

Kendriya Vidyalaya Sangathan

(Ahmedabad Region)



Class: XI Study Material Business Studies

(2021-22 Term-1)



TERM: I (2021-22)

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CLASS–XI (2021-22)
TERM WISE CURRICULUM (TERM 1)

MCQ BASED QUESTION PAPER

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PART-A FOUNDATION OF BUSINESS
CHAPTER- 1 Evolution and Fundamentals of Business

Multiple Choice Questions(MCQ'S)

- 1 “Amrut” is a NGO operated in the district of Rajkot since 2005. It deals in providing medicines and other medical facilities to the rural, backward and below poverty line people in the district. In case of need, arrangements are made by the NGO to shift critical patients to referred hospitals.
Name the type of human activities performed by the NGO “Amrut”.
(A) Economic Activities
(B) Non-Economic Activities
(C) Spiritual Activities
(D) None of the above
- 2 The occupation in which people work for others and get remunerated in return is known as
(A) Business
(B) Profession
(C) Employment
(D) None of these
- 3 Ruchi is a practicing Chartered Accountant. She has her C.A. Firm at Hyderabad, Telangana. She deals in providing Income Tax and GST related services to her clients against very reasonable consultancy fees. She has her own professional coaching classes for C.A. Enrolled Students.
Identify the types of economic activities performed by Ruchi as referred in the above case.
(A) Business
(B) Profession
(C) Employment
(D) None of the above
- 4 Dell Inc is a company involved in manufacturing of Computer and related items. It's a very popular name among the computer savvy youth in India. There are different models of Desktop, Laptop, Tabs, Gaming and Workstations manufactured and sold by the company in the Indian market.
Which type of Industry highlighted in the above case?
(A) Genetic Industry
(B) Extractive Industry
(C) Processing Industry
(D) Assembly Industry

- 5 JPMG is one of the largest transportation industry in India provides services for different projects including residential, commercial office, retail, industrial, logistics, hospitality and other areas too. It's a familiar name among the business houses in the country because of the large dependency factor.
Which type of Industry discussed in the above case?
(A) Genetic Industry
(B) Tertiary Industry
(C) Processing Industry
(D) Assembly Industry
- 6 Nutan General Store is a big businessman deals in selling Nestle products in his locality. He purchased products of Nestle directly from the State Distributor in bulk quantities and sold in the market. Small shopkeepers from different corners of the city. Identify the type of trade followed by Nutan General Store.
(A) Wholesale Trade
(B) Retail Trade
(C) International Trade
(D) Entrepot Trade
- 7 Surinder is a small-town businessman deals in buying and selling different fast-moving consumer goods. The scope of business is limited to his local market. He purchased different types of goods from the wholesaler each weekend located at the State Capital.
Identify the type of trade followed by the businessman referred in the above case.
(A) Wholesale Trade
(B) Retail Trade
(C) International Trade
(D) Entrepot Trade
- 8 An Indian company deals in a type of trade in which it purchases (imports) Rubber from Thailand and sells the same to another company of Japan. Company is earning good volume of profit from its trade.
Identify the type of trade followed by the company as discussed in the above case.
(A) Wholesale Trade
(B) Retail Trade
(C) International Trade
(D) Entrepot Trade
- 9 Banking, Insurance, Transportation, Warehousing, Communication and Advertising help in elimination of hindrances of place, time, money, risk and information occurred during the course of business. These are popularly termed as

- (A) Trade
 - (B) Employment
 - (C) Commerce
 - (D) Auxiliaries to Trade
- 10 Which of the following is/are treated as Auxiliaries to Trade?
- (A) Banking Industry
 - (B) Insurance Industry
 - (C) Transportation Industry
 - (D) All of the above
- 11 The industries which provide support services to other industries are known as
- (A) Primary industries
 - (B) Secondary industries
 - (C) Commercial industries
 - (D) Tertiary industries
- 12 Cyclone caused lots of damages to the street vendors and retail stores in the state. Rahim, owner of a Grocery Shop suffered a lot because of cyclonic effect. Government declared a relief package to the affected people of the affected areas. Identify the type of risk caused to the Shopkeepers highlighted in the above case.
- (A) Natural Cause
 - (B) Human Cause
 - (C) Economic Cause
 - (D) None of the above
- 13 The possibilities of inadequate profits or even losses due to uncertainties are known as _____
- (A) Business contingencies
 - (B) Business risks
 - (C) Business ventures
 - (D) None of these
- 14 Which of the following does not characterize business activity :
- (A) Production of goods and services
 - (B) Presence of risk
 - (C) Sale or Exchange of goods and services
 - (D) Salary or wages.
- 15 Which of the following cannot be classified as an objective of business?
- (A) Investment
 - (B) Productivity
 - (C) Innovation

- (D) Profit Earning.
- 16 Specialized knowledge and skill is needed in:
(A) Employment
(B) Non-Economic activity
(C) Profession
(D) None of these.
- 17 The reward of risk is:
(A) Success
(B) Failure
(C) Profit
(D) Loss
- 18 It is not included in code of conduct of employment:
(A) Rules
(B) Dishonesty
(C) Integrity
(D) Morality
- 19 Which of the following cannot be classified as an auxiliary to trade?
(A) Mining
(B) Insurance
(C) Warehousing
(D) Transport.
- 20 Business risk is not likely to arise due to:
(A) Change in govt, policy
(B) Good management
(C) Employee dishonesty
(D) Power failure.
- 21 Name the two broad categories of business activities.
(A) Trade and commerce
(B) trade and industry
(C) industry and commerce
(D) none of these
- 22 Earning of profit is considered to be the subsidiary objective of the business.' The given statement is
(A) True
(B) false
(C) cannot say
(D) None

- 23 Transfer of interest exists in the case of
(A) Profession
(B) employment
(C) business
(D) none of these
- 24 Which of the following is not an example of non-economic activity?
(A) Patriotism
(B) teaching
(C) sentiment
(D) sympathy
- 25 Which of the broad categories of industries covers oil refinery and sugar mills?
(A) Primary
(B) Secondary
(C) Tertiary
(D) None of these

Assertion- Reasoning Based Questions

- 1 **Assertion (A)** One of the main purposes of business is to earn income by way of profit.

Reason (R) No business can survive for long without profit.

Codes

- (A) Both A and R are true. R is the correct explanation of A
(B) Both A and R are true, but R is not the correct explanation of A
(C) A is correct, but R is incorrect
(D) A is incorrect, but R is correct
- 2 **Assertion (A)** Business represents exchange of Goods and Services.
Reason (R) Risk and Uncertainties are always there with any form of business.

Codes

- (A) Both A and R are true. R is the correct explanation of A
(B) Both A and R are true, but R is not the correct explanation of A
(C) A is correct, but R is incorrect
(D) A is incorrect, but R is correct
- 3 **Assertion (A)** Business is considered as an economic activity.
Reason (R) It involves exchange of goods and services among people in the society.

Codes

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

(C) A is correct, but R is incorrect

(D) A is incorrect, but R is correct

- 4 **Assertion (A)** Profit earning is essential for the survival, growth and expansion of any business.

Reason (R) It is the sole objective of all business firms.

Codes

(A) Both A and R are true. R is the correct explanation of A

(B) Both A and R are true, but R is not the correct explanation of A

(C) A is correct, but R is incorrect

(D) A is incorrect, but R is correct

- 5 **Assertion (A)** Earning Livelihood is the main aim of Economic activities.

Reason (R) It helps people in earning their bread and butter by performing several activities.

Codes

(A) Both A and R are true. R is the correct explanation of A

(B) Both A and R are true, but R is not the correct explanation of A

(C) A is correct, but R is incorrect

(D) A is incorrect, but R is correct

Case Studies (source based questions)

- I Sankalp is a successful entrepreneur dealing in Automobile sector especially with Two Wheelers at Ahmedabad. He has been constantly earning good profit from his business and investing surplus towards expansion of his business. All the latest Two-Wheeler models are available at his showroom. His marketing and sales team are managed to create new customers from time to time. His unique style of business management has brought him success.

- 1 Name the type of Business activity in which Sankalp is involved?

(A) Tertiary industries

(B) Secondary industries

(C) Trade

(D) Auxiliaries to trade

- 2 Name the type of economic activities performs by Sankalp.

(A) Business

(B) Profession

(C) Employment

- (D) Religious Movement
- 3 Which type of objectives followed by the entrepreneur?
- (A) Economic Objective
 - (B) Social Objective
 - (C) Organizational Objective
 - (D) Management Objective
- 4 Which of the following points are involved in the objective identified in part (b) above?
- (A) Profit Earning
 - (B) Creating Customers
 - (C) Innovation
 - (D) All of the above

II Maninder, Surinder and Balbinder and Harinder pursued their Masters Degree in Business Management from a reputed institute of Delhi. After completion of their studies, all of them got engaged in different fields. Maninder got a job at an Oil Refinery Industry as a Junior Executive Finance. Surinder joined his family business of Textile Industry at Jalandhar, Punjab. Balbinder opened his own Dairy Firm and Harinder join construction business

- 1 Name the type of industry Mr. Maninder worked in reference to the above lines.
- (A) Genetic Industry
 - (B) Extractive Industry
 - (C) Territory Industry
 - (D) Assembling Industry
- 2 Identify the type of industry Mr. Surinder worked with as highlighted in the above case.
- (A) Analytical Industry
 - (B) Synthetic Industry
 - (C) Processing Industry
 - (D) Assembly Industry
- 3 Which type of industry Mr. Balbinder started after his studies as referred in the above case?
- (A) Genetic Industry
 - (B) Processing Industry
 - (C) Territory Industry
 - (D) Manufacturing Industry
- 4 Identify the type of industry Mr. Harinder worked with as highlighted in the above case.

- (A) Primary Industry
- (B) Secondary Industry
- (C) Tertiary Industry
- (D) None of Above

Answer Key

Multiple Choice Questions (MCQ'S)

- 1 (B) Non-Economic Activities
- 2 (C) Employment
- 3 (B) Profession
- 4 (D) Assembly Industry
- 5 (B) Tertiary Industry
- 6 (A) Wholesale Trade
- 7 (B) Retail Trade
- 8 (D) Entrepot Trade
- 9 (D) Auxiliaries to Trade
- 10 (D) All of the above
- 11 (D) Tertiary industries
- 12 (A) Natural Cause
- 13 (B) Business risks
- 14 (D) Salary or wages.
- 15 (A) Investment
- 16 (C) Profession
- 17 (C) Profit
- 18 (B) Dishonesty
- 19 (A) Mining
- 20 (B) Good management
- 21 (C) industry and commerce
- 22 (B) false
- 23 (C) business
- 24 (B) teaching
- 25 (B) Secondary

Assertion- Reasoning Based Questions

- 1 (A) Both A and R are true. R is the correct explanation of A
- 2 (B) Both A and R are true, but R is not the correct explanation of A

- 3 (A) Both A and R are true. R is the correct explanation of A
- 4 (C) A is correct, but R is incorrect
- 5 (A) Both A and R are true. R is the correct explanation of A

Case Studies (source based questions)

I

- 1 (C) Trade
- 2 (A) Business
- 3 (A) Economic Objective
- 4 (D) All of the above

II

- 1 (B) Extractive Industry
- 2 (C) Processing Industry
- 3 (A) Genetic Industry
- 4 (B) Secondary Industry

CHAPTER- 2 FORMS OF BUSINESS ORGANISATIONS

Multiple Choice Questions(MCQ'S)

- 1 Ajeet started its Travel Agency in the year 2000 by taking a small room on Rent in Delhi. He invested money and efforts to build his business. Quality and timely services provided by his Travel Agency made him popular in Delhi.

Name the form of business organization owned and operated by Ajeet.

(A) Partnership
(B) One Person Company
(C) Joint Venture
(D) Sole Trading Concern
- 2 After completing high studies in Hotel Management courses from one of the highly reputed Hotel Management Institutes of India, Mahesh decided to start his own Bakery at his home town. His father arranged funds and supported him to commence his business. He recruited some staffs, purchased required equipments and machineries. Within few months, he started manufacturing bakery products in the market and sold at reasonable prices. His quality products and reasonable prices helped him in making good profit.

Identify the form of business organization highlighted in the above case.

(A) Company
(B) Joint Hindu Family Business
(C) Sole Trading concern
(D) Partnership
- 3 Amandeep involves in selling School and College Uniforms at his retail outlet located at Ambala. It is his family business, now controlled and managed by him. In the Covid-19 period, schools and colleges are mostly closed all around the state. Due to this pandemic situation, he records a very little business of ignorable volume. He is paying staff salaries, electricity bills and other fixed expenses each month. He is facing huge financial losses because of Covid -19 and its effects.

Which features of sole trading business is highlighted in the above case?

- (A) Easy Formation
- (B) Profit
- (C) Secrecy
- (D) Risk and Uncertainties

- 4 Mehul was a Book Shop owner at Ludhiana, Punjab. He purchased school and college books of different publishers and sold in the market. He was quite successful in his business and earning good profit. Last month, he passed away due to Cardiac Attack. His only son is settled at Paris and not interested to return back. Book Shop of Mehul was closed since his death and will remain so.

Which features of sole trading business is highlighted in the above case?

- (A) Easy Formation
- (B) Profit
- (C) Secrecy
- (D) Lack of business continuity

- 5 Md. Sameer is an emerging entrepreneur from Hyderabad deals in selling of Electrical Appliances. He received a profitable offer to purchase a retail outlet adjacent to his showroom. But he refused very politely due to constraints of funds. It could be seen as a lost opportunity for him.

Which limitation of sole trading business is highlighted in the above case?

- (A) Limited Resources
- (B) Lack of managerial ability
- (C) Unlimited liability
- (D) Lack of Perpetuity

- 6 Rakesh and Rajesh are two close friends decided to take franchise of Tata Sky. Both of them invested equally to get the franchise for their home district. It was agreed mutually among Rakesh and Rajesh to share the profits or losses of the firm on equal basis.

Name the form of business organizations run by the friends referred in the above

case.

- (A) Partnership
- (B) One Person Company
- (C) Joint Venture
- (D) Sole Trading Concern

- 7 Ram, Sameer and Joseph are partners in a partnership firm. They are sharing profits and losses at a ratio of 2:2:1. A dispute arises among them on a particular issue related to transferring of interest of Ram's share to his brother Shyam. Sameer and Joseph refuse to accept the proposal of Ram for transferring his share in the firm business to Shyam.

Identify the limitations of partnership firm highlighted in the above case.

- (A) Limited Resources
 - (B) Unlimited Liability
 - (C) Lack of Public Confidence
 - (D) Non-transferability of Interest
- 8 Amar, Biraj, Sachin, Rohit and Ishant have decided to start a partnership to complete a specific project within 02 years. It has been unanimously decided among them to contribute equally towards meeting the budgeted expenditures of the project and to share profits or losses equally. As per the agreement, partnership business will come to an end on completion of the project.

Which type of partnership referred in the above case?

- (A) Partnership at will
 - (B) Particular Partnership
 - (C) General Partnership
 - (D) Limited Liability Partnership
- 9 Sudhanshu is an active partner in a partnership firm, where, liability of partners is unlimited. Partners are allowed to participate in the management of the firm business. All the partners are abided by the rules framed in the partnership. Registration of partnership firm is optional and the firm business may come to an

end on the event of death, insolvency and lunatic of any partner.

Which type of partnership referred in the above case?

- (A) General Partnership
- (B) Partnership at will
- (C) Limited Liability Partnership
- (D) Particular Partnership

10 Liability of partners in a partnership business is generally of unlimited nature. But Neha joined a partnership firm in the year 2018 as a partner. As per the provisions of the firm she joined, liability of the partners is limited and its firm name consists of a specific word LLP in it. Which of the following types of partnership referred in the above case?

- (A) Partnership at will
- (B) Particular Partnership
- (C) General Partnership
- (D) Limited Liability Partnership

11 . Ramesh is presenting himself as partner of ABC Associates through his conduct or behaviour. Clients dealing with the firm accept him as a partner due to his self acclaimed attitude of being a partner of the firm.

Which type of partner Mr. Ramesh is referred in the above case?

- (A) Active Partner
- (B) Sleeping Partner
- (C) Secret Partner
- (D) Partner by Estoppel

12 Randaxy Associates is a reputed partnership firm located at New Delhi. Firm provides different professional services related to legal matters to its clients. As per the annual report of the firm, there is a partner enjoying a specific portion of profit but no information about the partner is available on record.

Identify the type of partner with undisclosed personal information mentioned in the above case.

- (A) Active Partner
- (B) Sleeping Partner
- (C) Secret Partner
- (D) Partner by Estoppel

13 . Mr. Kishor Majoomdar is running his family business at Kolkata, West Bengal. He is the eldest member of his family. Both male and female members are allowed to participate in their business. But Kishor ji always remain the power center and sole authority in controlling and regulating business. Name the form of business organizations run by the friends referred in the above case.

- (A) Partnership
- (B) One Person Company
- (C) Joint Hindu Family Business
- (D) Sole Trading Concern

14 The objects of the company are specified by

- (A) Articles of Association
- (B) Memorandum of association
- (C) Prospectus
- (D) Certificate of Incorporation

15 A Joint Hindu Family business runs by Mr. Sachin Agarwal, in Hyderabad, Telangana. In a centralized management environment, he is operating and managing all business activities as the Eldest Member of the family. How Mr. Sachin should be designated or recognized in the family business?

- (A) Elder Member
- (B) Karta
- (C) Coparcener
- (D) Partner

16 A group of Female Households of a rural village of Odisha decided to start their personal group. The main intention of forming the group was to help their members

in building their houses or procuring lands at reasonable costs. They gave a name “**Mallhar**” to their group. It dealt in building flats or providing plots to their members. Members were asked to pay off their loan amount in easy installments. In certain cases, group helped its members in purchasing flats or plots by arranging loans from commercial banks or financial institutions.

Name the form of business organizations run by the friends referred in the above case.

- (A) Partnership
- (B) One Person Company
- (C) Joint Hindu Family Business
- (D) Housing Cooperative Society

17 . The maximum amount up to which a company can issue capital, is called

- (A) Authorized Capital
- (B) Called Up Capital
- (C) Issued Capital
- (D) Subscribed Capital

18 Which of the following is not a clause of memorandum of association?

- (A) Capital clause
- (B) Objects clause
- (C) Director clause
- (D) Name clause

19 Which of the following is not the consequence of non-registration of a partnership firm?

- (A) The firm can't file a suit against third parties.
- (B) The firm can't file a case against the partners.
- (C) The firm can't contribute in business legally.
- (D) A partner of an unregistered firm cannot file a suit against the firm or other partners.

20 Which of the following statement is not correct?

- (A) A company can refer Table A if it does not prepare its articles of association.
(B) A private limited company can have maximum 200 members.
(C) A minor as a partner can inspect the books of the firm.
(D) One-person company is a company, which has one person as its member.
- 21 'It is a democratic large sized organisation having numerous shareholders; the owners having minimum influence in terms of controlling or running the business.'
Which form of organisation and the corresponding demerit is highlighted here?
(A) Cooperative Society — Government Control
(B) Joint Stock Company — Impersonal Work Environment
(C) Cooperative Society — Inefficiency in Management
(D) Joint Stock Company — Oligarchic Management
- 22 Transfer of ownership is easy in case of _____ whereas it is difficult in case of _____.
(A) Joint stock company, partnership
(B) Sole proprietorship, joint stock company
(C) Sole proprietorship, partnership
(D) Partnership, joint stock company
- 23 The concept of 'Separate Legal Existence' applies to
(i) Sole proprietorship (ii) Partnership
(iii) Joint stock company (iv) Cooperative society
Choose the correct option :
(A) i and iii
(B) ii and iii
(C) ii and iv
(D) iii and iv
- 24 Which of the following is not governed by a specific act?
(A) Sole proprietorship
(B) Partnership
(C) Cooperative society

(D) Company

25 Profits are not shared in case of

(A) Company

(B) Cooperative society

(C) Sole proprietorship

(D) Partnership

Assertion- Reasoning Based Questions

1 **Assertion (A)** Sole Trading Concern is treated as a “One Man Show”.

Reason (R) It is owned, controlled, managed and operated by the owner all alone.

Codes

(A) Both A and R are true. R is the correct explanation of A

(B) Both A and R are true, but R is not the correct explanation of A

(C) A is correct, but R is incorrect

(D) A is incorrect, but R is correct

2 **Assertion (A)** Secrecy can be maintained in case of sole proprietorship.

Reason (R) All Sole Proprietors are always honest.

Codes

(A) Both A and R are true. R is the correct explanation of A

(B) Both A and R are true, but R is not the correct explanation of A

(C) A is correct, but R is incorrect

(D) A is incorrect, but R is correct

3 **Assertion (A)** Sole Proprietorship business does not have a separate legal entity different from its owner.

Reason (R) Sole trader or proprietor enjoys all the profits of the business earned during the course of business.

Codes

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

4 **Assertion (A)** In partnership firm the liability of all the partners is unlimited.

Reason (R) The partners are individually as well as jointly responsible for paying off business debts.

Codes

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

5 **Assertion (A)** Partnership is formed by an agreement which may be oral or in writing.

Reason (R) It is always advisable to have written partnership agreement to avoid all kinds of disputes which may arise in future.

Codes

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

Case Studies (source based questions)

I Mr. Sumit owns an ancestral house in Jamnagar. On the advise of his friend he

converts it into a lodge after renovation. The revenue from the lodge helps to supplement his income considerably. On his death the property (lodge) is inherited by his three sons in order of their age namely, Mr. Sham, Mr. Anil and Mr. Satish who carry on with the business.

- 1 Which form of business is carried by Mr. Sumit
 - (A) Partnership
 - (B) One Person Company
 - (C) Joint Venture
 - (D) Sole Trading Concern
 - 2 Which form of business is carried by their sons
 - (A) Partnership
 - (B) Joint Hindu Family Business
 - (C) Joint Venture
 - (D) Sole Trading Concern
 - 3 Who amongst the three brothers has the right to exercise control over the family business?
 - (A) Mr. Sham
 - (B) Mr. Anil
 - (C) Mr. Satish
 - (D) All the above
 - 4 Which law governs Joint Hindu Family Business.
 - (A) Indian Partnership Act, 1932
 - (B) Cooperative Societies Act, 1912
 - (C) The Companies Act, 2013
 - (D) Hindu Succession Act, 1956
- II Archana visited her native village during her vacations and found that the money lender in the village was exploiting the farmers. He was charging a very high rate of interest on the money he had landed to the farmers. Archana decided to help

farmers. She met all the farmers along with her grandfather and told them about the various options for raising funds instead of going to money lender. She was able to convince farmers to pool their own resources and form an organisation, so that the members can take loan from this organisation at reasonable interest, as and when funds are required. The purpose of opening such organisation was not to make profits but to provide help to members.

- 1 Name the form of organisation opened by farmers on the plea of Archana.
 - (A) Sole proprietorship
 - (B) Partnership
 - (C) Cooperative society
 - (D) Company
- 2 What is the minimum number of persons required to form such organisation?
 - (A) Minimum 2 individuals.
 - (B) Minimum 5 individuals.
 - (C) Minimum 20 individuals.
 - (D) Minimum 10 individuals
- 3 Under which Act, these organisations are governed?
 - (A) Indian Partnership Act, 1932
 - (B) Cooperative Societies Act, 1912
 - (C) The Companies Act, 2013
 - (D) Hindu Succession Act, 1956
- 4 Who can become the members of the above identified organisation?
 - (A) Any person who is above 18 years
 - (B) Has a common interest
 - (C) Person of Sound mind
 - (D) All the Above

Answer Key

Multiple Choice Questions(MCQ'S)

- 1 (D) Sole Trading Concern
- 2 (C) Sole Trading concern
- 3 (D) Risk and Uncertainties
- 4 (D) Lack of business continuity
- 5 (D) Lack of Perpetuity
- 6 (A) Partnership
- 7 (D) Non-transferability of Interest
- 8 (B) Particular Partnership
- 9 (A) General Partnership
- 10 (D) Limited Liability Partnership
- 11 (D) Partner by Estoppel
- 12 (C) Secret Partner
- 13 (C) Joint Hindu Family Business
- 14 (B) Memorandum of association
- 15 (B) Karta
- 16 (D) Housing Cooperative Society
- 17 (A) Authorized Capital
- 18 (C) Director clause
- 19 (C) The firm can't contribute in business legally.
- 20 (C) A minor as a partner can inspect the books of the firm.
- 21 (D) Joint Stock Company — Oligarchic Management
- 22 (A) Joint stock company, partnership
- 23 (D) iii and iv
- 24 (A) Sole proprietorship
- 25 (C) Sole proprietorship

Assertion- Reasoning Based Questions

- 1 (A) Both A and R are true. R is the correct explanation of A
- 2 (C) A is correct, but R is incorrect
- 3 (B) Both A and R are true, but R is not the correct explanation of A
- 4 (A) Both A and R are true. R is the correct explanation of A
- 5 (A) Both A and R are true. R is the correct explanation of A

Case Studies (source based questions)

I

- 1 (D) Sole Trading Concern
- 2 (B) Joint Hindu Family Business
- 3 (A) Mr. Sham
- 4 (D) Hindu Succession Act, 1956

II

- 1 (C) Cooperative society
- 2 (D) Minimum 10 individuals.
- 3 (B) Cooperative Societies Act, 1912
- 4 (D) All the Above

Chapter - 3 Private, Public and Global Enterprises

Q. Multiple Choice Questions(MCQ'S)

no.

- 1 LIC is an example of....
(A) Statutory Corporation
(B) Public company
(C) Government company
(D) Departmental Undertaking
- 2 The government companies buy shares in name of
(A) Prime Minister
(B) President
(C) Registrars of Company
(D) Directors of Company
- 3 Which of the following is not an objective of PSUs?
(A) Development of infrastructure
(B) Import substitution
(C) Profit maximisation
(D) Regional balance
- 4 How powers and objectives of public corporation defined?
(A) By Companies Act
(B) By Partnership Act
(C) By Special Act
(D) All of the above
- 5 Hindustan Steel Limited is a government company.
(A) True
(B) False
(C) Partly True
(D) Can't Say
- 6 A Public Sector Company is incurring heavy losses and govt. proposes to close the same. Which term is related to this statement?
(A) Disinvestment
(B) Privatisation
(C) Demonetisation
(D) Socialisation
- 7 An enterprise comes into existence after an act is passed in Parliament is known as .
(A) Govt. company
(B) Parliament company
(C) Public corporation
(D) Government Corporation
- 8 Form of PSU has the greatest autonomy.
(A) Departmental Undertakings

- (B) Public Corporation
 - (C) Government Company
 - (D) None of these
- 9 The main motive of Private sector is
- (A) Social service
 - (B) Earning Profit
 - (C) both a and b
 - (D) None of the above
- 10 Which is the oldest and most traditional form of public sector enterprises?
- (A) Statutory Corporation
 - (B) Public company
 - (C) Government company
 - (D) Departmental Undertaking
- 11 Centralized control in MNCs implies control exercised by ...
- (A) Branches
 - (B) Subsidiaries
 - (C) Headquarters
 - (D) Parliament
- 12 is the best form of the organization, Where national security is concerned.
- (A) Private Company
 - (B) Public Company
 - (C) Departmental Undertaking
 - (D) None of these
- 13 ONGC is an example of Indian energy multinational company.
- (A) True
 - (B) False
 - (C) Partly True
 - (D) Can't Say
- 14 Public sector organisations may either be partly or wholly owned by the _____ government.
- (A) State
 - (B) Central
 - (C) Foreign
 - (D) Central or state.
- 15 Indian economy is a _____ kind of economy.
- (A) Global
 - (B) Mixed
 - (C) Capitalist
 - (D) Socialist.
- 16 Which of the following is not a type of public sector enterprise?
- (A) Joint Hindu Family business
 - (B) Departmental undertaking

- (C) Statutory Corporation
(D) Government Company.
- 17 How many industries are now reserved for public sector?
(A) 2
(B) 3
(C) 4
(D) 17
- 18 An organization is working for the purpose of public welfare as a ministry of government. It is financed by govt. and all its income is deposited in govt. treasury. Identify which kind of public sector enterprise is it.
(A) Partnership
(B) Departmental undertaking
(C) Sole proprietorship
(D) Company
- 19 Where national security is concerned..... is the best form of the organization.
(A) Private Company
(B) Public Company
(C) Departmental Undertaking
(D) None of these
- 20 Which government enterprise is registered under Indian Companies Act, 1956?
(A) Departmental undertaking
(B) Public corporation
(C) Government company
(D) Partnership companies
- 21 An enterprise having huge capital, huge turnover and its branches are spread all over the country. What do we call such kind of enterprises?
(A) Joint venture
(B) Global enterprise
(C) Large corporation
(D) Huge company.
- 22 An enterprise comes into existence after an act is passed in Parliament is known as .
(A) Govt. company
(B) Parliament company
(C) Public corporation
(D) Government Corporation
- 23 Which government enterprise is registered under Indian Companies Act, 1956?
(A) Departmental undertaking
(B) Public corporation
(C) Government company
(D) Partnership companies

- 24 Govt. has given autonomy to a PSU to improve its performance but held it accountable for specified results under an agreement. What is this agreement called?
(A) MoA
(B) AoA
(C) MoU
(D) GoU
- 25 Which form of PSU has its own MoA and AoA?
(A) Private Company
(B) Public Company
(C) Departmental Undertaking
(D) None of these

Assertion- Reasoning Based Questions

- 1 Assertion (A): Public Sector Enterprises are organizations which are owned by public.
Reason(R): Public sector enterprises cannot be managed by government properly.
On the basis of above Assertion and Reason choose the correct answer from the options given below.
(A) Both Assertion and Reason are correct and the Reason is a correct explanation of the Assertion.
(B) Both Assertion and Reason are correct but Reason is not a correct explanation of the Assertion.
(C) The Assertion is correct but Reason is incorrect.
(D) Both the Assertion and Reason are incorrect.
- 2 Assertion (A): The central Government of India has established a department which is considered as an extension of the ministry itself.
Reason(R): LIC is the example of such department.
On the basis of above Assertion and Reason choose the correct answer from the options given below.
(A) Both Assertion and Reason are correct and the Reason is a correct explanation of the Assertion.
(B) Both Assertion and Reason are correct but Reason is not a correct explanation of the Assertion.
(C) The Assertion is correct but Reason is incorrect.
(D) Both the Assertion and Reason are incorrect.
- 3 Assertion (A): A government hospital comes under Public Enterprises.
Reason(R): Public sector enterprises are wholly owned, controlled and managed by government.
On the basis of above Assertion and Reason choose the correct answer from the options given below.
(A) Both Assertion and Reason are correct and the Reason is a correct

explanation of the Assertion.

(B) Both Assertion and Reason are correct but Reason is not a correct explanation of the Assertion.

(C) The Assertion is correct but Reason is incorrect.

(D) Both the Assertion and Reason are incorrect.

4 Assertion (A): SAIL is an example of Government Company.

Reason(R): More than 50% of its stake is held by government and it is incorporated under the Companies Act 2013.

On the basis of above Assertion and Reason choose the correct answer from the options given below.

(A) Both Assertion and Reason are correct and the Reason is a correct explanation of the Assertion.

(B) Both Assertion and Reason are correct but Reason is not a correct explanation of the Assertion.

(C) The Assertion is correct but Reason is incorrect.

(D) Both the Assertion and Reason are incorrect.

5 Assertion (A): Political interference is a demerit of government company.

Reason(R): The operational policies of the government companies are formed according to the whims and fancies of the ministers.

On the basis of above Assertion and Reason choose the correct answer from the options given below.

(A) Both Assertion and Reason are correct and the Reason is a correct explanation of the Assertion.

(B) Both Assertion and Reason are correct but Reason is not a correct explanation of the Assertion.

(C) The Assertion is correct but Reason is incorrect.

(D) Both the Assertion and Reason are incorrect.

Case Studies (source based questions)

1. Post and Telegraph department is part of a government ministry. It is fully managed, controlled and financed by the concerned Ministry. The annual budget of the ministry makes provision for the funds needed by the government. The ministry is answerable to the Parliament for its functioning.

Answer the following questions on the basis of above paragraph.

Name the sector under which the Post and Telegraph department comes.

(A) Private Sector

(A) Public Sector

(B) Joint Sector

(C) None of The Above

Name the kind of organisation it is.

(A) Private Company

(B) Public Company

(C) Statutory Corporation

(D) Departmental Undertaking

How are the revenues of the department treated?

(A) Used by the department directly

(B) Deposited in government treasury

(C) Both a and b

(D) None of these

What is the legal status of such organizations?

(A) No separate legal entity

(B) Separate legal entity

(C) Both a and b

(D) None of the above

2. Once Upon a time a round of election to the five legislative assemblies of the country was in progress. The different political parties were putting in the best of their efforts to entice the people through their respective promises to them. The political parties contesting elections in these states were mainly 4 in number. Though all the parties made several promises in their respective manifestos yet each of the four parties made one such promise as compelled to the people to give a thought to it. The First political party has made a promise that if they came to power, they would set up such government enterprises in the states as will have the partnership of both the people and government. However, In these enterprises, the ownership of the government shall not be less than 51%. The setting of the common enterprises was done as per the provisions of the Indian Company Act, 2013. The financing of these enterprises would be done jointly by both, the people and the government. The second political party promised that if they came to power, they would set up such enterprises as would be completely under the ownership of the government. The burden of financing them would not be put on the shoulders of the people, but they would be managed with the general budget. The third political party, which was contesting the elections for the first time, promised that on coming into power they would set up such government enterprises as will be fully financed by the government. However there would be no bar to get the loan from the people to set up them. They would be set up as per the special act passed by the parliament or the state legislative assembly. And the fourth political party made a promise to start such companies which will be having less than 50% share of the government.

First political party has made a promise to establish.

(A) Government companies

(B) Departmental undertakings

(C) Public corporations

(D) None of the above

Second political party has made a promise to establish.

- (A) Government companies
- (B) Departmental undertakings
- (C) Public corporations
- (D) None of the above

Third political party has made a promise to establish.

- (A) Government companies
- (B) Departmental undertakings
- (C) Public corporations
- (D) None of the above

Fourth political party has made a promise to establish.

- (A) Government companies
- (B) Departmental undertakings
- (C) Public corporations
- (D) None of the above

**Q.
no.**

Answer key

Multiple Choice Questions(MCQ'S)

- 1 (A) Statutory Corporation
- 2 (B) President
- 3 (C) Profit maximization
- 4 (C) By Special Act
- 5 (A) True
- 6 (A) Disinvestment
- 7 (C) Public corporation
- 8 (C) Government Company
- 9 (B) Earning Profit
- 10 (D) Departmental Undertaking
- 11 (C) Headquarters
- 12 (C) Departmental Undertaking
- 13 (A) True
- 14 (D) Central or state.
- 15 (B) Mixed
- 16 (A) Joint Hindu Family business
- 17 (B) 3

- 18 (B) Departmental undertaking
- 19 (C) Departmental Undertaking
- 20 (C) Government company
- 21 (B) Global enterprise
- 22 (C) Public corporation
- 23 (C) Government company
- 24 (C) MoU
- 25 (D) None of these

Assertion- Reasoning Based Questions

- 1 (D) Both the Assertion and Reason are incorrect.
- 2 (C) The Assertion is correct but Reason is incorrect
- 3 (D) Both the Assertion and Reason are incorrect.
- 4 (A) Both Assertion and Reason are correct and the Reason is a correct explanation of the Assertion.
- 5 (A) Both Assertion and Reason are correct and the Reason is a correct explanation of the Assertion.

Case Studies (source based questions)

- 1 (B) Public Sector
(D) Departmental Undertaking
(B) Deposited in government treasury
(A) No separate legal entity
- 2 (A) Government companies
(B) Departmental undertakings
(C) Public corporations
(D) None of the above

Chapter-4 Business Services

Q. Multiple Choice Questions(MCQ'S)

no.

- 1 Without disclosing that he is suffering from TB, Mr. A gets himself insured against death for rupees 10 lakhs. He lives for another three-four years and dies due to TB. The insurance company comes to know about Mr. A's illness only after his death. Now, under these circumstances the insurance company is not liable to pay anything to the dependents of Mr. A as the contract between the insurance company and Mr. A is void.
Identify the principle of insurance to which the above example related:
(A) Utmost good faith
(B) Insurable interest
(C) Indemnity
(D) Subrogation
- 2 In the new digital market place banks and financial institutions have started providing services over the Internet. This type of service is provided by the banks on the Internet, lowers the transaction cost, adds value to the banking relationship and empowers customers.
Name the service provided by the banks.
(A) Electronic fund transfer
(B) Automatic teller machine
(C) Credit card
(D) All of the above.
- 3 If any person gets his property insured by three insurance companies, then at the time of incurrance of loss, all the three companies will compensate for the loss faced but in a proportionate manner. Every company will not pay the full compensation individually. Moreover, the total amount paid by the insurance company, will not, in any condition, exceed the actual loss incurred.
Name the principle of insurance to which above statement is related.
(A) Contribution
(B) Indemnity
(C) Subrogation
(D) Insurable interest
- 4 Which of the following is not covered under general insurance?
(A) Fire insurance
(B) Theft insurance.
(C) Life insurance
(D) marine insurance
- 5 Mr. Kabir Singh desires to have two benefits from his bank account first, to earn higher interest on balance and 2nd to face minimum risk of dishonouring a cheque. Which type of account should be opened by him in Punjab National Bank?

- (A) Saving account
 - (B) Current account
 - (C) Multiple options account
 - (D) Fixed deposit account
- 6 Maximum period limit of a General Insurance is-
- (A) 1 year
 - (B) 2 years
 - (C) 3 Years
 - (D) No limit
- 7 UPI stands for-
- (A) Unique Payment Introduction
 - (B) Union Payment Interface
 - (C) Upper Payment Interface
 - (D) Unified Payment Interface
- 8 Which of the following is the subject matter of Marine Insurance?
- (A) Hull
 - (B) Wages
 - (C) Ship Captain
 - (D) Storm
- 9 A person gets his stock of Rs.25,000 insured for Rs.35,000. A fire occurs and the whole stock gets damaged. The insurance company will pay him only Rs.25,000, the actual value of his stock and not Rs.35,000. Which principle of insurance is applied in this case?
- (A) Principle of Contribution
 - (B) Principle of Subrogation
 - (C) Principle of Indemnity
 - (D) Principle of Insurable Interest
- 10 Which of the following is not related to Life Insurance Contract?
- (A) Conditional Contract
 - (B) Unilateral Contract
 - (C) Indemnity Contract
 - (D) None of these
- 11 Which of the following is not a function of insurance?
- (A) Risk sharing
 - (B) Assist in capital formation
 - (C) Lending of funds
 - (D) None of these
- 12 Ankur saves Rs.3,000 every month. Which type of Bank Account he should open with the bank?
- (A) Current Account
 - (B) PPF Account
 - (C) Recurring Deposit Account
 - (D) Saving Account

- 13 Gaeta has Rs.20,000 in her account. She doesn't have any use of these for two years. To earn more interest which type of bank account she would be opened with the bank?
(A) Recurring Deposit
(B) Fixed Deposit
(C) Current Account
(D) Saving Account
- 14 The insured is expected to disclose all the important facts related to property insured. Which Principle is discussed here?
(A) Mitigation
(B) Insurable Interest
(C) Indemnity
(D) Utmost Good Faith
- 15 Mohan mortgages his factory to Sham and get loan from him. Sham get it insured for fire. Which principle of insurance applicable here?
(A) Principle of Insurable Interest
(B) Principle of Utmost Good Faith
(C) Principle of Indemnity
(D) None of these
- 16 A plant manager gets his stock of goods insured but he hide the fact that the electricity board has issued him statutory warning letter to get his factory wiring changed. Later on, the factory catches fire due to short circuit. Which principle is violated in the case?
(A) Principle of Subrogation
(B) Principle of Utmost Good Faith
(C) Principle of Indemnity
(D) Principle of Insurable Interest
- 17 Ais a KVS employee and posted in Gujarat, 1600kms away from his hometown. His friend need Rs. 20,000 and requested Afor the amount. A sends the amount by digital mode. It is.....
(A) RTGS
(B) NEFT
(C) Both a and b
(D) None of the above
- 18 A bank, which occupies a central position in the monetary and banking system of the country and has a superior financial authority, is called?
(A) Central Bank
(B) Co-operative Bank
(C) Commercial Bank
(D) Exchange Bank
- 19 Online-Banking provides service to the customers-
(A) 24 Hours in a day
(B) 8 Hours in a day

- (C) 10 Hours in a day
(D) None of these
- 20is a technique which distributes the risk of one person among many.
(A) Transport
(A) Insurance
(B) Warehousing
(C) Banking
- 21 Which element is present in fire insurance contract?
(A) Protection
(B) Investment
(C) Profit
(D) None of the above
- 22 Under which policy, policy money is payable after the assured attains a certain age in monthly, quarterly, half yearly or annual installments-
(A) Whole Life Policy
(B) 10 Years Policy
(C) Fire Policy
(D) Annuity Policy
- 23 Which type of bank account offers multiple options to the account holder?
(A) Saving Account
(B) Multipurpose Account
(C) Fixed Deposit Account
(D) Current Account
- 24 A went to a shop for purchasing 50kg rice. He did not have cash but he has a debit card. He asked shopkeeper for payment by debit card. Shopkeeper takes his debit card and inserts it in a machine. By entering the pin code 'A' paid money to shopkeeper. What does this machine called?
(A) Point of Sale Machine
(B) ATM
(C) Computerized Machine
(D) None of these
- 25 Assurance is associated with-
(A) Fire Insurance
(B) Life Insurance
(C) Motor Insurance
(D) Hull Insurance

Assertion- Reasoning Based Questions

- 1 Assertion (A): The subject matter of life insurance is human life.
Reason(R): Marine insurance has the element of protection only.
On the basis of above Assertion and Reason choose the correct answer from the options given below.
(A) Both Assertion and Reason are correct and the Reason is a correct explanation of the Assertion.

(B) Both Assertion and Reason are correct but Reason is not a correct explanation of the Assertion.

(C) The Assertion is correct but Reason is incorrect.

(D) Both the Assertion and Reason are incorrect.

2 Assertion (A): RTGS is suitable for high value transactions.

Reason(R): Minimum value of transactions in RTGS should be rupees 5lakhs.

On the basis of above Assertion and Reason choose the correct answer from the options given below.

(A) Both Assertion and Reason are correct and the Reason is a correct explanation of the Assertion.

(B) Both Assertion and Reason are correct but Reason is not a correct explanation of the Assertion.

(C) The Assertion is correct but Reason is incorrect.

(D) Both the Assertion and Reason are incorrect.

3 Assertion (A): According to principle of subrogation the insured should not be allowed to make any profit by selling damaged property or in the case of lost property being recovered.

Reason(R): Principle of subrogation is a corollary to the Principle of Indemnity and the damaged goods will belong to the insurance company, once the compensation is paid. It also states that insurance is not a contract of making profit.

On the basis of above Assertion and Reason choose the correct answer from the options given below.

(A) Both Assertion and Reason are correct and the Reason is a correct explanation of the Assertion.

(B) Both Assertion and Reason are correct but Reason is not a correct explanation of the Assertion.

(C) The Assertion is correct but Reason is incorrect.

(D) Both the Assertion and Reason are incorrect.

4 Assertion (A): The Assurance word is related with life insurance.

Reason(R): The Insurance word is related with general insurance.

On the basis of above Assertion and Reason choose the correct answer from the options given below.

(A) Both Assertion and Reason are correct and the Reason is a correct explanation of the Assertion.

(B) Both Assertion and Reason are correct but Reason is not a correct explanation of the Assertion.

(C) The Assertion is correct but Reason is incorrect.

(D) Both the Assertion and Reason are incorrect.

5 Assertion (A): Banks pay less interest on fixed deposit accounts as compared to savings account.

Reason(R): Banks have to pay a lot of interest on savings account.

On the basis of above Assertion and Reason choose the correct answer

from the options given below.

- (A) Both Assertion and Reason are correct and the Reason is a correct explanation of the Assertion.
- (B) Both Assertion and Reason are correct but Reason is not a correct explanation of the Assertion.
- (C) The Assertion is correct but Reason is incorrect.
- (D) Both the Assertion and Reason are incorrect.

Case Studies (source based questions)

1. Mr. David a businessman is involved in daily dealings of cash through the account of his business in Axis Bank due to unavailability of funds and the urgent need to pay his creditors he approaches the bank to withdraw more than the balance available in his account using the facility provided to him by the bank. His wife was also holding an account in the same bank and wanted to transfer the Rs.500000 to her parents but she did not have e banking facility in her saving account. But Bank helped her to transfer the money

Answer the following questions on the basis of above paragraph.

Which type of bank account is Mr.David holding for his Business?

- (A) Saving account
- (B) Fixed deposits account
- (C) Current account
- (D) Recurring deposits account

Name the facility provided by bank to David when there were no funds in his account to pay his creditors.

- (A) Overdraft facility
- (B) Transfer facility
- (C) Fixed deposits facility
- (D) All of the above.

Bank transferred money from his wife's savings Account. Name the facility provided by bank to her to transfer money as early as possible.

- (A) NEFT
- (B) RTGS
- (C) RBI transfer
- (D)None of the above

Which bank account gives the account holders facility to earn more and more interest?

- (A) Saving bank Account
- (B) Current Account
- (C) Recurring deposits account
- (D) Fixed deposits account

2. Edward took a fire insurance policy of Rs. 20 lakh for his factory at the annual premium of 24,000 rupees. In order to avoid higher premium, he did not disclose that a highly explosive chemical is being used in his factory. Due to an accidental

fire his factory gets severely damaged. The insurance company refused to pay the claim as it came to know about the fact.

On the other side his friend Donald was also running a general store. The store was insured against natural disasters like flood, earthquake and fire from Hindustan General insurance company for the amount of rupees 50 lakhs. Heavy raining in the city caused massive flood. This left the store without any security. The store was looted by people which was caught on CCTV. She claimed from the insurance company the amount of damage of rupees 13 lakhs for the material and furniture spoiled from flood and also rupees five Lakhs for the loss of material by theft, she also claimed another rupees 25 lakhs for now converting the store into fully AC and additional floor for more storage space. Insurance company after assessing the damage to the property and stock due to flood and seeing the CCTV footage accepted the claim of rupees 13 lakhs. Donald argued that she has been paying premium for Rs. 50 lakhs so she should be paid the full claim of rupees 43 Lac rupees. Later police recovered the goods of rupees 5 Lac from the robbers.

Answer the following questions on the basis of above case study.

Which principle of insurance has been violated by Edward?

- (A) Principle of indemnity
- (B) Principle of subrogation
- (C) Principle of utmost good faith
- (D) Principle of Causa-Proxima

Insurance company has denied to pay rupees 50 Lac losses to Donald and accepted the claim of only Rs. 13 lakhs. It is due to ...

- (A) Principle of indemnity
- (B) Principle of subrogation
- (C) Principle of utmost good faith
- (D) Principle of Causa- Proxima

Suppose in above case Donald was not taking care of the factory because she has got it insured. Which principle of insurance is neglected here by Donald?

- (A) Principle of Mitigation of Loss
- (B) Principle of subrogation
- (C) Principle of utmost good faith
- (D) Principle of Causa- Proxima

The spoiled articles of Rs. 13 lakhs were taken over by insurance company. This act of company can be justified do to which principle of insurance.

- (A) Principle of indemnity
- (B) Principle of subrogation
- (C) Principle of utmost good faith
- (D) None of the above

**Q.
no.**

Answer key

Multiple Choice Questions(MCQ'S)

- 1 (A). Utmost good faith
- 2 (D) All of the above.
- 3 (A) Contribution
- 4 (C) Life insurance
- 5 (C) Multiple options account
- 6 (A) 1 year
- 7 (D) Unified Payment Interface
- 8 (A) Hull
- 9 (C) Principle of Indemnity
- 10 (C) Indemnity Contract
- 11 (C) Lending of funds
- 12 (C) Recurring Deposit Account
- 13 (B) Fixed Deposit
- 14 (D) Utmost Good Faith
- 15 (A) Principle of Insurable Interest
- 16 (B) Principle of Utmost Good Faith
- 17 (B) NEFT
- 18 (A) Central Bank
- 19 (A) 24 Hours in a day
- 20 (B) Insurance
- 21 (A) Protection
- 22 (D) Annuity Policy
- 23 (B) Multipurpose Account
- 24 (A) Point of Sale Machine
- 25 (B) Life Insurance

Assertion- Reasoning Based Questions

- 1 (B) Both Assertion and Reason are correct but Reason is not a correct explanation of the Assertion.
- 2 (C) The Assertion is correct but Reason is incorrect.
- 3 (A) Both Assertion and Reason are correct and the Reason is a correct explanation of the Assertion.
- 4 (B) Both Assertion and Reason are correct but Reason is not a correct explanation of the Assertion.

- 5 (D) Both the Assertion and Reason are incorrect.

Case Studies

- 1 (C) Current account
(A) Overdraft facility
(B) RTGS
(D) Fixed deposits account
- 2 (C) Principle of utmost good faith
(A) Principle of indemnity
(A) Principle of Mitigation of Loss
(B) Principle of subrogation

CHAPTER- 5 EMERGING MODES OF BUSINESS

Multiple Choice Questions(MCQ'S)

- 1 IRCTC's portal for ticket booking is an example of which of the following categories of business?
(A) B2B
(B) B2C
(C) C2C
(D) Intra B
 - 2 Mail sent by Marketing department to the Purchase department is an example of:
(A) B2B
(B) B2C
(C) C2C
(D) Intra B
 - 3 Receiving delivery chalan for the supply of raw materials by another business unit is an example of:
(A) B2B
(B) B2C
(C) C2C
(D) Intra B
 - 4 Common name for ATM, debit card, credit card, metro card, ec. Is:
(A) Electronic card
(B) Smart card
(C) Visa card
(D) Master card
 - 5 All of the following are the features of electronic business, except:
(A) Large number of customers
(B) Paperless society
(C) Heavy infrastructural set up
(D) Round the clock
- FILL IN THE BLANKS:**
- 6 Debit and credit cards are also known as _____.
(A) Plastic money
(B) E-money
(C) Card money
(D) Smart money
 - 7 Interaction between any two departments of one firm is common feature of _____ commerce.
(A) B2B Commerce
(B) B2C Commerce

- (C) C2C Commerce
(D) Intra-B Commerce
- 8 Length of business cycle is generally _____ in case of e-business.
(A) Longer
(B) Shorter
(C) Narrower
(D) Wider
- 9 UPI stands for _____.
(A) Unified Payment Interface
(B) Union Pay Interface
(C) Union payment Interface
(D) Unique Payment Interface
- 10 The two parties that interact in B2C commerce are _____ and _____.
(A) Business and Business
(B) Customer and Customer
(C) Business and Customer
(D) None of these
- TRUE OR FALSE:**
- 11 The payment mechanism typical to e-business is cash on delivery.
One of the methods of payment in e-business can be cash on delivery.
(A) Both statements are correct
(B) Both statements are incorrect
(C) First statement is true, second is false
(D) First statement is false, second is true
- 12 Large number of customers can be reached through e-business.
The above statement is:
(A) Partly true
(B) Fully true
(C) False
(D) Can't say
- 13 Traditional form of business can take us towards a paperless society.
The above statement is:
(A) Partly true
(B) Fully true
(C) False
(D) Can't say
- 14 OLX is an example of C2C commerce.
Quikr is another example of C2C Commerce.
(A) Both statements are correct
(B) Both statements are incorrect
(C) First statement is true, second is false
(D) First statement is false, second is true

- 15 E-business is broader in scope than e-commerce.
E-commerce is a part of e-business.
(A) Both statements are correct
(B) Both statements are incorrect
(C) First statement is true, second is false
(D) First statement is false, second is true

MATCH THE FOLLOWING:

- 16
- | | |
|--------|--------------------------|
| 1. C2C | a. After sale service |
| 2. B2C | b. Collaborations |
| 3. B2B | c. Selling antique items |
- (A) 1-c, 2-a, 3-b
(B) 1-a, 2-b, 3-c
(C) 1-b, 2-c, 3-a
(D) 1-c, 2-b, 3-a

- 17
- | | |
|-----------------|--------------------|
| 1. Cost saving | a. Use of internet |
| 2. Convenience | b. No middlemen |
| 3. Global reach | c. E-market place |
- (A) 1-b, 2-a, 3-c
(B) 1-c, 2-b, 3-a
(C) 1-a, 2-b, 3-c
(D) 1-b, 2-c, 3-a

- 18
- | | |
|----------------------------|-------------------------|
| 1. Personal touch | a. E-business |
| 2. Technical professionals | b. Traditional business |
| 3. Paperless society | c. Digital India |
- (A) 1-b, 2-a, 3-c
(B) 1-a, 2-b, 3-c
(C) 1-c, 2-b, 3-a
(D) 1-c, 2-a, 3-b

- 19
- | | |
|-----------------------------------|---------------------|
| 1. Buying and selling of goods | a. E-business |
| 2. E-payment and e-shopping | b. Intra-b commerce |
| 3. Correspondence within business | c. E-commerce |
- (A) 1-b, 2-a, 3-c
(B) 1-a, 2-b, 3-c
(C) 1-c, 2-b, 3-a
(D) 1-c, 2-a, 3-b

- 20
- | | |
|--|-------------------------|
| 1. B2B, B2C, C2C, intra-B | a. E-payment methods |
| 2. UPI, plastic money, net-banking | b. Traditional business |
| 3. Personal inspection, facial interaction | c. Scope of e-business |
- (A) 1-b, 2-a, 3-c
(B) 1-a, 2-b, 3-c
(C) 1-c, 2-b, 3-a
(D) 1-c, 2-a, 3-b

PICK THE ODD ONE OUT:

- 21 (A) B2B
(B) C2C
(C) C2B
(D) B2C
- 22 (A) Longer length of business
(B) Personal touch
(C) Technically qualified professionals
(D) Various intermediaries
- 23 (A) Global reach
(B) Paper work
(C) Speed
(D) Convenience
- 24 (A) UPI
(B) Net banking
(C) Plastic money
(D) COD
- 25 (A) Supply order to a business enterprise.
(B) Reporting by subordinates to superiors.
(C) Communication regarding organizational policies.
(D) Interaction between two departments of a business.
- ASSERTION AND REASON:**
- 26 Assertion: Selling of refurbished washing machine is an example of C2C Commerce.
Reason: Buyer and seller of such a product are consumers only.
(A) Assertion is correct, reason is not
(B) Assertion is incorrect, reason is correct.
(C) Assertion and reason both are correct.
(D) Assertion and reason both are incorrect.
- 27 Assertion: The length of business cycle is longer in case of e-business.
Reason: Various processes run simultaneously.
(A) Assertion is correct, reason is not
(B) Assertion is incorrect, reason is correct.
(C) Assertion and reason both are correct.
(D) Assertion and reason both are incorrect.
- 28 Assertion: There is more risk in the traditional business.
Reason: Parties have no personal interaction while buying and selling.
(A) Assertion is correct, reason is not
(B) Assertion is incorrect, reason is correct.
(C) Assertion and reason both are correct.
(D) Assertion and reason both are incorrect.
- 29 Assertion: There exists ease of expansion in case of e-business.
Reason: There are no geographical boundaries on a virtual platform.
(A) Assertion is correct, reason is not

- (B) Assertion is incorrect, reason is correct.
- (C) Assertion and reason both are correct.
- (D) Assertion and reason both are incorrect.

30 Assertion: E-business includes e-commerce.

Reason: E-commerce is a part of e-business that includes industries as well.

- (A) Assertion is correct, reason is not
- (B) Assertion is incorrect, reason is correct.
- (C) Assertion and reason both are correct.
- (D) Assertion and reason both are incorrect.

Case Studies (source based questions)

31 Mr. Ranjan wants to buy a new couch for his drawing room but he doesn't have enough space to keep it and so he plans to sell the one that he is presently using on Quikr.com. He posted on the site with his couch's 360° photo and price and suddenly started getting a very good response from different prospective buyers. After several negotiations, finally he agreed to sell to one of them who was also nearer to his place. The buyer paid a visit to Mr. Ranjan's house for physical inspection of the product and after being satisfied with it, quickly made the payment that was directly received in Mr. Ranjan's bank account through Google Pay.

Answer the following questions related to the above para.

1. Which are the two parties involved in the above transaction?

- (A) Customer and Business
- (B) Business and Business
- (C) Customer and Customer
- (D) Business and Customer

2. Which form of e-business is being referred to in the above case?

- (A) B2B
- (B) C2C
- (C) C2B
- (D) B2C

3. Which method of payment was used in the above case?

- (A) UPI
- (B) Net-banking
- (C) Cheque
- (D) Plastic money

4. Which limitation of e-business could not lead to instant purchase by the prospective buyer?

- (A) Need for technical staffs.
- (B) No middlemen
- (C) No personal touch
- (D) Risk of payment

32 ABC limited has business of production of snacks. It deals in variety of light snacks and diet wafers for easy crunching even by the health conscious people.

It deploys a number of workforces in its food processing unit to ensure efficiency and effectiveness of the production process. To keep everyone well connected with the organizational goals and policies, the manufacturing unit is well connected with the administrative section through a local area network. It ensures timely communication between the different departments. To ensure that it creates a wide network base of satisfied customers, it regularly takes feedback from its customers through various surveys. To ensure timely distribution of its products to its widespread customers, it has hired professional logistics services from PQR Ltd. through an agreement. Seeing its popularity amongst the masses, the consumer forum has also shown support for ABC Ltd., recognizing its inputs in consumer's and society's welfare at large. On the basis of reading the case above, identify that the following lines from the paragraph point towards which form of e-business.

1. "The manufacturing unit is well connected with the administrative section through a local area network....".

- (A) B2B
- (B) Intra-B
- (C) C2B
- (D) B2C

2. "It regularly takes feedback from its customers through various surveys".

- (A) B2B
- (B) Intra-B
- (C) C2C
- (D) B2C

3. "The consumer forum has also shown support for ABC Ltd".

- (A) B2B
- (B) Intra-B
- (C) C2C
- (D) B2C

4. "It has hired professional logistics services from PQR Ltd. through an agreement".

- (A) B2B
- (B) Intra-B
- (C) C2C
- (D) B2C

ANSWERS:

MULTIPLE CHOICE QUESTIONS:

- 1 (B) B2C
- 2 (D). Intra B
- 3 (D)B2B
- 4 (D) Smart card
- 5 (B) Heavy infrastructural set up

FILL IN THE BLANKS:

- 6 (C) Plastic money
- 7 (D) Intra B
- 8 (B) Shorter, as many processes run simultaneously.
- 9 (B) Unified Payment Interface
- 10 (C) Business and Customer

TRUE OR FALSE:

- 11 (B) First statement is false, second is true as CoD is typical mode of payment in traditional form of business.
- 12 (C) Fully true as there exists no physical boundaries.
- 13 (B) False, e-business can take.
- 14 (B) Both statements are correct as used products are sold by the existing customers on these sites.
- 15 (B) Both statements are correct

MATCH THE FOLLOWING:

- 16 (B) 1-c, 2-a, 3-b
- 17 (B) 1-b, 2-a,3-c
- 18 (A) 1-b, 2-a, 3-c
- 19 (D) 1-c, 2-a, 3-b
- 20 (D) 1-c, 2-a, 3-b

PICK THE ODD ONE OUT:

- 21 (C) C2B, it comes under B2C commerce only.
- 22 (C) Technically qualified professionals, all other are the features of traditional business.
- 23 (B) Paper work, all other are the various advantages of e-business.
- 24 (D) COD, all others are the different methods of e-payment.
- 25 (A) Supply order to a business enterprise, all others are examples of intra-b commerce.
- 26 (C) Assertion and reason both are correct.
- 27 (B) Assertion is incorrect, reason is correct.
- 28 (D) Assertion and reason both are incorrect.
- 29 (C) Assertion and reason both are correct.
- 30 (C) Assertion and reason both are correct.

CASE STUDY TYPE QUESTIONS:

- 31-1 (C) Customer to Customer
- 31-2 (B) C2C
- 31-3 (B) UPI
- 31-4 (C) No personal touch
- 32-1 (B) Intra-B
- 32-2 (D) B2C that also includes C2B
- 32-3 (C) C2C
- 32-4 (A) B2B

CHAPTER- 6
SOCIAL RESPONSIBILITIES OF BUSINESS AND BUSINESS ETHICS

Multiple Choice Questions(MCQ'S)

- 1 When business firms use eco-friendly method of production, then they are performing social responsibilities towards which group?
(A) Customer
(B) Employees
(C) Community
(D) Shareholders
 - 2 To ensure fair and regular returns on investment is related to which group?
(A) Customer
(B) Employees
(C) Community
(D) Shareholders
 - 3 The business firm which fulfils all its social obligations get benefitted in the long run, this is related to which feature of cases for social responsibility?
(A) Self interest
(B) Moral justification
(C) Social power
(D) Avoidance of government interference
 - 4 Providing fair compensation and safe working conditions, is related to social responsibilities towards:
(A) Customer
(B) Employees
(C) Community
(D) Shareholders
 - 5 By providing quality products at reasonable price, business is fulfilling its responsibility towards:
(A) Customer
(B) Employees
(C) Community
(D) Shareholders
- FILL IN THE BLANKS:**
- 6 To promote national integration is responsibility of business towards _____.
(A) Community
(B) Government
(C) Employees
(D) Investors
 - 7 To protect and assist small-scale suppliers by placing orders with them is

- responsibility of business towards _____.
- (A) Community
 - (B) Government
 - (C) Employees
 - (D) Suppliers
- 8 Making use of eco marks by producing eco friendly products is a role of business in _____.
- (A) Sales promotion
 - (B) Public relations
 - (C) Environmental protection
 - (D) Resource conservation
- 9 To develop faith and trust in business by assuming various social responsibilities creates _____ for the business.
- (A) Problems
 - (B) Chaos
 - (C) Cost
 - (D) Goodwill
- 10 To design and develop products keeping in mind the needs and requirements of the customers is responsibility of business towards _____.
- (A) Community
 - (B) Consumers
 - (C) Employees
 - (D) Suppliers
- TRUE OR FALSE:**
- 11 The principles derived from social values which guide and govern the conduct of businessmen is known as business ethics.
Discretionary, Legal and Economic are types of responsibilities.
- (A) Both statements are correct
 - (B) Both statements are incorrect
 - (C) First statement is true, second is false
 - (D) First statement is false, second is true
- 12 The business can ensure environmental protection by adopting deforestation.
Sewage disposal is a technique that could be adopted by business for environmental protection.
- (A) Both statements are correct
 - (B) Both statements are incorrect
 - (C) First statement is true, second is false
 - (D) First statement is false, second is true
- 13 By giving complete information regarding the financial position of the business, the business is being responsible towards its employees.
By giving best quality of products, the business is responsible towards its shareholders.
- (A) Both statements are correct

- (B) Both statements are incorrect
 (C) First statement is true, second is false
 (D) First statement is false, second is true
- 14 Social responsibility requires managers to consider whether their action is likely to promote the public good.
 CSR is now mandatory for companies with high turnover.
 (A) Both statements are correct
 (B) Both statements are incorrect
 (C) First statement is true, second is false
 (D) First statement is false, second is true
- 15 By abiding to the various acts and provisions of law, the business can avoid government interference.
 Lack of government interference can be fruitful in the long term interest of the firm.
 (A) Both statements are correct
 (B) Both statements are incorrect
 (C) First statement is true, second is false
 (D) First statement is false, second is true
- MATCH THE FOLLOWING:**
- 16
- | | |
|--------------|--------------------------------------|
| 1. Community | a. Opportunities for personal growth |
| 2. Customers | b. Regular supply of goods |
| 3. Employees | c. Preserve cultural values |
- (A) 1-c, 2-b, 3-a
 (B) 1-a, 2-c, 3-b
 (C) 1-b, 2-c, 3-a
 (D) 1-b, 2-a, 3-c
- 17
- | | |
|---|--------------------------|
| 1. Obligation for upliftment of society | a. CSR |
| 2. Set of values governing business | b. Social Responsibility |
| 3. Corporate Social Responsibility | c. Business ethics |
- (A) 1-b, 2-a, 3-c
 (B) 1-c, 2-b, 3-a
 (C) 1-a, 2-c, 3-b
 (D) 1-b, 2-c, 3-a
- 18
- | | |
|--|------------------|
| 1. Helping people affected by calamity | a. Economic |
| 2. Producing for earning profit | b. Discretionary |
| 3. Respecting religious sentiments | c. Ethical |
- (A) 1-c, 2-b, 3-a
 (B) 1-a, 2-c, 3-b
 (C) 1-b, 2-c, 3-a
 (D) 1-b, 2-a, 3-c
- 19
- | | |
|-------------------------------|--------------------|
| 1. Release of carbon monoxide | a. Air pollution |
| 2. Sewage disposal in rivers | b. Noise pollution |
| 3. Use of loud machines | c. Water pollution |

- (A) 1-c, 2-b, 3-a
 - (B) 1-a, 2-c, 3-b
 - (C) 1-b, 2-c, 3-a
 - (D) 1-b, 2-a, 3-c
- 20
1. Broader than law
 2. Providing right quality of products
 3. Derived from social values
- a. CSR
 - b. Enhanced goodwill
 - c. Ethics

- (A) 1-c, 2-b, 3-a
- (B) 1-a, 2-c, 3-b
- (C) 1-b, 2-c, 3-a
- (D) 1-b, 2-a, 3-c

PICK THE ODD ONE OUT:

- 21
- (A) Customers
 - (B) Community
 - (C) Government
 - (D) Business

- 22
- (A) Ethical
 - (B) Economical
 - (C) Political
 - (D) Discretionary

- 23
- (A) Recycling waste materials
 - (B) Establishing sewage disposal plant
 - (C) Practising deforestation for acquiring raw materials
 - (D) Using eco-friendly techniques of production

- 24
- (A) Maintaining natural beauty
 - (B) Ensuring healthy life
 - (C) Leading a comfortable life
 - (D) Incurring economic losses

- 25
- (A) Government interference
 - (B) Moral justification
 - (C) Social power
 - (D) Public image

ASSERTION AND REASON:

- 26
- Assertion: Protecting the physical environment is in general interest of the firm.
Reason: By protecting the physical environment, the business can keep the government interference at bay.
- (A) Assertion is correct, reason is not.
 - (B) Assertion is incorrect, reason is correct.
 - (C) Assertion and reason both are correct.
 - (D) Assertion and reason both are incorrect.
- 27
- Assertion: With the use of latest methodologies of production, the business remains in the good books of government.

Reason: Latest methodologies lead government to boast about it's achievements.

- (A) Assertion is correct, reason is not.
 - (B) Assertion is incorrect, reason is correct.
 - (C) Assertion and reason both are correct.
 - (D) Assertion and reason both are incorrect.
- 28 Assertion: Like an individual, business enterprise should also be a loyal citizen of the state.
Reason: The business is also a part of system. It makes use of resources of society.
- (A) Assertion is correct, reason is not.
 - (B) Assertion is incorrect, reason is correct.
 - (C) Assertion and reason both are correct.
 - (D) Assertion and reason both are incorrect.
- 29 Assertion: Businesses being economical units must only concentrate on profit-making.
Reason: More profits means more rewards for the different factors of production and overall economic development.
- (A) Assertion is correct, reason is not
 - (B) Assertion is incorrect, reason is correct.
 - (C) Assertion and reason both are correct.
 - (D) Assertion and reason both are incorrect.
- 30 Assertion: Business must procure supplies from large enterprises.
Reason: Large enterprises earning economies of scale can provide more discounts and contribute towards balanced regional development.
- (A) Assertion is correct, reason is not
 - (B) Assertion is incorrect, reason is correct.
 - (C) Assertion and reason both are correct.
 - (D) Assertion and reason both are incorrect.

Case Studies (source based questions)

- 31 IT Ltd. Is a well known company in the telecom sector. The company is committed to treat all its employees with equity and dignity irrespective of their age, caste, gender, etc. It not only abides all the provisions of law and pay the taxes on time but also takes an active part in spreading awareness amongst people regarding various social causes. It prefers to charge fairly from its customers for its services and also provide strong customer support services. The company strives to work effectively and efficiently so as to ensure minimum wastages and maximum returns for its shareholders. The company is also running a charitable school for the underprivileged children of the area. Identify that the following lines from paragraph denote responsibility of business towards which group?
1. "The company is committed to treat all its employees with equity and dignity irrespective of their age, caste, gender, etc."

- (A) Customers
- (B) Employees
- (C) Government
- (D) Investors

2. "It not only abides all the provisions of law and pay the taxes on time".

- (A) Customers
- (B) Employees
- (C) Government
- (D) Investors

3. "Takes an active part in spreading awareness amongst people regarding various social causes".

- (A) Community
- (B) Employees
- (C) Government
- (D) Investors

4. "To ensure minimum wastages and maximum returns for its shareholders".

- (A) Community
- (B) Employees
- (C) Government
- (D) Investors

32 Mrs. Neeta is the owner of readymade garment factory. Her main motive is to maximize profits. For this, she has started to charge hefty price from her customers supplying them low quality products. She has also drastically failed in providing good working conditions to workers and pay them only the minimum amount of wages. She is completely ignorant about the amount of pollution her factory is generating. Due to all such reasons, the efficient workers of her factory are now leaving the job and joining the competitor's business. The government has also put heavy penalty and customer's loyalty is completely missing.

On the basis of reading the above case, answer the following questions:

1. Which concept is lacking in the Neeta's company?

- (A) Coordination
- (B) Cooperation
- (C) Social responsibility
- (D) Efficiency

The case talks about all the factors for assumption of social responsibility by the business, except:

- (A) Avoidance of Government interference
- (B) Creation of public image
- (C) Long term interest of the firm
- (D) Contribution to social problems

What does the case try to convey?

- (A) Business must treat everyone equally.
 - (B) Business must not keep profit-making as the sole motive
 - (C) Business cannot thrive in isolation
 - (D) Business must pay handsome compensation to its workers
- How can the business gain back its position?
- (A) By assuming its responsibilities towards various social groups.
 - (B) By paying handsome compensation to its workers.
 - (C) By using eco-friendly methods of production.
 - (D) By paying taxes on time.

ANSWERS:

Multiple Choice Questions(MCQ'S)

- 1 (C) Community
- 2 (D) Shareholders
- 3 (C) Self interest
- 4 (C) Employees
- 5 (D) Customer

FILL IN THE BLANKS:

- 6 (C) Community
- 7 (D) Suppliers
- 8 (C) Environmental protection
- 9 (D) Goodwill
- 10 (C) Consumers

TRUE OR FALSE:

- 11 (A) Both statements are correct
- 12 (D) First statement is false, second is true
- 13 (B) Both statements are incorrect
- 14 (B) Both statements are correct
- 15 (B) Both statements are correct

MATCH THE FOLLOWING:

- 16 (C) 1-c, 2-b, 3-a
- 17 (D) 1-b, 2-c, 3-a
- 18 (D) 1-b, 2-a, 3-c
- 19 (B) 1-a, 2-c, 3-b
- 20 (B) 1-c, 2-b, 3-a

PICK THE ODD ONE OUT:

- 21 (D) Business, all others are the various groups towards whom the business possesses social responsibilities.
- 22 (C) Political, all others are the different types of social responsibilities.
- 23 (C) Practising deforestation for acquiring raw materials. All others are the various roles of business in environmental protection.

- 24 (D) Incurring economic losses. All others are the various needs for pollution control.
- 25 (A) Government interference. All others are the various cases for assumption of social responsibility by the business.

ASSERTION AND REASON:

- 26 (C) Assertion and reason both are correct.
- 27 (A) Assertion is correct, reason is not.
- 28 (A) Assertion and reason both are correct.
- 29 (B) Assertion is incorrect, reason is correct.
- 30 (D) Assertion and reason both are incorrect.

CASE STUDY TYPE QUESTIONS:

- 31-1 (C) Employees
- 31-2 (C) Government
- 31-3 (A) Community
- 31-4 (D) Investors
- 32-1 (C) Social responsibility
- 32-2 (D) Contribution to social problems
- 32-3 (A) Business must not keep profit-making as the sole motive
- 32-4 (A) By assuming its responsibilities towards various social groups.