



# **BUDDHA SERIES**

**(Unit Wise Solved Question & Answers)**

**Course – BBA4<sup>th</sup>Sem**

**College – Buddha Institute of  
Management**

**(Code-1212)**

**Department: Business Administration**

**Subject: Business Organisation**

**Faculty Name: Ms. Praveen Yadav**

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## UNIT -1

**Q1.** Define Business. Explain the meaning and essentials of business in detail.

**Answer:** Business refers to all economic activities undertaken by individuals or organizations involving the production, purchase, and sale of goods and services with the primary objective of earning profit.

**Definition:**

According to L.H. Haney, *“Business may be defined as human activity directed towards producing or acquiring wealth through buying and selling goods.”*

**Essentials of Business:**

1. Economic Activity: Business involves economic transactions.
2. Production or Exchange of Goods and Services: Goods or services must be produced or exchanged.
3. Profit Motive: Earning profit is the main objective.
4. Regular Dealings: Business activities are continuous in nature.
5. Risk and Uncertainty: Every business involves risk.
6. Creation of Utility: Business creates form, place, time, and possession utility.

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**Q2.** Explain the Scope of Business in detail.

**Answer:** The scope of business is wide and covers all activities related to the production and distribution of goods and services.

**Scope of Business Includes:**

**1. Industry:**

Concerned with production and processing of goods.

- Primary industry (agriculture, mining)
- Secondary industry (manufacturing)
- Tertiary industry (services)

## 2. **Commerce:**

Deals with the distribution of goods.

- Trade (wholesale and retail)
- Aids to trade such as banking, insurance, transport, warehousing, and advertising

## 3. **Services:**

Includes professional and personal services like banking, education, health care, tourism, etc.

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**Q3.** Classify Business Activities and explain each classification in detail.

**Answer:** Business activities are broadly classified into Industry and Commerce.

### 1. **Industry:**

Industry is concerned with production and processing of goods.

- Primary Industry: Extraction of natural resources (agriculture, fishing, mining).
- Secondary Industry: Manufacturing and construction.
- Tertiary Industry: Service industries that support production and trade.

### 2. **Commerce:**

Commerce facilitates the exchange of goods.

- Trade: Buying and selling of goods (wholesale and retail).
  - Aids to Trade: Banking, insurance, transport, warehousing, advertising, and communication.
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**Q4.** What is Business Organization? Explain its meaning and definition.

**Answer:** Business organization refers to an entity formed to conduct business activities systematically and efficiently.

**Definition:**

A business organization is a structured group of individuals working together to achieve common business objectives using available resources.

It provides a legal and managerial framework for conducting business operations.

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**Q5.** Explain the Characteristics of Business Organization in detail.

**Answer:**The main characteristics of a business organization are:

1. Group of Persons: Requires two or more people.
  2. Common Objectives: Aimed at achieving business goals.
  3. Division of Work: Tasks are divided to increase efficiency.
  4. Coordination: Ensures smooth functioning.
  5. Continuity: Business exists for a long period.
  6. Profit or Service Motive: Main objective is profit or service to society.
  7. Legal Recognition: Recognized by law.
- 

**Q6.** Discuss the Objectives of Business Organization in detail.

**Answer:**Business organizations have multiple objectives:

**1. Economic Objectives:**

- Profit maximization
- Growth and expansion
- Efficient use of resources

**2. Social Objectives:**

- Consumer satisfaction
- Employment generation
- Social welfare

**3. Human Objectives:**

- Employee welfare
- Motivation and development

#### **4. National Objectives:**

- Economic development
  - Export promotion
- 

**Q7.** Explain the Evolution of Business Organization.

**Answer:**Business organizations evolved due to changes in economic systems and technology.

#### **Stages of Evolution:**

1. Barter System: Exchange of goods without money.
  2. Family Business: Small-scale operations.
  3. Sole Proprietorship: Single ownership.
  4. Partnership: Two or more persons.
  5. Joint Stock Company: Large-scale business.
  6. Multinational Corporations: Global operations.
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**Q8.** What is Model Business? Explain its features and importance.

**Answer:**A model business is an ideal business enterprise that follows ethical values and modern management principles.

#### **Features:**

1. Ethical practices
2. Customer satisfaction
3. Employee welfare
4. Social responsibility
5. Sustainable development

#### **Importance:**

- Builds goodwill
  - Ensures long-term success
  - Contributes to society
- 

**Q9.** Distinguish between Business and Profession.

**Answer:**

<b>Basis</b>	<b>Business</b>	<b>Profession</b>
Meaning	Profit-oriented activity	Service-oriented activity
Qualification	Not mandatory	Mandatory
Risk	High	Low
Code of Conduct	Not compulsory	Compulsory
Capital	Required	Limited

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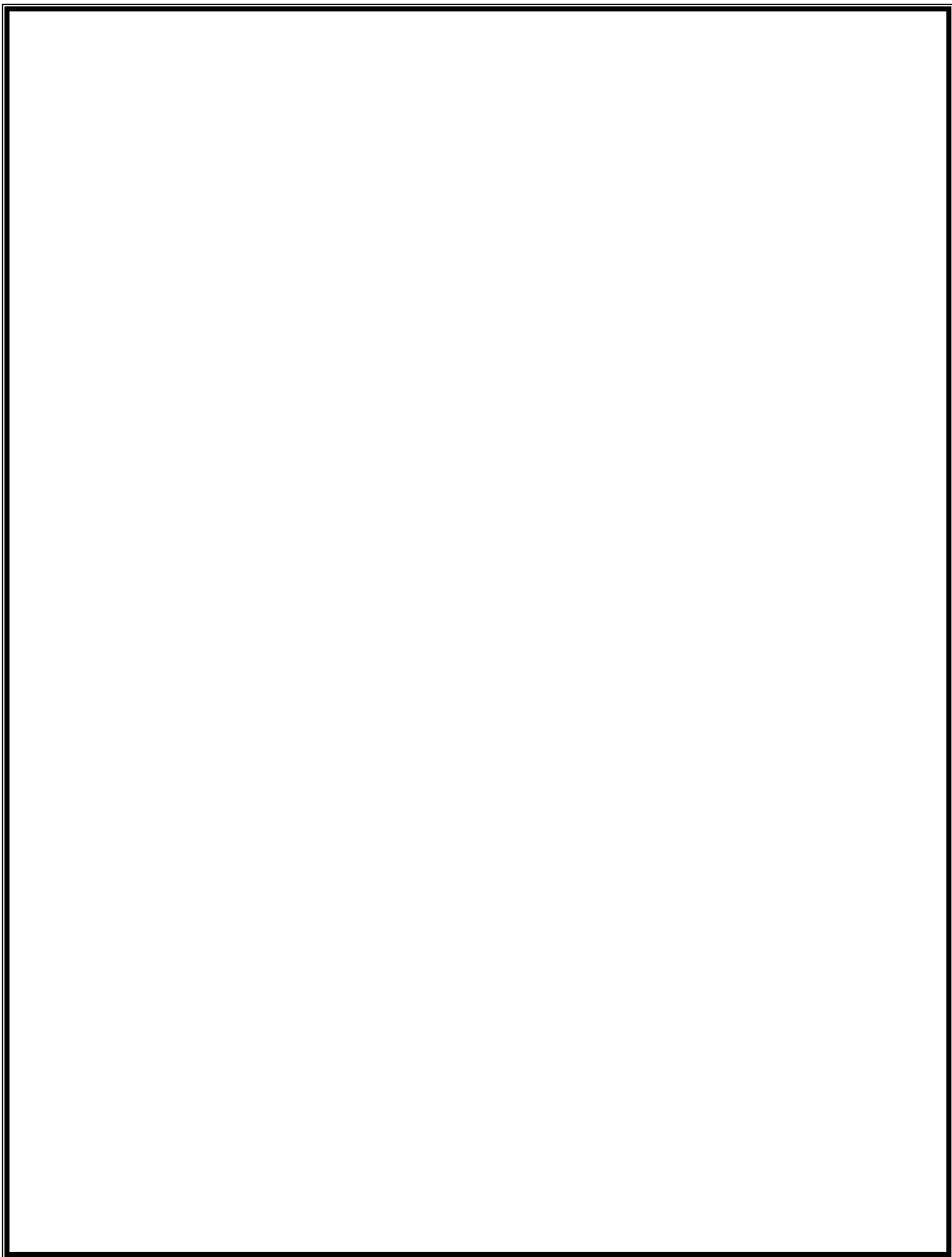
**Q10.** Explain the relationship between Business, Profession, and Employment.

**Answer:** Business, profession, and employment are economic activities aimed at earning income.

- Business: Involves risk and profit motive.
- Profession: Based on specialized knowledge and service.
- Employment: Involves working under an employer for wages.

All three contribute to economic development and social welfare.

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## **UNIT -2**

**Q1.** What is a Business Unit? Explain its meaning and importance.

**Answer:** A business unit refers to an individual enterprise or organization that carries out business activities such as production, trading, or services. It is the basic operational entity where resources are combined to achieve business objectives.

**Importance of a Business Unit:**

1. Helps in organized production of goods and services
2. Generates employment opportunities
3. Contributes to economic development
4. Encourages innovation and entrepreneurship
5. Facilitates efficient use of resources

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**Q2.** Explain the process of establishing a new business unit in detail.

**Answer:** Establishing a new business unit involves several systematic steps:

1. Selection of Business Idea: Identifying a viable and profitable business idea
  2. Market Survey: Studying demand, competition, and consumer preferences
  3. Choice of Form of Organization: Sole proprietorship, partnership, or company
  4. Location Selection: Choosing a suitable place for business operations
  5. Raising Capital: Arranging finance from various sources
  6. Legal Formalities: Registration, licenses, and permits
  7. Procurement of Resources: Purchasing machinery, raw materials, and hiring staff
  8. Commencement of Business: Starting production or service delivery
-

**Q3.** What factors should be considered while selecting the location of a new business unit?

**Answer:** The location of a business unit greatly affects its success.

**Factors Affecting Location:**

1. Availability of raw materials
  2. Availability of labour
  3. Transport and communication facilities
  4. Nearness to market
  5. Availability of power and water
  6. Government policies and incentives
  7. Cost of land and infrastructure
- 

**Q4.** What is meant by Promotion? Explain its meaning and definition.

**Answer:** Promotion refers to the activities undertaken to inform, persuade, and motivate customers to buy a product or service.

**Definition:**

According to Philip Kotler, *“Promotion includes all activities undertaken by a company to communicate and promote its products to the target market.”*

Promotion plays a key role in increasing sales and building brand image.

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**Q5.** Explain the objectives and importance of Promotion in business.

**Answer: Objectives of Promotion:**

1. Creating awareness about products
2. Increasing sales volume
3. Building brand image
4. Facing competition
5. Introducing new products

**Importance of Promotion:**

- Educates consumers
  - Persuades customers to buy
  - Maintains demand in the market
  - Helps business growth and expansion
- 

**Q6.** Explain the various tools or methods of Promotion in detail.

**Answer:**The main tools of promotion are collectively known as the Promotion Mix:

1. Advertising: Paid, non-personal promotion through media
  2. Sales Promotion: Short-term incentives like discounts, coupons
  3. Personal Selling: Direct interaction between seller and buyer
  4. Public Relations: Maintaining goodwill and positive image
  5. Direct Marketing: Email, SMS, online marketing
- 

**Q7.** What are the features of a good Promotion strategy?

**Answer:**A good promotion strategy should have the following features:

1. Clear objectives
  2. Accurate information
  3. Customer-oriented approach
  4. Ethical practices
  5. Cost-effectiveness
  6. Consistency in message
  7. Use of appropriate media
- 

**Q8.** Explain the role of Promotion in establishing a new business unit.

**Answer:**Promotion plays a vital role in the success of a new business unit:

1. Creates awareness among potential customers
2. Introduces products into the market
3. Builds brand identity

4. Helps in gaining customer trust
5. Increases market share

Without effective promotion, a new business may fail to attract customers.

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Q9. Discuss the problems faced while establishing a new business unit and their solutions.

**Answer:Problems**

1. Lack of finance
2. Inadequate market knowledge
3. Competition
4. Legal and regulatory issues
5. Shortage of skilled labour

**Solutions:**

- Proper planning and market research
  - Financial support from banks and government
  - Skilled workforce training
  - Effective promotion strategies
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Q10. Explain the relationship between Business Unit establishment and Promotion.

**Answer:**Establishing a business unit and promotion are closely related. While a business unit produces goods and services, promotion ensures that these products reach customers effectively.

**Promotion helps in:**

- Creating market demand
- Enhancing sales performance
- Ensuring long-term sustainability of the business unit

Promotion supports business growth by increasing demand and sales volume. Through advertising, sales promotion, personal selling, and public relations, a business unit can reach a wider audience and compete effectively in the market. It also helps in differentiating the business from competitors. Thus, promotion is an essential function for the success of any new business unit.

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## UNIT-3

1. Explain the meaning and importance of the organization process in management.

Answer:

The organization process is a systematic way of arranging tasks, workflows, authority, and resources to achieve organizational objectives efficiently. It follows planning and helps in implementing plans by creating a structured framework.

Importance of Organization Process:

1. Division of Work: Assigns specific duties to individuals based on specialization.
2. Clarity of Authority and Responsibility: Clearly defines who reports to whom.
3. Efficient Utilization of Resources: Prevents duplication and wastage.
4. Coordination: Facilitates smooth interaction among departments.
5. Accountability: Fixes responsibility for performance.
6. Growth and Expansion: Creates a scalable structure for future development.
7. Improved Communication: Establishes formal communication channels.

Thus, organization is essential for translating plans into action and ensuring systematic functioning.

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2. Discuss the principles of organization.

Answer:

Principles of organization guide the creation of an effective organizational structure.

Main Principles:

1. Principle of Unity of Command: Each employee should receive orders from only one superior.
2. Principle of Span of Control: A manager should supervise a limited number of subordinates.
3. Principle of Scalar Chain: There must be a clear line of authority from top to bottom.
4. Principle of Division of Work: Tasks should be divided based on specialization.
5. Principle of Authority and Responsibility: Authority must match responsibility.
6. Principle of Delegation: Authority should be delegated to lower levels where necessary.
7. Principle of Flexibility: Structure should adapt to changing conditions.
8. Principle of Coordination: Activities must be harmonized.

These principles ensure efficiency, clarity, and smooth management operations.

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3. Explain various aspects of organization.

Answer:

The organization process includes several important aspects:

1. Task Identification: Determining activities required to achieve objectives.

2. Grouping of Activities: Combining similar tasks into departments.
3. Assignment of Duties: Allocating tasks to individuals.
4. Delegation of Authority: Granting power to perform tasks.
5. Establishing Relationships: Defining reporting relationships.
6. Coordination: Ensuring harmony among different units.

These aspects help create a systematic framework for functioning.

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4. What is organization structure? Explain its types.

Answer:

Organization structure refers to the formal framework that defines job roles, authority, and communication channels.

Types of Organization Structure:

1. Line Organization: Authority flows vertically from top to bottom. Simple and suitable for small organizations.
2. Functional Organization: Grouping based on functions like production, marketing, finance.
3. Line and Staff Organization: Combines line authority with staff specialists.
4. Divisional Structure: Based on product, region, or customer.
5. Matrix Structure: Combines functional and project structures.

A proper structure improves efficiency and accountability.

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5. Explain the concept and types of departmentation.

Answer:

Departmentation is the process of grouping activities into departments to improve coordination and control.

Types of Departmentation:

1. Functional Departmentation: Based on functions like HR, Finance.
2. Product Departmentation: Based on product lines.
3. Territorial Departmentation: Based on geographical areas.
4. Customer Departmentation: Based on types of customers.
5. Process Departmentation: Based on production processes.

Departmentation promotes specialization and effective supervision.

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6. Describe Line and Staff relationships in an organization.

Answer:

Line and staff organization combines direct authority (line) with advisory roles (staff).

Line Authority:

- Direct authority to make decisions.
- Responsible for achieving objectives.

Staff Authority:

- Advisory role.
- Provides expertise and guidance.

Advantages:

- Expert advice improves decision-making.
- Reduces workload of line managers.

Disadvantages:

- Conflict between line and staff.
- Confusion in authority.

Proper coordination reduces conflicts and enhances efficiency.

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7. What is span of control? Discuss factors affecting it.

Answer:

Span of control refers to the number of subordinates a manager can effectively supervise.

Types:

- Narrow Span (few subordinates)
- Wide Span (many subordinates)

Factors Affecting Span of Control:

1. Nature of work
2. Manager's ability
3. Experience of subordinates
4. Level of management
5. Degree of delegation
6. Use of technology

An appropriate span ensures effective supervision and communication.

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8. Define delegation of authority. Explain its elements and importance.

Answer:

Delegation of authority is the process of assigning responsibility and granting authority to subordinates to accomplish tasks.

Elements of Delegation:

1. Authority: Power to make decisions.
2. Responsibility: Obligation to perform tasks.
3. Accountability: Answerability for performance.

Importance:

- Reduces workload of managers
- Develops subordinates
- Improves efficiency
- Facilitates quick decisions

Effective delegation improves organizational performance.

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9. What is decentralization? Explain its advantages and disadvantages.

Answer:

Decentralization refers to the systematic transfer of authority to lower levels of management.

Advantages:

1. Quick decision-making
2. Motivates employees
3. Develops managerial skills
4. Reduces burden on top management

Disadvantages:

1. Lack of uniformity
2. Risk of poor decisions
3. Increased costs

Decentralization is suitable for large organizations with diverse operations.

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10. Differentiate between delegation and decentralization.

Answer:

Basis	Delegation	Decentralization
Meaning	Transfer of authority to subordinates	Wider distribution of authority at all levels
Scope	Limited	Broad
Purpose	Reduce manager's workload	Improve organizational efficiency
Nature	Temporary	Permanent policy
Control	Retained by superior	Shared across levels

Conclusion:

Delegation is a management technique, while decentralization is an organizational philosophy.

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If you want, I can also prepare short questions (5 marks), very long essay questions (15–20 marks), or multiple-choice questions (MCQs) from UNIT-III.

1. Explain the main characteristics of the Indian Economy.

Answer:

The India economy has unique structural and developmental characteristics.

### 1. Mixed Economy

India follows a mixed economic system where both private and public sectors operate together.

### 2. Developing Economy

It is still in the process of development with continuous structural transformation.

### 3. Agriculture Dominance

A large section of the population depends on agriculture for livelihood.

### 4. Rapid Population Growth

High population puts pressure on resources and employment.

### 5. Income Inequality

Wide gap between rich and poor.

### 6. Service Sector Growth

The service sector contributes the largest share to GDP.

### 7. Planned Economic Development

India adopted economic planning after independence.

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2. Discuss the factors affecting the Indian economy.

Answer:

Several internal and external factors affect the economy of India:

### 1. Economic Factors

Inflation, GDP growth, fiscal deficit, foreign exchange reserves.

## 2. Political Stability

Stable governance encourages investment.

## 3. Social Factors

Literacy rate, population growth, demographic dividend.

## 4. Global Factors

Oil prices, global recession, trade policies.

## 5. Technological Development

Innovation improves productivity and competitiveness.

## 6. Natural Factors

Monsoon performance heavily affects agriculture output.

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3. Explain the economic resources of India: Natural, Industrial, and Technological.

Answer:

### 1. Natural Resources

India has rich resources such as:

- Coal
- Iron ore
- Bauxite
- Forests
- Water resources
- Fertile land

These support agriculture and industrial production.

## 2. Industrial Resources

- Large manufacturing base
- MSMEs
- Skilled labor force
- Expanding infrastructure

## 3. Technological Resources

- Strong IT sector
- Digital infrastructure
- Space and research advancements through Indian Space Research Organisation (ISRO)

These resources contribute significantly to economic growth.

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## 4. Explain the impact of Liberalization on Indian business.

Answer:

Liberalization was introduced in 1991 to reduce government control and open the economy.

Impact:

1. Removal of industrial licensing.
2. Increase in competition.
3. Growth of private sector.
4. Higher foreign investment.
5. Technological modernization.

It improved efficiency and global competitiveness of Indian industries.

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5. Discuss the impact of Privatization on Indian business.

Answer:

Privatization means transferring ownership from the public sector to the private sector.

Impact:

1. Improved efficiency and productivity.
2. Better management practices.
3. Reduction in government burden.
4. Increased profitability.
5. More accountability.

Public sector undertakings were either disinvested or restructured for better performance.

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6. Explain the impact of Globalization on Indian business.

Answer:

Globalization integrates domestic economy with the world economy.

Impact:

1. Increased foreign trade.
2. Entry of multinational companies.
3. Access to global markets.
4. Technology transfer.

## 5. Better quality standards.

However, small domestic industries face intense competition from foreign firms.

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## 7. Discuss poverty and unemployment in India.

Answer:

### Poverty

Poverty refers to the inability to meet basic needs like food, shelter, and clothing.

Causes:

- Rapid population growth
- Low productivity in agriculture
- Unequal distribution of income
- Lack of education

### Unemployment

Unemployment means lack of job opportunities for willing workers.

Types:

- Seasonal unemployment
- Disguised unemployment
- Structural unemployment
- Educated unemployment

Both poverty and unemployment are major challenges in India.

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8. Explain planning for poverty alleviation in India.

Answer:

The Government of India has launched various poverty alleviation programs:

Major Programs:

- MGNREGA (employment guarantee scheme)
- PMAY (housing scheme)
- National Food Security Act
- Skill India Mission
- Self-Help Groups (SHGs)

Role of NITI Aayog:

- Strategic planning
- Monitoring poverty reduction programs
- Promoting sustainable development

The focus is on inclusive growth and employment generation.

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9. What is Inflation? Explain its causes and effects.

Answer:

Inflation refers to a continuous rise in the general price level of goods and services.

Causes:

1. Demand-pull inflation
2. Cost-push inflation
3. Excess money supply

#### 4. Supply chain disruptions

Effects:

- Reduces purchasing power
- Affects savings
- Creates uncertainty
- Benefits borrowers but harms lenders

Moderate inflation is necessary for growth, but high inflation is harmful to the economy.

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#### 10. Explain Human Development, Rural Development, and Problems of Growth in India.

Answer:

##### Human Development

Human development focuses on improving people's quality of life.

Measured by:

- Life expectancy
- Education
- Income

The Human Development Index (HDI) measures overall development levels.

##### Rural Development

Rural development aims to improve living standards in villages through:

- Infrastructure development
- Agricultural modernization

- Rural employment programs
- Financial inclusion

Problems of Growth in India:

1. Income inequality
2. Unemployment
3. Regional imbalance
4. Environmental degradation
5. Overpopulation

Despite rapid GDP growth, inclusive and sustainable development remains a major challenge for India.

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## UNIT -4

Q1. What is a Business Combination? Explain its features.

Answer: A business combination refers to the integration of two or more businesses into a single entity to achieve common objectives such as growth, efficiency, or market expansion.

Features of Business Combination:

- Involves two or more firms
- Results in a unified control or ownership
- Can be voluntary or involuntary
- Aims at synergy and improved performance
- May involve pooling of assets and liabilities

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Q2. Explain the causes of Business Combination.

Answer: The main causes include:

1. Economic Stability – To reduce risks and uncertainties
2. Technological Advancement – Sharing technical expertise
3. Global Competition – To survive in international markets
4. Financial Strength – Access to better capital resources
5. Managerial Efficiency – Better management practices
6. Elimination of Competition – Reducing market rivalry

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Q3. Discuss the objectives of Business Combination.

Answer: Key objectives include:

- Growth and Expansion
- Economies of Scale (reducing costs)
- Market Control

- Diversification of Risk
  - Increased Profitability
  - Better Resource Utilization
  - Innovation and Technology Sharing
- 

Q4. Explain the types of Business Combination.

Answer:Types include:

1. Horizontal Combination
    - Between firms in the same industry
    - Example: Two competing companies merging
  2. Vertical Combination
    - Between firms at different stages of production
  3. Conglomerate Combination
    - Between unrelated businesses
  4. Circular Combination
    - Producing related products
- 

Q5. Describe the forms of Business Combination.

Answer:Forms include:

- Mergers
- Acquisitions
- Takeovers
- Joint Ventures
- Strategic Alliances

Each form differs in structure, control, and legal implications.

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Q6. What is a Merger? Explain its types.

Answer:A merger is the combination of two companies into one, where one company may absorb the other.

### Types of Mergers:

- Horizontal Merger – Same industry
  - Vertical Merger – Different production stages
  - Conglomerate Merger – Unrelated businesses
  - Market-extension Merger – Expanding market reach
  - Product-extension Merger – Adding product lines
- 

Q7. What is a Takeover? Explain its types.

Answer: A takeover occurs when one company acquires control of another company, often by purchasing a majority stake.

### Types:

- Friendly Takeover – Mutual agreement
  - Hostile Takeover – Without consent of target company
  - Reverse Takeover – Smaller company acquires a larger one
- 

Q8. What is an Acquisition? How is it different from a Merger?

Answer: An acquisition is when one company purchases another company and becomes the owner.

### Differences:

Basis	Merger	Acquisition
Nature	Mutual combination	One-sided purchase
Control	Shared	Acquirer controls
Identity	Both may lose identity	Target loses identity
Agreement	Cooperative	May be friendly or hostile

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Q9. Explain the advantages and disadvantages of Business Combination.

Answer:Advantages:

- Economies of scale
- Increased market share
- Reduced competition
- Improved efficiency
- Access to new technology

Disadvantages:

- Monopoly risks
  - Cultural clashes
  - Management issues
  - High cost of integration
  - Legal complications
- 

Q10. Distinguish between Merger, Takeover, and Acquisition.

Answer:

Basis	Merger	Takeover	Acquisition
Meaning	Two firms combine	One firm gains control	One firm buys another
Control	Shared	Acquirer dominates	Acquirer dominates
Consent	Mutual	May be hostile	Usually friendly
Identity	New entity formed	Target may continue	Target absorbed



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## UNIT -5

Q1. Explain the concept of Business Finance and its importance.

Answer:

Business Finance refers to the funds required for starting, operating, and expanding a business. It involves planning, raising, managing, and controlling financial resources.

Importance:

- Helps in starting a business
- Ensures smooth day-to-day operations
- Enables expansion and growth
- Assists in decision-making
- Maintains liquidity and solvency

Without proper finance, even a profitable business cannot survive.

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Q2. What are the financial needs of a business? Explain different types.

Answer: Financial needs refer to the requirement of funds for various business activities.

Types:

1. Fixed Capital Requirement
  - Used for long-term assets like machinery, land, buildings.
2. Working Capital Requirement
  - Needed for daily operations like salaries, raw materials.
3. Short-term Financial Needs
  - For less than 1 year (inventory, wages).
4. Long-term Financial Needs
  - For more than 5 years (expansion, projects).
5. Medium-term Financial Needs
  - Between 1 to 5 years (equipment purchase).

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Q3. Discuss various sources of finance for a business.

Answer: Sources of finance can be classified as:

1. Internal Sources:

- Retained earnings
- Sale of assets

2. External Sources:

- Equity shares
- Debentures
- Bank loans
- Public deposits

3. Short-term Sources:

- Trade credit
- Bank overdraft
- Commercial papers

4. Long-term Sources:

- Shares
- Bonds
- Financial institutions

Each source has its own cost, risk, and control implications.

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Q4. Explain the concept and features of Money Market.

Answer: Money Market is a market for short-term funds and financial instruments (less than 1 year).

Features:

- Deals in high liquidity instruments

- Short maturity period
- Low risk
- No physical location (virtual market)

Instruments:

- Treasury Bills
- Commercial Papers
- Certificates of Deposit

Money market ensures liquidity in the financial system.

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Q5. What is Capital Market? Explain its components.

Answer: Capital Market deals with long-term funds (more than 1 year).

Components:

1. Primary Market
  - Where new securities are issued (IPO)
2. Secondary Market
  - Where existing securities are traded

Functions:

- Mobilization of savings
  - Capital formation
  - Economic development
- 

Q6. Differentiate between Money Market and Capital Market.

Answer:

Basis	Money Market	Capital Market
Duration	Short-term	Long-term
Risk	Low	Higher

Basis	Money Market	Capital Market
Instruments	T-bills, CP	Shares, Debentures
Purpose	Liquidity	Investment
Participants	Banks, RBI	Investors, companies

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Q7. Explain the meaning and functions of a Stock Exchange.

Answer:A Stock Exchange is a regulated market where securities like shares and bonds are bought and sold.

Examples: Bombay Stock Exchange, National Stock Exchange of India

Functions:

- Provides liquidity to investors
  - Ensures fair price determination
  - Promotes investment habits
  - Facilitates capital formation
- 

Q8. What is SEBI? Explain its objectives and functions.

Answer:Securities and Exchange Board of India is the regulatory authority for the securities market in India.

Objectives:

- Protect investors
- Promote fair trading
- Regulate stock exchanges

Functions:

1. Regulatory Functions
  - Regulates stock exchanges and brokers
2. Protective Functions
  - Prevents fraud and unfair practices

### 3. Developmental Functions

- Promotes investor education
- 

Q9. Explain the role of Stock Exchange in economic development.

Answer: Stock exchanges play a vital role by:

- Mobilizing savings for investment
- Providing liquidity to investors
- Encouraging capital formation
- Supporting industrial growth
- Attracting foreign investment

They act as a backbone of a modern economy.

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Q10. Describe the various methods of raising finance in a business.

Answer: Businesses raise finance through:

#### 1. Ownership Methods:

- Equity shares
- Preference shares

#### 2. Borrowed Methods:

- Loans
- Debentures

#### 3. Hybrid Methods:

- Convertible debentures

#### 4. Institutional Finance:

- Banks
- Financial institutions

Choice depends on cost, control, and risk factors.