

**Note****23**

## **MODERN MODES OF BUSINESS**

You know that normally, to buy goods and services we visit the nearby market; to book the train tickets we go to the rail reservation counters, to make deposits and withdrawals of money we visit banks personally, and so on. But, now-a-days all these facilities are available at our doorstep. The Information and Communication Technology (ICT) has made it a reality. It has brought about a formidable change in the mode of transacting the business activities. There is no need to stand in long queues in the banks and at rail reservation counters. All these transactions are now being done with the help of Internet. We can visit the world market at any time just sitting at our home. We can avail of many facilities without visiting the shops or the market physically. All these developments are the result of the changes in the economic policies established by the government. One of the major advantages that India gained due to globalisation has been our introduction to the world of technology. The Multinational Corporations (MNCs) got an opportunity to explore the Indian market with its modern science and technology. However, India took no time to adapt the changing technology and emerged as a successful player in the world market. In addition to the technological revolution, another concept successfully introduced in the Indian market has been the 'Outsourcing of Services' or 'Business Process Outsourcing' (BPO). It has helped the business firms to concentrate on their core competencies. In this lesson we shall learn in detail about all these modern modes of business.



### **LEARNING OUTCOMES**

- explains why e-banking/online business is important for business;
- explores the possibility of using online transactions for business; and
- takes- precautionary measures for safe online transactions.



**Note**

## 23.1 E-BUSINESS AND E-COMMERCE

Gone are the days when we have to stand in queues to get our ticket booked in railways or airlines or buy our grocery or clothes from local markets. Now everything is just a click away. Now, the virtual market has gained momentum. Big bazaar is replaced by bigbasket.com and readymade garment shop is replaced by Myntra.com. As stated earlier, to buy goods and services we usually go to a nearby market personally where buyers and sellers get together for transactions. The buyers check the quality and negotiate the price. The sellers, on the other hand, try to persuade the prospective buyers and finalise the transaction. Sometimes, we contact the sellers over telephone or through correspondence to buy the specific goods. These are the common modes of business transactions. However, of late, the virtual market mode is gaining momentum. Through this mode, people get their desired goods and services sitting at their own place without actually visiting the market place. This has been made possible through introduction of information technology. The activities of production, marketing, selling, banking, insurance etc. are all carried out at a faster speed through the use of computers and Internet. When all these activities are carried on electronically, it is commonly referred to as 'Electronic Business' or 'e-Business'. Since Internet plays an important role in all e-Business activities, let us first acquaint ourselves with Internet before we learn as to how it is helpful in carrying out business transactions.

The Internet, sometimes called simply the 'net', is a worldwide system of computers network through which the users at any computer can access the information from other computers. By internet we can connect any computer to any other computer anywhere in the world via dedicated routers and servers. When two computers are connected over the internet, they can send and receive any kind of information such as text, graphics, voice, videos etc. It provides information regarding science and technology, history, politics, sports, business, current events, music, entertainment, news and many more topics. It helps the users in the following ways:

- (a) Browse the information on any topic through the World Wide Web (www).
- (b) Read news available from leading newspapers and television channels.
- (c) Exchange messages using e-mail.
- (d) Search databases of government, individuals and private organisations.
- (e) Transfer files, pictures, animations etc.

- (f) Communicate with others by chatting or talking to them personally when both of them are connected to the Internet.
- (g) Browse and search the catalogues of goods and services and purchase items on-line.
- (h) Set up a website with information about products and services of your organisation.

*The Internet was conceived by the Advanced Research Projects Agency (ARPA) of U.S. Government in 1969 as a military project and was known as ARPANET. It developed as an academic and research network. Later on, it was opened for use by members of public and commercial use. In the year 1979, it was called Internet. It has now evolved into a global network.*

### 23.2 ELECTRONIC COMMERCE

You know that commerce involves buying and selling and supports services like transport, insurance, banking, communication etc. When all these activities are undertaken using information and communication technologies, it is termed as Electronic Commerce or e-Commerce. In other words, e-Commerce refers to the process of conducting business with the help of electronic devices using the computer and interconnected telecommunication network. Here, offer for sale and its acceptance are made electronically through Internet. It does not require physical interaction between the parties concerned. It is also known as 'on-line trading', 'on-line shopping' and 'e-shopping'.

### 23.3 HISTORY OF E-COMMERCE

The beginning of e-Commerce can be traced to the 1960, when businesses started using Electronic Data Interchange (EDI) to share business documents with other companies. In 1979, American National Standard Institute developed ASC X 12 as a universal standard for businesses to share documents through electronic networks. The use grew in 1980s, and the rise of eBay and Amazon in 1990s revolutionized the e-Commerce industry.

E-Commerce takes place between companies i.e., business to business (B2B), between companies and their customers (B2C), customer to customer (C2C) and consumer to business (C2B).

**Note**



Note

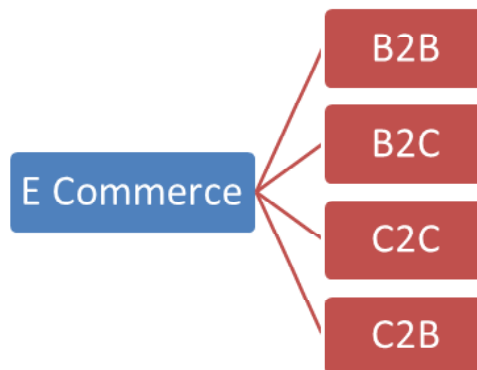


Fig. 23.1 E-Commerce

1. **B2B:** This refers to interactions between a manufacturer and a supplier of materials and services, or between a manufacturer and a wholesaler, or between a wholesaler and a retailer. A network of computers is used for making enquiries seeking or placing orders, communicating supply of goods, making payments, and so on.
2. **B2C:** As the name implies, there are business firms (manufacturer or retailers) at one end and its consumers on the other. It enables a business firm to be in touch with its customers round the clock. It involves a wide range of marketing activities including promotion, seeking orders, intimating supply and so on.
3. **C2C:** It usually involves consumers at both ends dealing in goods for which there is no established market mechanism as is the case with used books and household equipments.
4. **C2B:** It is a type of e-Commerce in which consumer make their products and services available online for companies to bid and buy. This is an opposite of traditional commerce model of B2C.



### INTEXT QUESTIONS 23.1

1. Define the term Internet.
2. State the full form of the following—  
(a) WWW (b) B2B (c) B2C (d) C2C

### 23.4 INTRA- B COMMERCE

Normally, one may use the terms 'e-Commerce' and 'e-Business' interchangeably. But, in practice, the term e-Business is used in a broader sense. The e-Business covers



Note

not only the interaction with its customers and suppliers but also interactions and dealings among various departments and persons within the firm. Thus, e-Business is a wider term which includes e-commerce and other electronically conducted business functions like production, accounting, finance, personnel, administration etc. In other words, e-Business includes not only B2B, B2C, and C2C but also Intra-B Commerce i.e., interaction and dealings among various departments and persons within the firm. For example, the marketing department may interact regularly with the production department and get the products made as per the requirements of the customers. Similarly, regular interaction among other departments helps in attaining efficient inventory handling, better cash management, proper utilisation of manufacturing capacity, timely and sufficient provision of customer services, and so on. Thus, e-Business implies use of Internet technologies to perform the key business processes.



Fig. 23.2 E-Business

### 23.5 BENEFITS OF E-COMMERCE/E-BUSINESS

The merits of e-Commerce/e-Business can be summarised as follows:

- (a) **Wider Accessibility:** With the help of a well-developed computerised networking system, the business units can operate at the national as well as the global level. The buyers and sellers from any part of the world can interact with each other. This helps in gaining exposure to new markets.
- (b) **Improved Customers Service:** E-Commerce enables a company to be open for business whenever a customer needs it. Up-to-date information about products can be offered on the web, making it easier and convenient for customers to select the best product. It also enables suppliers of goods and services to offer a wide range of services to the customers, before as well as after sale, and respond to customers' queries without any delay.
- (c) **Shortened Transaction Time:** An e-business transaction takes much less time as compared to the normal process of buying and selling because the producers are able to cut short the distribution channels and establish direct contact with

### Awareness in Business and Employment



Note

the consumers. It also enables a company to introduce a new product into the market, gain customers' reaction quickly, implement the necessary changes without incurring heavy cost and loss of time.

- (d) **Cost Saving and Low Prices:** There is a substantial cost saving in business transactions through e-Commerce as there is hardly any display of goods involved and need for large stocks in godowns (warehouse). The number of employees required is also limited. For example, as the orders are directly put into the system there is no need for any sales persons or order entry clerk. This helps in substantial savings in operational costs and offering products at lower prices to customers.
- (e) **Enlarge Business and Profits:** With e-Commerce, the companies are able to approach a larger number and variety of customers and gain exposure to new markets. This enables them to enlarge their business volume and earn more profits.
- (f) **Convenience to Customers:** The customers also stand to gain by e-Commerce in various ways. They have access to a large number of suppliers, enjoy a wider choice, and acquire quality products and services at competitive prices. They also receive prompt and efficient service and gain information about new products easily.
- (g) **Personalization and Product Recommendation:** E-Commerce site can track visitors, browse search and purchase history. They also add other customer's recommendations and reviews which helps us to make a wise decision while buying online.

### 23.6 LIMITATIONS OF E-COMMERCE/E-BUSINESS

**A few limitations of e-Business/e-Commerce are:**

- (a) It lacks personal touch with customers, which makes it unsuitable for items such as clothes, jewellery, etc.
- (b) The web can provide a good picture, a detailed description of the product, but the customer cannot actually see, feel or try on the goods he/she is buying.
- (c) The transaction can be finalised quickly, but physical delivery of goods often takes long time and be delayed. This leads to a lot of inconvenience for the customers.

- (d) Return of faulty goods bought on-line may often be more problematic and a time consuming exercise.
- (e) Shopping through Internet is not the same experience as a shopping expedition with family or friends. It is not suitable for non-routine buying where one is usually guided by advice of friends and family members.
- (f) Online transactions are prone to a number of risks that can result into financial, reputational or psychological losses to the parties involved in a transaction.

The risks relate to:

1. the transaction (default in order taking, default in delivery, default in payment);
  2. data storage and transmission; and
  3. privacy.
- (g) Moreover the privacy of personal details and security of financial transactions are a concern for many users.

It may be noted that most of the above limitations are applicable to B2C commerce. As for the business buying i.e., B2B e-Commerce, these limitations have little relevance as both the parties are sufficiently knowledgeable, resourceful and well informed, and transact regularly with each other. No supplier therefore, can afford mishandling of any transaction with its business customers. However, there are some challenges, which will have to be overcome. These are:

- A. lack of adequate Internet infrastructure;
- B. delivery and payment related issues; and
- C. absence of cyber laws.



**INTEXT QUESTIONS 23.2**

1. India-B Commerce means \_\_\_\_\_
2. Identify the merits and limitations of e-business from the following statements—
  - (a) It lacks personal touch in business transactions.
  - (b) It takes less time to give order for desired goods and services.
  - (c) The customers have access to a large number of suppliers and they enjoy a wider choice.



**Note**



Note

- (d) It helps the business houses to expand the business and earn more profit.
- (e) The privacy of personal details and security of financial transactions are a concern for many users.

### 23.7 STAGES IN ONLINE TRANSACTIONS

As with any trading processes, the on-line transactions involve the following stages:



Fig. 23.3 Stages in online transactions

- (a) **Search:** For making a purchase, the prospective customer has to find an appropriate vendor by using various websites, either directly or through a search engine.
- (b) **Order:** Once the vendor has been found and goods are identified, the customer makes contact and negotiates the terms. When satisfied, the customer proceeds to the checkout that involves filling up a registration form to have an account with a password. Thereafter, he can place the order for the items put by him in his virtual shopping cart, an on-line record of what has been picked up while browsing the on-line store.
- (c) **Payment:** The normal way for paying on-line purchases is by the credit card. The customer enters the credit card number, expiry date and billing address on the order form, and the vendor can verify the details. Debit cards, or store's value cards can also be used for the purpose. Alternatively, payments can be made by cheques sent by post.
- (d) **Delivery:** Once the payment is made or is assured, the vendor arranges for the delivery of goods as per instructions of the buyer.
- (e) **After-Sales Service:** In any transaction, there can be problems like damaged or faulty goods. For items such as machinery or consumer durables, there can



be a provision of warranty or maintenance. The e-Vendors have to make the necessary arrangements for attending to such complaints and services.

### 23.8 PRECAUTIONS FOR SECURITY

There are numerous threats to the security of e-Commerce from the customer's side as well as the vendor's side. The following steps are usually taken to ensure security in on-line transactions.

- (a) **Passwords:** In on-line shopping, one has to register with the on-line vendor to have an account with him. This provides for a password to avoid login by an unauthorised person.
- (b) **Authentication:** Sender of the message must be identified precisely using the off-line validation, if necessary. This avoids any possibility of fraud or misuse of the password.
- (c) **Encryption:** It refers to the conversion of data into a code so that it cannot be read by other users. The data is converted into the code by the sender and then decoded by the receiver. For this purpose, they use an encryption algorithm and binary numbers. The other alternative is the private (secret) key system.
- (d) **Digital Signatures:** A digital signature may be used to authenticate the sender of the message and check the integrity of the message so that no alteration takes place in transit. In terms of transmission, authentication and integrity, the digital signature is considered very secure provided it is created in a manner or by using a means under the exclusive control of the person using it.
- (e) **Trusted Third Parties:** Another way to ensure security is to transmit a copy of the transaction to a third party trusted by both sides and where the record of the transaction could be used to settle any dispute.

However, the provision of encryption, digital signatures and trusted third parties cannot provide full proof security against the use of stolen credit cards or the setting up of fraudulent website by a bogus trader. Hence, the parties have to be highly vigilant and take all possible precautions to ensure security in e-Commerce dealings, whatever may be the cost.



**Note**



Note



### INTEXT QUESTIONS 23.3

1. Mention the various ways of making payment in on-line transactions.
2. Arrange the following stages of on-line transactions in proper sequence.  
(a) Order            (b) Delivery    (c) Payment  
(d) Search           (e) After sales services

### 23.9 APPLICATIONS OF E-COMMERCE

The impact of e-Commerce has already begun to appear in all areas of business ranging from customer service to new product design. It has facilitated new types of information based interaction with customers, Internet bookshops, on-line super market, electronic newspapers, on-line trading on stock exchanges (e-Trading), on-line advertising (e-Advertising), on-line taxation (e-Taxation), online ticketing (e-ticketing), online banking (e-Banking), computerisation in postal communication (e-Post) and so on. We shall take up some of these e-Commerce services to have an idea of how it has transformed the functioning in these sectors.

### 23.9 APPLICATIONS OF E-COMMERCE

The impact of e-Commerce has already begun to appear in all areas of business ranging from customer service to new product design. It has facilitated new types of information based interaction with customers, Internet bookshops, on-line super market, electronic newspapers, on-line trading on stock exchanges (e-Trading), on-line advertising (e-Advertising), on-line taxation (e-Taxation), online ticketing (e-ticketing), online banking (e-Banking), computerisation in postal communication (e-Post) and so on. We shall take up some of these e-Commerce services to have an idea of how it has transformed the functioning in these sectors.

#### 23.10.1 e-Banking



Internet Banking

ATM

Credit/Debit Card

Fig. 23.4 e-Banking

Imagine the days when one had to go to the bank during a particular time of the day and on particular days of a week to deposit or withdraw money or to get a demand draft made. Long queues and waiting were the normal phenomena. But, the scenario in banks now-a-days is very different. One can withdraw and deposit money at his/her own convenience. Having account in one place in India, one can transact in any part of the country. Some of the new trends in banking sector are as follows:

- (a) **Telebanking:** A customer is given a password number (known as T-PIN i.e., Telephonic personal identification number) through which he/she can have access to his/her account over telephone and give instruction regarding withdrawal, issue of demand draft etc. The customer can also access his account and give instructions by using the mobile phone. Similarly, the bank can also keep on informing the customer regarding the various schemes, opportunities, last dates, etc. and attend to balance enquiries by the customers.
- (b) **Internet Banking:** This is another way a customer can have access to his account and give instructions. It makes the task of the customer easy as he can access his account anywhere, any time and any number of times. The customer simply uses a password number and gets the details of transactions sitting at home.
- (c) **ATM :** ATM, the acronym for Automated Teller Machine, is increasingly becoming popular in banking industry. ATM is a computerised machine used for most of the routine jobs of a bank. It is operated by a magnetic plastic card popularly known as ATM card. By inserting the ATM card in the machine and entering the PIN (Personal Identification Number) the customer can use it for withdrawals and deposits of money. The customer can also get the information about the balance available in his/her account, get the mini-statement of last 5/10 transactions from the ATM.

Earlier the customers only had the option to access the ATM of the bank in which they had an account. But now-a-days some banks have tied-up with other banks for use of their ATM by the customers. So customers can use the ATM facility even of a bank they do not have an account in, but with whom their bank has a tie-up.

- (d) **Debit Card:** A debit card is an electronic card that can be used conveniently while making payments. This card is issued to the customers of the bank having current or savings account. The holder of this card can use this card at several outlets for purchase of goods and services. This card allows the holder to spend



**Note**



**Note**

up to the balance available in his/her bank account. It can also be used at ATMs just like ATM cards.

- (e) **Credit Card:** Some banks issue credit cards to individuals who may or may not have an account with them. The cards are issued to individuals after verifying their creditworthiness. The individual can use those cards at various outlets to make payments. The issuing bank fixes a credit limit up to which the cardholder can purchase goods and services. The bank issues a statement of transactions periodically and the individuals have to pay back the amount to the bank by a due date. Thus, the customers get a credit period ranging from 10 to 55 days which varies from bank to bank and the nature of transactions made. No interest is charged if the payment is made within the due date. If the customers fails to pay back by due date, the bank charges interest at a high rate on the amount due. Most banks give bonus points for transactions and insurance coverage for the products purchased through credit card as well as to the cardholders. The cardholder can also use his/her card to withdraw cash from ATMs.
- (f) **Education:** In educational training also e-Commerce has a major role in interactive education video conference, online classes and in connecting different educational training centers. Now, we also have many online courses and classes. For example, in India we can be part of e-classes conducted by Harvard School of Business.



### INTEXT QUESTIONS 23.4

1. Mention one benefit of ATM for the customers of the bank.
2. Identify the following in e-banking transactions—
  - (a) A card that allows the holder to spend money without having any balance in his/her deposit account.
  - (b) A machine using which we can withdraw money from our deposit accounts at our convenience.
  - (c) A system that allows the account holder to avail the banking facility over telephone.
  - (d) A convenient way of accessing the account anytime, anywhere and any number of times.

**23.10.2 E-TICKETING**

Purchasing tickets has become so easy now that you can make railway reservations while sitting at home or even while you are on the move. If you have access to Internet you can have all the details of railway information and accordingly you can book a ticket. You have to make payment through credit cards/debit cards for on-line booking of tickets. You can also buy air tickets through similar methods. Recently, with private sector entry in aviation sector, the competition has increased and bidding of air tickets through Internet has started. The highest bidder avails the opportunity of travelling at a rate much lower than the original price. The e-Ticketing service is also available through mobile phones.



Fig. 23.5 E - Ticketing

**23.10.3 E-ADVERTISING**

Internet advertising has revolutionised marketing strategies. Unlike the print and television media where all advertisements are stacked together, the viewer has the choice either to view it or ignore them. Where as in the net-world the surfer will only click on the advertisement of his/her choice. He may select advertisements of his own interest. E-Advertising is still in its infancy stage and covers only a small portion of the advertising market.

**23.10.4 E-TRADING AT STOCK EXCHANGES**

Online trading started with the establishment of Over The Counter Exchange of India (OTCEI). Now the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) have also completely switched over to on-line trading to which most stock-brokers have access through internet. It is also taking off among small investors and traders in stocks and shares. Internet makes available to them up-to-the-minute information which, until recently, had



Fig. 23.6 e - Trading

**Note**

### Awareness in Business and Employment



**Note**

only been available to financial institutions. The use of on-line brokerage services automates the process of buying and selling. This allows reduction in brokerage charges, makes trading transparent as they can access the information on market prices on-line, and the investor is able to deal at a price viewed immediately. The transfer of ownership of stocks and shares can also be recorded electronically in investor's account thereby avoiding the need for physical delivery. This has also made it possible to have rolling settlement and reduce the settlement period to just 2 days.

### 23.10.5 COMPUTERISATION OF MAIL TRANSMISSION AND PROCESSING

As a part of modernisation programme, computerisation of the registration and sorting work has been done in a large number of post offices in India. To cut down the transmission time for sending money order across the country, money orders are now transmitted through VSAT satellite networks which have resulted in faster delivery of money order to the customers. New policy for Voice mail/Audio fax services was announced in July 2001 by incorporating a new service known as Unified Message Service (UMS), a system by which voice message, mails, fax and e-mail can be received from one mail box using telephone instrument, fax machines, mobile phones, internet browsers, etc.

### 23.10.6 E-POST

You know about e-mail which is the fastest means of communication. To send and receive any information through e-mail, we need to have a computer with Internet connectivity and the e-mail account of the sender and receiver. However, this technology has not yet reached the rural and other remote areas of our country. To bridge this gap and extend the benefit of the e-mail facility to the people of rural India, the Department of Post has introduced e-Post facility. It enables people to send and receive e-mail at the post offices.

e-Post is a service under which printed or even handwritten messages are transmitted as email on internet. At the destination post offices, these messages are printed, enveloped and delivered through the postman like other letters. For this purpose, e-Post centres have been set up in the post offices in all districts and major towns. The post offices where this facility is not available can receive the e-Post message from the customers and forward the same to the nearest e-Post centre for despatch. Similarly e-Post messages received for areas beyond the delivery jurisdiction are printed and sent to concerned post office for delivery. Besides availing e-Post services through post office it can also be accessed from a customer's house or office or from any other

place if he has Internet access. The customer can make payment through a prepaid card that is available in the head post office and other outlets. The customer has to register as a user and access the service at the e-Post portal <http://indiapost.nic.in>. The present tariff for sending the message in A4 size page is Rs. 10 per addressee.

### 23.10.7 RESOURCES REQUIRED FOR SUCCESSFUL E-BUSINESS IMPLEMENTATION

Following resources are required for successful e-business implementation:

1. **A Website:** A business must develop a website to effectively communicate with its customers. Detailed information of the enterprise should be provided on the website. Necessary pictures should also be posted on the website.
2. **Technically Qualified Workforce:** E-business can be successful only with a well trained workforce. The workers should be capable of easily handling the new trends in computers. Sales Department staff should be trained to handle sales inquiries, processing orders and ensuring prompt delivery.
3. **Adequate Computers:** The business enterprise must own computers with adequate speed and memory to handle the expected volume of business. Business concerns must have the necessary Internet Service Provider (ISP) and Application Service Provider (ASP), Server and Portals, and e-mail facilities.
4. **Effective Telecommunication System:** Good telephone lines with high quality voice calls must be there to make e-business effective. Business firms will be badly affected if the telephone lines get disconnected frequently.
5. **Payment Mechanism:** Adequate information must be provided on the website so that customers will have an idea of the exact amount to be paid. If extra amount is received, inbuilt systems should be created to refund the extra money received. Business concerns must make arrangements with banks and credit card agencies to enable electronic receipts and payments of money.

### 23.10.8 PAYMENT MECHANISM OF ONLINE TRANSACTIONS

1. **Finding the Seller:** A buyer will go through the website of the seller. The online buyer has to register with online seller by filling up a registration form. Registration means the buyer will create an 'account' with online seller by providing a 'password'.
2. **Selection of Products:** The buyer selects the products after comparing prices and quality offered by other sellers.



Note

### Awareness in Business and Employment



Note

3. **Placing an Order:** While browsing the website, the buyer drop the items selected in his shopping cart. Shopping cart is an online record of the items picked up by the buyer while browsing the website.
4. **Payment Mechanism:** Payment for the purchases through online shopping maybe done in any of the following ways :
  - a) **Cash on Delivery (COD):** The payment for goods ordered online may be made in cash at the time of physical delivery of goods.
  - b) **Cheque:** The buyer may send a cheque to the online vendor. The delivery of goods are made upon the realisation of cheque.
  - c) **Net-banking transfer:** The buyer may transfer the amount for the agreed price of the transaction to the account of the online vendor.
  - d) **Credit/Debit Card:** In case of Credit Card, the buyer can make purchases on credit. Issuing bank transfers the amount involved in the transaction to the credit of the seller and debit the buyer's account.

The debit card allows purchases up to the specified amount that is lying in his account. (available balance)
  - e) **Digital Cash:** This is a form of electronic currency that exists in cyberspace. In favour of the customer the bank issues digital cash for the amount he paid. Bank will supply a special software that will allow the customer to draw digital cash from his account. Digital cash is used for purchases over the web.
5. **Delivery:** The product is given to the buyer after receiving the payment.

### 23.10.9 SECURITY AND SAFETY OF E-TRANSACTION: E-BUSINESS RISKS

Risks are involved in online transactions. There can be financial, reputational or physiological losses to the parties in online transactions. Various types of e-business risks are:

1. **Transaction Risks:** Transaction risks can be of the following types :
  - a) **Default on order giving/taking:** Seller denies that the order was placed or customer denies that he ever placed the order.
  - b) **Default on delivery:** The intended delivery does not take place; goods are delivered at wrong address or goods other than ordered may be delivered.



- c) Default on payment: The customer claims that the payment was made and the seller does not receive the payment of the goods supplied.

To avoid the above defaults, following measures can be used:

- i. The identity and location of the customer may be verified at the time of registration.
  - ii. Seller can verify the 'cookies' to confirm whether the customer has correctly entered his details in the registration form. Cookies are like caller ID in Telephones that provide important information about customers to the telemarketers.
  - iii. Customers must shop from well established shopping sites.
- 2. Data Storage and Transmission Risk:** People may steal/distort the data for selfish motives/for fun. VIRUS (Vital Information Under Siege) and Hacking are the methods used for distorting data. Antivirus programmes should be installed from time to time. Cryptography is used to prevent interception of data in the course of transmission. Cryptography is the act of protecting information by transforming into an unreadable format called 'hyper text'. Only those who possess a secret key can decipher the message into 'plain text'.
- 3. Risks to Intellectual Property and Privacy:** Anyone can copy the data available in the internet and supply it to others. Junk materials formed as a result of dumping advertisement materials can be a great problem.



Note



### INTEXT QUESTIONS 23.5

1. What is meant by e-Post?
2. Identify the linkage of the following terms in different e-Commerce applications.
  - (a) Demat Account
  - (b) Unified Message Service
  - (c) Getting e-mail facility without direct access to Internet.
  - (d) On-line booking of air ticket.

## 23.11 OUTSOURCING OF SERVICES

Another important trend in business, of late, has been 'outsourcing' of some of its activities i.e., use of outside sources to perform activities traditionally handled by internal staff and resources. For example, most companies have so far had their own staff for cleaning and security activities in their organisations. But, of late many companies have

### Awareness in Business and Employment



**Note**

started entrusting these tasks to outside agencies on contractual basis. In fact, outsourcing is a management strategy by which an organisation contracts out its major non-core functions to specialised service providers with a view to benefit from their expertise, efficiency and cost effectiveness, and allow managers to concentrate on their core activities. The Information Technology (IT) is one area in which this approach is growing fast, and in recent years, outsourcing the operation of IT systems has been supplemented by a move to outsourcing the whole business processes such as payroll processing, cheque processing, etc. This is known as BPO (Business Process Outsourcing). It may be noted that Indian IT-BPO sector, both in domestic business and exports, has registered a growth of 28% in 2006-07 and revenues have exceeded \$ 48 billion, nearly 10 fold increase over the aggregate revenue in 1998.

### Need for BPO

1. Improvement in productivity.
2. Reduction in cost.
3. Opportunity to focus on core business.
4. Updation of technology.
5. Stimulates entrepreneurship, employment and export.

### 23.11.1 FEATURES OF OUTSOURCING OF SERVICES

The basic features of outsourcing of services are:

- (a) It involves contracting out an activity to an outside specialised agency which takes complete responsibility to handle it effectively using its own manpower.
- (b) Normally outsourcing is done in case of non-core activities such as housekeeping, security, etc. But, of late, it has been extended even to some of the core activities. For example, a school may engage a Computer Training Institute to handle computer education to its students or a bank may outsource its cheque processing.
- (c) There are two main forms of outsourcing the business processes;
  - (i) outsourcing to a third party, and
  - (ii) outsourcing to its own subsidiary company specially formed to handle a specific activity.

**Note**

### 23.11.2 MERITS OF OUTSOURCING OF SERVICES

- (a) It provides an opportunity to the organisation to concentrate on areas in which it has core competency or strength. It keeps the organisation free from repetitive and mundane functions.
- (b) It helps better utilisation of its resources as the management can focus its attention on selected activities and attain higher efficiency.
- (c) It helps the organisation to get an expert and specialised service at competitive prices leading to provision of improved service and reduction in costs. The BPO organisations have considerable strength and adapt best practices to provide the service more efficiently.
- (d) It enables expansion of business as resources saved from outsourcing can be used for expanding the production capacity and the product line and seek new markets.
- (e) Apart from financial returns, it facilitates inter-organisational knowledge sharing and collaborative learning.

### 23.11.3 LIMITATIONS OF OUTSOURCING OF SERVICES

- (a) It may be opposed by labour unions who feel threatened by possible reduction in their strength and prospects.
- (b) It reduces confidentiality as outsourcing involves sharing a lot of information with others. This implies a possibility of its communication to the competitors by such persons.
- (c) Globalised outsourcing at times causes resentment in the manpower of the home countries who feel threatened by increased competition.
- (d) The organisation hiring others may face the problem of loss of managerial control because it is more difficult to manage outside service providers than managing one's own employees. Not only that, it may also lead to decrease or total loss of in-house expertise and the organisation becomes partially or totally dependent on the service provider.

In view of the above limitations of outsourcing, it becomes necessary for the outsourcing company to take the necessary preventive steps, remain in constant touch with the service provider, and maintain control of the outsourced operations.



**Note**

## 23.11.4 KNOWLEDGE PROCESS OUTSOURCING (KPO)

KPO means outsourcing services that require expertise of a higher order. i.e. high end Knowledge Work is done by an outside organisation. KPO is mainly done to improve the efficiency and quality and to reduce costs of doing business. KPO requires professionals with right skills, attitude and experience.

### Distinction between BPO and KPO

BPO	KPO
1. Repeatable processes	1. Non repeatable process.
2. Quick learning is needed	2. Need regular learning process.
3. Large number of workers.	3. Smaller work force.
4. Comparatively less experts	4. Specialists/experts
5. Predetermined way to solve problem	5. No pre-determined way to solve problems.



### INTEXT QUESTIONS 23.6

1. Identify the merits and limitations of Outsourcing of Services.
  - (a) It facilitates inter-organisational knowledge sharing and collaborative learning.
  - (b) It reduces confidentiality of information.
  - (c) It helps in concentrating on the core competency of the organisation.
  - (d) The management finds it difficult to handle the outside staff.
  - (e) It provides expert and specialised service at competitive prices.
2. Tick the right choice:
  - i. Name the act of protecting information by transforming into an unreadable format.
    - a) VIRUS    b) Hacking    c) Cryptography    d) None of the above
  - ii. In online buying the buyer drops the items selected in a \_\_\_\_\_.
    - a) Shopping cart    b) Shopping box    c) Net card    d) None of the above

- iii. Plastic Card is the popular name for  
a) Debit/Credit card b) Cheque c) Digital Cash d) None of the above



**TERMINAL EXERCISE**

**Very Short Answer Questions**

1. Define the term 'e-commerce'.
2. State any two precautions one should take while making online transactions.
3. Mention any two advantages of outsourcing of services.
4. What is meant by 'Internet banking'?
5. Give the meaning of 'B2C e-commerce'.
6. Name the electronic currency that exists in cyberspace.

**Short Answer Questions**

1. State any four uses of Internet in our daily life.
2. Distinguish between 'e-Business' and 'e-Commerce'.
3. Mention any four limitations of 'e-Commerce'.
4. Distinguish between 'Debit Card' and 'Credit Card'.
5. Explain the usefulness of 'e-Post' facility for the general public.
6. State any two requirements for successful implementation of e-business.
7. What is meant by Knowledge Process Outsourcing?

**Long Answer Questions**

1. Explain the merits of 'e-Commerce'.
2. Describe the transaction process of 'e-Commerce'.
3. Explain any four new trends of banking services under the e-Banking mode.
4. What is meant by outsourcing of services? Explain its features.
5. State the meaning of 'e-Banking'. Explain any two modes of e-Banking.
6. Distinguish between BPO and KPO.
7. How can security of e-business transactions be ensured?



**Note**

### Awareness in Business and Employment



**Note**

8. Explain the steps involved in the payment mechanism of online transactions?
9. You are interested in giving a new mobile phone to your mother as a gift on mother's day. One of your friends told you that you can get it quite cheaper through online shopping, for which you have no experience. But you decide to try at least once. Explain the steps you will follow to get the mobile phone for your mother through online shopping.
10. Your father is a businessman having a business of digital watches. He heard a lot about e-business from his friends, newspapers and magazines. Now he is equally interested in entering in the field of e-business as he wants to enter into new markets which were far from his reach. As you are a student of senior secondary, he discussed the matter with you. Explain to him the various resources required for successful implementation of e-business.



### ANSWERS TO INTEXT QUESTIONS

23.1

1. Internet is a worldwide system of computer network through which the users at any computer can access the information from other computers.
2. www: World Wide Web                      B2B: Business to Business  
B2C: Business to Customer                C2C: Consumer to Consumer

23.2

1. Intra-B Commerce refers to interaction and dealings among various departments and persons within the firm with the help of computer and interconnected telecommunication network.
2. Merits: (b), (c), (d)                      Limitations: (a), (e)

23.3

1. (a) Credit card    (b) Debit card    (c) Store's value card    (d) Cheque
2. (d), (a), (c), (b), (e)

23.4

1. Withdrawals and deposits of money



**Note**

2. (a) Credit card (b) ATM (c) Telebanking (d) Internet banking

23.5

1. e-post is a service offered by post office through which printed or hand written messages are transmitted as e-mail on internet.

2. (a) e-Trading at stock exchanges  
(b) Computerisation of mail transmission and Processing  
(c) e-Post(d) e-Ticketing

23.6

1. Merits: (a), (c), (e) Limitations: (b), (d)  
2. (i) c (ii) a (iii) a

**DO AND LEARN**

1. You are required to visit the nearby post offices and banks and find out the various services that are being rendered electronically or through the use of computers. Make a list of those services and their features.

1. Sonam a girl of 15 years of age. Once she got an opportunity to visit the branch of a Bank along with her mother. Due to failure of the server, her mother could not perform the transactions she wanted to perform. Now Sonam is curious to know the role of server in banking activities. Her mother took her to the Bank Manager.

Sonam : Good morning Sir, today I came to Bank with my mother for some work, but we came to know that server is down.

Manager : Good morning, Yes, today the server is not working for which I am extremely sorry; sorry for the inconvenience caused to you.

Sonam : No need to feel sorry sir, I just want to be know something more about the role of internet in Banking services.

Manager : Sure.

Please continue the discussion of Sonam & Bank Manager about the e-banking and various services provided by bank to general public through internet.

### Awareness in Business and Employment



**Note**

### ROLE PLAY

1. Shivani was to attend her cousin's marriage. She ordered a saree for the occasion through an online shopping website. To her surprise when she received the order it was different from what she had ordered. She immediately called the customer care of the website but there was no response. Shivani then talked to her friend about the incident. Her friend explained about the online transaction risks and precautions to be taken while purchasing online.

Dramatise the situation by assuming a role for yourself and your friend.



BLUE PRINT

Subject: Business Studies

Class: XII

Maximum Marks: 100

Time: 3 hours



Note

Sl. No.	Objective Form of Questions Content Unit	Knowledge				Understanding				Application				Total
		LA	VSA	SA	MCQ	LA	VSA	SA	MCQ	LA	VSA	SA	MCQ	
1.	Module 1 Introduction to Business	6 (1)	3 (1)		1 (2)							4 (1)		15
2.	Module 2 Business Management and its Functions			4 (1)		6 (1)	3 (3)						1 (1)	20
3.	Module 3 Business Finance		3 (1)			6 (1)		4 (2)					1 (3)	20
4.	Module 4 Marketing			4 (1)	1 (1)		3 (3)			6 (1)				20
5.	Module 5 Trade		3 (2)					4 (1)						10
6.	Module 6 Avenues in Business and Employment				1 (1)			4 (2)		6 (1)				15
	<b>Total</b>			<b>30</b>				<b>50</b>				<b>20</b>		<b>100</b>

Note:

- Figures within brackets indicate the number of question and figures outside the brackets indicate marks.
- Denotes that marks have been combined to form one question.

SUMMARY

LA –Long Answer	No	<u>05</u>	× 6	Marks: 30
SA-Short Answer	No	<u>08</u>	× 4	Marks: 32
VSA-Very Short Answer	No	<u>10</u>	× 3	Marks: 30
MCQ	No	<u>08</u>	× 1	Marks: 08



Note

## Suggestive Marking Scheme

Ques No.	Details	Notes	Marks
1	D	—	1
2	A	—	1
3	C	—	1
4	B	—	1
5	D	—	1
6	A	—	1
7	C	—	1
8	A	—	1
9	<ul style="list-style-type: none"> <li>● Meaning: The human activities that are undertaken with an objective to earn money or livelihood are called economic activities.</li> <li>● Any two relevant example</li> </ul>	—	1+2
10	<ul style="list-style-type: none"> <li>● Meaning: Control consists in verifying whether everything occurs in conformity with the plan adopted, the instructions issued and principles established.</li> <li>● Characteristics:                             <ul style="list-style-type: none"> <li>o Planning is the Basis of Control</li> <li>o Control is a Continuous Process</li> <li>o Control is All Pervasive</li> <li>o Action is the Essence of Control</li> <li>o Control is Forward Looking</li> </ul> </li> </ul>	Any 2 characteristics	1+2



**Note**

11	<ul style="list-style-type: none"> <li>● Meaning: process of systematically collecting information relating to all the aspects of a job. It is a task that compiles and analyze is data relating to skills, abilities, knowledge, duties, responsibilities, relationships of a specific job.</li> <li>● Difference: Job description- statement of duties and responsibilities and tasks involved for each job. Job specification- statement of the qualifications, skills and abilities required for performing the job.</li> </ul>	—	1+1+1
12	<ul style="list-style-type: none"> <li>● The planning process:                             <ul style="list-style-type: none"> <li>○ Establishment of Objectives</li> <li>○ Making Assumptions (establishing Planning premises) about the External and Internal Conditions</li> <li>○ Development of Alternative Courses of Action</li> <li>○ Evaluation of Alternatives</li> <li>○ Selecting the Appropriate Course of Action</li> <li>○ Arranging for Implementation</li> <li>○ Review and Follow up</li> </ul> </li> </ul>	Explanation not needed	3
13	<ul style="list-style-type: none"> <li>● No·</li> <li>● Limitations                             <ul style="list-style-type: none"> <li>○ It is vague</li> <li>○ It ignores the timing of returns.</li> <li>○ It ignores risk.</li> </ul> </li> <li>● Wealth maximization</li> </ul>	—	1+1+1

# Module - 6

## MODERN MODES OF BUSINESS

Awareness in Business and Employment



Note

14	<ul style="list-style-type: none"> <li>● Levels of Packaging                             <ul style="list-style-type: none"> <li>○ Primary Package</li> <li>○ Secondary Package</li> <li>○ Transportation Packaging or Final Packaging</li> </ul> </li> </ul>	Explanation needed with suitable example	1+1+1
15	<ul style="list-style-type: none"> <li>● Societal Marketing Concept:                             <ul style="list-style-type: none"> <li>○ Emphasizes the importance of the well-being of customers</li> <li>○ consumer welfare or societal welfare</li> <li>○ Marketers to build social and ethical considerations into their marketing practices.</li> <li>○ Public health, education, environmental protection etc. are some of the social goals.</li> </ul> </li> </ul>	Overall	3
16	<ul style="list-style-type: none"> <li>● Meaning: It refers to all those activities undertaken by a company to promote the buying or selling of a product or service.</li> <li>● Four P's of Marketing                             <ul style="list-style-type: none"> <li>○ Product</li> <li>○ Price</li> <li>○ Place</li> <li>○ Promotion</li> </ul> </li> </ul>	—	1+0. 5+0. 5+0. 5+0.5
17	<ul style="list-style-type: none"> <li>● Specialty Store: These stores deal with products of a specific brand or company. All varieties of any</li> </ul>	—	1.5+1.5



Note

	particular brand or manufacturer are made available in these stores.		
	<ul style="list-style-type: none"> <li>● Single Line Store: These stores deal with a specific line of goods. They sell goods of different size, brands, designs, styles and quality of the same product line.</li> </ul>		
18	<ul style="list-style-type: none"> <li>● Meaning: It is a form of retailing wherein two parties enter into an agreement in which one party authorizes others to sell or produce and sell specified goods and services.</li> <li>● Features:                             <ul style="list-style-type: none"> <li>○ It is based on an agreement between the franchiser and the franchisee, wherein they enter into a commercial relationship, generally for an agreed period of time.</li> <li>○ The franchisee gets the right to use a particular brand name, process or product owned by the franchiser, for the purpose of retailing, in return for a fee.</li> <li>○ Any other feature</li> </ul> </li> </ul>	Any 2 features	1+2
19	<ul style="list-style-type: none"> <li>● Based on the extent of participation:                             <ul style="list-style-type: none"> <li>○ Active Partners</li> <li>○ Sleeping Partners</li> </ul> </li> <li>● Based on sharing of profits:                             <ul style="list-style-type: none"> <li>○ Nominal Partners</li> <li>○ Partners in Profits</li> </ul> </li> </ul>	—	2+2

# Module - 6

**Awareness in Business and Employment**



**Note**

20	<ul style="list-style-type: none"> <li>● Planning fixes the goals/standards to be achieved. Controlling checks the actual performance with the standards fixed.</li> <li>● Planning sets the course of actions. Control compares the actual course and the planned course.</li> <li>● Planning is both backward looking and forward looking.</li> <li>● Like planning, controlling is also both backward looking and forward looking.</li> </ul>	Overall	4
----	--	---------	---

21	<ul style="list-style-type: none"> <li>● Meaning: It refers to a device through which you can lift more weight with minimum efforts.</li> <li>● Types of Leverage:             <ul style="list-style-type: none"> <li>o Financial leverage</li> <li>o Operating Leverage</li> <li>o Combined leverage</li> </ul> </li> </ul>	Explanation needed	1+1+1 +1
----	--	--------------------	-------------

22	<b>BASIS</b>	<b>SHARES</b>	<b>DEBENTURES</b>	Any 4	1+1+1+1
----	--------------	---------------	-------------------	-------	---------

1. Status	Shareholders are the owners of the company. They provide ownership capital which is not refundable unless the company is liquidated.	Debenture holders are the creditors of the company. They provide loans generally for a fixed period, which are to be paid back.
-----------	--	---

2. Nature of return on investment	Shareholders get dividends. Its amount is not	Interest is paid on debentures at a fixed rate. Interest
-----------------------------------	---	--



Note

	fixed as it depends on the profit of the company.	is payable even if the company is running at a loss.	
3. Rights	Shareholders are the real owners of the company. They have the right to vote and determine the policies of the company.	Debentureholders do not have the right to attend meetings of the company. So they have no say in the management of the company.	
4. Security	No security is required to issue shares.	Generally debentures are secured. So, sufficient fixed assets are required when debentures are to be issued.	
5. Order of repayment	Share capital is paid back only after paying the debentureholders and creditors.	Debentureholders have the priority of repayment over shareholders.	
6. Risk	Risk is high due to uncertainty of returns.	Little risk due to certainty of return.	
23	<ul style="list-style-type: none"> <li>● Factors:                             <ul style="list-style-type: none"> <li>○ Cost</li> <li>○ Demand</li> <li>○ Competition</li> </ul> </li> </ul>	Any 4 points explanation needed	1+1 +1+1

### Awareness in Business and Employment



**Note**

- o Marketing Objectives
  - o Government Regulation
- 24 ● Meaning: When buying and selling of goods and services takes place within the geographical boundaries of a country.

Any 3  
difference

1+3

- Difference

Basis	Wholesale trade	Retail trade
1. Number of items	Deals in a few items.	Deals in a variety of items.
2. Quantity of goods bought and sold	Large	Small
3. Source of purchase	Manufacturers	Wholesalers/ producers
4. Main activity	Sells goods to the retailers.	Sells goods for consumption or final use.

- 25 ● Avenues of self-employment

—

1+1+  
1+1

- o Trading
- o Manufacturing
- o Professionals
- o Individualized services.

- 26 ● Trading
- Personalized service
- Or Any other suitable point

—

2+2





**Note**

27	<ul style="list-style-type: none"> <li>● Process of formation of a company:                             <ul style="list-style-type: none"> <li>○ Promotion stage</li> <li>○ Registration/Incorporation stage</li> <li>○ Capital Subscription stage</li> <li>○ Commencement of Business stage</li> </ul> </li> </ul>	Detailed explanation expected	6
28	<ul style="list-style-type: none"> <li>● External Sources of recruitment:                             <ul style="list-style-type: none"> <li>○ Media Advertisements</li> <li>○ Employment Exchanges</li> <li>○ Educational Institutions</li> <li>○ Unsolicited Application</li> <li>○ Recruitment at the Factory gate</li> <li>○ Referrals</li> <li>○ Placement Agencies</li> </ul> </li> </ul>	Any 6 points with brief explanation	1+1+1 +1+1 +1
29	<ul style="list-style-type: none"> <li>● Meaning: stock exchange is the term commonly used for a secondary market, which provides a place where different types of existing securities such as shares, debentures and bonds, government securities can be bought and sold on a regular basis.</li> <li>● Functions:                             <ul style="list-style-type: none"> <li>○ Provides a ready market for securities</li> <li>○ Provides information about prices and sales of securities</li> </ul> </li> </ul>	Any 5 functions with brief explanation	1+1+1 +1+1 +1

# Module - 6

**Awareness in Business and Employment**



**Note**

- o Provides safety to securities dealings and investment
- o Facilitates mobilisation of savings and capital formation
- o Barometer of economic and business conditions
- o Efficient Allocation of funds:

30	<ul style="list-style-type: none"> <li>● Qualities:                             <ul style="list-style-type: none"> <li>o Good Personality</li> <li>o Mental Qualities</li> <li>o Good Behaviour</li> <li>o Knowledge</li> <li>o Ability to communicate and persuade</li> <li>o Persistence</li> </ul> </li> </ul>	—	1+1+1 +1+1 +1
31	<ul style="list-style-type: none"> <li>● Institutional support to small business                             <ul style="list-style-type: none"> <li>o National Small Industries Corporation Ltd.</li> <li>o State Small Industries Development Corporations</li> <li>o National Bank for Agriculture and Rural Development</li> <li>o Small Industries Development Bank of India</li> <li>o Small Industries Service Institutions</li> <li>o District Industries Centers</li> </ul> </li> </ul>	—	1+1+1 +1+1 +1

## Sample Question Paper

### Business Studies

(319)

#### Senior Secondary Course

Time: 3 Hours

Maximum Marks: 100

Answer all the questions

**Select the correct option out of the given options for questions 1 to 8. 1×8=08 Marks**

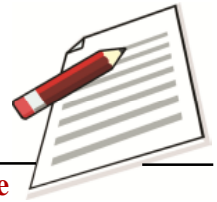
1. Which of the following is not required for the commencement of a business?
  - a) Memorandum of Association
  - b) Article of Association
  - c) Certificate of Incorporation
  - d) Commencement of Business Certificate
  
2. Identify the appropriate cause from the following if a company suffered a loss due to tsunami:
 

a) Natural Cause	b) Human Cause
c) Economic Cause	d) Political Cause
  
3. Identify the plan which is numerical and can be expressed in monetary terms.
 

a) Objective	b) Strategy
c) Budget	d) Policy
  
4. If the operating leverage is 3 and financial leverage is 2, the combined leverage is?
 

a) 2	b) 2.5
c) 7	d) 1.5
  
5. Which of the following is a foreign source of long-term financing?
 

a) ADRs	b) GDRs
c) SFIs loans	d) All of these



**Note**

### Awareness in Business and Employment



**Note**

6. NSDL stands for
  - a) National Securities Depository Ltd.
  - b) National Securities Deposits Ltd
  - c) National Savings Depository Ltd
  - d) National Services Depository Ltd
7. What does NABARD stand for?
  - a) National Agriculture Bank and Rural Development
  - b) National Bank for Agriculture and Regional Development
  - c) National Bank for Agriculture and Rural Development
  - d) National Bank for Agricultural and Rural-Urban Development
8. As per the Selling concept, it is believed that customers primarily buy products that are
  - a) Sold Aggressively
  - b) Sold Defensively
  - c) Widely available
  - d) Good quality

**Answer the questions 9 to 18 in about 80-100 words.**

**3x10=30**

9. Define economic activities and give two examples of economic activities.
10. What is control? Explain any two characteristics of control.
11. What do understand by Job Analysis? Explain the difference between job description and job specification.
12. Enumerate the steps involved in the planning process. (Explanation not needed).
13. "Profit maximization is regarded as the prime objective of any business" Do you agree with the given statement?
14. "Packaging is the act of designing and producing appropriate container or cover for the product". In context of the given statement explain the various levels of packaging.
15. "The social and ethical considerations have become integral parts of any marketing strategy these days". In the light of this statement explain the societal marketing concept.
16. What is marketing? Explain the 4Ps of marketing in brief.



**Note**

17. Explain the terms “Specialty store” and “Single Line store”.
18. What is franchising? Explain any two features of a franchise agreement.

**Answer the questions 19 to 26 in about 100-120 words. 4x8=32**

19. Explain the types of partners on the basis of “Extent of participation” and “Sharing of profits”
20. ‘There is a close and reciprocal relationship between planning and controlling’. Comment. What do you understand by venture capital? Enumerate distinguishing features of venture capitalist.
21. What do you understand by leverage, explain the different types of leverage?
22. Explain the difference between shares and debentures.
23. What are the factors to be considered while deciding price of a product?
24. What is Internal Trade? Distinguish between wholesale trade and retail trade.
25. What are the different avenues of self-employment?
26. Identify any two specific areas of economic activity, which can be effectively managed by small business enterprises.

**Answer the questions 27 to 31 in about 120-150 words. 6x5=30**

27. Mrs. Chandni wants to start a new business in the form of a company. She, however, doesn’t know how to register a company and the steps involved in starting of a company. You are an expert in the area of company registration and therefore she seeks your help for the said promotion of the company. Explain to her in detail the steps involved in formation of a company.
28. Mr. Atif is the HR manager of a large Multi-National Corporation. His company wants to hire new employees and want to utilize internal sources of recruitment but Mr. Atif as a diligent HR manager suggests otherwise. if you were in the place of Mr. Atif what sources of recruitment would you have suggested.
29. What do you understand by stock exchange? Explain its main functions.
30. One reputed company wants to recruit salesmen for retail stores. Can you identify the qualities they should look for in the prospective candidates?
31. State any six types of assistance and support provided by the Government of India for development of small-scale business.



**Note**

## SAMPLE QUESTION PAPER

Subject: Business Studies

Class: XII

Maximum Marks: 100

Time: 3 hrs.

### 1. Weightage by Objectives

Objectives	Marks	% of total marks
Knowledge	30	30
Understanding	50	50
Application	20	20
	100	100

### 2. Weightage by types of Questions

Types of Question	No. of Questions	Marks per Questions	Total marks	Estimated time a candidate is expected to take
MCQ	08	1	08	08
VSA	10	3	30	50
SA	08	4	32	52
LA	05	6	30	60
	31		100	170+10=180

### 3. Weightage by Contents

Modules	Marks
1. Module 1 Introduction to Business	15
2. Module 2 Business Management and its functions	20
3. Module 3 Business Finance	20
4. Module 4 Marketing	20
5. Module 5 Trade	10
6. Module 6 Avenues in Business and Employment	15

# WHAT HAVE YOU LEARNT

