

NIOS Class 12 Business Studies Sample Paper-6

Duration: 180 Minutes

Maximum Marks: 100

Instructions

- This paper contains **51 Questions**. The paper is divided into three sections: **Section A – 20 marks**, **Section B – 30 marks**, and **Section C – 50 marks**.
- **Section A** (Q.No. 1 to 20):
 - Multiple Choice Questions (MCQs) carrying **1 mark** each.
 - Select the most appropriate option from four given choices.
- **Section B** (Q.No. 21 to 35):
 - Objective-type questions carrying **2 marks** each.
 - Include fill in blanks, matching columns, identify statements, etc.
- **Section C** (Q.No. 36 to 51):
 - **Q.No. 36 to 41**: Short answer questions carrying **2 marks** each.
 - **Q.No. 42 to 47**: Medium answer questions carrying **3 marks** each.
 - **Q.No. 48 to 51**: Long answer questions carrying **5 marks** each.
- An **internal choice** has been provided in some questions.
- There is **No Negative marking**.
- Use of mobile phones, smartwatches, calculators, or any electronic gadgets is strictly prohibited.

Section: A

Q1. The economic environment of a business includes factors such as inflation rates, interest rates, and the monetary policies of the government. Which of the following is an example of a Legal Environment factor? **(1)**

(A) Changes in consumer income levels

(B) The introduction of the Consumer Protection Act



- (C) Shifts in society's preference toward organic food
- (D) Advancements in digital payment infrastructure

Q2. The economic environment of a business includes which of the following components? (1)

- (A) Political stability and government policies
- (B) Consumer income and purchasing power
- (C) Social and cultural values
- (D) Technological changes in the industry

Q3. Under which form of business organization do shareholders have limited liability? (1)

- (A) Partnership firm
- (B) Sole proprietorship
- (C) Joint Hindu Family business
- (D) Private limited company

Q4. The planning process begins with which of the following steps? (1)

- (A) Setting objectives
- (B) Developing premises
- (C) Identifying alternative courses of action
- (D) Evaluating alternatives

Q5. Which management function ensures that different activities of the organization are carried out in a coordinated manner? (1)

- (A) Planning
- (B) Organizing
- (C) Directing
- (D) Co-ordination



- Q6.** Staffing function primarily deals with which of the following aspects of human resource management? (1)
- (A) Procurement, development, and compensation of personnel
 - (B) Only recruitment of employees
 - (C) Only training of employees
 - (D) Marketing of human resources
- Q7.** The process of determining the relative worth of different jobs in an organization is called: (1)
- (A) Job evaluation
 - (B) Job enrichment
 - (C) Job rotation
 - (D) Job enlargement
- Q8.** Which of the following is NOT a function of a Financial Manager? (1)
- (A) Capital budgeting decisions
 - (B) Dividend decisions
 - (C) Marketing decisions
 - (D) Financing decisions
- Q9.** The cost of equity capital is generally higher than the cost of debt because: (1)
- (A) Equity investors bear higher risk
 - (B) Interest on debt is tax-deductible
 - (C) Debt has a fixed maturity date
 - (D) Equity shares have lower market value
- Q10.** Which of the following is a money market instrument? (1)
- (A) Treasury bills
 - (B) Shares of a company



- (C) Long-term government bonds
- (D) Real estate investments

Q11. The process of determining the marketing mix strategies is primarily based on which of the following factors? (1)

- (A) Customer needs and market conditions
- (B) Government regulations only
- (C) Production capacity of the firm
- (D) Shareholder expectations only

Q12. Advertising that provides factual information about a product is called: (1)

- (A) Informative advertising
- (B) Persuasive advertising
- (C) Comparative advertising
- (D) Reminder advertising

Q13. Which of the following is a characteristic of internal trade? (1)

- (A) Involves export and import of goods
- (B) Goods do not cross national boundaries
- (C) Always requires foreign exchange
- (D) Subject to import-export regulations

Q14. A shop that sells a variety of products under one roof is called a: (1)

- (A) Departmental store
- (B) Chain store
- (C) Multiple shop
- (D) Supermarket

Q15. Which document is essentially required for customs clearance in case of export trade? (1)



- (A) Letter of Credit
- (B) Bill of Lading
- (C) Export License
- (D) Certificate of Origin

Q16. Entrepreneurship is considered important for economic development because it: **(1)**

- (A) Creates employment opportunities
- (B) Introduces innovation
- (C) Mobilizes savings and resources
- (D) All of the above

Q17. Which of the following is a feature of e-commerce? **(1)**

- (A) Physical existence of goods at the time of sale
- (B) Transactions conducted through internet
- (C) Limited to local markets only
- (D) Requires traditional marketing channels

Q18. The concept of 'Business Ethics' primarily refers to: **(1)**

- (A) Following legal requirements only
- (B) Moral principles guiding business conduct
- (C) Maximizing shareholder wealth
- (D) Reducing production costs

Q19. Which of the following is NOT a type of business risk? **(1)**

- (A) Physical risk
- (B) Financial risk
- (C) Business risk
- (D) Personal risk



- Q20.** The term 'Capital Structure' in financial management refers to: (1)
- (A) Fixed assets of the company
 - (B) Composition of different sources of long-term financing
 - (C) Total revenue of the company
 - (D) Inventory management policies

Section: B

- Q21.** Fill in the blanks with suitable terms: (2)
1. The _____ environment includes factors like inflation rate, interest rates, and monetary policies of the government.
 2. A business that is owned, managed, and controlled by a single individual is called

Q22. Match the items in Column I with the most appropriate items in Column II: (4)

Column I	Column II
(a) Planning	(i) Management function that brings people together
(b) Directing	(ii) Sets the course of action for future
(c) Co-ordination	(iii) Leading and motivating employees
(d) Controlling	(iv) Comparison of actual performance with standards

- Q23.** Fill in the blanks: (2)
1. The .. _____ function of management ensures that the organization has the right number and kind of people at the right places and times.
 2. Money market deals with short-term funds having maturity period of up to year(s).

Q24. Give one word for each of the following: (2)



1. The legal document that defines the rules and regulations for running a company.
2. The process of selling goods to ultimate consumers for personal use.

Q25. Fill in the blanks: (2)

1. In a partnership firm, the partners are jointly and _____ liable for the debts of the firm.
2. The marketing concept that emphasizes producing what the market wants is called marketing.

Q26. Give one word for each of the following: (2)

1. The market where securities are bought and sold for the first time.
2. The fee charged by intermediaries for their services in distribution.

Q27. Answer the following: (2)

1. What is meant by 'Social Environment' of business?
2. State any two components of technological environment.

Q28. Answer the following: (2)

1. What is the difference between 'Public Company' and 'Private Company'?
2. Define 'Joint Stock Company'.

Q29. Give one word/phrase for the following statements: (2)

1. The amount of money spent on activities like advertising, personal selling, and sales promotion.
2. The price elasticity of demand when a small change in price leads to a large change in quantity demanded.

Q30. Answer the following: (2)



1. Define 'Organizing' as a management function.
2. State any two features of 'Departmental Store'.

Q31. Fill in the blanks: (2)

1. The ratio of Net Profit to Shareholder's Equity is called
2. 'Franchising' is a form of business.

Q32. Identify the following and write 'WT' for wholesale trade and 'RT' for retail trade: (2)

1. Kirana store selling goods in small quantities to consumers.
2. A merchant who buys goods in bulk from manufacturers and sells to retailers.

Q33. Correct the following sentences: (2)

1. Sole proprietorship is the most suitable form for large-scale business operations.
2. Fixed capital is the capital required for meeting day-to-day expenses of the business.

Q34. State the full form of the following: (2)

1. SEBI
2. ATM

Q35. Identify the following in e-banking transactions: (2)

1. A service that allows transfer of funds between different banks electronically.
2. The technology that enables secure transmission of sensitive information over the internet.



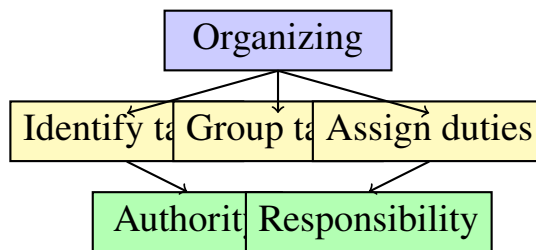
Section: C

Q36. Explain the meaning and importance of 'Business Environment'. (2)

Q37. Describe the steps involved in the planning process. (2)

OR

Explain the importance of 'Organizing' as a management function with the help of a suitable diagram.

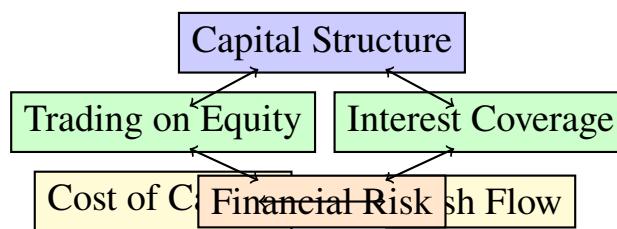


Q38. What is 'Controlling'? Explain its importance in business management. (2)

Q39. Define 'Financial Planning' and state its objectives. (2)

OR

Explain the factors affecting 'Capital Structure' decisions of a company.



Q40. Explain the functions of 'Stock Exchange' in the Indian financial market. (2)

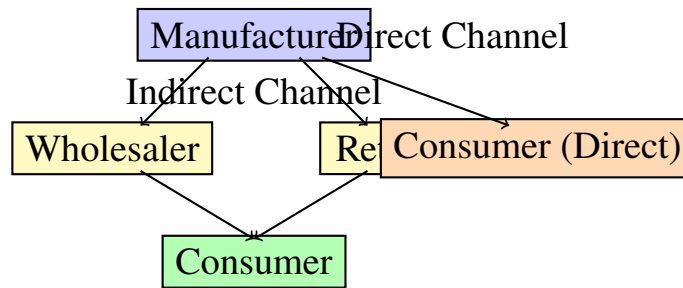
Q41. Describe the components of 'Marketing Mix' with suitable examples. (2)

OR

Explain the difference between 'Advertising' and 'Personal Selling'.

Q42. With the help of a suitable diagram, explain the channels of distribution available to a manufacturer. (3)





Q43. Explain the various types of 'Business Risks' with examples. (3)

OR

Describe the features and advantages of 'Departmental Stores'.

Q44. What is meant by 'External Trade'? Differentiate between 'Import Trade' and 'Export Trade'. (3)

Q45. Explain the concept of 'Self-Employment' and discuss the opportunities available for self-employment in India. (3)

OR

Describe the benefits of 'Entrepreneurship' to an economy.

Q46. What is 'E-commerce'? Explain its advantages and limitations. (3)

Q47. Explain the concept of 'Social Responsibility of Business' and discuss the arguments for and against it. (3)

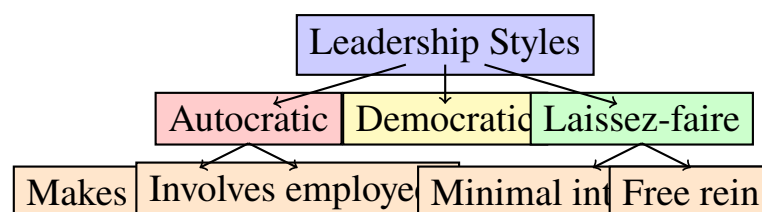
OR

Describe the role of 'Consumer Protection' in India.

Q48. Define 'Management'. Explain its nature and scope, and describe the objectives of studying Business Management. (5)

OR

Describe the various styles of leadership with the help of a suitable diagram.



Q49. Explain the various sources of 'Long-term Finance' available to a business enterprise in India. (5)

OR

What is 'Financial Statement Analysis'? Explain the importance of analyzing financial statements for different stakeholders.

Q50. Define 'Marketing'. Explain the evolution of marketing concepts and the modern marketing philosophy. (5)

OR

Describe the process of 'International Trade' and explain the documents required for export and import trade.

Q51. Explain the meaning and types of 'Business Combination'. Discuss the merits and demerits of business combinations. (5)

OR

What is 'E-business'? Differentiate between 'E-commerce' and 'E-business'. Explain the impact of technology on business operations.



Detailed Solutions**Q1.****Solution**

Concept: The business environment encompasses all external forces, factors, institutions, and conditions that lie outside the direct control of an enterprise but significantly influence its functioning, growth, and survival.

Step 1: Let us analyze Option A (Changes in consumer income levels). Fluctuations in disposable income, purchasing power, savings rates, and employment trends directly shape aggregate consumer demand.

Step 2: Let us analyze Option B (The introduction of the Consumer Protection Act). Statutes, regulations, and legal frameworks passed by Parliament or administrative bodies (such as the Consumer Protection Act) establish mandatory boundaries and obligations for businesses. Non-compliance leads to statutory penalties, making this a definitive example of the legal environment.

Step 3: Let us analyze Option C (Shifts in society's preference toward organic food). Changes in lifestyle, cultural values represent changes within the social environment. They determine consumer tastes.

Step 4: Let us analyze Option D (Advancements in digital payment infrastructure). This covers technological innovations, automation, RD which fall squarely under the technological environment.

Step 5: By system of elimination, we can verify that only the passage of an act or statute constitutes a shift in the regulatory and legislative boundaries of a business enterprise.

Final Answer: The introduction of the Consumer Protection Act

Answer: (B)

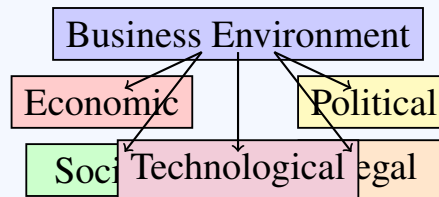
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Q2.

Solution

Concept: The business environment consists of various external factors that affect business operations. These factors are broadly categorized into economic, political, social, technological, and legal environments. Each type influences business decisions and strategies differently.



Step 1: The economic environment specifically relates to factors that affect the economic conditions of a country and the purchasing power of consumers.

Step 2: Consumer income and purchasing power directly influence the demand for goods and services, which are key economic factors affecting business decisions.

Step 3: Political stability and government policies relate to the political environment; social and cultural values relate to the social environment; technological changes relate to the technological environment.

Step 4: Therefore, consumer income and purchasing power correctly represents the economic environment of business.

Final Answer: Consumer income and purchasing power

Answer: (B)

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Q3.

Solution

Concept: The concept of 'limited liability' means that the liability of shareholders is limited to the extent of capital invested by them in the company. In case the company suffers losses, the personal assets of shareholders cannot be used to pay off business debts.

Step 1: In a partnership firm, partners have unlimited liability, meaning they are personally responsible for business debts.

Step 2: In a sole proprietorship, the owner has unlimited liability and is personally liable for all business debts.

Step 3: In a Joint Hindu Family business, the Karta (manager) has unlimited liability, while other members have limited liability.

Step 4: A Private Limited Company is a separate legal entity from its owners, and shareholders enjoy limited liability - their risk is limited to the amount paid on shares they own. This feature attracts investors and is a key advantage of the company form of organization.

Final Answer: Private limited company

Answer: (D)

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Q4.

Solution

Concept: Planning is the first function of management that involves setting objectives and determining the course of action to achieve them. It is a mental exercise that requires logical thinking and decision-making about future courses of action.

Step 1: The planning process involves several sequential steps, each building upon the previous one.

Step 2: The very first step in planning is to determine the objectives or goals that the organization wants to achieve. Without clear objectives, no meaningful plan can be formulated.

Step 3: Once objectives are set, planning involves developing premises (assumptions about future conditions), identifying alternative courses of action, evaluating alternatives, selecting the best course, implementing the plan, and follow-up.

Step 4: Therefore, setting objectives is the foundational step that initiates the entire planning process.

Final Answer: Setting objectives

Answer: (A)

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Q5.

Solution

Concept: Co-ordination is the process of integrating the activities of different departments and individuals to achieve organizational goals. It ensures unity of action and prevents conflicts between different units of the organization.

Step 1: Planning sets the course of action but does not involve synchronization of efforts.

Step 2: Organizing creates a structure and assigns duties but does not ensure integration of efforts.

Step 3: Directing involves leading and motivating employees to perform their tasks.

Step 4: Co-ordination specifically focuses on ensuring that all parts of the organization work together harmoniously. It is the essence of management that binds all other functions together. It ensures that different departments, people, and activities are synchronized to achieve common organizational objectives.

Final Answer: Co-ordination

Answer: (D)

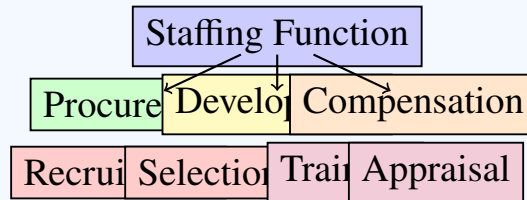
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Q6.

Solution

Concept: Staffing is the managerial function concerned with the recruitment, selection, placement, training, development, compensation, and performance appraisal of personnel. It ensures that the organization has competent and willing people to fill various positions.



Step 1: Staffing involves the entire process of managing human resources from recruitment to retirement.

Step 2: It includes procurement (recruitment and selection), development (training and development), and compensation (salary, wages, and benefits).

Step 3: It is not limited to just recruitment or just training; it covers the entire gamut of human resource management.

Step 4: Marketing of human resources is not a recognized staffing function.

Final Answer: Procurement, development, and compensation of personnel

Answer: (A)

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Q7.

Solution

Concept: Job evaluation is a systematic process of determining the relative worth of different jobs within an organization. It helps in establishing fair wage structures and ensures internal equity in compensation.

Step 1: Job evaluation focuses on assessing the value of jobs relative to each other for pay structure purposes.

Step 2: Job enrichment involves redesigning jobs to make them more challenging and satisfying by adding higher-level responsibilities.

Step 3: Job rotation involves moving employees between different jobs to provide variety and broaden their experience.

Step 4: Job enlargement involves expanding the scope of a job by adding more tasks at the same level.

Final Answer: Job evaluation

Answer: (A)

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Q8.

Solution

Concept: Financial management involves the planning, organizing, directing, and controlling of financial resources. The primary objective is to maximize shareholder wealth by making optimal investment, financing, and dividend decisions.

Step 1: Capital budgeting decisions relate to investment in long-term assets and are a core function of financial management.

Step 2: Dividend decisions involve determining the portion of profits to be distributed to shareholders and retained in the business.

Step 3: Marketing decisions fall under the domain of marketing management, not financial management. These relate to product, price, place, and promotion decisions.

Step 4: Financing decisions involve determining the optimal mix of debt and equity in the capital structure.

Final Answer: Marketing decisions

Answer: (C)

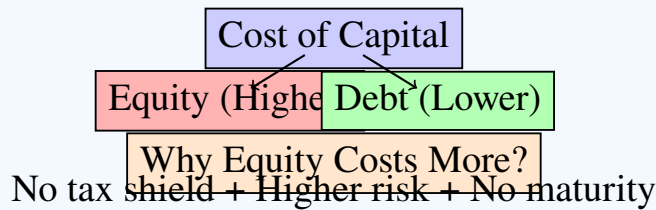
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Q9.

Solution

Concept: The cost of capital represents the return required by investors for putting their money into investments with a given level of risk. Different sources of capital carry different levels of risk, which is reflected in their required returns.



Step 1: Equity investors are the residual claimants and bear the highest risk in the business. They receive dividends and capital appreciation only after all fixed obligations (like interest) are paid.

Step 2: Interest on debt is tax-deductible, reducing the effective cost of debt. This tax benefit (interest shield) lowers the after-tax cost of debt.

Step 3: The fixed maturity date of debt affects its structure, not its cost relationship with equity.

Step 4: Market value of equity shares depends on many factors and doesn't directly determine cost of equity. The primary reason for higher cost of equity is the risk premium demanded by shareholders.

Final Answer: Equity investors bear higher risk

Answer: (A)

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Q10.**Solution**

Concept: Money markets are markets for short-term financial instruments with maturity periods typically less than one year. They provide liquidity to businesses and governments for meeting short-term funding requirements.

Step 1: Treasury bills are short-term government securities with maturity of 91 days, 182 days, or 364 days. They are highly liquid and considered safe investments.

Step 2: Shares of a company represent ownership in a company and are traded in the capital market (stock exchange), not money market.

Step 3: Long-term government bonds have maturity periods exceeding one year and are traded in the capital market.

Step 4: Real estate investments are long-term investments in property and are part of the capital market or direct investment.

Final Answer: Treasury bills

Answer: (A)

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Q11.

Solution

Concept: The marketing mix refers to the set of controllable variables that a company uses to influence consumer response and achieve marketing objectives. The 4Ps (Product, Price, Place, Promotion) are the key elements of the marketing mix.

Step 1: Customer needs and market conditions are the primary determinants of marketing mix decisions. A company first identifies customer needs and then designs its marketing mix accordingly.

Step 2: Government regulations are part of the macro-environment that influences but does not primarily determine marketing mix.

Step 3: Production capacity affects supply but does not directly determine marketing mix strategies.

Step 4: Shareholder expectations influence overall business strategy but are not the primary basis for marketing mix decisions.

Final Answer: Customer needs and market conditions

Answer: (A)

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Q12.

Solution

Concept: Advertising is a non-personal form of communication about products, services, or ideas paid for by an identified sponsor. Different types of advertising serve different purposes and use different approaches.

Step 1: Informative advertising aims to create awareness and provide factual information about a new product or feature. It is common in the introduction stage of a product life cycle.

Step 2: Persuasive advertising aims to persuade consumers to buy a particular brand by highlighting its superior qualities. It is used when the product is in the growth and maturity stages.

Step 3: Comparative advertising involves comparing one brand directly with competing brands. It is a form of persuasive advertising.

Step 4: Reminder advertising aims to keep the brand name in the minds of consumers and is used for products in the maturity stage.

Final Answer: Informative advertising

Answer: (A)

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Q13.

Solution

Concept: Internal trade refers to the buying and selling of goods and services within the political boundaries of a country. It does not involve crossing international borders.

Step 1: Internal trade involves transactions within the country; goods and services do not cross national boundaries. This distinguishes it from external trade.

Step 2: Export and import of goods are characteristics of external trade, not internal trade.

Step 3: Foreign exchange is required for international transactions, not for domestic trade.

Step 4: Import-export regulations apply to international trade, not internal trade within a country.

Final Answer: Goods do not cross national boundaries

Answer: (B)

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Q14.

Solution

Concept: Different types of retail stores have evolved to serve different consumer needs. Each type has distinct characteristics in terms of size, product range, pricing, and services offered.

Step 1: A departmental store is a large retail establishment divided into various departments (like groceries, clothing, electronics) selling a wide variety of products under one roof. It provides one-stop shopping with high service levels.

Step 2: Chain stores (or multiple shops) are retail outlets of the same company operating under central management at different locations, selling similar product lines.

Step 3: Multiple shop is similar to chain store - same ownership, multiple locations.

Step 4: A supermarket is a large self-service store selling groceries, food, and household items, typically at lower prices than traditional stores.

Final Answer: Departmental store

Answer: (A)

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Q15.**Solution**

Concept: Export trade involves various legal and regulatory documents to ensure smooth movement of goods across borders. Each document serves a specific purpose in the export process.

Step 1: A Letter of Credit is a financial document issued by a bank guaranteeing payment to the exporter, but it is not primarily for customs clearance.

Step 2: Bill of Lading is a legal document issued by the carrier (shipping company) that serves as a receipt for goods, a document of title, and is essential for customs clearance at both ends.

Step 3: Export License is required to authorize export of specific goods but is not the primary customs clearance document.

Step 4: Certificate of Origin certifies the country of manufacture of goods and is used for tariff purposes, not primary customs clearance.

Final Answer: Bill of Lading

Answer: (B)

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Q16.

Solution

Concept: Entrepreneurship is the process of identifying opportunities, organizing resources, and undertaking innovations to create value. It plays a crucial role in economic development by transforming resources into useful products and services.

Step 1: Entrepreneurs create new ventures that require employees, thus generating employment opportunities for the populace.

Step 2: Entrepreneurs introduce new products, services, and production methods, driving innovation and technological progress in the economy.

Step 3: Entrepreneurs mobilize savings from various sources and channel them into productive investments, facilitating capital formation.

Step 4: All three aspects (employment, innovation, and resource mobilization) contribute to overall economic development. Therefore, the correct answer is "All of the above."

Final Answer: All of the above

Answer: (D)

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Q17.

Solution

Concept: E-commerce refers to the process of buying and selling goods, services, and information over the internet. It has revolutionized business operations by enabling transactions without physical boundaries.

Step 1: In e-commerce, physical existence of goods is not required at the time of sale. Products may be digital (software, e-books) or physical goods ordered online and delivered later.

Step 2: The defining feature of e-commerce is that transactions are conducted through the internet or electronic networks.

Step 3: E-commerce is not limited to local markets; it spans regional, national, and international markets with equal ease.

Step 4: Traditional marketing channels are often bypassed in e-commerce, with direct-to-consumer models being common.

Final Answer: Transactions conducted through internet

Answer: (B)

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Q18.**Solution**

Concept: Business ethics refers to the moral principles and values that guide business behavior and decision-making. It encompasses the standards of conduct that businesses should follow in their interactions with various stakeholders.

Step 1: Following legal requirements is necessary but not sufficient for ethical behavior. Ethics goes beyond legal compliance.

Step 2: Business ethics primarily concerns itself with moral principles that guide business conduct - what is right and what is wrong in business dealings.

Step 3: Maximizing shareholder wealth is a business objective but not the definition of business ethics.

Step 4: Reducing production costs is a business strategy, not an ethical principle.

Final Answer: Moral principles guiding business conduct

Answer: (B)

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Q19.**Solution**

Concept: Business risks are uncertainties that may result in losses or failure to achieve objectives. They arise due to various factors in the internal and external environment of a business.

Step 1: Physical risks include losses due to fire, theft, natural calamities, etc. These are genuine business risks.

Step 2: Financial risks involve the possibility of loss due to financial factors like credit, currency fluctuations, interest rate changes, etc. These are established business risks.

Step 3: Business risks broadly cover all operational and strategic uncertainties a business faces.

Step 4: Personal risks relate to individuals' personal circumstances (health, life, property) rather than business operations. These are insured by individuals, not classified as business risks in the strict sense.

Final Answer: Personal risk

Answer: (D)

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Q20.

Solution

Concept: Capital structure refers to the mixture of different long-term sources of financing used by a company. It represents how a company finances its assets through some combination of debt, equity, and other securities.

Step 1: Fixed assets are the tangible assets of a company (land, buildings, machinery), not the composition of financing sources.

Step 2: Capital structure specifically refers to the composition of different long-term financing sources - how much debt, equity, preference capital, and other securities are used to finance the company's assets.

Step 3: Total revenue is the income generated from business operations, not related to capital structure.

Step 4: Inventory management policies relate to working capital management, not capital structure.

Final Answer: Composition of different sources of long-term financing

Answer: (B)

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Q21.

Solution

Concept: The economic environment of business consists of factors that affect the economic conditions of a country and influence business decisions. These include inflation, interest rates, monetary policies, fiscal policies, and overall economic growth.

Step 1: The economic environment includes factors like inflation rate (general rise in prices), interest rates (cost of borrowing), and monetary policies (money supply control by central bank).

Step 2: These factors directly affect business costs, consumer purchasing power, and overall demand in the economy.

Step 3: Sole proprietorship is a form of business where one individual owns, manages, and controls the entire business. The owner has unlimited liability.

Final Answer: 1. Economic 2. Sole proprietorship

Answer: (See Above)

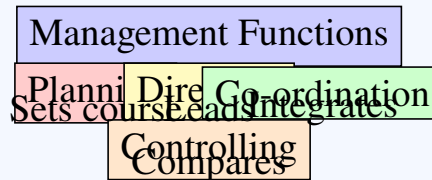
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Q22.

Solution

Concept: Management functions include planning, organizing, staffing, directing, controlling, and coordination. Each function has specific characteristics and plays a unique role in achieving organizational objectives.



Step 1: Planning involves setting objectives and determining the future course of action - matching with (ii).

Step 2: Directing involves leading, instructing, and motivating employees to achieve organizational goals - matching with (iii).

Step 3: Coordination integrates the efforts of different individuals and departments - matching with (i).

Step 4: Controlling involves comparing actual performance with standards and taking corrective action - matching with (iv).

Final Answer: (a)-(ii), (b)-(iii), (c)-(i), (d)-(iv)

Answer: (See Above)

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Q23.

Solution

Concept: Staffing is the function of management that deals with filling and keeping filled the positions in the organization structure. It involves recruitment, selection, placement, training, development, and compensation of personnel.

Step 1: The staffing function ensures that the organization has the right number and kind of people at the right places and times. This includes human resource planning, recruitment, selection, placement, training, development, compensation, and performance appraisal.

Step 2: The money market deals with short-term funds. According to convention, money market instruments have maturity periods up to one year.

Final Answer: 1. Staffing 2. One (1)

Answer: (See Above)

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Q24.

Solution

Concept: Various legal and business documents have specific names that denote their purpose. Understanding these terms is essential for business communication and operations.

Step 1: The legal document that defines the rules, regulations, and procedures for the formation and functioning of a company is called the Memorandum of Association and Articles of Association. The correct term is "Memorandum of Association" or "Articles of Association."

Step 2: The process of selling goods to ultimate consumers for personal use is called "Retailing." A retailer buys goods in small quantities from wholesalers and sells to final consumers.

Final Answer: 1. Memorandum of Association / Articles of Association
2. Retailing

Answer: (See Above)

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Q25.

Solution

Concept: Partnership is a form of business where two or more persons agree to share profits and losses. Partners have joint and several liability for partnership debts. The marketing concept has evolved over time from production orientation to customer orientation.

Step 1: In a partnership firm, partners are jointly (together responsible) and severally (individually responsible) liable for the debts of the firm. This means each partner can be held responsible for the entire debt if other partners cannot pay.

Step 2: The marketing concept that emphasizes producing what the market wants (identifying customer needs and satisfying them) is called the "Societal marketing concept" or simply "Marketing concept." It focuses on customer needs as the primary driver.

Final Answer: 1. Severally 2. Societal / Marketing

Answer: (See Above)

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Q26.

Solution

Concept: Financial markets are markets where financial instruments are traded. The primary market is where new securities are issued for the first time, and various intermediaries charge fees for their services.

Step 1: The market where securities are bought and sold for the first time (new issue) is called the "Primary Market." It is also known as the new issue market.

Step 2: The fee charged by intermediaries (wholesalers, distributors) for their services in distribution is called "Trade Margin" or "Distribution Margin." However, in business terminology, the general term is "Margin" or "Trade Discount."

Final Answer: 1. Primary Market 2. Trade Margin

Answer: (See Above)

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Q27.

Solution

Concept: The social environment of business includes social factors like population demographics, cultural values, social beliefs, lifestyle patterns, and social stratification that influence business decisions and consumer behavior.

Step 1: Social Environment refers to the social factors that shape a society's character, values, and norms. It includes family structure, population growth, literacy rate, cultural traditions, and social values.

Step 2: Two components of the technological environment include: (a) Research and development activities that lead to new products and processes; (b) Technological changes like automation, digitalization, and innovation that affect business operations.

Final Answer: 1. Social Environment includes family structure, cultural values, literacy levels, social beliefs, and lifestyle patterns that influence business operations and consumer behavior.

2. Two components: (a) Research and Development (R&D); (b) Technological changes and innovations

Answer: (See above)

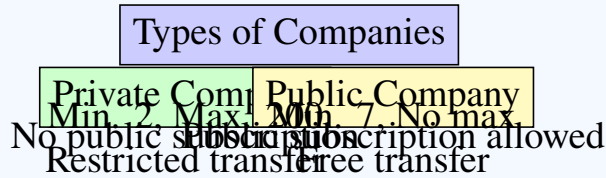
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Q28.

Solution

Concept: Companies are classified as public and private based on their membership, invitation to public, and certain privileges. The Companies Act defines specific criteria for each type.



Step 1: A Public Company can have a minimum of 7 members with no maximum limit, can invite public to subscribe to its shares/debentures, and shares are freely transferable. A Private Company has a minimum of 2 and maximum of 200 members, cannot invite public to subscribe to its shares, and has restrictions on share transfer.

Step 2: A Joint Stock Company is a company formed under the Companies Act where members are connected by a common pool of capital (shares), and their liability is limited to the extent of shares held.

Final Answer: 1. Public Company: Min. 7 members, no upper limit, can invite public for shares, shares freely transferable. Private Company: Min. 2, Max. 200 members, cannot invite public, restricted share transfer.

2. Joint Stock Company: A company registered under the Companies Act with a minimum capital contributed by members through purchase of shares, with limited liability.

Answer: (See above)

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Q29.

Solution

Concept: Various business terms have specific meanings. Understanding these terms helps in effective business communication and solving business problems.

Step 1: The amount spent on activities like advertising, personal selling, sales promotion, and direct marketing to promote products is called "Promotion Expense" or "Marketing Communication Expense."

Step 2: Price elasticity of demand measures how responsive quantity demanded is to price changes. When a small change in price leads to a large change in quantity demanded, demand is said to be "Highly Elastic" or has "High Elasticity."

Final Answer: 1. Promotion Expense / Marketing Communication Expense

2. Highly Elastic

Answer: (See Above)

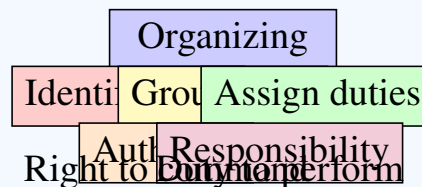
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Q30.

Solution

Concept: Organizing is the process of creating an organizational structure by grouping activities, assigning duties, and establishing authority-responsibility relationships. Departmental stores are large retail establishments with distinct characteristics.



Step 1: Organizing is the process of identifying and grouping the work to be performed, defining and delegating responsibility and authority, and establishing relationships to enable people to work together effectively toward organizational goals.

Step 2: Features of Departmental Store: (a) Single large establishment divided into various departments under one roof; (b) Wide variety of products under one roof with one-stop shopping; (c) Fixed prices with self-service or assisted service; (d) Provides additional services like credit, delivery, and entertainment.

Final Answer: 1. Organizing: The process of creating an organizational structure by grouping related activities, assigning duties, and establishing clear authority-responsibility relationships for effective achievement of goals.

2. Features of Departmental Store: Wide variety of products; self-service or assisted service; fixed prices; additional facilities like credit and home delivery.

Answer: (See above)

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Q31.

Solution

Concept: Financial ratios help in analyzing financial statements. Return on Equity measures profitability from shareholders' perspective. Franchising is a form of business format that combines the benefits of entrepreneurship with an established business system.

Step 1: Return on Equity (ROE) or Return on Net Worth measures how efficiently the company uses shareholders' capital to generate profits. It is calculated as Net Profit divided by Shareholders' Equity.

Step 2: Franchising is a form of business where the franchisor grants the franchisee the right to use the brand name, business format, and operating system in exchange for fees and royalties. It is a form of "Licensed Business" or "Franchise Business."

Final Answer: 1. Return on Equity (ROE) 2. Licensed / Franchise

Answer: (See Above)

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Q32.

Solution

Concept: Wholesale trade involves buying and selling goods in bulk to retailers, while retail trade involves selling goods in small quantities to ultimate consumers for personal use.

Step 1: A Kirana store sells goods in small quantities directly to consumers for personal consumption. This is characteristic of retail trade.

Step 2: A merchant who buys in bulk from manufacturers and sells to retailers operates in the wholesale trade segment.

Final Answer: 1. RT 2. WT

Answer: (See Above)

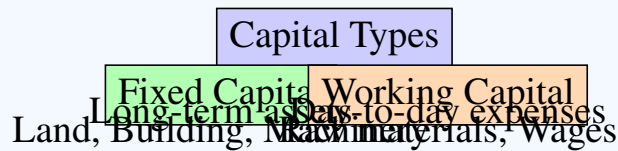
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Q33.

Solution

Concept: Sole proprietorship is suitable for small-scale operations due to limited capital requirements and simple management structure. Working capital refers to day-to-day operating expenses, while fixed capital is for long-term assets.



Step 1: Correction 1: Sole proprietorship is most suitable for SMALL-scale business operations, not large-scale, due to limitations of capital, management capacity, and unlimited liability.

Step 2: Correction 2: Working capital is the capital required for meeting day-to-day expenses of the business, not fixed capital. Fixed capital is for long-term investments in assets like land, buildings, and machinery.

Final Answer: 1. Sole proprietorship is most suitable for SMALL-scale business operations.

2. WORKING capital is the capital required for meeting day-to-day expenses.

Answer: (See Above)

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Q34.

Solution

Concept: Various organizations and technologies have standard abbreviations that are commonly used in business and financial contexts.

Step 1: SEBI stands for "Securities and Exchange Board of India" - the regulatory body for securities markets in India.

Step 2: ATM stands for "Automated Teller Machine" - an electronic banking machine that allows customers to conduct basic transactions without human assistance.

Final Answer: 1. SEBI - Securities and Exchange Board of India
2. ATM - Automated Teller Machine

Answer: (See Above)

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Q35.

Solution

Concept: E-banking has revolutionized financial transactions by enabling electronic fund transfers and secure data transmission over the internet. Various technologies and services support these operations.

Step 1: Electronic Fund Transfer (EFT/NEFT/RTGS) is the service that allows instant or scheduled transfer of funds between different banks electronically. NEFT (National Electronic Fund Transfer) and RTGS (Real Time Gross Settlement) are popular modes.

Step 2: SSL (Secure Sockets Layer) or its successor TLS (Transport Layer Security) is the technology that enables secure transmission of sensitive information over the internet by encrypting data during transmission.

Final Answer: 1. Electronic Fund Transfer (EFT/NEFT/RTGS)
2. SSL/TLS (Secure Sockets Layer / Transport Layer Security)

Answer: (See Above)

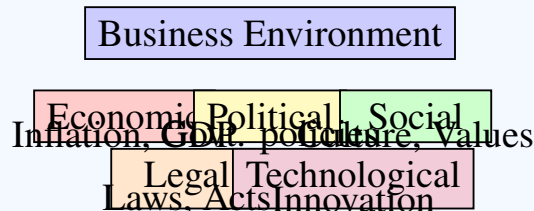
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Q36.

Solution

Concept: Business environment refers to the external forces and factors that affect business operations and decision-making. Understanding the environment is crucial for business survival and growth.



Step 1: Meaning: Business environment refers to the sum total of all external forces, factors, and influences that affect the functioning, decisions, and performance of a business enterprise.

Step 2: Importance of Business Environment:

- (i) It helps businesses identify opportunities and threats: Continuous environmental scanning enables businesses to spot emerging opportunities and potential threats early.
- (ii) It aids in strategic planning: Understanding environmental factors helps in formulating realistic and achievable business plans.
- (iii) It enables adaptation: Businesses that monitor their environment can adapt their strategies to changing conditions.
- (iv) It creates awareness: Environmental awareness helps businesses anticipate changes and prepare accordingly.
- (v) It enhances competitive advantage: Companies that understand their environment better can position themselves more effectively.

Final Answer: Business Environment: The totality of external forces including economic, political, social, legal, and technological factors that influence business operations and decision-making. Importance: Helps identify opportunities and threats, aids strategic planning, enables adaptation to changes, and creates competitive advantage.

Answer: (See above)

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Q37.

Solution

Concept: Planning is a logical and systematic approach to decision-making about future courses of action.

Step 1: The planning process involves the following sequential steps:

Step 2: Step 1 - Setting Objectives: The first and foremost step is to establish clear, specific, and measurable objectives that the organization wants to achieve.

Step 3: Step 2 - Developing Premises: Planning involves making assumptions about future conditions.

Step 4: Step 3 - Identifying Alternative Courses of Action:

Step 5: Step 4 - Evaluating Alternatives

Step 6: Step 5 - Selecting the Best Course of Action: Based on evaluation, the most suitable alternative is chosen for implementation.

Step 7: Step 6 - Implementation: The selected plan is put into action by allocating resources and assigning responsibilities.

Step 8: Step 7 - Follow-up: The implementation is monitored, and corrective actions are taken if there are deviations from the plan.

Final Answer: Steps in Planning Process: (1) Setting objectives; (2) Developing premises; (3) Identifying alternatives; (4) Evaluating alternatives; (5) Selecting best course; (6) Implementation; (7) Follow-up.

Alternative Answer for OR:

Organizing as a management function involves creating a structure by grouping activities, assigning duties, establishing authority relationships, and coordinating efforts. Its importance lies in: (a) Clarifies authority and responsibility; (b) Facilitates growth and diversification; (c) Enables efficient utilization of resources; (d) Adapts to environmental changes; (e) Leads to effective management.

Answer: (See above)

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Q38.

Solution

Concept: Controlling is the management function that ensures actual activities conform to planned activities. It is a corrective process that maintains the organization on its planned course.

Step 1: Meaning: Controlling is the process of monitoring, measuring, and correcting performance to ensure that organizational objectives are achieved as planned.

Step 2: Steps in Controlling: (a) Setting standards (performance criteria); (b) Measuring actual performance; (c) Comparing actual performance with standards; (d) Analyzing deviations; (e) Taking corrective action.

Step 3: Importance of Controlling:

- (i) Ensures goal achievement: Controlling ensures that organizational activities are aligned with set objectives.
- (ii) Enables efficient resource utilization: By monitoring performance, resources are used optimally without wastage.
- (iii) Facilitates coordination: Provides feedback that helps coordinate activities across different departments.
- (iv) Ensures accuracy: By identifying deviations early, corrective action can be taken before major problems occur.
- (v) Motivates employees: Clear performance standards and feedback motivate employees to improve their performance.

Final Answer: Controlling: The process of comparing actual performance with standards and taking corrective measures. Importance: Ensures goal achievement, enables efficient resource utilization, facilitates coordination, ensures accuracy, and motivates employees.

Answer: (See above)

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Q39.

Solution

Concept: Financial planning involves estimating future financial requirements and determining how to meet them.

Step 1: Meaning: Financial Planning is the process of estimating future financial requirements, determining the sources of funds.

Step 2: Objectives of Financial Planning:

- (i) Estimation of capital requirements: Determining the amount of capital needed for business operations and growth.
- (ii) Determination of capital structure: Deciding the mix of owned capital and borrowed capital.
- (iii) Ensuring liquidity: Maintaining adequate liquidity to meet day-to-day obligations.
- (iv) Efficient allocation of funds: Allocating funds optimally among various uses.
- (v) Investment of surplus funds: Investing excess funds in profitable ventures.

Final Answer: Financial Planning: The process of estimating future capital needs and determining the sources to meet those requirements.

Alternative Answer for OR:

Factors affecting Capital Structure decisions:

- (i) Trading on Equity: The use of borrowed funds along with owned funds to increase return on equity. Higher debt proportion can increase EPS if returns from borrowed capital exceed the interest rate.
- (ii) Interest Coverage: The ability of a company to pay interest on its debt from its operating profits.
- (iii) Cost of Capital: Companies aim to minimize their overall cost of capital by optimizing the debt-equity mix.
- (iv) Cash Flow: Companies with stable and predictable cash flows can take on more debt compared to those with volatile cash flows.

Answer: (See above)

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Q40.**Solution**

Concept: Stock exchanges are organized markets where securities (shares, debentures, bonds) are bought and sold. They play a crucial role in capital formation and economic development.

Step 1: Meaning: A Stock Exchange is an organized market where securities (shares, debentures, bonds) are listed and traded in a regulated manner.

Step 2: Functions of Stock Exchange:

- (i) Provides liquidity and marketability: Investors can buy and sell securities easily, converting their investments into cash when needed.
- (ii) Helps in price discovery: The interaction between buyers and sellers determines fair prices for securities based on demand and supply.
- (iii) Facilitates capital formation: It provides a platform for companies to raise fresh capital through public issues.
- (iv) Protects investors: Through strict listing requirements and regulatory oversight, it protects investors from fraudulent practices.
- (v) Indicates economic health: The performance of stock exchanges reflects the overall economic conditions of the country.
- (vi) Spreads corporate governance: Listed companies must follow transparency and disclosure norms, promoting good governance.

Final Answer: Stock Exchange functions: Provides liquidity, enables price discovery, facilitates capital formation, protects investors through regulation, indicates economic conditions, and promotes corporate governance.

Answer: (See above)

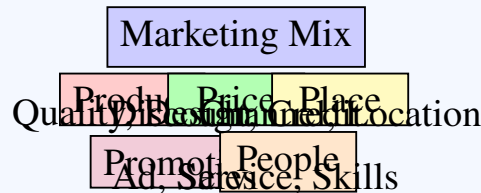
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Q41.

Solution

Concept: The Marketing Mix (4Ps) consists of controllable variables that a company uses to satisfy its target market. Each element must be coordinated to create a coherent marketing strategy.



Step 1: The marketing mix variables are: (i) Product: Goods/services satisfying consumer needs (e.g., smartphones). (ii) Price: Monetary value charged, including discounts. (iii) Place: Distribution channels delivering products to locations. (iv) Promotion: Communication via ads or sales programs. Extended mixes include (v) People: Service personnel, (vi) Physical Evidence: Tangible service cues, and (vii) Process: Delivery procedures.

Final Answer: Components: Product, Price, Place, Promotion, People, Physical Evidence, and Process.

Alternative Answer for OR: Advertising vs Personal Selling: (i) Nature: Advertising is paid, non-personal mass media; personal selling is direct face-to-face interaction. (ii) Cost: Advertising has a high fixed cost but low cost per contact; personal selling features a high cost per individual contact. (iii) Feedback: Advertising provides slow, one-way communication; personal selling allows immediate, custom two-way feedback.

Answer: (See above)

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Q42.

Solution

Concept: Channels of distribution are the routes through which products move from manufacturers to ultimate consumers. The choice depends on factors like product nature, market coverage, and cost.

Step 1: Distribution channels move finished goods from production sites to final end consumers via direct or indirect pathways.

Step 2: Direct Channel (Zero-level): Manufacturer → Consumer. Bypasses third-party intermediaries completely using company outlets, direct mail, or digital e-commerce sites.

Step 3: One-level Channel: Manufacturer → Retailer → Consumer. Used when large-scale retail entities buy direct from producers.

Step 4: Two-level Channel: Manufacturer → Wholesaler → Retailer → Consumer. Standard structural option for distributed consumer items.

Step 5: Three-level Channel: Manufacturer → Agent → Wholesaler → Retailer → Consumer. Utilizes territorial brokers to enter far markets.

Final Answer: Four paths exist: Direct (Zero-level), or Indirect via intermediaries spanning One-level (Retailer), Two-level (Wholesaler and Retailer), or Three-level (Agent, Wholesaler, and Retailer) distribution networks.

Answer: (See above)

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Q43.

Solution

Concept: Business risks are uncertainties about future events and outcomes that may affect business operations. They arise from various sources and require different management strategies.



Step 1: Business risks are grouped into: (i) Physical: Asset destruction via fire, flood, or theft. (ii) Financial: Bad debts, interest rate spikes, or bad foreign exchange swings. (iii) Market: Unanticipated drops in consumer demand or aggressive competitor action. (iv) Operational: Equipment failures or employee mistakes. (v) Strategic: Flawed corporate initiatives or failing to implement technological transitions.

Final Answer: Core business exposures include Physical, Financial, Market, Operational, and Strategic risks.

Alternative Answer for OR: Departmental Stores: Large retail formats hosting separate product departments under one roof. Features: Unified central management, one-stop shopping environment, fixed pricing, and extensive client services. Advantages: Economies of scale, wide selection, consumer shopping convenience, and heavy city foot traffic driven by elaborate merchandise displays.

Answer: (See above)

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Q44.

Solution

Concept: External trade refers to buying and selling of goods and services across national boundaries. Import and export are the two main components of external trade.

Step 1: External trade encompasses all commercial transactions transacted across distinct international sovereign territories, requiring compliance with varying legal codes and distinct foreign currencies.

Step 2: Structural differences between import and export operations are outlined below:

Import Trade	Export Trade
Purchasing products from overseas vendors	Selling domestic products to foreign buyers
Brings foreign commodities into domestic markets	Ships localized outputs out to international markets
Causes an outward flow of foreign exchange reserves	Drives an inward flow of foreign exchange reserves
Requires a valid import license and Bill of Entry	Requires an export license and Shipping Bill

Final Answer: External trade crosses national borders. Import trade involves buying foreign inventory (driving cash outflows), while export trade involves selling domestic products abroad (generating cash inflows).

Answer: (See above)

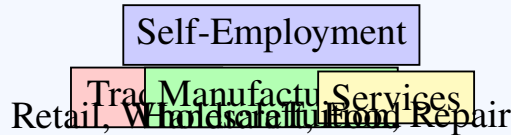
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Q45.

Solution

Concept: Self-employment means working for oneself rather than being employed by someone else. It involves identifying opportunities, organizing resources, and taking calculated risks to create value.



Step 1: Self-employment involves operating an independent business entity, where the owner carries all financial risks and keeps all operational rewards, instead of working for an outside organization.

Step 2: Local opportunities include: (i) Trading: Running neighborhood retail stores or online shops. (ii) Manufacturing: Setting up small-scale food processing or handicrafts. (iii) Services: Opening repair shops, salons, or tutorial centers. (iv) Agriculture: Running dairy, poultry, or fish farms. (v) Digital: Developing apps, content creation, or digital marketing.

Final Answer: Self-employment is independent business ownership. Key paths span Trading, Small Manufacturing, Services, Agribusiness, and Digital ventures.

Alternative Answer for OR: Macroeconomic Benefits of Entrepreneurship: (i) Employment: Creates new job opportunities. (ii) Wealth: Generates tax revenues and capital. (iii) Innovation: Introduces modern market efficiencies. (iv) Regional Balance: Spreads investments to rural sectors. (v) Exports: Improves trade balances through foreign sales.

Answer: (See above)

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Q46.

Solution

Concept: E-commerce is the conduct of business transactions over the internet. It has transformed traditional business models and created new opportunities and challenges.

Step 1: Electronic commerce (e-commerce) uses digital platforms and web infrastructure to complete business sales, transfers, and payment distributions online.

Step 2: Main Advantages: (i) Global Reach: Brands can connect with international consumer markets. (ii) Low Overhead: Reduces expenditures on physical stores and store personnel. (iii) Convenience: Provides 24/7 automated order processing and delivery tracking.

Step 3: Main Limitations: (i) Trust/Security: Risks related to online payment fraud and data breaches. (ii) No Physical Check: Buyers cannot handle or test items prior to shipping. (iii) Shipping Friction: Exposure to transport delays and inventory damage.

Final Answer: E-commerce is online buying and selling. It offers global reach, low operational costs, and 24/7 convenience, but presents challenges like data security risks, lack of physical product inspection, and shipping delays.

Answer: (See above)

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Q47.

Solution

Concept: Social responsibility of business refers to the obligation of businesses to contribute to societal well-being beyond their economic and legal obligations. Consumer protection ensures that consumer rights are safeguarded.



Step 1: Corporate Social Responsibility (CSR) represents a firm’s commitment to protect and improve societal welfare alongside pursuing its standard economic targets.

Step 2: Arguments FOR CSR: (i) Justifies existence by giving back. (ii) Boosts public image and brand equity. (iii) Fosters long-term market stability. Arguments AGAINST CSR: (i) Distracts from the primary goal of maximizing shareholder wealth. (ii) Increases operating costs. (iii) Businesses often lack the expertise to address complex social issues.

Final Answer: CSR balances financial returns with social support. Pros: Enhanced image, long-term stability. Cons: Reduced profit focus, added cost burdens.

Alternative Answer for OR: Consumer Protection Framework (India): Governed by the Consumer Protection Act 2019. It operates a three-tier quasi-judicial court setup (District, State, and National commissions) to handle complaints. It safeguards explicit consumer rights, including the rights to safety, information, choice, and legal redressal.

Answer: (See above)

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Q48.

Solution

Concept: Management is the process of planning, organizing, staffing, directing, and controlling organizational resources to achieve defined objectives. Leadership styles reflect different approaches to guiding and influencing organizational members.

Step 1: Management is the operational process of combining human, financial, and material resources to meet goals effectively and efficiently.

Step 2: Nature of Management: (i) Goal-oriented: Built around meeting targets. (ii) Universal: Applicable to all corporate, public, and social groups. (iii) Continuous: Operates as an ongoing loop, not a standalone project.

Step 3: Objectives of Study: Provides foundational decision-making skills, improves resource use, explores workplace group behavior, and trains future entrepreneurs.

Final Answer: Management coordinates core corporate resources. It is goal-driven, universal, and continuous. Studying it develops leadership competencies and improves operational efficiency.

Alternative Answer for OR: Four Primary Leadership Styles: (i) Autocratic: Centralized power with top-down directives and no employee input. (ii) Democratic: Collaborative decision-making that gathers input from team members. (iii) Laissez-faire: Total operational autonomy given to trained personnel. (iv) Paternalistic: Patriarchal management combining strict operational control with employee welfare initiatives.

Answer: (See above)

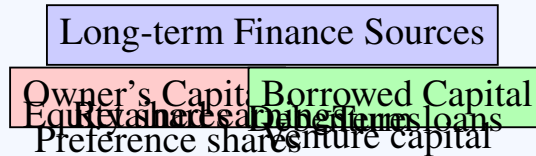
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Q49.

Solution

Concept: Long-term finance is required for meeting capital expenditure needs of a business. Various sources are available in India, each with distinct characteristics, costs, and implications.



Step 1: Long-term financing secures capital assets for expansions. Sources include: (i) Equity Shares: Permanent equity capital with voting power. (ii) Preference Shares: Fixed dividend privileges with liquidation priority. (iii) Retained Earnings: Internal reinvestment without issuing debt. (iv) Debentures: Long-term corporate debt paying fixed interest. (v) Term Loans: Secured bank financing with structured payback schedules.

Final Answer: Primary long-term capital sources include Equity, Preference shares, Retained earnings, Debentures, and Bank term loans.

Alternative Answer for OR: Financial Statement Analysis: The systematic review of financial reports to gauge profitability and financial standing. Strategic value: Helps investors analyze returns, helps creditors check debt coverage, and assists managers with internal tracking. Standard evaluation tools include ratio analysis, comparative statements, and trend lines.

Answer: (See above)

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Q50.

Solution

Concept: Marketing has evolved through different eras, from production orientation to modern customer-centric approaches. Each era reflects a different philosophy about how to create and deliver value to customers.



Step 1: Marketing coordinates the generation, distribution, and exchange of valuable solutions to satisfy consumer demands.

Step 2: Historical concepts include: (i) Production Era: Focus on high output and low prices. (ii) Product Era: Priorities shift toward quality and performance features. (iii) Selling Era: Reliance on aggressive promotion. (iv) Marketing Era: Tailoring solutions to target market needs. (v) Societal Concept: Balancing consumer satisfaction with environmental and community welfare.

Final Answer: Marketing evolved from low-cost mass output (Production) toward relationship building, customer-centric value creation, and community welfare (Societal).

Alternative Answer for OR: Global Export Workflows: Starts with market research, securing commercial export licenses, and obtaining an Import Export Code (IEC). It proceeds to custom packaging, securing a Letter of Credit (L/C), arranging freight transit, clearing customs using a Shipping Bill, and collecting foreign revenue through central banking networks.

Answer: (See above)

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Q51.

Solution

Concept: Business combinations occur when two or more firms merge or acquire each other to achieve synergies, expand market share, or gain competitive advantages. They can take various forms and have significant implications.



Step 1: Business combinations integrate independent companies under a single leadership umbrella to capture market synergies. Forms include mergers (voluntary consolidation), acquisitions (buying control), and takeovers (frequently hostile bids). Pros include economies of scale, larger market share, risk diversification, and shared technology. Cons span corporate culture clashes, structural redundancies leading to job cuts, integration challenges, and monopoly issues.

Final Answer: Combinations merge distinct firms. Pros: Scale economies and larger market footprint. Cons: Culture clashes and complex integration.

Alternative Answer for OR: E-commerce vs E-business: E-commerce covers consumer-facing commercial buying and selling online. E-business is broader, moving all front-end and back-end organizational processes (ERP, inventory management, supply chain tracking) onto electronic networks. Modern tech increases a firm’s geographic footprint, automates routine labor, and provides data analytics to improve strategic decisions.

Answer: (See above)

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Answer Key

Q	Ans	Q	Ans	Q	Ans	Q	Ans	Q	Ans
1	B	2	B	3	D	4	A	5	D
6	A	7	A	8	C	9	A	10	A
11	A	12	A	13	B	14	A	15	B
16	D	17	B	18	B	19	D	20	B

