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(26)

**SARDAR PATEL UNIVERSITY**  
**F.Y.B.B.A. (Foreign Trade) (I Semester) EXAMINATION - CBCS**  
**Friday, 26<sup>th</sup> November, 2010**  
**2.30 p.m. to 4.30 p.m.**  
**UM - 01 - EBB - F03: Industrial Organization - I**

**Maximum Marks: 60**

**Note:** 1. Answer of all the questions (including multiple choice questions) Should be written in provided answer book only.  
 2. Figures to the right indicate marks

**Q.1 A** What do you understand by Business System? Explain the various subsystems of a business system. **10**

**Q.1 B** Fill in the gaps given below: **05**

- 1) Business activities can broadly be classified into \_\_\_\_\_ and \_\_\_\_\_.
- 2) Capitalism has \_\_\_\_\_ as motive.
- 3) Central planning is a controlling mechanism in \_\_\_\_\_ economy.
- 4) \_\_\_\_\_ Industries extract various products from natural sources.
- 5) The distinctive feature of Mixed economy is that, \_\_\_\_\_ and \_\_\_\_\_ exist side by side.

**OR**

**Q.1 A** Discuss the major characteristics of a business. **10**

**Q.1 B** State which of the alternative is correct in the following: **05**

- 1) System possess following attributes –
  - a. System boundary
  - b. Environment
  - c. Synergy
  - d. All of above.
- 2) Non Economic Environment consist –
  - a. Legal Environment
  - b. Economic institutions
  - c. Fiscal policy
  - d. All of above
- 3) Business system comprises subsystems –
  - a. Marketing system
  - b. Finance system
  - c. Personnel system
  - d. All of above.

- 4) Which is the type of Manufacturing Industry –
  - a. Synthetical
  - b. Genetic
  - c. Transportation
  - d. All of above
- 5) The features of Capitalist system –
  - a. Price.
  - b. Free competition.
  - c. Consumer's sovereignty
  - d. All of above.

**Q.2 A** Explain the concept of Sole Proprietorship and discuss briefly the merits and demerits. 10

**Q.2 B** State which of the alternative is correct in the following: 05

- 1) Partnership deed includes –
  - a. Name and address of all the partners.
  - b. Duties, power and obligation of all partners.
  - c. Date of agreement.
  - d. All of above.
- 2) Document important for Private company is –
  - a. Prospectus
  - b. Table A
  - c. Business Commencement Certificate.
  - d. None of the above.
- 3) Which of the following is the type of partner –
  - a. Major partner
  - b. Sleeping partner
  - c. Partner as advisor
  - d. None of above.
- 4) The rights of partners includes –
  - a. Inspecting books of account.
  - b. Expressing opinion.
  - c. Have equal share in profit.
  - d. All of above.
- 5) Under the Companies Act 1956, a Private company –
  - a. Must have at least 7 members.
  - b. Cannot have more than 20 members.
  - c. Prohibit any invitation to public to subscribe for shares.
  - d. Must issue prospectus.

**OR**

**Q.2 A** Explain the concept of Cooperative Society and its characteristics in detail. 10

**Q.2 B Fill in the blanks given below:**

05

- 1) \_\_\_\_\_ Societies are organized to provide various facilities to members in order to improve their standard of living.
- 2) Transferability of share is the chief characteristic of \_\_\_\_\_ type of business structure.
- 3) Company is an \_\_\_\_\_ legal person.
- 4) The East India company, The Bank of England and The Hudson Bay company are the examples of \_\_\_\_\_.
- 5) Minimum paid up capital in private company is Rs. \_\_\_\_\_ and in Public company it is Rs. \_\_\_\_\_.

**Q.3 A Differentiate: Cartel v/s Trust**

05

**Q.3 B Briefly explain the causes of combination.**

05

**Q.3 C State which of the alternative is correct in the following:**

05

- 1) Holding company is identified on the basis of –
  - a. Incorporation
  - b. Control
  - c. Liability
  - d. None of above.
- 2) A company is a holding company, if –
  - a. the other company is its subsidiary
  - b. It has control over other company.
  - c. Hold more than half of equity shares of other company.
  - d. All of above.
- 3) Indian Companies Act 1956 defines holding company as per –
  - a. Section 43
  - b. Section 592
  - c. Section 4
  - d. None of above.
- 4) Major drawback of holding company is –
  - a. Complexity and costly management.
  - b. Limited liability of members.
  - c. No legal identity.
  - d. None of above.
- 5) Major benefit of holding company is –
  - a. Common Seal.
  - b. Control Monopoly.
  - c. Centralized smooth management
  - d. None of above.

OR

**Q.3 A Differentiate: Trust v/s Holding company**

05

**Q.3 B Briefly discuss major disadvantages of holding company.**

05

**Q.3 C State which of the alternative is correct in the following:**

**05**

- 1) Level of production in horizontal combination is –
  - a. Same
  - b. Different
  - c. Situational
  - d. All of above.
  
- 2) Horizontal combination means –
  - a. Cluster of several firms.
  - b. Several firms in one firm, involved in different levels of production.
  - c. Several firms into one firm, with same level of production.
  - d. None of above.
  
- 3) Horizontal combination is also known as –
  - a. Horizontal connection.
  - b. Horizontal Integration.
  - c. Horizontal Communication.
  - d. None of above.
  
- 4) Vertical combination is also known as –
  - a. Vertical integration.
  - b. Vertical consolidation.
  - c. Vertical agreement.
  - d. None of above.
  
- 5) Vertical combination means –
  - a. Several firms absorb into single firm.
  - b. Several firms absorb into single firm, involved in all aspects of manufacturing.
  - c. Several firms absorb into single firm, involved in distribution of product only.
  - d. All of above.

**Q.4 A Discuss the importance of underwriting of securities.**

**05**

**Q.4 B Write a note on Certificate of Incorporation.**

**05**

**Q.4 C State which of the alternative is correct in the following:**

**05**

- 1) For alteration in Object clause of Memorandum, it is essential to pass –
  - a. Ordinary resolution only.
  - b. Special resolution and confirmation by National tribunal.
  - c. Special resolution and confirmation by the court.
  - d. Special resolution only.
  
- 2) The charter of company is –
  - a. Article of Association.
  - b. Prospectus.
  - c. Statement in lieu of prospectus.
  - d. Memorandum of Association.

- 3) In the term "Doctrine of Ultra Vires" the word "Vires" means –
  - a. Power.
  - b. Code.
  - c. Virus.
  - d. None of them.
  
- 4) The altered Memorandum must be filed with the Registrar within –
  - a. 1 month
  - b. 2 months
  - c. 3 months
  - d. 4 months
  
- 5) The Memorandum of Association of company shall be –
  - a. Printed.
  - b. Divided into paragraphs and numbered consecutively.
  - c. Signed by 7 subscribers.
  - d. All of above.

**OR**

- |              |  |           |
|--------------|--|-----------|
| <b>Q.4 A</b> | Differentiate: Article of Association v/s Memorandum of Association.                     | <b>05</b> |
| <b>Q.4 B</b> | Define article of association and list out the major contents of article of association. | <b>05</b> |
| <b>Q.4 C</b> | <b>State which of the alternative is correct in the following:</b>                       | <b>05</b> |

- 1) Statement in lieu of prospectus is to be issued by –
  - a. All companies which issue share and debenture.
  - b. Public companies when the shares are issued to friends and relatives.
  - c. Private companies as they do not issue shares to friends and relatives.
  - d. All of above.
  
- 2) Prospectus is not required to be issued --
  - a. When the share or debenture are not offered to public.
  - b. When share or debenture are offered to the existing members.
  - c. Both A & B.
  - d. None of above.
  
- 3) In Prospectus, Capital Structure is included in –
  - a. Part III of Schedule II
  - b. Part I of Schedule II
  - c. Part II of Schedule II
  - d. None of above.
  
- 4) Misstatement in Prospectus results into –
  - a. Civil liability.
  - b. Criminal liability.
  - c. Civil and Criminal liability
  - d. None of above.
  
- 5) If the Article conflict with Memorandum then --
  - a. Article shall prevail.
  - b. Memorandum shall prevail.
  - c. Director will resolve the conflict.
  - d. Court will resolve the conflict.