

**Class XI Session 2025-26**  
**Subject - Business Studies**  
**Sample Question Paper - 10**

**Time Allowed: 3 hours**

**Maximum Marks: 80**

### General Instructions:

1. This question paper contains 34 questions.
2. Marks are indicated against each question.
3. Answers should be brief and to the point.
4. Answers to the questions carrying 3 marks may be from 50 to 75 words.
5. Answers to the questions carrying 4 marks may be about 150 words.
6. Answers to the questions carrying 6 marks may be about 200 words.
7. Attempt all parts of the questions together.

1. The District Industries Centers Programme was launched on: [1]
  - a) July 1, 1978
  - b) September 1, 1978
  - c) May 1, 1978
  - d) 15 August 1978
2. Every importer is required to secure the sanction of foreign exchange in order to make the payment. For obtaining such a sanction, to whom the importer has to make an application from among the following: [1]
  - a) DGFT
  - b) Any bank authorized by RBI to issue foreign exchange
  - c) EXIM
  - d) Exchange Control Department of RBI
3. PSE's are organisations owned by: [1]
  - a) Foreign Companies
  - b) Government
  - c) Private entrepreneurs
  - d) Joint Hindu family
4. When one country purchases goods from another country, it is known as \_\_\_\_\_ trade [1]
  - a) Export
  - b) National
  - c) Local
  - d) Import
5. Exemption from paying taxes for 5 to 10 years is known as \_\_\_\_\_. [1]
  - a) tax deduction
  - b) TDS
  - c) tax holiday
  - d) Value Added Tax
6. Expand the term ICICI: [1]
  - a) Industrial Credit and Investment Corporation of India
  - b) International Credit and Investment Corporation of India

- c) Indian Credit and Investment Corporation of India      d) International Credit and Institution Corporation of India
7. \_\_\_\_\_ consists of business owned by individuals or a group of individuals. [1]
- a) production sector      b) Private sector  
c) Public sector      d) Service sector
8. **Assertion (A):** Secret Partner doesn't take part in the management. [1]  
**Reason (R):** Secret partner's association with the firm is unknown to the general public.
- 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.
9. NSIC was set up in: [1]
- a) 1982      b) 1975  
c) 1955      d) 1965
10. Which of the following is not an example of chain stores? [1]
- a) McDonald      b) KFC  
c) Bata      d) NDTV Channel
11. Which of the following statements is incorrect regarding Inter Corporate Deposits (ICD)? [1]
- A. They are made by one company with another company.  
B. Unsecured long term deposits.  
C. The minimum period of ICDs is 7 days which can be extended to one year.  
D. The interest rate on ICDs may remain fixed or may be floating.
- a) Only A      b) Only D  
c) Only C      d) Only B
12. Which of the following documents contains a guarantee from the importer bank to the exporter's bank that it undertakes to honour the payment up to a certain amount of the bills issued by the exporter: [1]
- a) Usance draft      b) Bill of exchange  
c) Letter of credit      d) Sight draft
13. When can a public company commence its business? [1]
- a) All of these      b) After obtaining the certificate of commencement  
c) After obtaining the certificate of incorporation      d) After obtaining the license
14. Which of the following is organised by individuals? [1]
- a) Atomic industry      b) Cottage Industries  
c) Chemical Industry      d) Railway Industry
15. Carbon monoxide emitted by automobiles directly contributes to: [1]



- a) air pollution
- b) noise pollution
- c) water pollution
- d) land pollution

16. Which of the following is incorrect regarding the nature of services? [1]
- a) Services have to be performed exclusively each time for different customers
  - b) Services can be stored for future use
  - c) Services are experiential in nature
  - d) Services involve simultaneous activity of production and consumption
17. Which of the following is incorrect regarding the types of manufacturing enterprises? [1]
- a) In a Microenterprise investment in plant and machinery does not exceed twenty-five lakh rupees.
  - b) In a Small enterprise investment in plant and machinery is more than twenty-five lakh rupees does exceed five crore rupees.
  - c) In a medium enterprise investment in plant and machinery is more than five crore rupees but does not exceed ten crores rupees.
  - d) In a Small enterprise investment in plant and machinery is more than twenty-five lakh rupees but does not exceed three crore rupees.
18. Which of the following is a factor in determining the degree of risk involved in a business? [1]
- a) Both nature and size of the business
  - b) Only size of the business
  - c) Neither nature nor size of the business
  - d) Only nature of the business
19. NABARD was setup in \_\_\_\_\_. [1]
- a) 1987
  - b) 1982
  - c) 1975
  - d) 1991
20. A prospectus is issued by: [1]
- a) a public enterprise
  - b) a private company
  - c) a public company seeking investment from the public
  - d) a joint enterprise
21. Name any three important documents used in export trade. [3]
- OR
- In what ways is exporting a better way of entering into international markets than setting up wholly-owned subsidiaries abroad?
22. Your friend, Aakash, has got such a plastic card as gives him the facility of buying goods immediately without cash. This amount of cash he will deposit on a future date in that very bank which issued the card to him. Identify this card and describe it. [3]
- OR
- What do you understand by the central bank?
23. What is internal trade? Mention its two features. [3]
24. Liver Pharmaceutical Limited was set up about ten years ago in a hilly region. The company's business was to manufacture medicines. This company manufactured medicines related to particularly the diseases of the liver. At the time of setting up the factory, 50,000 'Equity shares of the Face Value of' 100 only were issued. With the setting up of this company, several people in the local area got employment. The medicines manufactured by the [3]



company were being supplied all over the country. Now, besides growth in the size of the company, there was also an increase in the capital need of the company. The company was, once again, preparing to seek the help of the public for arranging the capital. In this context, the Top Management held a meeting. In the meeting, it was decided that first of all, from the market survey, it should be ascertained in which particular security the investors are interested to invest their money. The report received after the market survey was that in those days people wanted to have their share in the ownership of the company and also they wanted that they should get their dividend at a fixed rate before the other shareholders. Besides, the investors wanted that after a fixed period, their money invested by them should be refunded. The company decided to issue the shares in accordance with the report of Market Survey.

◦ Quoting the relevant line, explain what type of shares was decided by the company to be issued.

25. Many traders in India have been adversely affected due to the easy availability of Chinese goods at low prices in the country. Chinese goods are not only affecting the domestic business and Indian market but also affecting the export market of our country. Indian goods are being replaced by 'Made in China' label, both in India as well as abroad, in various segments such as electronic goods, textile and garment industry, toys, medicines, car components, etc. [4]

In the context of the above case answer the following questions:

- Briefly outline the disadvantage of international trade as highlighted in the above paragraph.
- State any two other disadvantages of international trade.

26. State any four features of the business. [4]

OR

Explain how industry, trade, and commerce are interrelated.

27. E-business offers numerous benefits. Justify your answer by giving suitable reasons. [4]

28. State any three merits and two demerits of issue of equity shares. [4]

OR

What do you understand by financial institutions? Write their merits and limitations

29. Explain in brief the type of manufacturing industries with examples of products manufactured in each type. [4]

30. Parul is doing the export business. Every time she would procure an export order, she felt stressed and had anxiety about completing it on time. A few years later, her younger sister Esha, after completing a course in fashion designing, joined her in business as a partner. Consequently, Parul realized that her level of stress and anxiety related to business operations had reduced considerably and she had started feeling more relaxed. However, at the same time, she noticed that since both of them differ in their choice of colours for making garments a lot of time is being wasted in reaching mutual consent. [4]

- Identify and explain the related merit of the partnership being highlighted in the paragraph.
- Also, state the related demerit of the partnership being described in the paragraph.

31. Write points of differences between Departmental stores and Chain stores on the following basis: [6]  
Location, Range of product, Services offered, Pricing, Class of the customer, Credit facilities.

32. Explain briefly the objective behind the following Institutions: [6]

- NABARD,
- RSBDC,
- NSIC,
- SIDBI,
- NCEUS,



f. DICS.

OR

Describe the role of small business in rural India?

33. Write the features of departmental undertakings.

[6]

34. Explain the various elements of business ethics.

[6]

OR

What steps can an enterprise take to protect the environment from the dangers of pollution?



# Solution

1.  
**(c) May 1, 1978**  
**Explanation:**  
The District Industries Centers Programme was launched on May 1, 1978, with a view to providing an integrated administrative framework at the district level.
2.  
**(b) Any bank authorized by RBI to issue foreign exchange**  
**Explanation:**  
Any bank authorized by RBI to issue a foreign exchange. In India, all foreign exchange transactions are regulated by the Exchange Control Department of the Reserve Bank Of India.
3.  
**(b) Government**  
**Explanation:**  
Public Sector Undertaking (PSU) or a Public Sector Enterprise (PSE) these companies are owned by the union government of India, or one of the many state or territorial governments, or both.
4.  
**(d) Import**  
**Explanation:**  
Import
5.  
**(c) tax holiday**  
**Explanation:**  
Exemption from paying taxes for 5 to 10 years is known as Tax Holiday.
6. **(a) Industrial Credit and Investment Corporation of India**  
**Explanation:**  
Industrial Credit and Investment Corporation of India (ICICI) was established in 1955 as a public limited company under the Companies Act.
7.  
**(b) Private sector**  
**Explanation:**  
The private sector encompasses all for-profit businesses that are owned or operated by an individual or group of individuals.
8.  
**(d) A is false but R is true.**  
**Explanation:**  
A secret partner is one whose association with the firm is unknown to the general public. Other than this distinct feature, in all other aspects, he is like the rest of the partners. He contributes to the capital of the firm, takes part in the management, shares its profits and losses, and has unlimited liability towards the creditors.
9.  
**(c) 1955**



**Explanation:**

NSIC was set up in 1955 with a view to promote, aid, and foster the growth of small business units in the country.

10.

**(d)** NDTV Channel

**Explanation:**

NDTV Channel is a media company.

11.

**(d)** Only B

**Explanation:**

Inter Corporate Deposits are **unsecured short-term** deposits made by a company with another company.

12.

**(c)** Letter of credit

**Explanation:**

Letter of credit is a guarantee issued by the importer's bank that it will honour payment up to a certain amount of export bills to the bank of the exporter.

13.

**(b)** After obtaining the certificate of commencement

**Explanation:**

After obtaining the certificate of commencement, a public company can start their work.

14.

**(b)** Cottage Industries

**Explanation:**

Cottage Industries are organised by individuals, with their private resources.

15.

**(a)** air pollution

**Explanation:**

The injection of harmful gases such as carbon monoxide emitted from automobiles, smoke, and chemical from factories, etc. reduce the quality of air. Thus cause air pollution.

16.

**(b)** Services can be stored for future use

**Explanation:**

Services cannot be stored for sale in the future.

17.

**(d)** In a Small enterprise investment in plant and machinery is more than twenty-five lakh rupees but does not exceed three crore rupees.

**Explanation:**

In a Small enterprise investment in plant and machinery can be more than twenty-five lakh rupees but does not exceed five crore rupees.

18.

**(a)** Both nature and size of the business

**Explanation:**

The degree of risk depends upon both the nature and size of the business.

19.

**(b)** 1982

**Explanation:**



NABARD was set up in 1982 to promote integrated rural development.

20.

(c) a public company seeking investment from the public

**Explanation:**

A prospectus is a legal document issued by companies that are offering securities for sale.

21. Three important documents used in export trade are as follows:

- i. **Export invoice:** Export invoice is a sellers' bill for merchandise and contains information about goods such as quantity, total value, number of packages, marks on packing, port of destination, name of ship, bill of lading number, terms of delivery and payments, etc.
- ii. **Shipping Bill:** The shipping bill is the main document on the basis of which customs office grants permission for the export. The shipping bill contains particulars of the goods being exported, the name of the vessel, the port at which goods are to be discharged, country of final destination, exporter's name and address, etc.
- iii. **Letter of credit:** A letter of credit is a guarantee issued by the importer's bank that it will honour up to a certain amount the payment of export bills to the bank of the exporter. Letter of credit is the most appropriate and secure method of payment adopted to settle international transactions.

OR

Exporting is a better way of entering into international markets than setting up wholly-owned subsidiaries abroad in the following ways

- i. Exporting is the easiest way of gaining entry into international markets. It is less complex than setting up and managing joint ventures or wholly-owned subsidiaries abroad.
- ii. Exporting involves lesser time and effort as business firms are not required to invest that much time and money as is needed when they set up manufacturing plants and facilities as a wholly-owned subsidiary in host countries.
- iii. Since exporting does not require much of investment in foreign countries, exposure to foreign investment risks is nil or much lower than that in establishing a wholly-owned subsidiary.

22. The name of this card is Credit Card'.

**Credit Card:** A bank issues a credit card to those of its customers who enjoy a good reputation. It is not necessary that a customer should have money in the bank in order to get a credit card. This is a sort of overdraft facility. With the help of this card, the holder can buy goods or obtain services. The name of the issuing bank, the name of the holder and his/her identity along with the date of validity are inscribed on the credit card. The credit card holder keeps on depositing the money used according to the agreement with the bank.

OR

The Central bank is the apex institution of the country's monetary system. It supervises, controls and regulates the activities of all the commercial banks of that country. It also acts as a government banker. It controls and coordinates the currency and credit policies of any country. The Reserve Bank of India is the central bank of our country.

23. Buying and selling of goods and services within the boundaries of a nation are referred to as internal trade. the two features of internal trade are as follows:

1. Transaction made within domestic boundary.
2. Transaction done in domestic currency.

24. "...People wanted to have their share....dividend at a fixed rate.....".

Preference Shares would be a suitable option as those are the only shares which entitle the holder to a fixed dividend, whose payment takes priority over that of ordinary share dividends.

25. a. The disadvantage of international trade as highlighted in the above paragraph is that it restricts the growth of indigenous industries due to increased competition from foreign countries. Sometimes it may even pose a threat to the survival of new and small industries.

b. The two other disadvantages of international trade are as follows:

- i. The depletion of natural resources in the home country may sometimes happen due to excessive exports in a short span of time leading to the economic downfall of the country in the long run.
- ii. The import of harmful goods like spurious drugs, luxury articles, etc. adversely affects the economy and well-being of the people.

26. Features of business:





- i. **An economic activity:** Business is considered to be an economic activity because it is undertaken with the object of earning money or livelihood and not because of love, affection, sympathy or any other sentimental reason. It may be mentioned here that this activity can be undertaken either at small and individual level, e.g. (purchase and sale by a shopkeeper) or on large scale in a more formal and organised level (purchase and sale by a cooperative society or company).
- ii. **Production or procurement of goods and services:** Before goods are offered to people for consumption, these must be either produced or procured by business enterprises. Thus, every business enterprise either manufactures the goods it deals in or it acquires them from producers, to be further sold to consumers or users. Goods may consist of consumable items of daily use such as sugar, ghee, pen, notebook, etc. or capital goods like machinery, furniture, etc. Services may include facilities offered to consumers, business firms and organisations in the form of transportation, banking, electricity, etc.
- iii. **Sale or exchange of goods and services:** Directly or indirectly, business involves transfer or exchange of goods and services for value. If goods are produced not for the purpose of sale but say for personal consumption, it cannot be called a business activity. Cooking food at home for the family is not business, but cooking food and selling it to others in a restaurant is business. Thus, one essential characteristic of business is that there should be sale or exchange of goods or services between the seller and the buyer.
- iv. **Dealings in goods and services on a regular basis:** Business involves dealings in goods or services on a regular basis. One single transaction of sale or purchase, therefore, does not constitute business. Thus, for example, if a person sells his/her domestic radio set even at a profit, it will not be considered a business activity. But if he/she sells radio sets regularly either through a shop or from his/her residence, it will be regarded as a business activity.

OR

Industry, business, and trade are firmly identified with one another in various manners:

The industry is identified with the creation of merchandise and enterprises and trade assists with conveying the products and ventures delivered by the business to the last purchaser.

Industry and trade are bury subject to one another. They can't get by in disengagement as both are imperative for one another.

Trade will be of no utilization without industry and industry can't get by without business. Business is a maker of spot utility and time utility and serves the foundation of the industry, while industry gives the base to trade.

Trade is a basic piece of business. It alludes to the deal and acquisition of merchandise and ventures. It gives ground to business to play. It offers help to industry as well as keeps up a smooth progression of business simultaneously.

27. There are actually innumerable advantages of e-Business, the most obvious one being the ease of doing business. Some of the major advantages of e-business are as follows:

- i. **Easy to Set Up:** It is easy to set up an electronic business. You can set up an online business even by sitting at home if you have the required software, a device, and the internet.
- ii. **Cheaper than Traditional Business:** Electronic business is much cheaper than a traditional business. The cost taken to set up an e-business is much higher than the cost required to set up a traditional business. Also, the transaction cost is effectively less.
- iii. **Global reach:** There are no geographical boundaries for e-business. Anyone can order anything from anywhere at any time. This is one of the benefits of e-business.
- iv. **Government Subsidies:** Online businesses get benefits from the government as the government is trying to promote digitalization.
- v. **Flexible Business Hours:** Since the internet is always available. E-business breaks down the time barriers that location-based businesses encounter. As long as someone has an Internet connection, you may be able to reach and sell your product or service to these visitors to your business website.
- vi. **E-business means freedom:** Opening an e-business means freedom - freedom of location, freedom to work and freedom to push your company where you want it to go.

28. Merits of Equity Shares

- i. **Long-term and Permanent Capital** It is considered as a good source of long-term finance. A company is not required to pay back the equity capital during its lifetime. Thus, they are also known as permanent sources of capital.
- ii. **No Fixed Burden Payment of dividend** to the equity shareholders is not compulsory. Therefore, there is no burden on the company in this respect. They provide a cushion of safety against unfavorable development.
- iii. **Credit Worthiness** Issuance of equity share capital creates no change in the assets of the company. A company can raise further finance on the security of its fixed assets.

Demerits of Equity Shares

- i. **Dilution in Control** Each sale of equity shares dilutes the voting power of the existing equity shareholders and extends the voting or controlling power to the new shareholders. Equity shares are transferable and may bring about centralization of



power in a few hands.

- ii. Trading on Equity not Possible If equity shares alone are issued, the company cannot trade on equity.

OR

A financial institution (FI) is a company engaged in the business of dealing with financial and monetary transactions such as deposits, loans, investments, and currency exchange. Financial institutions encompass a broad range of business operations within the financial services sector including banks, trust companies, insurance companies, brokerage firms, and investment dealers. Virtually everyone living in a developed economy has an ongoing or at least periodic need for the services of financial institutions.

**Merits:**

- i. They provide long-term finance, not provided by commercial banks.
- ii. They provide funds during periods of depression when other sources are not available.

**Limitations:**

- i. The procedure for obtaining a loan from these institutions is time-consuming and expensive. Moreover, it involves many formalities.
- ii. They impose many restrictions on the power of borrowing of the company.

29. The following are the types of manufacturing industry:

- i. **Analytical industry:** Industries which analyses and separates different elements from the same materials, as in the case of oil refinery. , for example, processing crude oil to produce petrol, diesel, etc.
- ii. **Synthetic industry:** Industries which combines various ingredients into a new product, For example, producing soap, biscuits, etc.
- iii. **Processing industry:** Industries where raw materials are processed to produce finished goods through a series of manufacturing operations. For example, sugar from sugarcane, textile products, etc.
- iv. **Assembling industry:** Industries where the finished product is produced by assembling the various parts or components. For example, radio, car, T.V., etc.

30. i. Sharing of risks is the related merit of a Partnership form of business organization, as described above. Since the risks involved in running a partnership firm are shared by all the partners it reduces the anxiety, burden, and stress on individual partners.
- ii. 'Possibility of conflicts' is the related demerit of a partnership being described in the paragraph. It states that the working of a partnership form of business may be adversely affected due to the conflicts which may arise due to the difference of opinions between the partners on the various issues related to the business.

31. Following points show the difference between the two:

S. No.	Basis	Departmental store	Chain-store/multiple stores
(i)	Location	A departmental store is located at a central place where a large number of customers can be attracted to it.	Multiple store/chain stores are located near residential areas or in busy markets. Thus, central location is not necessary for chain shops.
(ii)	Range of product	These stores aim at satisfying all the needs of customers under one roof. So, they have to carry a variety of products of different types.	The multiple stores deal in a limited range of merchandise, mostly standard consumer products.
(iii)	Services offered	Departmental stores lay great emphasis on maximum services to customers like alteration of garments/ restrooms, restaurants, etc.	Multiple shops provide very limited services confined to guarantee and repairs if the sold goods turn out to be defective.
(iv)	Pricing	The departmental stores do not have a uniform pricing policy for all the departments; rather they have to occasionally offer discounts, rebate, etc. to clear the unsold stock.	The multiple chain shops sell goods at fixed prices and maintain a uniform pricing policy for all the shops.
(v)	Class of customer	These stores cater to the needs of a relatively high-income group of customers who care more for the services provided instead of the prices of goods.	These chain stores cater to different types of customers including lower-income groups who are interested in buying quality goods at a reasonable price.



(vi)	<b>Credit facilities</b>	Departmental Stores may provide credit facilities to some of their regular customers.	Multiple shops make all sales strictly on a cash basis. No credit facilities allowed to the customers.
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32. i. **NABARD:**

- Providing finance to SSIs, cottage industries, tiny industries, and other village industries by lending to commercial banks.
- Promoting rural industries, cottage industries tiny sectors by lending loans to commercial banks and co-operative banks
- To promote integrated rural development.

ii. **RSBDC:** It is set up for providing management and technical support to micro and small entrepreneurs in rural areas. Covers large number of rural unemployed youth and women.

iii. **NSIC:**

- Providing machinery on hire purchase system to SSIs.
- Help in providing training for skill up-gradation of employees of SSIs.
- Enhance the overall growth of SMEs.
- It provides technology to SSIs and creates awareness of technological upgradation.

iv. **SIDBI:**

- To provide financial assistance to small and tiny sectors. Act as apex bank for small scale industries.
- To Promote marketing of products of small sectors.
- To encourage employment-oriented industries.

v. **NCEUS:**

- To recommend measures for improving the productivity of small enterprises in the informal sector.
- To create employment opportunities in rural areas.

vi. **DICs:**

- To make available all necessary services required to start and manage rural industries in one place.
- They provide an integrated administrative framework at the district level.

OR

A small scale business is a business set up in which the financial commitment towards infrastructure such as building and equipment, whether made as a owner or on rental or purchase basis, does not surpass Rs 1crore. The role of small business in India is as follows:

- Major portion in industrial units:** About 95% of industrial units in the country consists of small industries and 40% of total industrial output is contributed by these industries. 45% of the total exports from India are contributed by them.
- Low cost of production:** The cost of production in these industries is very low. Because of low overhead expenses, both establishment and running costs are low.
- Quick decision:** Small size of the organizations enables the business firms to take quick and timely decisions and to capture new business opportunities at the right time.
- Good personal relations:** Inherent strengths like adaptability and personal touch enables the small scale industries to maintain good personal relations with both the customers and the employees.
- Simple and flexible production techniques:** Simple and flexible production techniques are used by these enterprises which make them very much suitable for customized production, which means designing a product according to the tastes, preferences, and requirements of the customers.
- Second largest employment provider:** After agriculture, small scale industries are the second largest provider of employment in India. As compared to large industries, they generate a number of employment opportunities per unit of capital invested. Hence, these industries are a boon for an overpopulated country like India.
- Prevents migration:** Establishment of these industries in the rural areas prevent migration of rural population to urban areas in search of employment.
- Reduces inequalities:** Cottage and rural industries help in reducing inequalities in income, disperse development of industries and establish a link with other sectors of the economy.

33. Some features of departmental undertakings are as follows:

- Direct funding from the government:** They are financed directly from the government treasury i.e., through the annual budget of the government. Any revenue earned by these undertakings belongs to the government and is paid into the government treasury.
- Government accounting and auditing:** These undertakings follow government accounting rules as framed by the Indian Audit and Accounts Department. The audit of these undertakings is also under the control of the government.



- iii. **Service conditions:** The employees of these enterprises are government servants and their service conditions are the same which are applicable to any other government servant. These undertakings are headed by officers from Indian Administrative Services officers and civil servants who are transferable from one ministry to another.
  - iv. **Control of ministry:** These undertakings are subdivisions or part of the ministry under which they are expected to work. Hence, the concerned ministry exercises full and direct control over such undertakings.
  - v. **Accountability to the ministry:** These enterprises are accountable to the ministry since their management is directly under the concerned ministry.
  - vi. **Government accounting:** These undertakings are subject to government accounting and audit control.
34. Business ethics can be defined as the code of conduct that a business must follow, such that it takes up only those activities that are desirable from the viewpoint of society. The purpose of business ethics is to guide managers and other employees in an organisation in performing their jobs in a manner that is socially acceptable.
- In other words, business ethics is the study of appropriate business policies and practices regarding potentially controversial subjects including corporate governance, insider trading, bribery, discrimination, corporate social responsibility, and fiduciary responsibilities.
- For example, Company XYZ sells cereals with all-natural ingredients. The marketing department wants to use the all-natural ingredients as a selling point, but it must temper enthusiasm for the product versus the laws that govern labelling practices. Business ethics should be followed in the day-to-day working of a business enterprise. The following are some of the elements of business ethics.
- a. **Commitment by top management:** Top-level officers, such as the CEO's and other higher-level managers, must sincerely follow the ethical code of conduct. They should also guide other employees in their organisation in adopting the code.
  - b. **Publication of a 'code':** An enterprise must clearly define the ethical code of conduct to be followed in the organisation. The code should include quality standards for work, laws governing production and employee's health and safety standards.
  - c. **Establishment of compliance mechanism:** In addition to setting performance standards, an enterprise must also devise a mechanism through which it can measure the actions of individual employees.
  - d. **Involvement of employees at all levels:** The successful implementation of ethical standards depends to a large extent on the involvement of employees at different levels. This is because it is the employees who actually implement ethical codes.
  - e. **Measurement of results:** Although it is difficult to measure the end results of the implementation of ethical standards, the top management should take steps to monitor compliance.

OR

Some of the specific steps which can be taken by business enterprises to protect the environment from the dangers of pollution are as follows:-

- i. **Top management commitment:-** The first and the foremost step is to have a definite commitment by top management of the enterprise to create, maintain and develop work culture for environmental protection.
- ii. **Involving employees at all levels:-** Second step is to ensure that commitment to environmental protection is shared throughout the enterprise by all divisions and employees as they will actually implement the environmental protection programmes and policies.
- iii. **Laying down policies for environment protection:-** Another important step is to develop clear-cut policies and programmes for purchasing good quality raw materials, employing superior technology, using scientific techniques of disposal and treatment of wastes and developing employee skills for the purpose of pollution control.
- iv. **Legal compliance:-** A very important and essential step is to comply with the laws and regulations enacted by the government for the prevention of pollution.
- v. **Voluntary Participation:-** Participation in government programmes relating to the management of hazardous substances, clearing up of polluted rivers, plantation of trees and checking deforestation is also an important step in environmental protection by business enterprises.
- vi. **Measuring results:-** Periodical assessment of pollution control programmes in terms of costs and benefits is also essential in order to have steady progress with respect to environmental protection.
- vii. **Education and Training:** Another step that can be taken for environmental protection is arranging educational workshops and training materials to share technical information and experience with suppliers, dealers and customers to get them actively involved in pollution control programmes.

