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(Affiliated to CBSE up to +2 Level)

Class: 11th

Subject: Business Studies

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Private, Public and Global Enterprises

Question 1:

A government company is any company in which the paid-up capital held by the government is not less than

- (a) 49 percent
- (b) 51 percent
- (c) 50 percent
- (d) 25 percent

ANSWER:

In a government company, the paid-up capital held by the state or central government is at least 51 percent of the total shares. In case the percentage of shares held by the government falls below 51, then the organisation cannot be regarded as a government company. In case, the government holds 49 per cent of shares in a company, the company is considered as a private organisation.

Hence, the correct answer is option (b).

Question 2:

Centralised control in MNC's implies control exercised by

- (a) Branches
- (b) Subsidiaries
- (c) Headquarters
- (d) Parliament

ANSWER:

Centralised control in the context of MNCs refers to the control exercised by the corporation's headquarters. In the case of MNCs, the headquarters exercise (centralised) control over all its branches and subsidiaries across all the countries where the MNC has a presence.

Hence, the correct answer is option (c).

Question 3: PSE's are organisations owned by

- (a) Joint Hindu Family
- (b) Government
- (c) Foreign Companies
- (d) Private entrepreneurs

ANSWER:

The term 'PSEs' stands for public sector enterprises, which are completely owned and controlled by the government. On the other hand, the other types of organisations given in the question, namely, Joint Hindu family, foreign companies and private entrepreneurs, are controlled and owned by private individuals.

Hence, the correct answer is option (b).

Question 4:

Reconstruction of sick public sector units is taken up by

- | | |
|----------|---------|
| (a) MOFA | (b) MoU |
| (c) BIFR | (d) NRF |

ANSWER:

The responsibility of reviving sick public sector units lies with of The Board of Industrial and Financial Reconstruction (BIFR). It decides whether the sick PSUs are to be reconstructed or these should be shut down.

Hence, the correct answer is option (c).

Question 5:

Disinvestment of PSE's implies

- | | |
|--|-----------------------------|
| (a) Sale of equity shares to private sector / public | (b) Closing down operations |
| (c) Investing in new areas | (d) Buying shares of PSE's |

ANSWER:

Disinvestment refers to the process of selling equity shares of a public sector enterprise to the private or the public sector. Through disinvestment, the ownership of the government in a PSE gets diluted, and simultaneously, the quantum of shares held by the private sector in that enterprise increases.

Hence, the correct answer is option (a).

Question 6:

The equity-based joint venture does not include

- | | |
|-----------------------------|-----------------------------------|
| (a) Cooperative development | (b) Company |
| (c) Partnership | (d) Limited liability partnership |

ANSWER:

The form of equity-based joint venture includes Company, Partnership, and Limited liability partnership. However, it does not include Cooperative development. Hence, the correct answer is option (a).

Question 1:

Explain the concept of private sector and public sector?

ANSWER:

Private sector: It refers to that part of an economy which is owned and managed by individuals or companies with the sole motive of earning profits. In other words, it encompasses all organisations that are not owned or operated directly by the government. In most of the free economies (where the government has a minimal role), the private sector employs a significant portion of the workforce. The private sector consists of the following types of organisations.

- Sole proprietorship
- Partnership

- Joint Hindu Family
- Cooperative societies
- Company

Public sector: This sector consists of organisations that are directly owned and operated by the government. These organisations are either partly or completely owned by the central or a state government—Bharat Heavy Electricals Ltd, Oil India Ltd and Life Insurance Corporation of India are examples of public sector industries.

Question 2:

State the various types of organisations in the private sector..

ANSWER:

The private sector consists of that part of an economy which is owned and managed by individuals or companies with the motive of earning profits. The various types of private sector organisations in India are as follows.

- Sole proprietorship
- Partnership
- Joint Hindu Family
- Cooperative societies
- Company

Question 3:

What are the different kinds of organisations that come under the public sector?

ANSWER:

The public sector consists of organisations that are directly owned and operated by the government. These organisations are either wholly or partially under government control. The following are the various forms of public sector organisations.

- Departmental undertakings
- Statutory corporations
- Government companies

Question 4:

List the name of some enterprises under the public sector and classify them.

ANSWER:

(a) Departmental undertakings: Posts and Telegraphs, Indian Railways

(b) Statutory corporations: Food Corporation of India (FCI), Life Insurance Corporation of India (LIC)

(c) Government company: Bharat Heavy Electricals Ltd, Hindustan Machine Tools Ltd

Question 5:

Why is the government company form of organisation preferred to other types in public sector?

ANSWER:

In a government company, at least 51 per cent of the company's shares are held either by the central or by the state government. This form of organisation was established under the Indian Companies Act of 1956. The following are the reasons that the government-company form of organisation is preferred over the other forms in the public sector.

- (a) A government company enjoys the maximum autonomy in all its managerial actions and decision-making processes.
- (b) It faces no undue interference by the department concerned in its operations.
- (c) It has its own, separate entity—that is, a government company is different from the government.
- (d) It provides goods and services at reasonable rates and at the same time also ensures safe marketing activities.

Question 6:

How does the government maintain a regional balance in the country?

ANSWER:

The following are the ways in which the Government of India has employed to maintain regional balance in the country.

(a) Setting up steel industries in rural areas: During the 1950s, the Government of India established four major steel plants in rural areas. The basic rationale behind this move was to facilitate the economic development and growth of rural and backward areas.

(b) Creating employment opportunities: The steels plants and many other enterprises in rural areas provided the rural people with employment opportunities, helping them to earn a higher income and enjoy a better standard of living.

(c) Facilitating development through linkages: The setting up of the industries contributed to the development of various forward and backward linkages, besides providing employment opportunities. These linkages encouraged the agricultural sector, which in turn spurred the development of ancillary industries (i.e., related industries).

(d) Ensuring infrastructure development: The establishment of industries in rural and backward areas necessitated infrastructure development, including better roads, railways and bridges. The infrastructure made the backward areas well connected with the rest of the country, facilitating the growth and development of these areas.

Question 7:

State the meaning of public private partnership.

ANSWER:

The Public Private Partnership is that model of partnership wherein the tasks, obligations, responsibilities and risks are optimally allocated among the public and the private partners. In a PPP, the public partner may include government entities, such as ministries, government departments, municipalities, etc., whereas the private partner may include local or foreign businesses or investors with relevant technical or financial expertise.