

**PADASALAI'S CENTUM TEAM**  
**11<sup>TH</sup> COMMERCE PUBLIC EXAM – ANSWER KEY MAY - 2022**



**I. Choose the most appropriate answer**

**20 x 1 = 20**

1	C	Sole Proprietor	11	D	Two
2	D	Owners	12	D	International Business
3	A	3	13	D	Co-operation / B. Utmost good faith
4	C	Industry	14	D	Fully Exempted
5	D	Agreement not enforceable by law	15	C	Itinerant Traders
6	C	Salary or Wages	16	C	Wholesaler to Retailer (W2R)
7	D	1872	17	D	Warehouse
8	B	Robert Owen	18	A	General Warehouses
9	D	To provide the essential goods and services economically	19	A	Goods and Services Tax
10	A	Model of AOA	20	B	Agreement



1	C	Itinerant Traders	11	A	Goods and Services Tax
2	A	Model of AOA	12	D	To provide the essential goods and services economically
3	A	General Warehouses	13	C	Industry
4	D	International Business	14	D	1872
5	D	Two	15	A	3
6	B	Agreement	16	B	Robert Owen
7	D	Agreement not enforceable by law	17	C	Sole Proprietor
8	C	Wholesaler to Retailer (W2R)	18	D	Owners
9	D	Fully Exempted	19	D	Warehouse
10	D	Co-operation / B. Utmost good faith	20	C	Salary or Wages

**II. Answer any 7 questions. Question No. 30 is Compulsory****7 x 2 = 14****21) Barter System – Meaning:**

- Goods were exchanged for goods prior to invention of money.

**22) Partner -Meaning:**

- The person who enter into partnership are individually called “Partner”.

**23) Examples of Departmental Undertakings**

1. The Indian Railways,
2. The Post and Telegraph services

**24) ATM – Meaning:**

- A customer can withdraw money anytime, anywhere in India from the ATM machine.

**25) Functions of Warehouses:**

- |                                       |                                |
|---------------------------------------|--------------------------------|
| 1. Storage                            | 5. Risk bearing                |
| 2. Price Stabilization                | 6. Preparation for sale        |
| 3. Equalization of Demand and Supply. | 7. Widening the marketing area |
| 4. Business Finance                   | 8. Value added services        |

**26) Four examples of Post Office Savings Schemes**

- Post Office Savings Account
- Post Office Recurring Deposit Account (RD)
- Kisan Vikas Patra (KVP),
- Sukanya Samriddhi Account (SSA).

**27) Meaning of Entrepot Trade.**

- It means importing of goods from one country and exporting the same to foreign countries.
- It is also known as ‘Re-export trade’.

**28) Meaning of Trade:**

- The buying and selling of goods and services consists of trade.
- Trade acts as an intermediary in the exchange of commodities between the producer and consumer.

**29) Indirect Tax – Meaning:**

- It is levied on the goods and services.
- It is collected from the buyers by the sellers and paid by the sellers to the Government.
- **E.g.** GST - Goods and Services Tax, Excise duty.

**30) (a) Sole Trading Business**

- (b) Business organisation which is owned and controlled by a single individual.  
It is called Sole Trader.

**III. Answer any 7 questions. Question No. 40 is Compulsory****7 x 3 = 21****31) Meaning of Tertiary Industries:**

- ☆ They do not produce goods.
- ☆ These industries produce utility services and sell them at a profit.
- ☆ They help trade, industry and commerce.
- ☆ This term also includes auxiliaries to trade like banking, insurance, warehouse, advertisement etc.

**Types of Tertiary Industries**

- Personalised service
- Public Service
- Distributive Service
- Financial Service
- Quaternary Service
- Quinary Service

**32) Foreign Company:**

- Foreign company means a company which is incorporated in a country outside India under the law of that country.
- After the establishment of business in India, the necessary document must be filed with the Registrar of Companies within 30 days from the date of establishment.

**33) Public Corporation - Meaning:**

- ✎ It is form of public enterprise which is created as an autonomous unit, by a special Act of the Parliament.
- ✎ It is created by a Statute. It is also known as a statutory corporation.
- ✎ **Examples:** Life Insurance Corporation of India, The Indian Airlines, The Air India International.

**34) Features of Self Help Group.**

- The motto of every group members should be “saving first – credit latter”
- The groups need not be registered.
- Each group should have only one member from one single family.
- A group is to be formed with only men or only with women.☐

**35) Characteristics of wholesalers:**

- ★ Wholesalers buy goods directly from producers or manufacturers,
- ★ They need large amount of capital to be invested in his business,
- ★ They generally provide credit facility to retailers.

**36) Demerits of multiple shops:****i. Limited variety**

- ✱ Multiple shops deal only in limited range of products.

**ii. Absence of services**

- ✱ Customers do not get credit, home delivery and other facilities.

**iii. Lack of personal touch**

- ✱ The owner loses direct personal contact with the customers.
- ✱ The paid staffs do not take personal interest in each and every customer.

**37) Various types of remedies for the injured parties:**

- Rescission of Contract.
- Claim for Specific Performance.
- Claim for Injunction.
- Claim for Quantum Merit and
- Claim for Damages.

**38) The five heads of income:**

- Income from 'Salaries' [Sections 15- 17];
- Income from 'House Property' [Sections 22-27];
- Income from 'Profits and Gains of Business or Profession' [Sections 28- 44];
- Income from 'Capital Gains' [Sections 45-55]; and
- Income from 'Other Sources' [Sections 56-59].

**39) Profession:**

- Professions are those occupations which involve rendering of personal services of a special and expert nature.
- A profession is something which is more than a job.
- It is a career for someone who is competent in their respective areas.

**40) Principles of insurance:**

- Utmost Good Faith
- Insurable Interest
- Indemnity
- Causa Proxima
- Contribution
- Subrogation
- Mitigation

**i). Utmost Good Faith**

- According to this principle, both insurer and insured should enter into contract in good faith.
- Insured should provide all the information that impacts the subject matter.
- Insurer should provide all the details regarding insurance contract.

**IV. Answer all the questions****7 x 5 = 35****41) a). Comparison business with profession and employment:**

S.n o	Transactions	Business	Profession	Employment
1	<b>Nature of Work</b>	Goods and services provided to the public	Personalized service expert of nature	Performing work assigned by the employer
2	<b>Qualifications</b>	No qualification is essential	Education and training specialized in field	Minimum qualification is essential
3	<b>Capital</b>	Capital required as per size of the firm	Limited capital necessary for establishment	No capital required
5	<b>Risk</b>	Profits are uncertain and irregular	Fee is regular and certain, never negative	Fixed and regular pay, no risk
5	<b>Transfer of Interest</b>	Possible	Not possible	Not transferable

**b). Personal investment avenues.****i). Public Provident Fund (PPF)**

- It is the safest long-term investment option for the investors in India.
- It is totally tax free.
- PPF account can be opened in bank or post office.
- The money deposited cannot be withdrawn before 15 years.

**ii). Mutual Funds**

- An individual investor who wants to invest in equities and bond with a balance of risk and return generally can invest in mutual funds.
- Nowadays people invest in stock markets through a mutual fund.
- Systematic investment plan is one of the best investment options in India.

**iii). Real Estate Investment**

- Real estate is one of the fastest growing sectors in India.
- Buying a flat or plot is supposed to be the best decision amongst the investment options.

**iv). Unit Linked Insurance Plans (ULIP)**

- ULIP is a life insurance linked product, which provides risk cover for the policy holder along with investment options.

**v). Unit Linked Insurance Plans (ULIP)**

- ULIP is a life insurance linked product, which provides risk cover for the policy holder along with investment options to invest in any number of qualified investments such as stocks, bonds or mutual funds.

**42) A) Characteristics of Sole trading business:****1) Ownership by one man:**

- This is owned by single person.
- The sole trader contributes the required capital.

**2) Freedom of work and Quick Decisions:**

- Since the individual is himself as a owner, he need not consult anybody else.
- Hence he can take quick decisions.

**3) Unlimited Liability:**

- When his business assets are not sufficient to pay off the business debts he has to pay from his personal property.

**4) Enjoying entire profit:**

- He strives tirelessly for the improvement and expansion of his business and enjoys all the benefits of his hard work.

**5) "Maintenance of Secrecy"**

- Since he/she manages all the affairs of the business, the secrecy can be maintained easily.

**b) Essentials of a Valid Contract****i). Offer and Acceptance**

- There must be two parties to an agreement namely one party making the offer and the other party accepting it.

**ii). Legal Relationship**

- The parties must have the intention to create legal relationship between them.
- An agreement of Social or domestic nature is not at all a contract.

**iii). Lawful Consideration**

- As per Contract Act under Sec.2 (d) Consideration means something in return.
- A contract without consideration becomes invalid.
- It may be in cash or kind or in any form as specified in the act.

**iv). Lawful Object (Section 23)**

- The object of agreement should be lawful and legal.
- It must not be immoral, illegal or opposed to public policy.
- Two persons cannot enter into an agreement to do a criminal act.

**v). Free Consent (Section 13 & 14)**

- Consent of the parties must be free and genuine. Consent means agreeing upon same thing in the same sense at the same time i.e. there should be consensus - ad - idem.
- Consent is said to be free when it is not caused by coercion, undue influence, fraud, misrepresentation or mistake.

**43) a). Three Advantages of Departmental Undertakings****i. Easy Formation:**

- It is easy to set up a departmental undertaking.
- The departmental undertaking is created by an administrative decision of the Government, involving no legal formalities for its formation.

**ii. Direct and Control of Parliament or State Legislature:**

- The departmental undertaking is directly responsible to the Parliament or the State legislature through its overall head i.e. the minister concerned.

**iii. Secrecy Maintained:**

- Strategic industries like defense and atomic power cannot be better managed other than government departments.
- Department undertakings can maintain secrecy in their working.

**Three Disadvantages of Departmental Undertakings****i. Red-tapism**

- There is too much of procedures which results in delay. Commercial organisation cannot afford delay in taking decisions.

**ii. Incidence of Additional Taxation**

- Losses incurred by a departmental enterprise are met out of the treasury.
- This very often necessitates additional taxation the burden of which falls on the common man.

**iii. Lack of Competition**

- Civil Servants are given control of these undertakings who may not have business outlook or commercial experience.
- So, they run the undertaking in their own fashion without considering the sovereignty of the consumers.

**b) Differences between Wholesale Trader and Retail Trader**

BASIS FOR COMPARISON	WHOLESALE	RETAIL
Creates link between	Manufacturer and Retailer	Wholesaler and Customer
Price	Lower	Comparatively higher
Competition	Less	Very high
Volume of transaction	Large	Small
Capital Requirement	Huge	Little

**44) a) Articles of Association – Meaning:**

- The Articles of Association (AOA) is a document that contains the purpose of the company as well as the duties and responsibilities of its members.

**Contents of Articles of Association:**

- ❖ Amount of shares, capital, value and type of shares.
- ❖ Rules regarding issue of shares and debentures.
- ❖ Manner of transfer of shares.
- ❖ Declaration of dividends.
- ❖ Borrowing powers of the company.
- ❖ Seal of the company.

**b) Advantages of international trade .****i). Geographical Specialization:**

- International business is required to exchange the surplus resources resulting from geographical specialization for deficit resources in other countries

**ii). Economic Development:**

- International business helps the developing countries greatly in achieving rapid economic development.
- For example China, India, Brazil and South Korea

**iii). Generation of Employment:**

- International business generates employment opportunities by assisting the expansion.

**iv). Higher Standard of Living:**

- This exchange of goods and services among the countries enhances the standard of living of people.

**v). Prospects for Higher Profit:**

- International business helps the firms which produce goods in excess to sell them at relatively higher price to various countries in the international market.

**45) a). Kinds of Loans by the Commercial Banks****1. Housing Loan**

- Taking the title deeds of the house as collateral security, based on the monthly income of the borrowing customer, banks advance medium and long term loans.
- The customer repay the loan in equated monthly instalments (EMI consists of principal and interest).

**2. Consumer Loan**

- Consumer durables like refrigerator, air conditioner, laptop, washing machine, television, etc. can be purchased by customers with consumer loans from banks.
- The product purchased is hypothecated (secured loan arrangement where the movable asset remains with the borrower) as security for the consumer loan amount.



### 3. Vehicle Loan

- Two wheelers, cars, buses and other vehicles can be purchased by individuals as well as institutions obtaining vehicle loans from the banks.
- Vehicles are hypothecated to the bank until the entire loan amount is repaid.

### 4. Educational Loan

- Loan is provided by banks to students for studying undergraduate, post graduate or professional courses.
- Loan may be received in installments to pay the educational fees every year.

### 5. Jewel Loan

- Customers pledge their gold jewels and obtain loans from banks.
- The margin (percentage of value per gram that can be given as credit) requirement is fixed by the RBI.

### **b). Procedure for Registration of a Firm.**

A statement should be prepared stating the following particulars.

- ✧ Name of the firm.
- ✧ The principal place of business.
- ✧ Name of other places where the firm carried on business.
- ✧ Names and addresses of all the partners.
- ✧ The date on which each partner joined the firm.
- ✧ The duration of the firm.
- This statement signed by all the partners should be produced to the Registrar of Firms along with the necessary registration fee.

### **46) .a) Features of Internal trade:**

- 1) The buying and selling of goods takes place within the boundaries of the same country.
- 2) Payment for goods and services is made in the currency of the home country.
- 3) It involves transactions between the producers, consumers and the middlemen.
- 4) In home trade the laws prevailing in that country only have to be followed.
- 5) The aim of home trade is to provide the goods and services economically.
- 6) The goods must be a part of domestic production.

### **b) Types of warehouses.**

#### **a. Private Warehouses**

- It's built and owned by private business enterprises in order to store the products produced by them.
- They are exclusively for their use and are not meant for other manufacturing or business units.

#### **b. Government Warehouses**

- They are created and operated by the Government to implement the programmes of the Govt.
- Their services mostly available to government only.
- A detailed study on all the above warehouses is given at the end of this chapter.



**c. Public Warehouse**

- It is open for public at large.
- They may be owned by an individual or some agency.
- These warehouses operate as per the rules and regulations formed by the Government.

**d. Co-operative Warehouses**

- There are warehouses owned and managed by the marketing co-operative societies or agricultural co-operative societies.
- They are set up to provide warehousing facilities to their members.

**e. General Warehouses**

- They are ordinary warehouses which are useful for storing most of the dry food grains, fertilizers.
- Protective measures against rat, insects, etc. are undertaken by them.

**47) .a) Distinguish between direct taxes and indirect taxes.**

S.No	Basis	Direct Tax	Indirect Tax
1	<b>Incidence and Impact</b>	Falls on the same person. Imposed on the income of a person and paid by the same person.	Falls on different persons. Imposed on the sellers but collected from the consumers and paid by sellers.
2	<b>Burden</b>	Tax burden is progressive on people	Tax burden is regressive.
3	<b>Evasion</b>	Tax evasion is possible	Tax evasion is more difficult
4	<b>Inflation</b>	Direct tax helps in reducing the inflation	Indirect tax contributes to inflation
5	<b>Shiftability</b>	Cannot be shifted to others	Can be shifted to others

**b) The coastal trade in ancient Tamilnadu.**

- 1) The 'Maruvurappakam' and 'Pattinappakkam' had market and bazaars.
- 2) Where many merchants met one another for the purpose of selling or buying different kinds of commodities.
- 3) Port towns like Tondi, Korkai, Puhar and Muziri were always seen as busy markets with imports and exports.
- 4) Coastal region people engaged in coastal trade and developed their intercontinental trade contacts.
- 5) Boats like 'Padagu', 'Thimil', 'Thoni', 'Ambu' 'Odampunai' etc... were used to cross rivers.

\*\*\*\*\* All the Best \*\*\*\*\*