

MARKING SCHEME

PUBLIC SECTOR/ BUSINESS SERVICES/EMERGING MODES OF BUSINESS

Q. 1 Which of the following is a characteristic of public sector enterprises?

- A) Owned and controlled by private individuals
- B) Objective is to maximize profit only
- C) Funded primarily by government
- D) Not accountable to the public

Answer: C) Funded primarily by government

Explanation:

Public sector enterprises are owned, controlled, and financed by the government. Their objective includes both economic growth and social welfare.

Q.2 Assertion (A): Public sector enterprises play a crucial role in the development of infrastructure in a country.

Reason (R): Private sector avoids investment in infrastructure due to long gestation periods and lower returns.

- A) Both A and R are true, and R is the correct explanation of A
- B) Both A and R are true, but R is not the correct explanation of A
- C) A is true, but R is false
- D) A is false, but R is true

Answer: A) Both A and R are true, and R is the correct explanation of A

Explanation:

Public sector takes the lead in infrastructure because private players often avoid such investments due to the time it takes to get returns and the high initial cost. Hence, the reason correctly explains the assertion.

Q.3 The main objective of public sector enterprises is:

- A) Profit maximization
- B) Monopoly creation
- C) Social welfare and service
- D) Consumer exploitation

Answer: C) Social welfare and service

Explanation:

Public sector units are primarily set up to provide essential services and infrastructure to the public, focusing on social welfare rather than pure profit.

Q.4 Which of the following is NOT an advantage of e-business?

- A) Easy global reach
- B) Lower investment cost
- C) Immediate physical inspection of goods
- D) 24x7 availability

Answer: C) Immediate physical inspection of goods

Explanation:

One major limitation of e-business is that customers cannot physically inspect the goods before purchase, unlike in a traditional store.

Q.5 Assertion-Reason Question

Assertion (A): E-business has made business operations more efficient and flexible.

Reason (R): E-business requires large physical infrastructure to reach customers.

- A) Both A and R are true, and R is the correct explanation of A
- B) Both A and R are true, but R is not the correct explanation of A
- C) A is true, but R is false
- D) A is false, but R is true

Answer: C) A is true, but R is false

Explanation:

Assertion is true – E-business enhances efficiency and flexibility by automating and speeding up business processes.

Reason is false – One advantage of e-business is that it does not require large physical infrastructure like traditional business models.

Q.6 A government-owned company is running at a loss but continues operations because it provides employment in a backward region.

What does this decision reflect about the public sector?

- a) Profit maximization motive
- b) social welfare responsibility
- c) Technological advancement
- d) Global competitiveness

Answer: b) Social welfare responsibility

Explanation: Public sector enterprises are not purely profit-driven. They often focus on balanced regional development and social welfare by providing jobs, infrastructure, and essential services, even if profitability suffers.

Q.7 The Indian Railways is fully controlled by the government. Which form of public sector organisation does this represent?

- a) Departmental Undertaking
- b) Statutory Corporation
- c) Government Company
- d) Public-Private Partnership

Answer: a) Departmental Undertaking

Explanation: Indian Railways is directly managed by a ministry of the government, making it a departmental undertaking. This ensures full control but also leads to bureaucratic delays.

Q.8 Ravi buys goods online using his debit card. The bank immediately deducts the amount from his account and transfers it to the seller's account. Which type of banking service does this represent?

- a) Credit creation
- b) Electronic fund transfer (EFT)
- c) Demand draft
- d) Overdraft facility

Answer: b) Electronic fund transfer (EFT)

Explanation: EFT allows instant transfer of money electronically between accounts. Debit/credit card transactions are examples of EFT, making payments faster and more convenient.

Q.9 A public sector steel company is criticized for low productivity and high costs due to political interference in decision-making. This reflects which key limitation of the public sector?

- a) Monopoly advantage
- b) Lack of managerial autonomy
- c) National security concerns
- d) Financial self-sufficiency

Answer: b) Lack of managerial autonomy

Explanation: Public sector enterprises often face interference from politicians

Q.10 An online grocery store introduces same-day delivery through its app. Which key dimension of e-business is being emphasized here?

- a) Cost-effectiveness
- b) Customization and speed
- c) Security of transactions
- d) Reduction of paperwork

Answer: b) Customization and speed

Explanation: An online grocery store introduces same-day delivery through its app is an example of Customization and speed