

**Q. 1 (A) Select the correct option and rewrite the sentences.**

1. **Port risk** policy covers all types of risks of a vessel while it is anchored at the port for a particular period of time.  
a) Port risk b) Voyage c) Floating
2. For online transactions, **Registration** is required.  
a) Registration b) Trading c) Business
3. In India, the consumer protection act was initiated in the year **1986**.  
a). 1947 b). 1989 c). 1986
4. Businessmen are **leaders** of the society.  
a) Representatives b) leaders c) Trustees
5. In the **Exchange** concept of market, emphasis is given on 'buying & selling of goods & services.'  
a) Place b) Exchange c) Customer

**(B) Match the pairs**

**Group A**

- 1. Henry Fayol  
— 2. Entrepreneur  
— 3. B2C  
— 4. Responsibility towards government  
— 5. National commission

**Ans. Group B**

5. Modern management  
7. Self-motivated  
10. Business to customer  
6. Respecting rules & regulations  
3. Exceeds Rs 10 crores

**(C) Give One Word.**

1. The principle which deals with 'To do work with innovative way' - **Principle of Initiative**
2. The process of contracting a business function to specialized agencies - **Outsourcing**
3. Duties, obligations of business directed towards welfare of society - **Social Responsibility**
4. The commission which entertains case where the value of goods or services paid as consideration does not exceed Rs 1 crore - **District Commission**
5. Two sellers, selling either a homogenous product or a differentiated product - **Duopoly**

**(D) State whether a following statements are True or False.**

1. Henry Fayol has given different techniques of management - **True**
2. Every function of management is based on planning - **True**
3. In bonded warehouse, imported goods on which custom duty is already paid are stocked - **False**
4. It is very easy to set up e business as compare to traditional business - **True**

5. The commercial organization are expected to uplift the weaker section of society - **True**

**Q. 2 Explain the following Terms / Concepts**

1. Principle of Authority & responsibility - **Authority is the right to take decisions. It is necessary to get the things done appropriately from subordinates. Authority always comes with the responsibility. If the manager is given the authority to complete a task within a given time, he should be held responsible if he does not complete the work in given time.**

2. Organizing - **Organizing is the process of defining and grouping the activities of the enterprise and establishing the authority relationships among them. In performing the organizing function, the manager defines, departmentalizes and assigns activities so that they can be most effectively executed**

3. E business.

— **The term 'E-business' i.e electronic business is derived form the terms e-mail and e-commerce. E- business or electronic business, is the administration of conducting business via the internet. This would include the buying and selling of goods or services, along with providing technical or customer support through the internet.**

4. Social responsibility.

**Social responsibility of business refers to its obligation to take those decisions and perform those actions which are desirable in terms of the objectives and values of our society. So, all the activities of business should be performed in such a manner that they will not harm any part of society rather they will protect and contribute to the interest of society**

5. District commission.

**A consumer dispute redressal commission at each district established by the State Government is known as District Commission. Territorial Jurisdiction of district commission is entire district in which it is established. - District Commission shall have jurisdiction to entertain complaints where the value of the goods or services paid as consideration does not exceed Rs. one crore.**

6. Marketing mix.

**Marketing Mix is the combination of different marketing variables that the firm blends and controls to achieve the desired result from the target market. In simple words the marketing mix is putting the right product, at the right time, at the right price in the right place. It is one of the important tools of the marketing.**

**Q.3 Study the following Case / Situation and express your opinion. (Any2)**

1. Mr. Harshad is an entrepreneur and engaged in production of eco-friendly utensils. Both male and female workers are working in his factory. All male employees are directly working on machines whereas female employees are working in Packaging Department. Mr. Sharath is working as Finance Manager while Mrs. Naina is working as HR Manager who is responsible for recruiting employees in the factory.

On this basis:

i) Identify any one principle of management in above case –

The management follows **Principle of Division of Work**

ii) What is the designation of Mrs. Naina in this organization –

Mrs. Naina's designation is **HR Manager**

iii) Who is responsible for overall planning of the organization –

**Mr. Harshad** is responsible for overall planning of the organization.

2. Mr. Ved made his payment by cheque at the same time Mr. Shlok made his payment by fund transfer.

i. Whose payment is faster? —

**Mr. Shlok's** payment is faster.

— ii. Whose payment is related to traditional business?

**Mr. Ved's** payment is related to traditional business.

iii. Whose payment is related to e-business

**Mr. Shlok's** payment is related to e-business.

3. Mr. Kumar purchases goods from nearest shop. Mr. Azhar purchases mobile from Tokyo. Mr. Ram on Nandurbar purchases electronic goods from Delhi.

i. From which type of market did Mr. Kumar purchase?

Mr. Kumar purchased goods from **Local Market**.

ii. Name the type of market from where Mr. Azhar deals.

Mr. Azhar deals in **International Market**.

iii. State the type of market from where Mr. Ram of Nandurbar deals.

Mr. Ram of Nandurbar deals in **National Market**.

**Q.4 Distinguish between (Any 3) marks**

**12**

1. Planning and Organizing (Write any 4 points)

Points	Planning	Organizing
1. Meaning	Planning is deciding in advance what to do how to do it, when to do it and who is to do it.	Organising is the process of defining and grouping the activities of the enterprise and establishing the authority relationships among them
2. Objective	To set goals and choosing the	To identify and bring together all

	means to achieve these goals.	required resources.
3. Area of function	It includes setting objectives by identifying the ways of attaining the goal and selecting the best plan.	It includes identification and grouping of activities, assigning the work and establishing the authority relationship.
4. Factors	Internal and external factors are considered in planning process.	Internal and external factors are considered in arrangement of resources.
5. Order	It is the basic first function of management process.	It is based on planning.
6. Resources	Planning is done as per the requirement and availability of resources.	All available resources i.e. men, money, material, machine and method are arranged in a systematic manner.
7. Nature	It is continuous in nature. It exists in the whole life of organization.	It takes place till the time all the resources are collected and arranged.
8. Level of Management	Top management is concerned with planning the activities.	Top and middle level management s related with organizing the required resources.

### 2. E-Business and Traditional Business. (Write any 4 points)

Points	E-Business	Traditional Business.
1. Formation	E- Business is easy to form	Traditional business takes lengthy and complicated procedure to form
2. Setting up cost	It takes a very nominal cost	It takes huge capital in order to setup
3. Risk involved	High risk involved as there is no direct contact between the parties	Less Risk involved as parties have personal interaction.
4. Scope of business	E- business covers entire world and so scope is vast	Traditional business is limited to articular area so scope is limited.
5.Customer interaction	In E-business there is absence of face-to-face interaction.	Face to face interaction is possible
6.Physical	Goods cannot be inspected	Goods can be inspected

inspection	physically before purchase	physically before purchase
7. Delivery of goods	In E-business delivery of goods takes time	In traditional business delivery of goods is instant.
8. Scope	More business can be done easily without any hassles	It is difficult to perform more business in this model.

**3. District Commission and State Commission. (Write any 4 points)**

<b>Points</b>	<b>District Commission</b>	<b>State Commission</b>
1. Meaning	A consumer dispute redressal forum at the district level established by the State Government is known as District Commission.	A consumer dispute redressal forum at the State level established by the State Government is known as State Commission.
2. President	A person who is sitting or retired or qualified to be District Judge.	A person who is sitting or retired or Judge of High Court, shall, be appointed by the State Government as the President of State Commission.
3. Member	Not less than two and not more than such number of members as may be prescribed, in consultation with the Central Government	Not less than four or not more than such number of members as may be prescribed in consultation with the Central Government.
4. Membership	Tenure The members can have the membership for a term of five years or upto the age sixty five years, whichever is earlier.	The members can have the membership for a term of five years or up to the age sixty seven, whichever is earlier.
5. Area covered	It covers particular district	It covers particular state
6. Monetary Jurisdiction	To entertain complaints where the value of the goods or services paid as consideration does not exceed Rs. one crore.	To entertain complaints where the value of the goods or services paid as consideration, exceeds Rs. one crore, but does not exceed Rs. ten crore.



7. Appeal	Appeal against the District Commission can be made to the State Commission.	Appeal against the State Commission can be made to the National Commission.
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#### 4. Commercial Bank and Central Bank (Write any 4 points)

Points	Commercial Bank	Central Bank
1. Function	The main function is to accept deposits from public for lending to industry and others.	The main function of the central bank (RBI) is to regulate the money supply in the country.
2. Printing of currency	The commercial banks cannot print currency	The central bank can print currency notes.
3. Acceptance of deposits	The commercial bank accepts deposits from public	The Central Bank does not accept deposits from public.
4. Loans	The commercial— banks provide loan to industry and commerce.	The Central bank provide loans to bankers and financial institutions
5. Ownership	It can be owned by private and /or by the government agencies.	It is owned and controlled by the government of India
6. Number of banks	There are many commercial banks in India.	There is only one Central Bank (RBI) in India.
7. Monetary policy	The commercial banks do not frame any monetary policy	The Central Bank frames the monetary and credit policy.

#### Q.5 Answer in brief. (Any 2)

1. Explain any 5 principles of management of Henry Fayol.

**1) Principle of Division of Work:** According to this principle, the work is divided into different kinds such as technical, financial, commercial, security operations, accounting and managerial. It is assigned to employees as per their qualities and capabilities. It helps in improving efficiency and expertise of employees which ultimately turns into expected productivity level.

**2) Principle of Authority and Responsibility:** Authority is the right to take decisions. It is necessary to get the things done appropriately from subordinates. Authority always comes with the responsibility. If the manager is given the authority to complete a task within a given time, he should be held responsible if he does not complete the work in given time. Manager should have proper authorities to take

managerial decision on his own in respect to the goal.

**3) Principle of Discipline:** According to Fayol, discipline is the most essential thing in the organisation. Employees must obey and respect the rules that govern the organisation. Discipline helps to achieve the goals in the organisation. Good discipline is the result of effective leadership. There must be a clear understanding between the management and workers regarding the organisation's rules. Basic discipline should be observed at all levels of management.

**4) Principle of Unity of Command:** Each member of organization should receive orders from only one superior. This principle helps in managing conflicts and solving disputes among people in organization. It also helps in avoiding confusion. If an employee receives commands from more than one authority, he will get confused and will not be able to take decision about whose orders should be followed. This is wrong approach. For this organizational hierarchy should be well defined. Each employee should know his immediate superior and should receive orders from him only.

**5) Principle of Unity of Direction:** This principle states that 'there should be one head and one plan' in every organization. Each group in the organization should have the same objective and the group should be directed by one manager using single plan.

2. Explain any 5 importance of planning.

**1) Helps to set clear objectives:** Planning is concerned with setting objectives, targets, and formulating plans to achieve them. It helps managers to analyze the present condition of the organization and on that basis to identify the ways of attaining the desired position in future.

**2) Provides path of action:** Planning ensures that the goals or objectives are clearly stated. They act as a guide and they provide direction for doing the right things at the right time with right way. It helps employees to know what organization has to do and what they must do for achieving the goals.

**3) Planning improves performance:** It helps managers to improve future performances of employees by establishing objectives and selecting a course of action. It is beneficial for the organization. Planning leads to efficient working of the employees. Due to proper planning, the employees can work according to timely guidelines. This improvement in performances results into higher profitability of the organization.

**4) Minimizes the risk:** Planning is based on forecasting technique. It is the process of looking into the future and anticipating the future changes. By deciding in advance the tasks to be performed, planning shows the way to deal with changes and uncertain events. Changes or risks cannot be eliminated totally but they can be

anticipated and can be tackled with preventive measures. It minimizes the risk of future or uncertainties of future.

**5) Planning leads to optimum utilization of resources:** Organizational plans are prepared by taking into consideration the availability of resources and proper allocation of resources for various activities. It also facilitates optimum utilization of resources which brings higher efficiency and better results. One can avoid wastage of resources by proper planning.

3. State any 4 modes of Transport.

**1) Road Transport:** Roads are means that connect people and places on the surface of the land. It provides all over connectivity in any terrain as compared to other modes of transport. Various means of transport are used under road transport such as bullock cart, cycles, rickshaws, buses, cars etc. Bus Rapid Transit (BRT) systems have been introduced in many states to improve public transport system in India. India has a network of village roads, district roads, state highways and national highways which form the economic backbone of the country. In India, Ministry of Road Transport and Highways (MoRTH) looks after development of surface transport — throughout the country.

**2) Rail Transport:** Transportation of goods and passengers on rail lines through trains is called as rail transport. It occupies an important place in land transport system of our country and is most dependable mode of transport to carry goods and passengers' over long distance. In India, Ministry of Railways looks after the development of rail transport throughout the country. Indian railway runs various type of trains like passenger trains, mails, express and cargo or goods trains. Some popular trains are Rajdhani express, Duronto express, Shatabdi express, Intercity express, Vande Bharat Express and holiday special trains etc. Indian railways also runs some luxury trains such as Palace on Wheels, Deccan Odyssey, Ramayana Express, Maharaja Express to promote domestic tourism.

**3. Air Transport:** Air transport carries the goods and passengers through airways by using different aircrafts like passenger aircrafts, cargo aircraft, helicopters etc. This is the fastest mode of transport but it does not provide door to door service. In hilly or mountainous areas where other modes of transport is not accessible, air transport is important and convenient mode. Air transport is also suitable mode in case of emergency like war, medical, natural calamities, rescue operations etc. Air transport is classified into domestic transport and international transport. Air transport is carried out in fixed air routes. Various national and international public sector and private sector air ways companies are giving services on domestic and international routes. For example: Domestic Air India (Public sector) Spicejet (private sector). International Quantas Airways Limited (Australia-public sector) etc.

**4) Water Transport:** Water transport refers to movement of goods and passengers



on waterways by using various means like boats, steamers, launches, ships etc. With the help of these means goods and passengers are carried to different places, both within as well as outside the country. When the goods and passengers move inside the country, it is known as inland water transport. When the different means of transport are used to carry goods and passengers on the ocean or sea route, it is known as ocean or sea transport. In India, Ministry of Shipping looks after development of ocean transport throughout the country.

**Q.6 Justify the following statements. (Any 2)**

1. Planning is the first function of management.

1. Planning is the basic function of management. Every function of management is based on planning. It includes deciding the things to be done in advance.

2. Planning is an intellectual process of logical thinking and rational decision making. It focuses on organization's objectives and develops various courses of action. Designing a proper planning and implementing accordingly is the key of achieving the objectives of an organization.

3. In short, planning is a detailed programme of future courses of action. Planning ensures that the goals or objectives are clearly stated. Due to proper planning, the employees can work according to timely guidelines.

4. It minimizes the risk of future or uncertainties of future. Every organisation functions towards achieving goal and goal is set at the planning stage.

5. Unless the plan is ready, other management functions such as organizing, staffing etc.—cannot be undertaken thus, planning facilitates all other functions of management.

2. An Entrepreneur must be an innovator.

1. An entrepreneur is basically an innovator.

2. He introduces new combinations of means of production.

3. He must introduce new products or brings changes in the existing products.

4. Customers are satisfied with new products or new features in the existing products. Innovation is also necessary to solve problems that arise in the business

3. Principle of subrogation is applicable to all contracts of indemnity.

1. This principle is applicable to all contracts of indemnity. As per this principle, after the insured is compensated for the loss due to damage of the property insured, then the right of ownership of such property passes on to the insurer.

2. This principle is applicable only when the damaged property has any value after the event causing the damage.

3. For example, Mr. A owns a two-wheeler. The vehicle was stolen and subsequently Mr. A filed a complaint in local police station. Upon receiving report from police, the insurance company compensated fully Mr. A for the loss of the vehicle. Later on the

stolen vehicle was recovered by police. In this situation, the owner of the vehicle does not have any claim over the vehicle as he has already subrogated i.e. transferred the ownership rights of the vehicle to the insurer. The insurer gets every right to sell or to scrap the said vehicle.

4. Business should allow workers' participation in management.

1. The workers must be encouraged to take part in management by forming workers committee. It will help management to understand the problems faced by workers. Management also can get different types of solution from the workers on different types of problems daily basis.

2. Success of any organization depend upon workers' participation a lot. Suggestion schemes, profit sharing should be encouraged by management. Workers' suggestions are most important as they are practically working daily. Their suggestions can make a huge difference in productivity.

3. Workers' participation in management works as a booster. It will raise their morale and give them a sense of belonging. —

**Q.7\_ Attempt the following. (Any 2)**

1. State rights of the consumer.

**1) Right to Safety:** This right protects consumers against products, production processes and services which are hazardous to health or life. It includes concern for consumer's long-term interests as well as their immediate requirements. According to this right, consumer must get full safety and protection to his life and health. This safety should be in relation to medicines, electrical appliances, food etc. The GOI has given safety standards in the form of AGMARK, ISI, BIS, Hallmark etc.

**2) Right to Information:** According to this right, consumer should be provided with adequate information about all aspects of goods and services like price, name of manufacturer, contents used, batch number if any, date of manufacture and expiry date, user manual and safety instruction etc. This right also enables consumer to select right product or service. It is applicable to food products, medicines, spare parts or any other consumer products or services.

**3) Right to Choose:** The choices available to Indian consumers across the basket of goods and services have multiplied like telecommunications, travel and tourism, banking, electronics, fast moving consumer goods (FMCG) etc. According to this right, consumer should be given full freedom to select an article as per his requirement, liking and purchasing capacity. The right to choose is related to the concept of free market economy. As per this right, the seller cannot compel consumer to buy particular product and hence monopoly is prevented.

**4) Right to be heard:** Every business organization should listen and solve the complaints of consumers. According to this right, consumers have opportunity to

voice their complaint to the consumer forum. Consumers also give suggestions to manufacturer or trader on certain matters such as quality, quantity, price, packaging etc. Now a days, consumers can file online complaints through portal or mobile applications.

**5) Right to Consumer Education:** Every consumer has the right to know about consumer rights and solutions to their problems. This right creates consumer awareness. An aware consumer can make rational choice of goods and services and protect his rights and interests from the exploitation of unscrupulous businessmen. Thus, consumer education becomes a priority concern. It is necessary to give education and training regarding prevailing acts and legal processes. The government, media and NGOs play vital roles in this regard. E.g. 'Jago Grahak Jago' campaign.

**6) Right to Represent:** The act provides an opportunity to individuals and consumer groups to represent consumer's interest before consumer forum. The act allows the consumer to be represented by a person who is not a professional advocate. This provision is in recognition of consumer's right to represent.

— **7) Right to Redress:** Along with the right to represent, right of redressal is also given. Only filing of complaint is not enough to give justice to consumers, so this right implies fair settlement of claims. This right enables the consumer to demand repair or replacement or compensation for defective products and for poor services. According to consumer protection Act, three tier quasi judicial consumer dispute redressal machinery is established for settlement of claims such as District Commission at District level, State Commission at state level and National Commission at national level. Consumers are protected from business malpractices.

**8) Right to Healthy Environment:** All consumers have a right to healthy and clean environment. According to this right, consumer can demand actions against the pollution causing business organisations. All consumers have the right to healthy and clean environment in present and future.

**9) Right to Protect from unfair business practices:** As per this right all consumers are protected against unfair business practices such as black marketing, profiteering, faulty weights and measures, exorbitant prices, adulteration etc.

**10) Right against spurious goods:** This right is against the marketing of goods which are hazardous to health, spurious and pose a danger to life itself.

2. Explain utility function of Commercial banks.

Utility Functions: A commercial bank performs utility functions for the benefits of its clients. It provides certain facilities or products to its clients as follow:

**1) Issue of Drafts and Cheques:** A draft /cheque is an order to pay money from one branch of bank to another branch of the same bank or other bank. A bank issues

drafts to its account holders as well as non-account holders whereas cheques are issued only to the account holders. Bank charges commission for issuing a bank draft.

**2) Locker Facility:** This is common utility function of any commercial bank. The bank provides locker facility for the safe custody of valuables, documents, gold ornaments etc.

**3) Project Reports:** A bank may prepare project reports and feasibility studies on behalf of the clients. Project reports enable the business firm to obtain funds from the market and to obtain clearance from government authorities.

**4) Gift Cheques:** Banks issue gift cheques and gold coins to account holders as well as to non account holders. The gift cheques/ coins can be used by the clients for the purpose of gifting on occasions like weddings, birthdays etc.

**5) Underwriting Services:** A commercial bank may underwrite the issue of securities issued by companies. If the shares are not fully subscribed, the underwriting bank agrees to take up the unsubscribed portion of the securities.

**6) Gold related Services:** Now a days many banks are providing gold services to its customers. Bank are commercially buying and selling gold or gold ornaments from customers on large scale basis. Some bank also provides advisory services to its customers in terms of gold funds, gold ETF etc.

3. Explain packaging and labelling with reference to marketing.

1. Package and Label creates the first impression on the consumer about the product.

2. Attractive package and label can help to make product successful.

3. Packaging means designing the package for the product.

4. It helps to avoiding breakage, damage and destruction of the product.

5. Packing material includes bottles, container, plastic bags, tin, wooden boxes, jute bags, bubble bags, packing foam etc.

6. Label is a slip which is found on the product and provides all the information regarding the product and its producer.

7. The slip on which all this information is provides is called as label and its process is called as labeling.

Thus Packaging and labelling not only provide protection to the product but also act as an effective tool of marketing.

**Q.8 Attempt the following. (Any 1)**

1. Define bank. Explain different types of banks.

**1) Central Bank:** The central bank is the apex financial institution in banking industry in the country. Every country has their own central bank. In India, The Reserve Bank of India (RBI) is the central bank. The RBI was established in 1945 under the Reserve



Bank of India Act, 1944. Some functions of RBI are as follows:

- i) Frames monetary policy
- ii) Issues currency notes
- iii) Acts as a banker to the Government iv) Acts as a banker's bank to commercial and other banks in India.

**2) Commercial Bank:** The commercial banks play an important role in economic and social development of a country. Commercial banks perform important functions such as: Primary Functions i.e. accepting of deposits and lending of money and Secondary Functions i.e. agency functions and utility functions. In India, commercial banks are divided into three groups:

- a) Public sector banks where majority of capital is held by government such as Bank of India, State Bank of India etc.
- b) Private sector banks are owned by group of individuals such as AXIS bank, HDFC bank etc.
- c) Foreign banks are those banks which are established outside India but these banks have branches in India such as Citi bank, HSBC, Standard Chartered etc.

— **3) Co-operative Bank:** In India, co-operative banks are registered under Indian Co-operatives Societies Act and regulated under Banking regulation Act. Co-operative banks are popular in semi-urban and rural areas. The main aim of co-operative bank is to provide credit to economically backward people, farmers and small scale units. Generally, the co-operative bank works at three different levels:

**a) Primary Credit Societies:** Primary Credit Co-operative society's work at village level. They collect deposits from members and common public. They also get funds from the State Co-operative Bank and District Co-operative Banks for the purpose of lending.

**b) District Central Co-operative Bank:** These banks operate at district level. They obtain deposits from the public at the district level and also get funds from the State Co-operative Bank for the purpose of lending.

**c) State Co-operative Bank:** This bank operates at state level. They provide funds to central co-operative bank and primary credit societies as required. State co-operative bank also performs function of monitoring over district bank and credit cooperative societies.

**4) Industrial Development Banks:** These are financial institutions that provide medium and long term funds to the business firms. Examples of development bank are Industrial Finance Corporation of India (IFCI), State Finance Corporation (SFC), Maharashtra State Finance Corporation (MSFC) etc. Some functions of development bank are as follows:

- i) Provision of medium and long term funds to business units for the purpose of



expansion and modernisation.

ii) Underwriting of shares issued by public limited companies.

iii) Purchase of debentures and bonds.

**5) Exchange Banks:** The exchange banks as well as large commercial banks facilitates foreign exchange transactions. Examples of exchange banks are Barclays Bank, Bank of Tokyo etc. Some functions of exchange bank are as follows:

i) Financing foreign trade transactions.

ii) Issue of letter of credit (LC)

iii) Discounting of bills of exchange.

iv) Remittances of dividend, interests and profits etc.

**6) Regional Rural Bank:** Regional Rural Banks (RRBs) were established in 1975. These banks are sponsored by large public sector banks. The capital of RRB is contributed by Central Government 50%, State Government 15% and Sponsored Banks 35%. RRBs mobilise deposits primarily from rural and semi-urban areas and provide loans and advances mostly to small and marginal farmers, agricultural laborers and rural artisans.

— **7) Savings Bank:** The main objective of savings bank is to encourage savings of the people, especially in rural areas. Examples of such banks include postal saving bank, commercial banks and cooperatives banks.

**8) Investment Bank:** These banks provide financial and advisory assistance to their customers. Their clients generally include business firms and government organisations. Investment banks facilitate mergers and acquisitions by undertaking research and providing advice on investment decisions. Generally, investment banks do not directly deal with general public.

**9) Specialised Banks:** These banks cater to the requirements and provide overall support for setting up business in specific areas.

**i) Export and Import Bank (EXIM):** This bank provides financial assistance to exporters and importers and functions as the principal financial institution for coordinating the working of institutions engaged in financing export and import of goods and services with a view to promoting the country's international trade.

**ii) Small Industries Development Bank of India (SIDBI):** Small Industries Development Bank of India (SIDBI) set up on 2nd April 1990 under an Act of Indian Parliament, acts as the principal financial institution for promotion, financing and development of the Micro, Small and Medium Enterprise (MSME) sector as well as for co-ordination of functions of institutions engaged in similar activities.

**iii) National Bank for Agriculture and Rural Development (NABARD):** It is an apex institution for financing agricultural and rural sector. NABARD provides both short term and long term credit through regional rural banks. It is concerned with policy planning and

operations relating to agricultural credit and credit for other activities in rural India. It provides finance to financial institutions and not to the individuals.

## **2. Explain in brief the different types of Market.**

### **1) On the Basis of Area Covered**

**a) Local Market:** The market for the commodities which are sold within local geographical limits of a region is known as a local market.

**b) National Market:** The market for the commodities which are sold within the country is known as national market.

**c) International Market:** The market for the commodities which are produced in one country and sold in other countries is known as international market.

### **2) On the Basis of Time**

**a) Very Short Period Market:** This type of market has very short time existence viz., for few hours or for a day at a particular time and place. In this type of market perishable goods such as vegetables, fruits, milk products etc. are sold.

**b) Short Period Market:** This type of market has existence for a short period viz. — weekly markets, festival market, market during fairs etc. Perishable or semi-durable goods are sold in this market.

**c) Long Period Market:** This type of market has existence for long period. In this type of market durable commodities which are generally non-perishable in nature are sold.

### **3) On the Basis of Volume of Transaction**

**a) Wholesale Market:** In wholesale market the activity of buying and selling goods is undertaken in large quantities at cheaper prices. Goods are sold to retailers who then sell them to the consumers. It refers to the market for bulk purchase and sale of goods. In such a market sellers are known as wholesalers and buyers are known as retailers.

**b) Retail Market:** Retail market is the market where retailer sells goods directly to the consumer in small quantities.

### **4) On the Basis of Importance**

**a) Primary Market:** Primary Market refers to the market for primary products such as agricultural and forest products, for example, fruits, vegetables, food grains etc.

**b) Secondary Market:** Secondary Market refers to the market for semi-processed and semi-manufactured goods. For example, yarn market, iron ore market etc.

**c) Terminal Market:** Terminal Market refers to the market where goods are sold to the ultimate consumers or the users of the product.

### **5) On the Basis of Nature of Goods**

**a) Commodity Market:** Commodity market refers to the market for goods, material or produce viz., consumer goods and industrial goods.

**b) Capital Markets:** It is a market for borrowing and lending long term capital required by business enterprises. The financial asset dealt within capital market have long or indefinite maturity period.

**6) On the Basis of Regulation**

**a) Regulated Market:** Regulated market refers to the markets regulated by statutory provisions of the country. For example, Commodity Exchanges, Stock Exchanges, Foreign Exchanges

**b) Unregulated or Free Market:** It refers to the markets which are not controlled by any specific regulations. It generally operates according to forces of demand and supply

**7) On the Basis of Competition**

**a) Perfect Market:** Perfect market is a market where large number of buyers and sellers buy and sell their homogeneous products. These buyers and sellers have perfect knowledge about market conditions and therefore, one single price prevails in the market.

— **b) Imperfect Market:** Imperfect Market refers to a market situation which is characterized by market imperfection such as single seller, maladjustment in demand and supply, imperfect knowledge on the part of buyers or sellers, etc. Imperfect markets are further divided in the following markets:

**1) Monopoly:** In monopoly, there is a single producer or seller who controls the market. There are no close substitutes for the product. Monopoly controls the supply and can fix the price.

**2) Duopoly:** In duopoly, there are two sellers, selling either a homogeneous product or a differentiated product. These two sellers enjoy a monopoly in the sale of the product produced by them.

**3) Oligopoly:** In oligopoly there are only a few sellers. They may be producing and selling either a homogeneous or a differentiated product.

**4) Monopsony:** Monopsony refers to a market situation when there is a single buyer of a commodity or service.