

# **NCERT SOLUTIONS**

**CLASS - 11th**



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Class : 11th

Subject : Business Studies

Chapter : 4

Chapter Name : Business services

Q1 DTH services are provided by\_\_\_\_\_.

- a. Transport companies.
- b. Banks
- c. Cellular companies
- d. None of the above

Answer. (c) Cellular companies

Page : 113 , Block Name : Multiple Choice Questions

Q2 The benefits of public warehousing includes\_\_\_\_\_.

- a. Control
- b. Flexibility
- c. Dealer relationship
- d. None of the above

Answer. (b) Flexibility

Page : 114 , Block Name : Multiple Choice Questions

Q3 Which of the following is not a function of insurance?

- a. Risk sharing
- b. Assist in capital formation
- c. Lending of funds
- d. None of the above

Answer. (C) Lending of funds

Page : 114 , Block Name : Multiple Choice Questions

Q4 Which of the following is not applicable in life insurance contract?

- a. Conditional contract
- b. Unilateral contract
- c. Indemnity contract
- d. None of the above

Answer. (c) Indemnity contract

Page : 114 , Block Name : Multiple Choice Questions

Q5 CWC stands for\_\_\_\_\_.

- a. Central Water Commission
- b. Central Warehousing Commission
- c. Central Warehousing Corporation

d. Central Water Corporation

Answer. (C) Central Warehousing Corporation

Page : 114 , Block Name : Multiple Choice Questions

Q1 Define services and goods.

Answer. Services refer to the intangible activities which are identifiable and provides satisfaction to the user of such services. These may or may not be linked to any other services or goods. It isn't capable of being delivered to the buyer for later consumption, rather he has to experience it when the service is provided.

Goods refers to the physical product which satisfies human wants. It is tangible in nature and thus can be delivered to the consumer and its ownership is transferred from the seller to the buyer. Goods include all types of commodities or items except services, which are involved in trade or commerce.

Page : 114 , Block Name : Short Answer Questions

Q2 What is e-banking? What are the advantages of e-banking?

Answer. In the new era of technology and modern gadgets, e-banking is the solution to many problems of the traditional banking system. e-banking is banking done through online platforms using the Internet. These services help in lowering the transaction cost. e-banking is electronic banking or banking using electronic media.

There are various benefits of e-banking provided to customers which are:

(i) Such banking system helps in promoting transparency in the transactions and facilitates digital payment system.

(ii) It provides services to the customers any time and thus it isn't restricted to the working hours of bank.

(iii) Customers can make some of the permitted transactions from office or house or while travelling via mobile telephone;

(iv) It inculcates a sense of financial discipline by recording each and every transaction.

Page : 114 , Block Name : Short Answer Questions

Q3 Write a note on various telecom services available for enhancing business.

Answer. The various types of telecom services are:

(i) Cellular mobile services : These services include all types of voice and video calls facilities, text messages, Internet service, and PCO service. It uses a network equipment which has its area of service defined by its range. They can also provide direct inter connectivity with any other type of telecom service provider.

(ii) Fixed line services : These include all types of fixed services like voice and non-voice messages, Internet facility, etc. to provide connectivity for long distance traffic. They utilise a network equipment which is connected through the fiber optic cables laid across the length and breadth of the country. They also provide inter connectivity with other types of telecom services.

(iii) Cable services : These are linkages and switched services within a licensed area of operation to operate media services. These services are quite similar to the fixed line services. Currently only one way services related to the entertainment of the users is being provided through this network.

(iv) VSAT services : VSAT (Very Small Aperture Terminal) is a satellite-based communications service. It offers businesses and government agencies a highly flexible and reliable communication solution in both urban and rural areas.

Page : 114 , Block Name : Short Answer Questions

Q4 Explain briefly the principles of insurance with suitable examples.

Answer. Principles of insurance refers to the rules or the code of conduct applicable on those people who have taken insurance policy. The following are the main insurance principles -

(i) Utmost good faith : A contract of insurance is a contract of uberrimae fidei i.e., a contract found on utmost good faith. Both the insurer and the insured should disclose all the necessary information regarding the insurance contract. They must not conceal any fact essential for the contract.

(ii) Insurable Interest : Insurable interest refers to the pecuniary interest of the insured in the subject matter of the insurance policy. For example, if a person takes an insurance policy for his car or house, then it is the pecuniary interest of the person in that car or house which is insured and not the car or house itself.

(iii) Indemnity : Indemnity refers to the principle in which the insurer undertakes to put the insured in the same position which he occupied before the happening of the event of loss. All insurance contracts except life insurance are contracts of indemnity. The insurer compensates the insured for the loss caused to his property due to the event of loss. The compensation payable and the loss suffered are to be measured in terms of money.

Page : 114 , Block Name : Short Answer Questions

Q5 Explain warehousing and its functions.

Answer. Warehousing refers to the storage facility which is provided to safely store a product in order to safeguard its original packaging, quality and life. The typical warehouse received merchandise by rail, truck or bullock cart.

The functions of warehousing are discussed as follows:

(a) Consolidation : This process refers to the consolidation of the materials or goods received by the warehouse from different production plans and dispatching them to a particular customer on a single transportation shipment.

(b) Break the bulk : The warehouse receives products in large quantities from various production plans. It divides this large quantity into smaller parts and then it is transported to different customers.

(c) Stock piling : Sometimes all the raw materials of a business isn't used or it may happen that it has some stock remaining with it. They are made available to business depending on customers' demand. In addition to this, agricultural products are also stored in warehouses till they are sold.

(d) Value added services : Warehouses also provide certain other services like transit mixing, packaging and labelling etc. These value added services are provided in case the packaging is removed for inspection and then it is repackaged and labelled. It also grades the products.

Page : 114 , Block Name : Short Answer Questions

Q1 What are services? Explain their distinct characteristics.

Answer. Services refer to the intangible activities which are identifiable and provides satisfaction to the user of such services. These may or may not be linked to any other services or goods. It isn't capable of being delivered to the buyer for later consumption, rather he has to experience it when the service is provided. For example - services of a doctor, movie watching etc. There are five basic features of services which are as follows -

(i) Intangibility : Intangibility refers to the property of any commodity which makes it untouchable. It means that the services cannot be touched. They can only be felt. For example - the services of a doctor or watching a movie are the services which can only be felt. They cannot be seen.

(ii) Inconsistency : Another feature of services is that it is inconsistent. There are no standard tangible products in services and it has to be performed differently for different customers. All the consumers have different level of satisfaction because they have different expectations.

(iii) Inseparability : Another feature of services is that the time of production and consumption of the services is same. The service is consumed as soon as it is produced. Thus the activity of production and consumption are inseparable from each other.

(iv) Inventory : Services have very little or even no tangible component. Thus they have to be consumed as and when they are produced. They cannot be stored for future and are perishable in nature. This means that the demand and supply needs to be managed as the service has to be performed as and when the customer asks for it.

Page : 114 , Block Name : Long Answer Questions

Q2 Explain the functions of commercial banks with an example of each.

Answer. Banks perform a variety of functions. Some of them are the basic or primary functions of a bank while others are agency or general utility services in nature. The important functions are briefly discussed below:

(i) Acceptance of deposits : Deposits are the basis of the loan operations since banks are both borrowers and lenders of money. As borrowers they pay interest and as lenders they grant

loans and get interest. These deposits are generally taken through current account, savings account and fixed deposits. Current account deposits can be withdrawn to the extent of the balance at any time without any prior notice. Savings accounts are for encouraging savings by individuals. Banks pay rate of interest as decided by RBI on these deposits. Withdrawal from these accounts has some restrictions in relation to the amount as well as number of times in a given period. Fixed accounts are time deposits with higher rate of interest as compared to the savings accounts. A premature withdrawal is permissible with a percentage of interest being forfeited.

(ii) Lending of funds : Second major activity of commercial banks is to provide loans and advances out of the money received through deposits. These advances can be made in the form of overdrafts, cash credits, discounting trade bills, term loans, consumer credits and other miscellaneous advances. The funds lent out by banks contribute a great deal to trade, industry, transport and other business activities.

(iii) Cheque facility : Banks render a very important service to their customers by collecting their cheques drawn on other banks. The cheque is the most developed credit instrument, a unique feature and function of banks for the withdrawal of deposits. It is the most convenient and an inexpensive medium of exchange. There are two types of cheques mainly (a) bearer cheques, which are encashable immediately at bank counters and (b) crossed cheques which are to be deposited only in the payees account.

(iv) Remittance of funds : Another salient function of commercial banks is of providing the facility of fund transfer from one place to another, on account of the interconnectivity of branches. The transfer of funds is administered by using bank drafts, pay orders or mail transfers, on nominal commission charges. The bank issues a draft for the amount on its own branches at other places or other banks at those places. The payee can present the draft on the drawee bank at his place and collect the amount.

(v) Allied services : In addition to above functions, banks also provide allied services such as bill payments, locker facilities, underwriting services. They also perform other services like buying and selling of shares and debentures on instructions and other personal services like payment of insurance premium, collection of dividend etc.

Page : 114 , Block Name : Long Answer Questions

Q3 Write a detailed note on various facilities offered by Indian Postal Department.

Answer. Indian post and telegraph department provides various postal services across India. For providing these services the whole country has been divided into 22 postal circles. These circles manage the day-to-day functioning of the various head post offices, sub-post offices and

branch post offices. Through their regional and divisional level arrangements the various facilities provided by postal department are broadly categorised into:

(i) Financial facilities : These facilities are provided through the post office's savings schemes like Public Provident Fund (PPF), Kisan Vikas Patra, and National Saving Certificates in addition to normal retail banking functions of monthly income schemes, recurring deposits, savings account, time deposits and money order facility.

(ii) Mail facilities : Mail services consist of parcel facilities that is transmission of articles from one place to another; registration facility to provide security of the transmitted articles and insurance facility to provide insurance cover for all risks in the course of transmission by post. Postal department also offers allied facilities of the following types:

1. Greeting post — A range of delightful greeting cards for every occasion.
2. Media post — An innovative and effective vehicle for Indian Corporates to advertise their brand through postcards, envelopes, aerograms, tele-grams, and also through letterboxes.
3. Direct post is for direct advertising. It can be both addressed as well as unaddressed.
4. International Money Transfer through collaboration with Western Union financial services, USA, which enables remittance of money from 185 countries to India.
5. Passport facilities — A unique partnership with the ministry of external affairs for facilitating passport application.
6. Speed Post : It has over 1000 destinations in India and links with 97 major countries across the globe.
7. e-bill post is the latest offering of the department to collect bill payment across the counter for BSNL and Bharti Airtel.

Page : 114 , Block Name : Long Answer Questions

Q4 Describe various types of insurance and examine the nature of risks protected by each type of insurance.

Answer. Types of Insurance

Life insurance : Life insurance may be defined as a contract in which the insurer, in consideration of a certain premium, either in a lump sum or by other periodical payments, agrees to pay to the assured, or to the person for whose benefit the policy is taken, the assured sum of money, on the happening of a specified event contingent on the human life or at the

expiry of a certain period. This insurance provides protection to the family at premature death of an individual or gives adequate amount at an old age when earning capacities are reduced. The insurance is not only a protection but is a sort of investment because a certain sum is returnable to the insured at the time of death or at the expiry of a certain period.

The main elements of a life insurance contract are:

- (i) The life insurance contract must have all the essentials of a valid contract.
- (ii) The contract of life insurance is a contract of utmost good faith.
- (iii) In life insurance, the insured must have insurable interest in the life assured.
- (iv) Life insurance contract is not a contract of indemnity.

Types of life insurance policies : People have different requirements and therefore they would like a policy to fulfill all their needs. The needs of people for life insurance can be family needs, children's needs, old age and special needs. To meet the needs of people the insurer's have developed different types of products such as Whole Life Assurance, Endowment type plans, combination of Whole Life and Endowment type plans, Children's Assurance plans and Annuity plans.

Fire insurance : Fire insurance is a contract whereby the insurer, in consideration of the premium paid, undertakes to make good any loss or damage caused by a fire during a specified period upto the amount specified in the policy.

The main elements of a fire insurance contract are:

- (i) In fire insurance, the insured must have insurable interest in the subject matter of the insurance.
- (ii) Similar to the life insurance contract, the contract of fire insurance is a contract of utmost good faith i.e., uberrimae fidei.
- (iii) The contract of fire insurance is a contract of strict indemnity.
- (iv) The insurer is liable to compensate only when fire is the proximate cause of damage or loss.

Marine insurance : A marine insurance contract is an agreement whereby the insurer undertakes to indemnify the insured in the manner and to the extent thereby agreed against marine losses. Marine insurance provides protection against loss by marine perils or perils of the sea. Marine insurance is slightly different from other types. There are three things involved i.e., ship or hull, cargo or goods and freight.

The main elements of a marine insurance contract are :

- (i) Unlike life insurance, the contract of marine insurance is a contract of indemnity.

(ii) Similar to life and fire insurance, the contract of marine insurance is a contract of utmost good faith.

(iii) Insurable interest must exist at the time of loss.

(iv) The principle of causa proxima will apply to it.

Page : 114 , Block Name : Long Answer Questions

Q5 Explain in detail the warehousing services.

Answer. Storage has always been an important aspect of economic development. The warehouse was initially viewed as a static unit for keeping and storing goods in a scientific and systematic manner so as to maintain their original quality, value and usefulness. The typical warehouse received merchandise by rail, truck or bullock cart. The items were moved manually to a storage within the warehouse and hand piled in stacks on the floor. They are used by manufacturers, importers, exporters, wholesalers, transport business, customs etc., in India. Modern warehouses are automated with automatic conveyors, computer operated cranes and forklifts for moving goods and also usage of logistics automation softwares for warehouse management.

#### Types of Warehouses

(i) Private warehouses : Private warehouses are operated, owned or leased by a company handling their own goods, such as retail chain stores or multi-brand multi-product companies. As a general rule an efficient warehouse is planned around a material handling system in order to encourage maximum efficiency of product movement. The benefit of private warehousing includes control, flexibility, and other benefits like improved dealer relations.

(ii) Public warehouses : Public warehouses can be used for storage of goods by traders, manufacturers or any member of the public after the payment of a storage fee or charges. The government regulates the operation of these warehouses by issuing licences for them to private parties. The owner of the warehouse stands as an agent of the owner of the goods and is expected to take appropriate care of the goods. These warehouses provide other facilities also, like transportation by rail and road. They are responsible for the safety of the goods. Small manufacturers find it convenient as they cannot afford to construct their own warehouses. The other benefits include flexibility in the number of locations, no fixed cost and capability of offering value added services, like packaging and labelling.

(iii) Bonded warehouses : Bonded warehouses are licensed by the government to accept imported goods prior to payment of tax and customs duty. These are goods which are imported from other countries. Importers are not permitted to remove goods from the docks or the airport till customs duty is paid. At times, importers are not in a position to pay the duty in full or does

not require all the goods immediately. The goods are kept in bonded warehouses by the customs authorities till the customs duty is paid. These goods are said to be in bond. These warehouses have facilities for branding, packaging, grading and blending. Importers may bring their buyers for inspection of goods and repackage them according to their requirements.

(iv) Government warehouses : These warehouses are fully owned and managed by the government. The government manages them through organisations set up in the public sector. For example, Food Corporation of India, State Trading Corporation, and Central Warehousing Corporation.

(v) Cooperative warehouses: Some marketing cooperative societies or agricultural cooperative societies have set up their own warehouses for members of their cooperative society.

Page : 114 , Block Name : Long Answer Questions

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