



# SHAH'S ADVANTAGE PRELIM SERIES

A DIVISION OF "SHAH EDUCATIONAL ACADEMY"  
B.COM, BAF, BMS, BBI, BFM, MCOM, CS, CPT, IPCC, Final CA.

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CLASS: S.Y.J.C

PRELIM SERIES NO. 2

Date: 23<sup>rd</sup> January 2020

ORGANISATION OF COMMERCE  
(2019-20) (Solution)

Time : 3 Hrs.

Marks: 80

Day : Thursday

Q.1.A] Select the proper option from the options given below and rewrite the completed Statements: (5)

1. At least two persons are required to form a partnership firm.
2. In case of urgency and avoid delays Speed Post is sent.
3. Businessmen are Trustees of the society.
4. Management principles influence human behavior
5. Planning is basic function.

B.] Match the correct pairs: (5)

GROUP 'A'	GROUP 'B'
1. Government Company	(d) 51% share capital
2. Overdraft	(a) Current Account
3. ATM	(e) Automated Teller Machine
4. District Judge	(j) President of District Forum
5. Time Study	(c) Study the time required to do a job

C.] Write a word or phrase or a term which can substitute each one of the following Statements: (5)

1. A partner who gave his name to partnership firm.

Ans:- *Nominal Partner*

2. Name the form of electronic currency that exists only in cyberspace.

Ans:- *Digital Cash*

3. Indian philosopher who had promoted concept of social responsibility in ancient times.

Ans:- *Chanakya*

4. The right of a consumer which creates awareness in him about his rights.

Ans:- *Right to Education*

5. An orderly arrangement of group efforts to provide unity of action to achieve common goals.

Ans:- *Co-ordination*

P.T.O.

## Q. 2. Distinguish between the following: (Any THREE)

(15)

## 1. Joint Hindu Family Firm and Partnership Firm

Joint Hindu Family Firm	Partnership Firm
<b>1. Meaning</b>	
Joint Hindu Family consists of all persons lineally descended from a common ancestors and includes their wives and in married daughters. When this family runs any business then such a business is called as a Joint Hindu Family Business.	A partnership firm is a business concern owned and managed by two or more persons. These two or more person, who are called partners, poll in their resources, enter into a contract and carry out lawful business for mutual benefits.
<b>2. Formation</b>	
The Joint Hindu Family firm is formed as per the operation of the Hindu Law. No separate registration or agreement is required.	A partnership firm is formed when a partnership deed is signed by partners. The registration of a partnership firm is not compulsory (except for Maharashtra), but it is recommended to get it registered.
<b>3. Ownership &amp; Management</b>	
The property of the family is jointly owned by the three successive generations due to their birth in the Hindu family. The Karta is manager, controller and co-coordinator of the business.	The partners are the joint owners of the assets of the business. The business is jointly managed by the active partners.
<b>4. Liability</b>	
The liability of the Karta is unlimited but the liability of the other members of the family is limited	The liability of each partner is not only unlimited but also joint and several.
<b>5. Membership</b>	
The membership of a Joint Hindu Family business is unlimited. Every child (even a girl child in Maharashtra) can become a co-parcener in the business. The membership keeps changing depending on the births and deaths in the family.	A minimum of two persons are required to form a partnership and maximum number of partners is 10 (for baking business) or 20 (for non-banking business).
<b>6. Transferability of Membership</b>	
The membership in a Joint Hindu Family Business is not transferable since membership is acquired only on birth	The partners can transfer their share/ membership in the partnership firm to another person after taking the consent of other partners.
<b>7. Sharing of Profits and Losses</b>	
There is no specific ratio prescribed by the Hindu Law and neither is there any agreement between the coparceners for shorting the profits and losses. The ratio keeps changing as per the births and deaths in the family.	The profit and losses are shared by the partners in their profit sharing ratio.
<b>8. Governing Law</b>	
It is governed by the Hindu Law.	It is governed by the Indian Partnership Act, 1932.

**2. Road Transport and Rail Transport.**

<b>Road Transport</b>	<b>Rail Transport.</b>
<b>1. Speed</b>	
Road Transport has limited speed due to bad road conditions, accidents, traffic etc.	It is since it runs on tracks which rarely get affected.
<b>2. Carrying Capacity</b>	
It has limited carrying capacity.	It has huge carrying capacity.
<b>3. Distance</b>	
Road transport charges are low for short distances but high for long distances due to high fuel prices.	Transport charges are relatively low and vary according to the distance.
<b>4. Transport Charges</b>	
Transport charges are low for short distance but high for long distances due to high fuel price	Transport charges are relatively low and vary according to the distance.
<b>5. Door to Door Service</b>	
It provides door to door service	It does not provide door to door service
<b>6. Means of Transport</b>	
It uses animals, animal carts; motor cycles three and four wheelers.	It uses passenger and goods train.
<b>7. Suitability</b>	
It is suitable for transporting the goods in relatively smaller quantities for short distance.	It is suitable for transporting heavy goods in large quantities over long distance.
<b>8. Safety</b>	
It provides limited safety to goods from sun, rain, wind, etc. as the vehicle may not be fully covered	Goods are kept in locked wagons which provides protection against sun, wind, rain etc.
<b>9. Accidents</b>	
Chances of accidents are more due to poor road conditions and negligent drivers.	Chances of accidents are less because of one way track and goods signal system.

**3. State Commission and National Commission.**

<b>State Commission</b>	<b>National Commission</b>
<b>1. Meaning</b>	
It is a consumer dispute redressal forum working at state level.	It is a consumer dispute redressal forum working at national level.
<b>2. Established by Composition</b>	
State Government President + 2 Members (Min)	Central Government President + 4 Member (Min)
<b>3. Qualification of President</b>	
Who is or has been a judge of a High Court.	Who is or has been a judge of the Supreme Court.
<b>4. Duration / Tenure</b>	
Term of 5 years or upto age of 67 whichever is earlier	Term of 5 years or upto the age of 70 years whichever is earlier.
<b>5. Monetary Jurisdiction</b>	
Value of goods or service and the compensation claimed is more than Rs. 20 lacs but less than Rs. 1 crore.	Value of goods or service and the compensation claimed is more than Rs. 1 crore.
<b>6. Area</b>	
It covers a particular state	It covers the entire county.
<b>7. Nature of Complaints</b>	
Original cases + Appeals against orders of District Forum + Supervisory Revisional.	Original Cases + Appeals against orders of state Forum + Supervisory/ Revisional + Improper jurisdiction.

**4. Staffing and Directing.**

<b>Staffing</b>	<b>Directing</b>
<b>1. Meaning</b>	
Staffing is the process involved in identifying, assessing, placing, evaluating and directing individuals at work.	Directing is the guidance, the inspiration, the leadership of those men and women that constitute the real case of responsibility of management.
<b>2. Purpose</b>	
The main purpose of staffing is to make available the right people for the right job at the right time.	The main purpose of directing is to guide the subordinates to achieve the set goals.
<b>3. Components</b>	
It includes recruitment, training, promotions, transfers, appraisals etc.	Directing includes communicating instructing, motivating etc.
<b>4. Factors to be considered</b>	
Mainly internal factors are to be considered while staffing	Mainly internal factors are to be considered while directing.

<b>5. Order of function</b>	
People are required to organize other resources. Staffing follows organization.	Directing follows staffing as it involves providing guidance and communicating with the human resource.
<b>6. Relation with resources</b>	
Staffing is relate with human resources.	While directing superiors give direction to subordinates regarding use of other resources.
<b>7. Nature</b>	
Staffing is a continuous process as staffing not only includes recruitment but also involves training, motivation, appraisal etc.	Directing is a continuous process as it goes on till targets are achieved.
<b>8. Levels of Management</b>	
Staffing is mainly done by middle level managers. However, top level management may also get involved in some cases.	Middle level managers provide direction to the employees for achieving targets.
<b>9. Steps</b>	
Staffing includes recruiting, developing, retaining and remunerating.	Directing includes instructing, guiding communicating and motivating.

**5. Entrepreneur and Manager.**

<b>Entrepreneur</b>	<b>Manager</b>
<b>1. Meaning</b>	
An entrepreneur is a person who sets up an enterprise and grows it further with his team using his skill and knowledge.	A manager translates and puts into action the strategies of the entrepreneur. He is in charge of day to day affairs.
<b>2. Risks</b>	
An entrepreneur takes calculated risks. The entrepreneur will earn more if he takes more risk.	A manager avoids risks and plays safe. The manager has not incentive to take risk as his earning will be fixed.
<b>3. Rewards</b>	
Entrepreneur is the owners and hence, is rewarded in terms of profit of ventures.	A manager is an employee and hence, gets a fixed salary.
<b>4. Innovation</b>	
An entrepreneur always comes up with new and unique ideas which give them a competitive edge	Manager generally tends to follows a routine to perform any task. They lack creativity.
<b>5. Decision - making</b>	
He generally takes all the major decisions and he needs no approval for the same.	Managers take routine decisions on their own. However, they need approval of higher authorities before taking major decisions.

<b>6. Organization culture</b>	
Entrepreneur follows a very open culture where any person can approach him and give suggestions.	Manager follows a hierarchical system in their organization. People find the system rigid and formal.
<b>7. Aim</b>	
The aim of the entrepreneurs is to successfully grow the venture and create a sustainable business.	Aim of manager is to perform well, to get promoted higher levels and get high salary & facilities.
<b>8. Work done</b>	
Entrepreneurs strategize the growth of the business and plan new products and ventures.	Managers run the existing business and help in planning the new business.
<b>9. Pre - requisites</b>	
Entrepreneur have to be hardworking, ready to take tough decisions, courageous, future oriented, innovative, etc.	Managers need to possess knowledge , related skills, managerial abilities , should be able handle employees, hardworking etc.
<b>10. Higher authority</b>	
Entrepreneurs are their own boss. There is no higher authority.	Managers have higher authority. They are employees and are required to report to someone.

**Q.4. State with reasons whether the following Statements are “True or False”.**

**(Any THREE)**

**(15)**

1. Sole proprietorship is useful for small business.

**Ans:- This statement is “True”. The following are the reason for the same:**

- a. **The formation of sole trading concern is very easy. It is almost free from government intervention.**
- b. **The proprietor does not have to consult anybody before taking any decision as he is the single owner and management is in his hands.**
- c. **The sole trading concern is also a very flexible form of organization. The proprietor can shut down, expand or reduce his business activities as the situation demands.**
- d. **As the proprietor himself manages the business operation, the overhead costs of running the business are minimal. Also since he is in complete control of the operations he can personally ensure that wastage is minimized and expenses are controlled.**
- e. **Thus, the sole trading concern is useful for small businesses.**

2. In on-line transactions 'Account 'and Shopping Cart 'are password protected.

*Ans:- This statement is "True". The reasons for the same are as under.*

- a. The first step involved in an online transaction is "registration" where the basic details like name and email id are to be mentioned. The website automatically creates an "user id" and "password" for the buyer.*
- b. As the buyer proceeds through the online transaction, a lot of personal information like name, bank account details, address, etc. has to be provided*
- c. If the account & shopping cart are not password protected, this personal information may be misused by hackers.*
- d. They may shop in the name of the buyer and then the buyer may be liable to pay the entire amount.*
- e. The password protects the entire information of the buyer. This information can be accessed only by the buyer after entering the password.*
- f. Thus, in transactions, "Account" and "Shopping cart" are password protected.*

3. Ethics is a branch of politics.

*Ans:- This statement is "False". The correct statement is "Ethics is a branch of social science". The reason for the same is as under.*

- a. Dr. C. B. Manoria defines ethics as "Businessmen integrity so far as his conduct or behavior is concerned in all field of business as well as towards the society and other business."*
- b. Business ethics refers to system of moral principles or rules of conduct applies to business activities or operations.*
- c. Business ethics is also known as "corporate ethics". It is a form of "applied" or "professional" ethics that examines ethical principles and morals.*
- d. It examines the given circumstances and suggests the right path in case of dilemma (difficulty).*
- e. Ethics basically means to differentiate between what is good and what is bad, what to do and what not to do.*
- f. Ethics define what is morally correct, irrespective of its impact on profits of the company.*
- g. Thus, ethics deals with human behavior.*
- h. Hence, it is a branch of social science and not politics.*



4. The consumer protection act was passed in the interest of the sellers.

**Ans:-** The above given statement is "False". The correct statement is "The Consumer Protection Act was passed in the interest of the consumers". The reason for the same is as under:

1. The Consumer Protection Act came into existence in the year 1986.
2. This Act prescribes the right of the consumers. They are protected & have the power to enforce these rights.
3. Besides, this Act provides quasi judiciary machinery and can solve all the grievances of the consumer.
4. The consumer courts formed under this Act follow simple procedures and as a result delays are avoided.
5. These courts hear complaints regarding damages cause by unfair under trade practices, unsatisfactory service, defective products, unsafe products etc.
6. It has also provided for the establishment of three-tier quasi-judicial consumer redressal machinery at the district, state and national level.
7. The consumer Protection Act has proved to be a boon for consumers because under this Act they can file a suit against any manufacturer or seller in case of loss due to fault in their product or service.
8. All the above points are in favour of consumers and not the sellers.
9. Hence, the Consumer Protection Act was passed in the interest of consumers.

5. Principles of Management are rigid.

**Ans:-** This statement is "False". The correct statement is "Principles of management are flexible in nature". The reason for the same is as under.

- a. Management principles are the unwritten rules which the managers use while managing work or taking decisions.
- b. These principle provide guidelines to managers to take decisions.
- c. They can be adjusted according to the needs and situation of the organization.
- d. Principles of management can be changed or adjusted as per changing business needs.
- e. Thus, they just act as a guideline and are not in the form of law which is to be followed as it is.
- f. In today's dynamic world, managers can modify and adapt these principles in the manner they feel best.
- g. Hence, Principles of management are flexible and not rigid.

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