




## INDIRA GANDHI NATIONAL OPEN UNIVERSITY REGIONAL CENTRE DELHI-1

**Assignment Submission for Term End Exam December - 2020**  
(Please read the instructions given below carefully before submitting assignments)

1. Name of the Student : Sparsh Sharma
2. Enrollment Number : 2251652356
3. Programme Code : BCA
4. Course Code : ECO-01
5. Study Centre Code : 07162 (P)
6. Name of the Study Centre : Mohal Education and Research Institute of Tech  
With complete address : (MERIT), A-9 Outer Institutional Area USO  
Rd, Near JNU, New Delhi 110067
7. Mobile Number : 8700426536
8. E-mail ID : spreedator2021@gmail.com
9. Above information is cross checked and it is correct: Yes/No

(The same details should also be filled up by the students in the google form, any mismatch in the form may result in rejection of assignment)

Date of Submission: 27/11/22

  
(Signature of the student)

### A. General Instructions:-

1. Please do not send any assignment at any email of the Regional Centre Delhi-1, it will not be considered. No email in this regard will be responded individually.
2. Please write your name and enrollment no at the bottom of each page of your assignment.
3. Please retain ORIGINAL ASSIGNMENT submitted with you for record and also keep the assignment submission Email receipt automatically generated and received in your email given by you in google form in your safe custody. No other submission receipt will be given in this regard for online submission.
4. Please ensure that single legible PDF file is submitted for one course and it is successfully uploaded so that it may be downloaded for evaluation.

### B. Assignment PDF file (10MB maximum should have following components in the the sequence given:

1. Copy of IGNOU Identity Card
2. Second page should be this document as Annexure-I.
3. Copy of valid/applicable assignment question paper attempted by you.
4. Hand written Assignments.



इंदिरा गांधी राष्ट्रीय मुक्त विश्वविद्यालय  
मैदान गढ़ी, नई दिल्ली - 110068  
Indira Gandhi National Open University  
Maidan Garhi, New Delhi - 110068



IGNOU - Student Identity Card

Enrolment Number : 2251652356

RC Code : 07: DELHI 1 (MOHAN ESTATE (SOUTH DELHI))  
Name of the Programme : BCA : BACHELOR OF COMPUTER APPLICATIONS

Name : SPARSH SHARMA

Father's Name : ARUN KUMAR SHARMA

Address : C-37, STREET NO. 3 KANTI NAGAR, EXTN.  
KRISHNA NAGAR DELHI EAST DELHI

Pin Code : 110051

225165



Instructions:

1. This card should be produced on demand at the Study Center, Examination Center or any other Establishment of IGNOU to use its facilities.
2. The facilities would be available only relating to the Programme course for which the student is registered.
3. This ID Card is generated online. Students are advised to take a color print of this ID Card and get it laminated.
4. The student details can be cross-checked with the CN Code at [www.ignou.ac.in](http://www.ignou.ac.in)

Registrar  
Student Registration Officer

<b>Course Code</b>	:	<b>ECO-01</b>
<b>Course Title</b>	:	<b>Business Organization</b>
<b>Assignment Number</b>	:	<b>BCA (1)/01/Assignment/2022-23</b>
<b>Maximum Marks</b>	:	<b>100</b>
<b>Weightage</b>	:	<b>30%</b>
<b>Last Dates for Submission</b>	:	<b>31<sup>st</sup> October, 2022 (For July Session)</b>
	:	<b>15<sup>th</sup> April, 2023 (For January Session)</b>

There are five questions in this assignment which carried 100 marks. Answer all the questions. Please go through the guidelines regarding assignments given in the Program Guide for the format of presentation.

**Attempt all the questions:**

- Q1.** What are the essential features of business? List different objectives of business. (10+10)
- Q2.** What is capital structure? Describe factors that determine the capital structure. (2+18)
- Q3.** Discuss various arguments in support of and against advertising. (20)
- Q4.** Discuss the pervasiveness of risk in business. Describe briefly the management of business risks. (10+10)
- Q5.** Comment briefly on the following statements: (4 x 5)
- An entrepreneur is a good judge of which products will sell.
  - Stock exchange plays a very important role in the economic development of a country.
  - There are various reasons of the government participating in business.
  - The government company form of organization suffers from certain limitations.



Q1. What are the essential features of business?  
List different objectives of business.

Ans. The essential features of business are as follow:

- a Deals in goods and services
- b Regular exchange of goods and services
- c Sales or exchange of goods and services
- d Requires investment.
- e Aims at earning profit
- f Involves risk and uncertainty of income

We shall discuss each of these characteristics:

a Deals in goods and services:

People in business are engaged in production and distribution of goods and services. The goods may be consumer goods like bread, butter, milk, tea, etc. or capital goods like plant, machinery, equipment etc. The services may be in the form of transportation, banking, insurance, warehousing, advertising and so on.

b Sales or exchange of goods and services:

If a person produces or buys a product for self consumption or for gifting it to another, he is not engaged in business. But when he produces or buys goods to sell it to some



body, he is engaged in business.

Thus, in business the goods and services produced or purchased must be exchanged for money or for goods between the buyers and sellers. Without sale or exchange of goods the activities cannot be treated as business.

### c Regular exchange of goods and services:

The production or buying and selling activities must be carried out on a regular basis. Normally, an isolated transaction is not treated as business. For eg. if Raja sold his old Maruti car to Harsh it is not considered as business, unless he continues to carry on buying and selling of cars on a regular basis.

### d Requires Investment:

~~The~~ Every business activity requires some amount of investment in terms of land labour or capital. These resources are utilised to produce a variety of goods and services for distribution and consumption.



### c Aims at earning profit

Business activities are performed with the primary objective of earning income by the way of profit. Without profit it is not possible to survive for a long period. Earning of profit is also required to grow and expand the business.

### f Involves Risk and uncertainty of Income.

The business normally aims at earning profit. The businessman who invests in various resources expects a fair amount of return. But, in spite of his/her best effort, the reward he/she gets is always uncertain.

### Most common type of business objectives

#### 1 Increase your product or service's market share

Improving the number of products or services you sell to customers involves increasing overall market share. Create and use your list of clients and contacts to find even more prospective customers. The more customers using the products, the higher your market share.



2 Provide opportunities for teams to improve their leadership skills:

Strong leaders motivate and encourage their teams to improve. Whether leadership training opportunities are offered to lower level employees or executive staff member an organization can greatly benefit from these skills.

3 Reduce employee turnover and increase satisfaction

Employees are typically more like to contribute valuable projects and ideas if they enjoy working at a company. So, to reduce employee turnover, your business objective should focus on improving employee satisfaction.

4 Reach out to more community members

Being active and engaged in the community is a great way to connect with potential local customers and can help you establish stronger relationship, build trust and boost brand recognition with potential customers.



## 5 Maintain or increase profit

Especially with start-up business businesses, maintaining a steady profit can be challenging over the first few years. Setting an objective with supporting goals for maintaining profits is an effective way to ensure a business remains financially stable.

## 6 Strengthen customer service

To ensure customer service and clients have a positive experience with your team, create an objective that motivates by offering incentives to both your employees and your customers. Also, communicate how important an outstanding customer experience is every time you interact with customers.

Q2 What is capital structure? Describe factors that determine that the capital structure.

Ans capital structure refers to the specific mix of debt and equity used to finance a company's assets and operations. from a corporate perspective, equity represents a more expensive, permanent source of capital with



greater financial flexibility.

factors determining capital structure

1. Trading on equity - The word "equity" denotes the ownership of the company. Trading on equity means taking advantage of equity share capital to borrowed funds on reasonable basis. It refers to additional profits that equity shareholders earn because of issuance of debentures and preference shares.

Degree of control - In a company, it is the directors who are so called elected representatives of equity shareholders. These members have got max voting rights in a concern as compared to the preference shareholders and debenture holders have no voting rights. If the company's managements



policies are such as they want to retain their voting rights in their hands, the capital structure consists of debenture holders and loans rather than equity shares.

3 Flexibility of financial plan :- In an enterprise the capital structure should be such that there is both contractions as well as relaxation in plans. Debentures and loans can be refunded back as the time requires. While equity capital cannot be refunded at any point which provides rigidity to plans. Therefore, in order to make the capital structure flexible, the company should go for issue of debentures and other loans.

4 Choice of investors :- The company's policy generally is to have different categories of investors for securities. Therefore, a capital structure should



give enough choice to all kind of investors for securities. Therefore a capital structure should give enough choice to all kind of investors to invest. Bold and adventurous investors generally go for equity shares and bonds.

Q3 Discuss various arguments in support of and against advertising.

Stimulate production: Advertising has positive impact on demand. Demand for products can be increased. Naturally, an increased demand stimulates production. More production means more prosperity.

Stimulate National Income: Advertising can contribute to national income by generating more consumptions, demand, and production.

Employment opportunities: It can ease unemployment problems by generating more employment opportunities.

Commercialization of inventions: Advertising is useful to commercialize or materialize new



useful inventions. New inventions benefit the Society.

5 Public Acceptance : Advertising prepares people to accept and use new and standard products.

6 Informative : Advertisement is a good source of informations. It can increase awareness about different products and special offers related to products.

Q4 Discuss the pervasiveness of risk in business. Describe briefly the management of business risks.

The pervasiveness of risk in a business. This statement talks about the operation and functioning of the business among certain quality standard as well as in certain geographical area of working. Pervasiveness is the universal effect in the business world related to a certain method or procedure of working.

Business risk is the possibility a company will have lower than anticipated profits or experience a loss rather than taking a profit.



Risk is influenced by numerous factors, including Sales Volume, per-unit price, input costs, competition, and the overall economic climate and government regulations.

Risk pervasiveness brings in business.

- ① It brings the stagnant flow of working in the business.
- ② Sometimes, aid brought in the effect to prevent the loss can have the wide effects due to change in the environment of elements involved.
- 3 This brings rigidity to the business working in the changing trends and methodologies of the firms.

Management Risk :-

Running a business come with many types of risk. Some of these potential hazards can destroy a business, while others can cause serious damage that is costly and time-consuming to repair. Despite the risks implicit in doing business, E&O and risk management officers can anticipate and prepare, regardless of the size of their business.



Q5 comment briefly on the following statements :

(a) An entrepreneur is a good judge of which products will sell.

Entrepreneurship is all about helping people see the benefit of a new way of doing things; it's about having an idea and having the passion and perseverance to make it come true. What sets an entrepreneur apart from any other businessperson is that fact that she is willing to assume risk to make profit. So with that in mind, let's look at the six types of products or services and the pros and cons of each.

- 1 Apps (tools)
- 2 products
- 3 Done for you (D.F.Y)
- 4 Teach a skill
- 5 consulting
- 6 coaching

Q6 stock exchange plays a very important role in the economic development of a country.

Ans Role of stock exchange in economic development of a country.



The stock exchange has an important role in the world economy by serving as the anchor of the modern national economic system. Stock exchanges enable companies to raise funds for expansion. They also give people a chance to make investment in corporations.

Facilitates Liquidity: The most important role of the stock exchanges is in ensuring a ready platform for the sales and for purchase of securities. This gives investors the confidence that offers liquidity in terms of investment.

c There are various reasons of the govt. participating in business.

Reasons why government participates in business enterprises are:

(i) To provide essential services: The govt. prefers to handle the provision of essential services in order to reduce costs.

(ii) To prevent monopoly: Government participations in business to prevent the exploitation of the people.

To prevent foreign control of the economy  
The management of some corporations



- + Strategic reasons: Some corporation e.g. airport, seaports, etc. are strategically important to the economy, hence private hands cannot be allowed.
- + Revenue generation Govt. Participation in order to generate revenue from them.
- + Employment opportunities: Govt. embarks on business in order to create employment opportunities.
- + To monitor the industry: Govt. may like to co-operate with private bodies in such ventures like insurance and banking to enable govt. monitor the activities of such business.

d. The govt. company form of organization suffers from certain limitations.

Limited liability: The liability of members in company form of govt. is limited to the nominal value of the shares they have acquired. If a person has purchased a share of Rs 100 his liability is limited to Rs. 100 only.

Limitation of govt. company

These companies face a lot of govt. interference and involvement of govt. officials, ministers



and political. As these companies are financed by the govt. so these companies evade all constitutional responsibilities of not answering to the parliament.