10. Identify the global objective of business.

- a) reduce disparities among nations.
- b) Welfare of society
- c) Profit earning
- d) Development of human resource

Answer: b) Welfare of society

11. Write a short note on producers' co-operative society.

Answer: These societies are formed to protect the interest of producers who are basically small in size, by making available items of their needs for production like raw materials, tools and equipments and machinery, etc. Handloom societies like APPCO, Bayanika, Haryana Handloom, etc., are examples of producers' co-operative societies.

12. State any two advantages of warehousing.

Answer:

- i. **Regular flow of goods-** Many commodities like rice, wheat etc. are produced during a particular season but are consumed throughout the year. Warehousing ensures regular supply of such seasonal commodities throughout the year.
- ii. **Continuity in production-** Warehouse enables the manufacturers to carry on production continuously. It helps in providing seasonal raw material without any break, for production of finished goods.

13. Who are known as retailers? State any two functions performed by them.

Answer: Retailers are the traders who buy goods from wholesalers or sometimes directly from producers and sell them to the consumers. They usually operate through a retail shop and sell goods in small quantities. They keep a variety of items of daily use.

Two functions performed by retailers:

- i. **Buying and Assembling of goods:** Retailers buy and assemble varieties of goods from different wholesalers and manufacturers. They keep goods of those brands and variety which are liked by the customers and the quantity in which these are in demand.

17. Explain any two types of small-scale retailers.

Answer: There are varieties of retailers engaged in small scale retail trading. They can be classified as:

- (i) Itinerant Retailing
- (ii) Fixed Shop Retailing

(i) Itinerant Retailing

Itinerant retailing is a type of small-scale retail trade in which retailers move around and sell a variety of items directly to the consumers. They do not have a fixed shop where they can sell. You must have seen them distributing newspapers early in the morning; selling peanuts, bangles, toys etc. in buses and trains; selling fruits and vegetables in your locality using a cart, selling icecream, namkeens etc. on a cycle, selling rice, earthen pots or even carpets by using a cart, etc. You can also see them on pavements in your locality. In towns and cities we come across different type of itinerant retailers. There are traders who sell their articles on fixed days at different market places. In villages these market places are called “Haat” and in towns or cities they are called “weekly bazars”. The itinerant retailing also includes persons selling articles from door to door. In most cases, the price of items is not fixed and mostly settled through bargaining. Moreover, in most cases the items sold are not branded products.

(ii) Fixed Shop Retailing

Here the retailers sell goods and services from a fixed place known as ‘shop’. These shops are usually located at market places or commercial areas or near residential localities. These shops normally deal with a limited variety of goods. The goods are stored as well as displayed in the shops.

On the basis of the type of goods which the fixed shops deal in, we can classify this form of retailing as under.

- a. General store or variety store
- b. Single line store
- c. Speciality store

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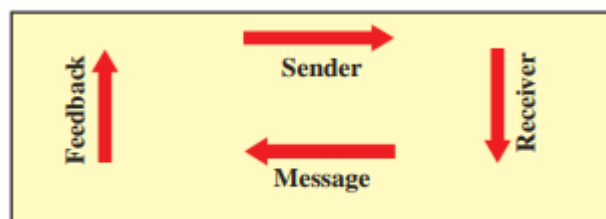
19. State any four qualities required for success in self-employment .

Answer:

- i. **Mental abilities:** To be self-employed you need to have the ability to identify the most suitable area where there is opportunity of selfemployment; also you should have the ability to take decisions with respect to all business operations; ability to deal with different types of customers is equally important and also the ability to anticipate problems and bear risks.
- ii. **Alertness and foresight:** A self employed person should be aware and alert about changes taking place in the market so as to adjust his operations. He should also have the foresight to anticipate changes to avail of opportunities and meeting threats likely to arise in the near future.
- iii. **Self-confidence:** In self-employment, the owner has to take all decisions; he must also have confidence in himself to overcome problems and also while dealing with suppliers / creditors, customers and government officials.
- iv. **Knowledge about business:** Any one who is self-employed in business must have full knowledge about the business, including technical knowledge and skill for running the business.

20. Explain the various elements of communication process.

Answer:



Communication Process

Sender – The person who sends the message. Also known as the source.

Receiver – The person who receives the message

Message – Subject matter of communication. It may contain facts, ideas, feelings or thoughts.

Feedback – Receiver’s response or reaction or reply to the message, which is directed towards the sender.

24. Describe the role of non-government organizations in protecting the interest of consumers.

Answer:

- i. Create awareness about consumer rights and educate the general public about consumer problems and remedies through seminars, workshops and training programmes.
- ii. Provide legal aid to consumers by way, of assistance in seeking legal remedy.
- iii. Undertake advocacy of consumers' point of view as representative members of consumer protection councils and others official boards.
- iv. Arrange comparative testing of consumer products through their own testing apparatus or accredited laboratories so as to evaluate the relative qualities of competing brands and publish the test results for the benefit of consumers to become informed buyers.
- v. Publish periodicals and journals to disseminate information among readers about consumer problems, legal reporting and other emerging matters of interest. Most of these periodicals do not accept advertisements from business firms.
- vi. Make suggestions and recommend steps which government authorities should consider in policy making and administrative measures adopted in the interest of consumers.
- vii. Some NGOs have successful used Public Interest Litigation (PIL) to enforce consumer rights in several cases. In other words, NGOs have filed cases in law courts in the interest of the general public, not for any individual.

25. Ram wants to set up his own small scale enterprise. State the various factors he will considered while setting up his business.

Answer:

- i. **Financial Planning-** A business cannot be started and run without sufficient amount of capital. Capital is required to buy fixed assets like land, building, machines and equipment. Capital is also required to buy raw material and meet day to day expenses of the business like salary and wages, electricity charges, telephone bill, carriage, etc. An estimate has to made regarding the amount of capital required for the various purposes and decisions taken regarding the sources and methods of raising it. The amount to be contributed by the owners and the amount to be borrowed from financial institutions, banks, etc. must also be decided well in advance.
- ii. **Location of Business-** Where to establish a business is also to be decided in advance. It primarily consists of decision regarding the choice of locality and selection of site. The deciding factors usually are nearness to the source of supply of raw material, nearness to the market, availability of labour, transportation and banking facilities. Selection of the site also depends on cost of land, development cost, etc.

conferred upon them and in the name and on behalf of the company, they bind the company and not themselves.

- iv. **Perpetual Succession:** Company being an artificial person cannot be incapacitated by illness and it does not have an allotted span of life. Members may come and go but the company can go on forever. It continues even if all its human members are dead, insolvent or have left the membership.
- v. **Common Seal:** A company being an artificial person is not bestowed with a body of a natural being. Therefore, it does not have a mind or limbs of a human being. It has to work through the agency of human beings, namely, directors and officers and employees. Hence, all agreement executed on behalf of company should bear the seal of the company whether agreement is valid or not would depend upon facts of each case. The common seal is a seal used by a corporation as the symbol of its incorporation.
- vi. **Limited Liability:** The members of the company are only liable to contribute towards payment of its debts to a limited extent. If the company is limited by shares, the shareholder's liability to contribute is measured by the nominal value of the shares he holds plus any premium agreed on when the shares were issued. In case of companies limited by guarantee, the liability of each member shall be determined by the guarantee amount. If the guarantee company also has share capital, the liability of each member shall be determined in terms of not only the amount guaranteed but also the amount remaining unpaid on the shares held by a member. A company may be formed with unlimited liability of members, thus the members shall continue to be liable till each paisa has been paid off.

27. Explain the following tools of sales promotion:

a) Free samples

Answer: You might have received free samples of shampoo, washing powder, coffee powder, etc. while purchasing various items from the market. Sometimes these free samples are also distributed by the shopkeeper even without purchasing any item from his shop. These are distributed to attract consumers to try out a new product and thereby create new customers. Some businessmen distribute samples among selected persons in order to popularize the product. For example, in the case of medicine free samples are distributed among physicians, in the case of textbooks, specimen copies are distributed among teachers.



b) Bonus offer

Answer: A milk shaker along with Nescafe, mug with Bournvita, toothbrush with 500 grams of toothpaste, 30% extra in a pack of one kg. are the examples of premium or bonus given free with the purchase of a product. They are effective in inducing consumers to buy a particular product. This is also useful for encouraging and rewarding existing customers.



c) Price-off offer

Answer: Under this offer, products are sold at a price lower than the original price. 'Rs. 2 off on purchase of a lifebouy soap, Rs. 15 off on a pack of 250 grams of Taj Mahal tea, Rs. 1000 off on cooler' etc. are some of the common schemes. This type of scheme is designed to boost up sales in off-season and sometimes while introducing a new product in the market.



28. What is business process outsourcing? How it is different from knowledge process outsourcing?

Answer: Business process outsourcing (BPO) can be defined as the act of giving a other party responsibility of performing what would otherwise be an internal system or service. For instance, an insurance company might outsource their claims processing program or a bank might outsource their loan processing system. Other common examples of BPO are call centres and payroll outsourcing.

Knowledge Processing Outsourcing industry is entirely different from Business processing outsourcing industry. KPO require expertise having domain knowledge. They are highly skilled and business experts as they handle more dexterous work which requires experience where as BPO industry is more about size, quantity and competence. The major difference is that BPO insist for labor and requires less skilled employees while KPO requires highly knowledgable employees in the area that is outsourced like lawyers, doctors, MBA and skilled engineers .The difference between KPO and BPO can also be analyzed on the bases of cost competitiveness, the salary of KPO employee is much higher than offered to the BPO employee as the people working for KPO are highly qualified such as Engineer, Doctor, CA,

Lawyer etc. BPO provides services like customer care, technical support through voice processes, tele-marketing, sales, etc. whereas KPO provides in-depth knowledge, expertise and analysis on complex areas like Legal Services, Business & Market Research, etc. BPO requires application, understanding of business and analytical bent of mind. Employees in BPO are not- so- qualified as it focuses on communication skills whereas KPO involves skill and expertise of knowledge workers with excellent educational background.

29. Explain the various types of life assurance policies

Answer: There are two basic types of life assurance policies

(a) **Whole-life policy-** A whole life policy runs for the whole life of the insured and premium is payable all along. The sum assured becomes due for payment to the heirs of the insured only after his death.

(b) **Endowment Policy-** An endowment policy on the other hand, runs for a limited period or upto a certain age of the insured. The sum assured becomes due for payment at the end of the specified period or on the death of the insured, if it occurs earlier

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