

XI COMMERCE

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11th COMMERCE

Lesson 1- HISTORICAL BACKGROUND OF COMMERCE IN THE SUB-CONTINENT

I. CHOOSE THE CORRECT ANSWER:

1. In Pandiya Dynasty the place where the goods are sold is _____

(a) **Angadi** (b) Market (c) Nalangadi (d) Allangadi

2. Hindrance of place is removed by _____

(a) **Transport** (b) Warehouse (c) Salesman (d) Insurance

3. Who wrote "Arthasasthra"?

(a) **Kautilya** (b) Chanakya (c) Thiruvalluvar (d) Elangovadigal

4. Trade and Commerce was common to _____ Dynasty.

(a) Pallava (b) Chola (c) **Pandya** (d) Chera

5. _____ was first sultan who paved way in the dense forest and helped traders to move from one market place to others place for their commercial caravans.

(a) **Balban** (b) Vasco da Gama (c) Akbar (d) Alauddin Khilji

II. VERY SHORT ANSWER QUESTIONS

1. What is meant by Barter system?

Goods were exchanged for goods before the invention of money. To carry on Barter System, the following conditions must be fulfilled :

- Surplus Stock
- Double coincidence of wants
- Personal Meeting

2. What is meant by Nallangadi?

* The place where the goods were sold was called 'Angadi'.

*Day market was called as Nallangadi.

3. What is meant by Allangadi?

*The place where the goods were sold was called 'Angadi'.

*The night market was called as Allangadi.

III. SHORT ANSWER QUESTIONS:

1. Explain the meaning of the term "Vanigam".

*The word vaniyam or vanipam would have had a Dravidian origin.

*The early Tamils produced their products and goods in their lands and bartered their surplus.

*The word 'Vanigam' has been widely used in sangam literature like Purananuru and Thirukkural.

2. State the meaning of Maruvurappakkam and Pattinappakkam.

i). Maruvurpakkam:

*Poompuhar had the 'Maruvurappakkam' (inland town).

*It had market and bazaars where many merchants met for the purpose of selling or buying different commodities and food stuff.

ii). Pattinappakkam:

- Pattinappakkam is a Coastal town.
- They were engaged in different kinds of fishing pearls, and conches and produced salts and built ships.

3. What are the ports developed by Pandiya kingdom?

- Port towns like Tondi, Korkai, Puhar and Muziri were always seen as busy with markets to imports and exports.
- Domestic trade used to Boats like 'Padagu', 'Thimil', 'Thoni', 'Ambu', 'Odampunai' etc.
- For foreign trade Kalam, Marakalam, Vangam, Navai etc.. were used.

IV. LONG ANSWER QUESTIONS

1. What are the hindrances of business?

i. Hindrance of place

- Production takes place in one centre and consumers are spread throughout the country and world.
- Rail, air, sea and land transports bring the products to the place of consumer.

ii. Hindrance of time

- Consumers want products whenever they have money, time and willingness to buy.
- Goods are produced in anticipation of such different regional centres.
- So that they can be distributed at the right time to the consumers.

iii. Hindrance of risk of loss

- Fire, theft, floods and accidents may bring huge loss to the business.
- Insurance companies serve to cover the risk of such losses.

iv. Hindrance of knowledge

Advertising and communication help in announcing the arrival of new products and their uses to the people

v. Hindrance of finance

Banks and other financial institutions provide funds to producers and traders to carry on the business activities smoothly.

2. State the constraints in barter system.

i). Lack of double coincidence of Wants

If the wants of both the buyer and seller do not coincide, barter cannot take place.

ii). Non – existence of common measure of value

It was difficult to compare the values of all articles as there was no common measure of value

iii). Lack of direct contact between producer and consumers

It was not always possible for buyers and sellers to meet each other for exchanging goods for goods.

iv). Lack of surplus stock

If the buyers and sellers do not have surplus stock then barter cannot take place.

3. Briefly explain the coastal trade in ancient Tamilnadu.

- The 'Maruvurappakam' and 'Pattinapakkam' had market and bazaars.
- Port towns like Tondi, Korkai, Puhar and Muziri were always seen as busy markets with imports and exports.
- Coastal region people engaged in coastal trade and developed their intercontinental trade contacts.
- Boats like 'Padagu', 'Thimil', 'Thoni', 'Ambu' 'Odampunai' etc... were used in domestic trade.
- Kalam, Marakalam, Vangam, Navai etc.. were used for crossing oceans for foreign trade.

Lesson 2 - Objective of Business

I. CHOOSE THE CORRECT ANSWER

1. The Primary objective of a business is

- (a) Making Profit (b) Not making Profit
(c) Special Skill (d) None of the above

2. Occupation of a Doctor is

- (a) Employment (b) Business
(c) Profession (d) Sole Proprietor

3. The following does not characterize business activity?

- (a) Production of goods and services (b) Presence of risk
(c) Sale or exchange of goods and services (d) Salary or wages

4. Activities undertaken out of love and affection or with social service motive are termed as:

- (a) Economic activities (b) Monetary activities
(c) Non-Economic activities (d) Financial Activities

II. VERY SHORT ANSWER QUESTIONS

1. Define Economic Activities.

Activities undertaken with the object of earning money are called economic activities.
e.g. selling of fruits, working as a doctor.

2. What do you mean by Business?

It is an economic activity undertaken to earn profit through production, distribution, purchase and sale of goods and services”

e.g. Sundar Stationery, Ramesh Bros., Britannia Industries

3. What do you mean by Employment?

It refers to the occupation in which people work for others and get remuneration in the form of wages or salaries.

e.g. Manager, Clerk, Factory Workers, etc.

III. SHORT ANSWER QUESTIONS:**1. What do you mean by human activities?**

Human Activity is an activity performed by human being to meet his needs and wants or may be for personal satisfaction. It can be categorised into economic and non-economic activities

- I. Economic Activities are undertaken to earn money. E.g. Selling Fruits, Working as a doctor.
- II. Non-Economic Activities are undertaken to satisfy social and psychological needs. E.g. Cooking food, celebrating festivals

2. Write short notes on: a) Business b) Profession**a) Business:**

- It is an economic activity undertaken to earn profit through production, distribution, purchase and sale of goods and services”
- e.g. Sundar Stationery, Ramesh Bros., Britannia Industries

b) Profession:

- ✓ Professions involve rendering of personal services of a special and expert nature.
- ✓ Those who engage in a profession are called professionals. Their income is Professional Fees. E.g. Doctor, Engineer, Lawyer, etc.

3. Explain the classification of a business.

Business Activities are classified on the basis of size, ownership and function

- I) Activities on the Basis of Size – on the basis of size, Business may be grouped into two categories a) Small Scale b) Large Scale
 - a. Small Scale – business require less capital, as they carry business on small scale. Eg. Manufacturing Matchsticks Industry, candle making, etc.
 - b. Large Scale – business require huge capital, as they carry business on large scale. Eg. Ramraj Cotton, Raymonds, etc.
- II) Activities on the Basis of Ownership –
On the basis of ownership, business may be grouped into three categories, namely

- a. Private Enterprises – are owned, managed and controlled by persons other than government. E.g. J.K. Stores, IJS Stationery
- b. Public Enterprises – are owned, managed and controlled by government or any of its agencies or both.

E.g. ONGC, STC (State Trading Corpn.)

- c. Joint Enterprises – are owned, managed and controlled by private persons.
e.g. Maruti Suzuki

III) Activities on the basis of Function – on the basis of functions, business may be grouped into two categories, namely

- a. Industries – are production activities of business.
e.g. Bread, Butter, Cheese, etc.
- b. Commerce – are exchange of goods and services from
producers to consumers

IV. LONG ANSWER QUESTIONS

1. Explain the characteristics of Business.

i. Production or Procurement of Goods:

- Goods must be produced or procured in order to satisfy human wants.

ii. Sale, Transfer or Exchange:

- There must be sale or exchange of goods or services.
- When a person weaves cloth for his personal consumption, it is not business because there is no transfer or sale.

iii. Dealing in Goods and Services:

- Goods produced may be consumer goods like cloth, pen, brush, bag etc.,
- Services refer to activities like supply of electricity, gas or water, transportation, banking, insurance.

iv. Regularity of Dealings:

- The Business transactions must be regular.

v. Profit Motive

- An important feature of business is profit motive.
- It is in fact, the attraction of profit that makes the people do business.

vi. Element of Risk

Business Activity involves risk like change in consumer preferences, shortage of raw materials, power crisis, etc. which may result in loss.

2. Compare business with profession and employment

Business	Profession	Employment
1. Nature of Work: Goods and services provided to the public	Personalized service of expert nature	Performing work assigned by the employer
2. Qualifications: No minimum qualification is essential	Education and training in specialized field	Minimum qualification is essential
3. Capital: Capital investment required as per size of the firm	Limited capital necessary for establishment	No capital required
4. Reward: Profits	Professional fee	Salary or wages
5. Risk: Profits are uncertain and irregular	Fee is regular and certain, never negative	Fixed and regular pay, no risk
6. Transfer of Interest: Transfer possible with some formalities	Not possible	Not transferable

3. Discuss the objectives of business?

i. Economic Objectives:

Economic objective is earn profit, which includes creation of customers, regular innovations and best use of available resources.

ii. Social Objectives:

- ❖ Objectives which are benefit to the society, should be achieved.
- ❖ No activity of business should give trouble to the society.

iii. Organisational Objectives:

It is expansion and modernisations, supply of quality goods to customers, customer satisfaction, etc.

iv. Human Objectives:

Objectives aim at the well being as well as fulfilment of expectation of employees, social and psychological satisfaction of employees and development of human resources.

v. National Objectives :

National Objectives are providing employment opportunities, paying tax to government, promoting social justice, etc.

Lesson 3 – Classification of Business Activities

I. Choose the Correct Answer

- 1) The industries engaged in extraction of iron ore are known as
 - (a) Construction Industries
 - (b) Manufacturing Industries
 - (c) **Extraction Industries**
 - (d) Genetic Industries
- 2) Production which involves several stages for manufacturing finished products is known as
 - (a) Analytical Industry
 - (b) Synthetic Industry
 - (c) **Processing Industry**
 - (d) None of the above
- 3) Normally high level risk involved in
 - (a) **Industry**
 - (b) Commerce
 - (c) Trade
 - (d) All of the above

II. Very Short Answer Questions

1) Define Commerce

Ans. :

According to Evelyn Thomas, "Commercial Operations deal with the buying and selling of goods, the exchange of commodities and the contribution of finished products."

2) What do you mean by Industry ?

Ans. :

- Industry refers to economic activities, which are connected with conversion of resources into useful goods.
- The production side of business activity is referred as Industry.

3) What is Trade ?

Ans. :

- Trade is an essential part of Commerce.
- The term 'trade' is used to denote buying and selling.
- Trade may be classified into internal trade and external trade.

III. Short Answer Questions

1) What do you mean by tertiary industries ?

Ans. :

- * They do not produce goods
- * These industries produce utility services and sell them at a profit
- * They help trade, industry and commerce.
- * It includes banking, insurance, warehouse, etc.

2) Write a short note on Transportation.

Ans. :

- Goods are to be sent to different places where they are demanded.
- The medium which men and materials from one place to another is called transport.
- Rail, Air, Sea and Land Transports are the different modes of transport.

IV. LONG ANSWER QUESTIONS

1. Compare Industry, Commerce and Trade (any 5)

Comparison between Industry, Commerce and Trade

INDUSTRY	COMMERCE	TRADE
1. Meaning: Extraction, reproduction, conversion, processing and construction of useful products	Activities involving distribution of goods and services	Purchase and sale of goods and services
2. Scope: Consists of all activities involving conversion of materials and semi-finished products into finished goods.	Comprises trade auxiliaries to trade	Comprises exchange of goods and services
3. Capital: Generally large amount of capital is required	Need for capital is comparatively less	Small capital is needed to maintain stock and to grant credit
4. Risk: Risk involved is usually high	Relatively less risk is involved	Relatively less risk is involved
5. Side: It represents supply side of goods and services	It represents demand side of goods and services	It represents both supply and demand
6. Utility creation: It creates form utility by changing the form or shape of materials	It creates place utility by moving goods from producers to consumers	It creates possession utility through exchange

2. Write a short note on :

a) Analytical Industry :

- * It analysis and separates different elements from the same material.
- * Example – An oil refinery separates crude oil into kerosene, gasoline, diesel, oil and petrol, etc.

b) Genetic Industry :

- * These industries are engaged in breeding plants and animals for their use in further reproduction.
- * The Nursery, Poultry, Dairy, Hatcheries, Fisheries, etc.

c) Construction Industry :

These industries are involved in the construction of building, dams, bridges, roads, as well as tunnels and canals.

LESSON 4 - SOLE PROPRIETORSHIP

I. CHOOSE THE CORRECT ANSWER

1. Which is the oldest form of Business organisation?

- a) **Sole Proprietorship** b) Partnership
c) Co-operative Society d) Company

2. In which form the owner, establisher and manager is only one?

- a) Joint Enterprise b) Government Company
c) Co-operative Society **d) Sole Proprietor**

3. A major disadvantage of sole proprietor-ship is _____

- a) Limited liability **b) Unlimited liability**
c) Easy Formation d) Quick decision

4. From the following which one is Non-corporate form of business?

- a) Joint stock company **b) Sole trading business**
c) Government company d) Co-operatives

II. VERY SHORT ANSWER QUESTIONS

1. Who is called a Sole Trader?

ANS. :

- A Business Organisation which is owned and controlled by a single individual is called Sole Trader.
- It is also known as Sole Proprietorship or individual entrepreneurship.

2. What are the Non-corporate enterprises?

ANS. :

Non-corporate enterprises are

- **Sole Trading concern**
- **Partnership Firms**
- **Joint Hindu Family Business**

3. What are the Corporate enterprises?

ANS. :

Corporate Enterprises are

(A)Government

- i)Public Undertaking
- ii)Public Utilities

(B)Private

- i)Joint Stock Companies

(C)Co-operative

III. SHORT ANSWER QUESTIONS

1. How is it possible to maintain secrecy in Sole Proprietorship?

ANS. :

- Since the sole trader manages all the affairs of the business, the secrecy can be maintained easily.
- The sole trader is not bound by law to publish his business account.
- It enables him to keep all the information related to business confidentially.

2. What is unlimited liability?

ANS. :

- The liability of the sole trader is unlimited
- When business assets are not sufficient to pay business debts he has to pay from his personal property

3. Give examples of Sole trading business.

ANS. :

Examples of Sole Trading is

- Grocery Shops
- Medical Stores
- Stationery Shops
- Beauty Parlour
- Sweet Stalls

IV. LONG ANSWER QUESTIONS

1. Explain the characteristics of Sole trading business. (any 5)

ANS. :

Following are some of the characteristics of Sole Trading Business:

i) Ownership by one man

- This is owned by single person
- The Sole Trader contributes Capital
- He is the owner and manager of the entire business

ii) Freedom of Work and Quick Decision

- As he is the only owner of his business, he need not consult anybody in decision making
- Hence he can take quick decision

iii) Unlimited Liability

When Business Assets are not sufficient to pay business debts, he has to pay from his personal property.

iv) Enjoying Entire Profit

- He enjoys all the profits of his hard work.

- As there is no one else to share the profit with, He himself enjoys the full profit of the business.

v) Maintenance of Secrecy

Since the sole trader manages all the affairs of the business, the secrecy can be maintained easily.

2. What are the advantages of Sole trading business? (any 5)

ANS. :

The advantages of Sole Trading Business are :

i) Easy Formation

- No Legal formalities are required to start the business
- Any person capable of doing business can start with necessary resources

ii) Small Capital

- Sole Trader can start a business with small capital
- He invests from his savings or borrows from his friends and relatives

iii) Credit Standing

Since his personal property can be used to pay business debts he gets more financial assistance from others

(iv) Personal Contacts with the Customers

Since the business is small he can have personal contacts with the customers

(v) Flexibility

Since the business is small sole trader can easily change the nature and scope of business as and when required.

3. What are the disadvantages of Sole trading business?

ANS. :

The disadvantages of Sole Trading Business are :

i) Limited Capital

Since the capital is contributed by a single person, business operations have to be done on a limited scale

ii) Limited Managerial Skill

Since the sole trader has to perform all the managerial functions like sales, purchase, marketing, etc., his managerial ability is bound to be limited.

iii) Unlimited Liability

- The major disadvantage of sole trading is unlimited liability
- If the business assets are not sufficient to pay off the business debts, the sole trader has to pay from his personal property

iv) Lack of Specialisation

Since the business unit is small and the financial resources are limited, experts in different fields cannot be employed to secure maximum advantages

v) Hasty Decisions

Sole Proprietor is more likely to take hasty decision as he need not consult anybody else.

Lesson 5 – Hindu Undivided Family & Partnership**I. CHOOSE THE CORRECT ANSWER**

1.The firm of Hindu Undivided family is managed by whom ?

- (a)Owner (b)**Karta**
(c)Manager (d)Partner

2.In the firm of Hindu Undivided family how one gets the membership ?

- (a) By Agreement (b)**By Birth**
(c) By Investing Capital (d) By Managing

3.The members in the Joint Hindu family are called ____

- (a)Karta (b)**Coparceners** (c)Generations (d) Partners

4.'Only Male members in the family get the right of inheritance by birth' as

- _____
(a) Hindu Law (b)**Mitakshara Law**
(c) Dayabagha Law (d) None of these

5. A Partnership is formed by ____

- (a)**Agreement** (b) Relationship among persons
(c) the direction of Government (d) Friendship

6. Registration of Partnership is ____

- (a) Compulsory (b)**Optional**
(c) Not necessary (d) None of the above

7.A temporary partnership which is formed to complete a specific job during a specified period of time is called ____

- (a) Partnership-at-will (b)**Particular partnership**
(c) Limited partnership (d) Joint Venture

8.The Partnership Deed also called ____

- (a) Articles of Association (b)**Articles of partnership**
(c) Partnership Act (d) Partnership

9. A Partnership is registered with ____

- (a) Registrar of Companies (b) Registrar of Co-operatives
(c)**Registrar of Firms** (d) District Collector

II. VERY SHORT ANSWER QUESTIONS

1. Who is called Karta ?

Ans. :

- Karta is the senior most male member of the family
- He manages and controls all the affairs of a Joint Hindu Family

2. What are the two schools of Hindu Law ?

Ans. :

There are two schools of Hindu Law

- ❖ **Dayabhaga – Prevalent in Bengal and Assam**
- ❖ **Mitakshara Law – Prevalent in the rest of the country.**

3. Who is called a Partner ?

Ans. :

The persons who enter into partnership are individually called ‘Partner’

4. Who is a Sleeping Partner ?

Ans. :

- **He contributes Capital and Shares in the Profits or Losses of the firm**
- **But he does not take part in the management of the business.**

5. How many types of Dissolution ?

Ans. :

Types of Dissolution

i)Dissolution of Firm

ii)Dissolution of Partnership

i)Dissolution of Partnership firm is taken place in two ways :

- **Without the order of the Court**
- **By order of the Court**

III. Short Answer Questions

1. Write any three features of Hindu Undivided Family

Ans. : Following are three features of HUF

- i) Governed by Hindu Law :** The business of the Joint Hindu Family is controlled and managed under Hindu Law
- ii) Management :**
 - * All the affairs of Joint Hindu Family business are controlled and managed by one person who is known as ‘Karta’ or ‘Manager’
 - * Karta is the senior most male member of the family
- iii) Membership by Birth :**
 - Membership is acquired only by birth.
 - As soon as a child is born in the family, he becomes a member.

2. What is the minimum and maximum number of members in the Partnership firm ?

Ans. :

- Minimum number of persons required to form a partnership is two.
- Maximum number of persons in a partnership is 50
- Partnership is the outcome of an agreement

3. What is the meaning of Partnership Deed ?

Ans. :

- It is a written agreement among the partners.
- It avoids misunderstandings.
- It should be properly stamped and registered.

IV. LONG ANSWER QUESTIONS

1.What are the contents of Partnership Deed ?

Ans. : The Contents of a Partnership Deed are

- Name of the firm
- Nature of the business proposed
- Duration of partnership
- Capital contribution of each partner
- Withdrawal of the partners from the firm
- Rate of Interest on Drawings
- Loan from Partners
- Salary and Commission of Partner

2.Explain the types of Dissolution of Partnership Firm.

Ans. :

There are two types :

- i)without the order of the Court and
- ii)by the order of Court

i) Without the Order of Court

a. By Agreement or Mutual Consent

A firm may be dissolved when all the partners agree to close the affairs of the firm.

b. By Insolvency of all the partners or one

*If any of the partners adjudged an insolvent

*Or if all the partners become insolvent

*It is necessary to dissolve the firm

c. When the Objective becomes illegal

When the business of the partnership becomes illegal,

the partnership is automatically dissolved.

d. By notice of Dissolution

In the case of partnership at will, when any partners gives in writing to dissolve the firm, the firm will be dissolved.

ii)By the Order of the Court

- a) When a partner becomes insane
- b) Permanent incapacity of any partner
- c) Misconduct of any partner

- d) Transfer of Interest to Third Person
- e) Continued Loss

3. Write the Procedure for Registration of a firm.

Ans. :

A statement stating the following particulars should be prepared

- i) Name of the firm
 - ii) The Principal Place of Business
 - iii) Name of other places where the firm carried on business
 - iv) Names and Addresses of all the Partners
 - v) Date on which each partner joined the firm
 - vi) The duration of the firm
- This statement is signed by all the partners.
 - And submitted to the Registrar along with Registration Fee.
 - Any change in the above particulars must be communicated to the Registrar within 14 days of such alteration.

Chapter 6 – Joint Stock Company

I. Choose the Correct Answer

1. The relationship between outsiders and the company is defined in _____

- a. Prospectus
- b. Articles of Association
- c. Memorandum of Association
- d. Certificate of Incorporation

2. Table A of the Companies Act is a _____

- a. Model minutes book
- b. Model form of Balance Sheet
- c. Model of AOA
- d. Model of MOA

3. Which of the following is created by a Special Act of Parliament or in State Assemblies?

- a. Chartered company
- b. Foreign company
- c. Government company
- d. Statutory company

4. The Board of directors of a company is elected by _____

- a. Creditors
- b. Debtors
- c. Debenture holders
- d. Share holders(members)

5. Companies established as a result of a charter granted by the King or Queen of a country is called _____

- a. Chartered companies
- b. Statutory companies
- c. Registered companies
- d. Foreign companies

II. Very Short Answers :

1. What are the different types of Companies ?

Ans. :

(I) On the basis of Incorporation

- Chartered Companies
- Statutory Companies
- Association Not for Profit

(II) On the basis of Membership

- Public Companies
- Private Companies

(III) On the basis of Liability

- Company Limited by Shares
- Company Limited by Guarantee
- Unlimited Companies

(IV) On the basis of Control

- Government Companies
- Holding Companies
- Subsidiary Companies

(V) On the basis of Nationality

- Domestic Companies
- Foreign Companies
- Multinational Companies

2. Define a Company.

Ans. :

“A Company is an artificial person created by law having a separate entity with perpetual succession and a common seal” - Section 2 of the Companies Act, 2013

3. What is meant by Limited Liability ?

Ans. :

- A member is liable to pay only the uncalled money due on shares held by him
- Personal Properties of the member are not held responsible

4. Write any two Characteristics of a company.

Ans. :

The two characteristics of a company are :

a)Limited Liability

A member is liable to pay only the uncalled money due on shares held by him.

b)Transferability of Shares

Shares in a Company are freely transferable

5. What is meant by Chartered Company ?

Ans. :

Chartered Companies are established by the King or Queen of a country.

- Powers and Privileges of the Company are specified in the charter
- E.g. East India Company, Bank of England

III. Short Answers :**1. What are the advantages of Companies (Any 3)**

Ans. :

i)Large Capital

A Company can secure large capital compared to sole trader or partnership

ii)Limited Liability

- The Liability of a share holder is limited
- This will motivate many people to become a share holder

iii)Transferability of Shares

Any share holder can easily convert his shares into money by selling his shares

2. What is meant by Government Company ?

Ans. :

- A government company is defined as "Any Company in which not less than 51% of the Share Capital is held by the central government or by any state government or governments or partly by the central government and partly by one or more state governments and includes a company which is a subsidiary company of such a government company."
- E.g. Steel Authority of India

3. What is meant by Foreign Company ?

Ans. :

- A Company which is incorporated outside India under the law of that country.
- And establish business in India
- It must file the following documents

i)A certified copy of the charter or statutes under which the company is incorporated

- ii) The full address of the registered office of the company
- iii) A List of Directors and Secretary of a Company
- iv) The name and address of any person resident of India to receive any notice
- v) The full address of the Company's Principal place of business in India

IV. Long Answers

1. What are the contents of Memorandum of Association ?

Ans. :

The Contents of Memorandum of Association are :

- a) Name Clause
- b) Situation Clause
- c) Objective Clause
- d) Liability Clause
- e) Capital Clause
- f) Association Clause

a) Name Clause

- It states the legal and recognised name of the company.
- The company name should not resemble the existing company name.

b) Situation Clause

It states the physical location of the registered office
of the company

c) Objective Clause

- It states the main objectives and ancillary objectives of the company.
- The objectives should be free from any provisions that contravene laws or public good.

d) Liability Clause

It states the liability of the shareholders of the Company

e) Capital Clause

- It states the company's authorised capital
- The different Categories of Shares
- And the nominal value of the Shares

2. What are the contents of Articles of Association ?

Ans. :

The Contents of Articles of Association are :

- i) Amount of Shares, Capital, Value and type of Shares
- ii) Manner of Transfer of Shares
- iii) Declaration of Dividends
- iv) Seal of the Company
- v) Borrowing Powers of the Company
- vi) Rules regarding issue of shares and debentures
- vii) Procedure for conducting meeting, proxy, quorum, etc.

3. What is meant by multinational company ?

Ans. :

A Multinational Company (MNC) is a huge industrial organisation which

- i) Operates in more than one country
 - ii) Carries out Production, Marketing and Research Activities on International Scale
 - iii) Seeks to maximise profits world over
- A Domestic Company or a Foreign Company can be a MNC
 - e.g. Microsoft Corporation

LESSON 7 - Co-Operative Organisation

I. CHOOSE THE CORRECT ANSWER

1. Membership in a Co-operative organization is :

- (a) Not open to all
- (b) Selective
- (c) Open to all**
- (d) None of them

2. Co-operative fails because of _____

- (a) Unlimited membership
- (b) Cash trading
- (c) Mismanagement**
- (d) Loss-making

3. All Co-operatives are established with

- (a) Philanthropic motive
- (b) Service Motive**
- (c) Profit motive
- (d) Reform motive

4. Consumers Co-operation was first successful in _____

- (a) England**
- (b) USA
- (c) Swiss
- (d) India

5. Rochdale Society of equitable pioneers was started by _____

- (a) Robert Owen**
- (b) H.C. Calvert
- (c) Talmaki
- (d) Lambert

II. VERY SHORT ANSWER QUESTIONS

1.What do you mean by cooperative organization?**Ans. :**

- It is a form of business organisation which is owned and controlled by the people who use its products, supplies or services.
- E.g. Indian Coffee House, Mother Dairy

2.Define cooperatives.**Ans. :**

Co-operation is better forming, better business and better living – Sir Horace Plunkett

3.What is Credit co-operatives?**Ans. :**

- It is formed for the purpose of providing short-term financial to help their members
- Agriculturalists, salaried employees, artisans, Industrial Workers form these credit co-operatives.

4. Who are Rochdale Pioneers?**Ans. :**

- It was the first co-operative movement
- It was started by Robert Owen in the year 1884
- He formed a Consumers Co-operative Society with 28 workers as members, called Rochdale society of equitable pioneers.

III. SHORT ANSWER QUESTIONS:**1. What are the disadvantages of Cooperatives?****Ans. :****A)Limited Funds**

- The membership fees collected is low
- Therefore the funds available are limited

B)Lack of Secrecy

- Business Secrets cannot be maintained in co-operatives
- Because all members are aware of the activities of the enterprise

C)Lack of Managerial Skills

- Members of the managing committee may not have required qualification skill or experience.
- This results in inefficient management, poor functioning of the enterprise.

2. Write a note on Housing cooperatives.

Ans. :

- Meant to provide residential accommodation to their members on ownership basis or on rent
- These societies advance loans to members repayable over a period of 15 to 20 years
- The member tenant however can own the houses after paying the cost.

3. What is meant by Producers cooperative society?

Ans. :

- Established and operated by producers
- They are organised to process, market and distribute their own products
- E.g. Co-operative weavers societies, co-operative carpenting units

IV. LONG ANSWER QUESTIONS

1. What are the principles of cooperatives? (Any 5)

Ans. :

(i) Voluntary and Open Membership

- Membership is open to all
- Any person with common interest can become a member
- The membership fee is kept low so that everyone can join and benefit from co-operative society

(ii) Democratic Member Control

- Co-operative Society is run on the principle of one man one vote
- It implies that members have equal rights in managing the affairs of the business
- Members cannot dominate the management by buying majority shares

(iii) Members' Economic Participation

- Members contribute equally to the capital of the co-operative and democratically controlled
- This helps the members to conduct business with co-operation rather than on the capital invested

(iv) Autonomy and Independence

- Co-operatives are autonomous self help organisations
- Controlled by their members

(v) Education, Training and Information

- Co-operatives provide Education & Training to Members, Elected representative Managers and Employees
- So that they can contribute effectively for the development of their Co-operative
- This will help the Members to develop their Co-operative effectively.

(vi) Co-operation among Co-operatives

- It strengthens the Co-operative movement by working together through local, national, regional and international structures.

2. What are the Advantages of Co-operative Society?

Ans. :

ADVANTAGES

(i) Voluntary Organisation :-

- Membership is Open to All
- Any person with common interest can join
- Membership Fee is kept low, so that every one can join and benefit from Co-operative Society.

(ii) Democracy :-

- Co-operative Society is run on the principle of one man one vote
- It implies members have equal rights in managing the affairs of the Enterprise

(iii) Easy Formation :-

- Co-operatives can be formed easily with 25 members
- Legal formalities are simple as compared to a company.

(iv) Limited Liability

- The liability of members are limited to the extent of their Capital Contribution
- The members are personally not liable for the debts of the society

(v) Separate Legal Entity

- It enjoys separate legal entity, distinct from its members
- It's continuance is not affected by the death, insolvency or insanity of its' members

(vi) Each for All and All for Each

- Formed on the basis of Self Help and Mutual Help
- Members help himself and help others.

3. What are the types of Cooperative society?

Ans. :

Types of Co-operative Societies

(A) Consumer Co-operatives

- Organised by Consumers
- Who want to buy quality goods or services for better prices
- They also supply essential commodities through Public Distribution System (PDS)

(B) Producers Co-operatives

- Are established and Operated by producers
- They are organised to process, market and distribute their own products
- E.g. Co-operative weavers Societies, Co-operative Carpentry Units

(C)Marketing Co-operatives

- Associations of Small producers formed for the purpose of marketing their produce
- They secure better prices for their members
- Advance also given to members against produce deposited with the society.

(D)Credit Co-operatives

- Formed for the purpose of providing short-term financial help to their members
- Agriculturalists, Salaried Employees, Artisans, Industrial workers form these Credit Co-operatives
- Encouraging thrift among members is the objectives of these societies

(E)Housing Co-operatives

- Meant to provide residential accommodation to their members on ownership basis or on rent
- These societies advance loans to members, repayable over a period of 15 to 20 years
- The member tenant however can own the house after paying the cost.

Chapter 8 – Multinational Corporations**I. CHOOSE THE CORRECT ANSWER**

1) A Multinational Corporation can be defined as a firm which

- a. Is beyond the control of any government b. is one of the top 200 firms in the world
c. owns companies in more than one country d. All the above

2. Centralized control in MNC's implies control exercised by

- a. Branches b. Subsidiaries **c. Headquarters** d. Parliament

3. Enterprises operating in several countries but managed from one country is termed as _____

- a. Government company **b. Multinational Company**
 c. Private company d. Joint Venture

4. Dispersal of decision-making power to branches/affiliates/subsidiaries by head office represents

- a. Centralization **b. Decentralization** c. Power d. Integration

5. Coca-Cola company is an example of _____

- a. MNC** b. Government company c. Joint Venture d. Public company

II. VERY SHORT ANSWER QUESTIONS

1. Define Multinational Company

Ans. : "A multinational corporation owns and manages business in two or more countries". – Neil H. Jacoby

2. Write any two advantages of MNC's

Ans. :

- a) **Low Cost Labour** – MNC 's setup their facilities in low cost countries and produce goods and services at lower cost.
- b) **Proper use of idle resources** – MNC's are in a position to properly utilise idle, Physical and Human resources of the host Country.

3. Give two examples of MNCs

- Ans. :**
- a) Coco-Cola Corporation
 - b) Unilever Limited
 - c) Infosys

III. SHORT ANSWER QUESTIONS

1. Name the type of business that operates in more than one country.

Ans. : Philips, Coco-Cola Company

IBM , Britannia
Micromax, Informatics , Tata

2. Write any three Indian MNC's

Ans. :
Bajaj
TVS
Britannia
Hero Motocorp.

IV. LONG ANSWER QUESTIONS :

1.What are the advantages of MNCs ? (any Five)

Ans. :

- a) **Low Cost Labour** – MNC 's setup their facilities in low cost countries and produce goods and services at lower cost.
- b) **Proper use of idle resources** – MNC's are in a position to properly utilise idle, Physical and Human resources of the host Country.
- c) **Quality Products** – MNC's help in producing quality goods and services at least possible cost.
- d) **Improvement in standard of living** – By providing super quality products and services, MNC's help to improve the standard of living of people of host countries.
- e) **Promotion of International Brotherhood and Culture** – MNC's promote international brotherhood and culture and pave way for world peace and prosperity.

2. What are the disadvantages of MNCs ? (any Five)

Ans. :

- a) **Transfer of outdated technology** – MNC's transfer outdated technology to host countries

b) No benefit to poor people – MNC's produce things which are used by rich people. Therefore poor people do not get any benefit.

c) Deprivation of Job Opportunity of Local People – MNC's may not generate job opportunities to the people of home country.

d) Careless exploitation of natural resources – MNC's cause rapid depletion of some of the non-renewable natural resources of the host country.

e) Selfish Promotion of Alien Culture – MNC's tend to promote Alien Culture in host country to sell their products. This promotion of foreign culture is injurious to the health of people.

Chapter 9 – Government Organisation

I. CHOOSE THE CORRECT ANSWER

1. The share capital of the government company must not be less than

- (a) 49% (b) 60% (c) 95% **(d) 51%**

2. The oldest form of organization in public sector

- (a) Public Sector Undertakings **(b) Departmental Undertakings**
(c) Multi-National Corporations (d) Statutory Corporation

3. A Government company purchases shares in the name of

- (a) Prime Minister **(b) President**
(c) Chief Justice of India (d) State Chief Minister

4. The primary objective of the state enterprises is to -----

- (a) Earn profit (b) Provide Employment
(c) Serve the People (d) All the Above

II. VERY SHORT ANSWER QUESTIONS

1. Give two examples of Public Enterprises

Ans. :

- ✓ Life Insurance Corporation of India
- ✓ The Indian Airlines

2. Give two examples of Departmental undertaking?

Ans. :

- ❖ All India Radio
- ❖ Doordarshan

3. What is meant by Red-Tapism?

Ans. :

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

III. SHORT ANSWER QUESTIONS:

1. What is meant by Departmental undertakings?

Ans. :

- ✓ It is the oldest form of organization.
- ✓ No distinction was made between the routine functions of the Government.
- ✓ A public enterprise is run as a separate full-fledged ministry.
- ✓ For example, Indian Railways, Post and Telegraph services, All India Radio, Door darshan.

2. What is meant by Government Company?

- **Ans. :** A government company is defined as "Any Company in which not less than 51% of the Share Capital is held by the central government or by any state government or governments or partly by the central government and partly by one or more state governments and includes a company which is a subsidiary company of such a government company".
- E.g. Steel Authority of India

3. What is meant by Public Corporation?

Ans. :

- 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

IV. LONG ANSWER QUESTIONS

1. What are the advantages of Departmental undertaking ?

Ans. :

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

iv. Lesser Burden of Tax on Public:

- Earnings of departmental undertaking are entirely paid into Government treasury, resulting in lesser tax burden on the public.

v. Instrument of Social Change:

- Government can promote economic and social justice through departmental undertakings.

2. What are the features of Public corporation? (Any 5)

Ans. :

i. Special Statute:

- A public corporation is created by a special Act of the Parliament or the State Legislature.

ii. Separate Legal Entity:

- A public corporation is a separate legal entity with perpetual succession and common seal.

iii. Capital Provided by the Government:

- The capital of a public corporation is provided by the Government or by agencies controlled by the government.

iv. Financial Autonomy:

- A public corporation enjoys financial autonomy.
- It prepares its own budget;

v. Management by Board of Directors:

- Its management is vested in a Board of Directors, appointed or nominated by the Government.

3. What are the Features of Government Company? (Any 5)

Ans. :

i. Registration under the Companies Act:

- A Government company is formed through registration under the Companies Act, 1956; and is subject to the provisions of this Act, like any other company.

ii. Executive Decision of Government:

- A Government company is created by an executive decision of the Government, without seeking the approval of the Parliament or the State Legislature.

iii. Separate Legal Entity:

- A Government company is a legal entity separate from the Government.
- It can acquire property; can make contracts and can file suits, in its own name.

iv). Own Staff:

- A Government company has its own staff; except Government officials who are sent to it on deputation.
- Its employees are not governed by civil service rules.

v). Free from Procedural Controls:

- ✓ A Government company is free from budgetary, accounting and audit controls, applicable to Government undertakings.

Chapter 10 – Reserve Bank of India

I. CHOOSE THE CORRECT ANSWER

1. Which bank has the power to issue Bank notes?

- (a) **Central Bank** (b) Commercial Bank
(c) Co-operative Bank (d) Foreign Bank

2. The Central Bank of India is

- (a) PNB (b) SBI (c) ICICI (d) **RBI**

3. The Reserve Bank of India commenced its operations from April 1,

- (a) 1936 (b) **1935** (c) 1934 (d) 1933

4. Bankers are not only dealers of money but also leaders in

- (a) **Economic Development** (b) Trade Development
(c) Industry Development (d) Service Development

5. Which of the following is not a function of a Central Bank?

- (a) Guiding and regulating the Banking system of a Country
(b) **Deal with general public** (c) Acts essentially as government banker
(d) Maintains deposit accounts of all other banks

II. VERY SHORT ANSWER QUESTIONS

1. What are the services included in Service businesses?

Ans. :

Services included in service businesses are Education, Health, Banks, Hotels, Transport, Communications, Electricity, etc.

2. Write the meaning of 'Bank.'

Ans. :

- ❖ The word Bank normally refers to commercial bank.
- ❖ It plays a vital role by providing the money required by industries and commerce for their regular functioning and development.

3. Briefly explain about Central Bank.

Ans. :

- Every nation has one central bank.
- It is owned by the Government of the country.
- Central banks are known by different names in different countries.
- In India, the Reserve Bank of India is the Central Bank

III. SHORT ANSWER QUESTIONS:

1. What are the functions of RBI.

Ans. :

→ *Leadership and Supervisory Functions* –

India being the fastest growing economy in the World, it has to transform the quality and size of the banks in India, to the level of Banks in developed countries.

→ *Traditional Functions* -

Traditional Functions are those functions, which every central bank of each nation performs all over the world.

→ *Promotional Functions* -

RBI perform a wide range of promotional functions to support National Objectives

2. Explain the origin of RBI.

Ans. :

- In 1926 the Hilton Young Commission or the Royal Commission on Indian Currency and Finance made recommendation to create a Central Bank.
- As a result, the RBI Act 1934 was passed. RBI launched its operations from April 1, 1935.
- After independence, the Government of India passed Reserve Bank Act, 1948.
- From January 1, 1949, RBI started functioning as a government owned central bank of India.

3. Who are the persons involved in RBI administration?

Ans. :

The twenty one member board is appointed by the Government of India, which consists of

- One Governor and Four Deputy Governors for a period of Four Years
- Ten Directors from various fields
- Two Government Officials
- Four Directors – One each from local boards.

IV. LONG ANSWER QUESTIONS

1. Classify the various functions of Reserve Bank of India.

Ans. :

The Five Functions of the RBI can be grouped under three heads.

- A. Leadership and Supervisory Functions
- B. Traditional Functions and
- C. Promotional Functions.

The following are the five functions of RBI

- i) **India's representative in World Financial Institutions**
RBI represents government of India in International Bank for Reconstruction and Development (IBRD . i.e. World Bank) and International Monetary Fund (IMF) in which India is a member since December 27, 1945.
- ii) **Monetary Authority**
The RBI Formulates, implements and monitors the monetary policy of the country in order to maintain price stability, controlling inflationary trends and economic growth.
- iii) **Monopoly of Note Issue**
 - The RBI is the sole authority for the printing and issue of all Currency Notes in India, except 1 Re. Note
 - 1 Re. Note and all coins are issued by the Ministry of Finance.
 - Currency Notes are printed at Nasik, Dewas, Salboni, Mysore and Hoshangabad
- Iv) **Banker's Bank**
 - The RBI maintains the current accounts of all Commercial Banks in the country.
 - All scheduled Banks should deposit a percentage of cash reserve with RBI

v) **Lender of the Last Resort**

- In times of emergency, any Bank in India can approach RBI for Financial Assistance.
- RBI provides them Credit
- All Banks can obtain Loan from RBI when their credits are exhausted.

Chapter 11 – Types of Banks

I CHOOSE THE CORRECT ANSWER

1. Which Bank is not a Industrial Bank ?

- (a) ICICI (b) **HSBC** (c) SIDBI (d) IDBI

2. The Local Area Banks are promoting

- (a) **Rural Savings** (b) Business Savings
(c) Industrial development (d) Agricultural development

3. Foreign banks are begun their operation since

- (a) 1978 (b) 1979 (c) **1980** (d) 1981

II. Very Short Answer Questions

1. Give the meaning of Commercial Banks

Ans. :

*Banks which accept deposits from the public and grant loans to traders, individuals, agriculture, industries, transport, etc. in order to earn profit.

*Examples : i) State Bank of India
ii) Karur Vysa Bank

2. What do you mean by Industrial Banks ?

Ans. :

* Huge finance required for investment, expansion and modernisation of big industries and others are granted by a separate type of Banks called Development banks.

* They are also called Industrial Banks

* example : IFCI, IDBI

3. What are Foreign Banks ?

Ans. :

* Banks which have registered office in a foreign country and branches in

India are called Foreign Banks.

- * In 2017, there were 42 Foreign Banks in India.
- * Examples : Barclays Banks, Bank of America

III. Short Answer Questions :

1. Write a short note on Local Area Banks. Give two examples

Ans. :

- * Local Area Bank (LAB) was introduced by the RBI in August, 1996
- * LAB's are small private sector banks established in rural and semi-urban areas.
- * Their main objective is to mobilise rural savings and invest them in the same areas.
- * examples : Coastal Local Area Bank, Vijayawada, Andhra Pradesh
Krishnabhima smruddhi Local Area Bank, Mahabub Nagar, Telangana.

2. What are the objectives involved in Regional Rural Banks ?

Ans. :

- * Their objective is to develop Rural Economy
- * And play supplementary role to co-operative societies
- * They mobilise deposits from the rural public
- * And provide finance to rural artisans, small entrepreneurs and farmers
And try to avoid their dependency on money lenders

IV. Long Answer Questions

1. Explain the various types of Banks based on the functions. (any Five)

Ans. :

a) Commercial Banks

- * Banks which accept deposits from the public and grant loans to traders, individuals, agriculture, industries, transport, etc. in order to earn profit.
- * Examples : i) State Bank of India
ii) Karur Vysya Bank

b) Industrial Banks

- * Huge finance required for investment, expansion and modernisation of big industries and others are granted by a separate type of Banks called Development banks.
- * They are also called Industrial Banks
- * Examples : IFCI, IDBI

c) Foreign Banks

- * Banks which have registered office in a foreign country and branches in India are called Foreign Banks.
- * In 2017, there were 42 Foreign Banks in India.
- * Examples : Barclays Banks, Bank of America

d) Local Area Banks.

- * Local Area Bank (LAB) was introduced by the RBI in August, 1996
- * LAB's are small private sector banks established in rural and

semi-urban areas.

*Their main objective is to mobilise rural savings and invest them in the same areas.

*examples : Coastal Local Area Bank, Vijayawada, Andhra Pradesh
Krishnabhima smruddhi Local Area Bank, Mahabub Nagar,
Telangana.

e) Regional Rural Banks

*Their objective is to develop Rural Economy

*And play supplementary role to co-operative societies

*They mobilise deposits from the rural public

*And provide finance to rural artisans, small entrepreneurs and farmers
And try to avoid their dependency on money lenders

2.Explain the types of banks based on ownership patterns.

*Any Bank in which not less than 51% of shares are owned by the government are called Government Bank or public sector commercial bank

*All Banking companies owned by private people are called private sector commercial bank

*All Co-operative Banks are owned by its members from the public.

*In order to channelise the funds with these commercial banks, towards national priorities and to develop Agricultural and rural sector, government paid the share capital of those Banks to the private owners and took over as government banks. This is called Nationalisation of Banks.

*Examples :

- a) Nationalised Banks – Indian Bank, Indian Overseas Bank, Oriental Bank of Commerce
- b) Public Sector Banks – SBI, IDBI Bank Ltd. And all Nationalised Banks
- c) Private Sector Banks – Karur Vysya Bank , Kotak Mahindra Bank, Lakshmi Vilas Bank

Chapter 12 – Functions of Commercial Banks

I. CHOOSE THE BEST ANSWER:

1. Electronic banking can be done through

- (a) Computers (b) Mobile Phones (c) ATM (d) **All of the above**

2. Minimum how much amount can be transferred through RTGS?

- (a) Any Amount (b) Rs. 50,000 (c) **Rs. 2 Lakhs** (d) Rs. 5 Lakhs

3. The largest commercial bank of India.

- (a) ICICI (b) **SBI** (c) PNB (d) RBI

4. In which kind of account, it is compulsory to deposit certain amount at certain time?

- (a) Savings Deposit (b) Fixed Deposit

- (c) Current Deposit **(d) Recurring Deposit**

5. Which of the following is not a type of advance provided by the commercial bank?

- (a) Collection and Supplying Business information** (b) Overdraft
(c) Cash Credit (d) Discounting of Bills

II. VERY SHORT ANSWER QUESTIONS

1. What is Mobile Banking?

- Most of the Commercial Banks have designed Computer Programs, called Apps which can be downloaded in Smart Phones.
- With this app in the smart phone a customer can operate his account transactions from anywhere.
- This service is known as mobile banking.

2. Write a short note on Debit card.

- ATM card is also called debit card.
- This card is more useful in purchase of goods and services anywhere in India.

3. Write a short note on Credit card.

- Banks issue credit cards to customers and other eligible persons.
- With this card, the holder can purchase goods and services on credit at any shop in India
- If the dues are paid within the stipulated time, no interest is charged.

4. What do you mean by ATM?

- A customer can withdraw money anytime, anywhere in India from the ATM machine.
- This Machine shows the Balance available in the Customer's Account, provides statement of the few past transactions, etc.

III. SHORT ANSWER QUESTIONS:

1. What is E-Banking?

- Banking through internet is called E- banking.
- It can also be called as electronic banking.
- This reduces cost and time and makes banking service convenient to the customers.
- This service is a substitute for drafts, cheques and other paper based transfer of funds.

2. Write a short note on - RTGS.

- ✓ It was launched by the RBI in 2013.
- ✓ RTGS facility is available between 9.00 am to 4.30 pm on weekdays.
- ✓ RTGS transfers are not allowed on Sundays and bank holiday

- ✓ Minimum limit for RTGS transaction is 2 lakhs.

3. Explain - NEFT.

- ✓ This was launched by the RBI in 2005.
- ✓ Once in every half hour from 8.00 am to 7.30 pm.
- ✓ 23 settlements are allowed in a day.
- ✓ NEFT transfers are not allowed on Sundays and bank holidays.
- ✓ IFSC is provided by IDRBT Hyderabad.

IV. LONG ANSWER QUESTIONS

1. Discuss the various primary functions performed by the commercial banks.

The primary functions of a commercial bank are of three types.

They are:

- a) Accepting Deposits
- b) Granting Loans and Advances.
- c) Creation of Credit

a) **Accepting Deposits**

- In these days banks compete with each other to attract customers by adding facilities.
- Broadly deposit accounts can be classified into (i) **Demand Deposits** and (ii) **Time Deposits**.

(i) **Demand Deposits** - These deposits are repayable on demand on any day.

- Savings Deposits
- Current Deposits

(ii) **Time Deposits** - They include fixed deposits and recurring deposits which are repayable after a period.

- Fixed Deposits (FD)
- Recurring Deposits (RD)
- **Granting Loans and Advances**
- It is lending money in order to earn interest income.
- Banks provide specific sums as loans which are repayable along with interest.
- But both terms are used interchangeably.

i). **Advances**

- Overdraft
- Cash Credit
- Discounting of Bills

ii). **Loans Generally commercial banks provide the following loans**

- Housing Loan
- Consumer Loans
- Vehicle Loans

- Educational Loan
- Jewel Loan

c) Creation of Credit

- Credit money of commercial banks is far greater in volume than the currency money.
- The volume, the purposes and the sector to which this credit money is to be channelized.

2. Explain the various secondary functions of commercial banks.

- *Apart from the basic or primary functions commercial banks render various other services which are known as secondary functions.*
- *These services can be broadly classified into **Agency Services** and **General Utility Services**.*

I. Agency Functions Banks act as agents of customers and provide certain services. They are called Agency Functions which are as follows:

- Transfer of Funds
- Collection and Payment of Cheques
- Conduct Share Market Transactions
- Preparation of Income Tax Return
- Dealing in Foreign Exchange
- Acting as Correspondent

II. General Utility functions In addition to primary, secondary and agency functions, commercial banks offer some services for the general welfare of the customers. They are called general utility services. They are as follows.

- Safety lockers
- Letters of credit
- Travelers cheques
- Gift cheques
- Reference service

Lesson 13 – Warehousing

I. Choose the Correct Answer :

1. Warehouses remove the hindrance of _____

- (a) Person (b) **Time** (c) Risk (d) Knowledge

2. A Warehouse holds goods as a _____ center.

- (a) Marketing (b) Sorting (c) **Distribution** (d) Selling

3. _____ can be given as a collateral security for getting financial assistance from bank.

- (a) Dock Warrant (b) Warehouse Receipt
(c) Dock Receipt **(d) Warehouse Warrant**

4. _____ warehouses are licensed by the government and are permitted to accept the goods on bond.

- (a) Bonded** (b) Cold Storage (c) Public (d) All the above

5. _____ warehouses are used for storing perishable goods like Fruits, vegetables, etc.

- (a) Bonded (b) Private **(c) Cold Storage** (d) Co-operative

6. The document which authorizes to deliver the goods either in part or full is called _____

- (a) Warehouse Warrant (b) Dock Receipt
(c) Dock Warrant (d) None of these

7. The institutional warehouse started with the support of the Government is _____

- (a) Bonded Warehouse (b) Public Warehouse
(c) Food Corporation of India (d) Custom Bonded

II. Very Short Answer :

1. What is warehouse ?

Ans. :

- It is a place where goods are stored for future use.
- It acts as distribution centres

2. List the various types of warehouses?

Ans. :

Warehouse can be classified as follows :

A. On the Basis of Ownership

- i) Private warehouses
- ii) Government warehouses
- iii) Public warehouse
- iv) Co-operative warehouses
- v) Bonded warehouses

B. On the Basis of Commodity Stored

- i) General warehouses
- ii) Special Commodity warehouses
- iii) Cold Storages
- iv) Climate controlled warehouses

vi) Institutional warehouses

vii) Distribution Centre warehouses

3. Give any two functions of warehouses

Ans. :

i) Storage

The surplus goods are stored properly for the purpose of supplying them at the right place at the right time.

ii) Price Stabilisation

Warehousing ensures price stabilisation by supplying goods as and when demanded.

4. Give a note on FCI

- The FCI was set up under the Food Corporation Act, 1964
- It provides storage facilities for food grains
- The available storage capacity of FCI is 74.6 million tonnes

Short Answers :

1. Differentiate the warehouse warrant from the warehouse receipt (any 3)

Ans. :

Warehouse Warrant	Warehouse Receipt
1. It is a document of title of goods	It is not a document of title of goods
2. It is not only an acknowledgement for the receipt of goods but also gives an authority to get delivery of goods by the owner or by third party.	It is only an acknowledgement for the receipt of goods.
3. It can be negotiated or transferred to others.	It cannot be transferred to others
4. It can be given a collateral security for getting financial assistance	It cannot be given as collateral security.
5. Delivery of goods effected by surrendering this warrant with endorsement	Delivery is effected by surrendering this receipt with letter from depositor.

2. Explain Cold Storage Warehouse

Ans. :

- These warehouses are used for storing perishable goods like fruits, vegetables, eggs, butter, fish, meat, etc.
- Goods stored in cold-storages can be made available, throughout the year
- Goods are transported in refrigerated containers and stored in refrigerated warehouses

Long Answers :

1. Explain the different types of Warehouses

Ans. :

A. Private Warehouses

- These warehouses are built and owned by private business and enterprises
- To store the products produced by them

B. Government Warehouses

- They are created and operated by government
- Their services are mostly available to government only

C. Public Warehouses

- It is open for public at large
- They may be owned by an individual or some agency
- They operate as per the rules and regulations of the government

D. Bonded Warehouse

- These warehouses are licensed by the government
- They store imported goods for which customs duty not paid by the importer

E. Cold storage

- These warehouses are used for storing perishable goods like fruits, vegetables, eggs, butter, fish, meat, etc.
- Goods stored in cold-storages can be made available, throughout the year

2.Explain the advantages of warehousing

Ans. :

- i)It safe guards the stock of the merchants who do not have storing place.
- ii)It reduces the distribution cost of the traders
- iii)It helps in selection of channel of distribution
- iv)It helps in maintaining the continuous sales and avoids 'out of stock' position
- v)It creates employment opportunities for both skilled and unskilled workers

Chapter 14 – Transportation

I. Choose the Correct Answer :

1)Transport removes the hindrance of _____

- (a) Time **(b) Place** (c) Person (d) Knowledge

2)A Consignment Note is prepared in _____ forms

- (a) One (b) Two **(c) Three** (d) Four

3)_____ is a document acknowledging the receipt of goods by a carrier

(a) **Waybill** (b) Consignment Note (c) Charter party (d) Bill of lading

4) Which is the fastest means of transport ?

(a) Rail (b) Road (c) Sea (d) **Air**

II. Very Short Answer Questions

1. Define Transport

Ans. : According to K.K. Saxena, "The transport system acts with reference to the area it serves in the same way as a candle does in a dark room."

2. State any two services rendered by Transport.

Ans. :

- * It increases the efficiency of production.
- * It develops and expands the market.
- * It helps in price stability by distributing goods all over the country.
- * It aids to economic growth.

3. Write any two advantages of water transport.

Ans. :

- * It is the cheapest mode of transport among the other modes of transport.
- * It is most suitable for heavy loads.
- * There is lesser pollution in Water Transport

III. Short Answers

1. What is Bill of Lading ?

Ans. :

- * It is a document containing the terms and conditions of the contract of carriage
- * It is issued by the shipping company and signed by the captain of the Ship.
- * It acknowledges the receipt of the goods described in it, on board the Ship.
- * It also serves as an official receipt of goods

2. What is Charter Party ?

Ans. :

- * When goods are to be consigned in large quantity, it is advantageous to hire the whole or substantial part of the Ship.

*The document through which this contract is made is known as 'Charter Party' may also be known as 'Voyage Charter' or 'Time Charter'.

*The person who hires the Ship is known as Charter.

*The Charter Party brings the vessel and the crew under the control of the charters.

IV. Long Answers

1.Explain different types of Transport.

Ans. :

Transport can be divided into three important types, namely

(a)Surface Transport

(b)Water Transport

(c)Air Transport

(a)Surface Transport

Transport of People and goods by Land Vehicle is known as Surface Transport. It is also called as Land Transport.

The following are the various means of Land Transport

i)Pack Animals

Animals like Horse, Mule, Donkey, Camel, Elephant, etc. are used for carrying small loads in backward areas, hilly tracks, forest regions and deserts known as Pack Animals

ii)Bullock Carts

It constitutes the predominant form of rural road transport in India for goods traffic and to some extent for passengers' traffic.

iii)Motor Lorries and Buses

Introduction of Petrol Engine and Diesel Engine vehicles revolutionised the Road Transport and introducing the elements of speed and greater carrying capacity.

iv)Railways

Introducing of Steam Engine by James Watt, revolutionised the mode of transport all over the world. Railways are the cheapest and quickest means of transport for carrying heavy goods and people over long distance.

(b)Water Transport

Water Transport is the process of moving people, goods, etc. by Boat, Ship or Sail Boat over the sea, ocean, lake, canal, river, etc. Water Transport are of two types :

i)Inland Waterways

ii)Ocean Waterways

(c) Air Transport

Air Transport is the fastest and the costliest mode of transport. Commercial Air Transport is now one of the most prominent modes of overseas transport.

2. Discuss the advantages of Railway Transport (Any Five).

Ans. :

- i) Railways are well suited for carrying heavy and bulky goods over long distances.
- ii) It can provide long distance travel throughout the day and night with unbroken services.
- iii) It can provide better protection and safety to the goods than motor transport.
- iv) It has regular schedule of timing and is available throughout the year.
- v) It provides unaffected services whether rainy or shiny weather conditions.

Lesson 15 – Insurance**I. Choose the Correct Answer :**

1. The basic principle of Insurance is _____

- (a) **Insurable Interest** (b) Co-operation
(c) Subrogation (d) Proximate causa

2. _____ is not a type of general insurance

- (a) Marine Insurance (b) **Life Insurance**
(c) Fidelity Insurance (d) Fire Insurance

3. Which of the following is not a function of Insurance ?

- (a) Lending Funds (b) Risk Sharing
(c) Capital Formation (d) **Protection of Life**

4. Which of the following is not applicable in life insurance contract ?

- (a) Unilateral Contract (b) Conditional Contract
(c) **Indemnity Contract** (d) Inter-personal Contract

5. Which one of the following is a type of marine insurance ?

- (a) Money Back (b) Mediclaim
(c) Hull Insurance (d) **Cargo Insurance**

Very Short Answers :

1. List any five important type of policies**Ans. :**

- Whole Life Policy
- Joint-Life Policy
- Annuity Policy
- Endowment-Life Assurance Policy
- Children's Endowment Policy

2.What is Health Insurance ?**Ans. :**

- It is a contract between an insurer and an individual or group
- In which the insurer agrees to provide specified health insurance at the agreed upon price

Short Answers :**1. Define Insurance****Ans. :**

“Insurance is a plan by themselves which large number of people associate and transfer to the shoulders of all, risk that attacks to individuals.”

- according to **John Merge**

2. Give the meaning of Crop Insurance.**Ans. :**

- This policy is to provide financial support to farmers, in case of a crop failure due to drought or flood
- It generally covers all risks of loss or damages relating to production of rice, wheat, millets, oil seeds and pulses, etc.
- It comes under Miscellaneous Insurance

2. Write a note on IRDAI**Ans. :**

- IRDAI – Insurance Regulatory Development and Authority of India is the statutory, independent and apex body.
- That governs, regulates and supervises the insurance industry in India
- It was constituted in the year 2000, by Parliament of India Act, called IRDAI Act 1999
- It's headquarters is in Hyderabad.

Long Answers

1. Explain the various types of Insurance

Ans. :

Insurance can be broadly classified as

i) Life Insurance or Life Assurance**ii) General Insurance****i) Life Insurance**

- It is a contract in which the insurance company undertakes to insure the life of a person in exchange of a sum of money, called premium

ii) Fire Insurance

- It is a contract whereby the insurer undertakes to make good any loss or damage caused by fire in exchange of a sum of money, called premium

iii) Marine Insurance

- It is contract whereby the insurer undertakes to compensate marine losses in exchange of a sum of money, called premium

iv) Health Insurance

- It is a contract between an insurer and an individual or group
- In which the insurer agrees to provide specified health insurance at the agreed upon price

v) Crop Insurance

This policy is to provide financial support to farmers, in case of a crop failure due to drought or flood

2. Explain the Principles of Insurance

Ans. :

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 about the subject matter
- Insurer should provide all the details regarding insurance contract

ii) Insurable Interest :

- Insurable Interest means the insured will suffer any financial loss due to damage or destruction of the property or person.

iii) Indemnity :

- Indemnity means compensate against loss or damages

- In insurance, the insured would be compensated with amount equivalent to the actual loss
- And not the amount exceeding the loss

iv) "Causa Proxima" :

- The word 'Causa Proxima' means nearest cause
- According to this principle when the loss is the result of two or more cause, the proximate cause is taken into consideration

v) Subrogation :

- Subrogation means stepping the shoes on others.
- According to this principle, once the claim is settled, the ownership right of the subject matter of insurance passes on to the insurer.

vi) Mitigation :

- In case of mishap, the insured must take up all possible steps to reduce or mitigate the loss or damage to the subject matter of insurance.

Lesson 16 - EMERGING SERVICE BUSINESS IN INDIA

I. Choose the correct Answer :

1. A continuing relationship which provides a licence privileges to do business and provides training, merchandising for a consideration is called

(a) Franchising (b) Factoring (c) Supply Chain Management (d) Exchanging

2. Buying and Selling of goods through electronic network is known as _____

(a) E-Commerce (b) Internet (c) Website (d) Trade

3. An Organisation carrying out activities to move goods from producer to consumer is _____

(a) Transport (b) Logistics (c) Channels (d) Marketing

4. The main benefit of Logistics is _____

(a) Productivity **(b) Cost Minimisation** (c) Profitability (d) Storage

5. The main benefit of outsourcing is _____

(a) Productivity **(b) Cost Reduction** (c) Skill (d) units

Very Short Answer :

1) Who is a Franchisee ?

Ans. :

*The individual who acquires the right to operate the business or use the trademark of the seller is known as Franchisee”

2)State two disadvantages of Franchising.

Ans. :

i)Fixed Royalty Payment : The Franchisee has to make payment of royalty to the franchiser on a regular basis. This reduces the income of the Franchisee.

ii)Lack of Freedom : The Franchisee does not have the freedom to run his business in an independent manner. He has to abide by management and operational of the franchiser.

3)What is meant by BPO ?

Ans. :

- BPO – Business Process Outsourcing
- It means getting contractual services of external companies or group of companies to complete special work or process of a company
- For example, Call Centres, Data Entry, etc.

4)What is meant by Logistics ?

Ans. :

“Logistics is a logical extension of transportation and related areas to achieve an efficient and effective goods distribution system.”

Short Answers :

1)What are the types of Franchising ?

A. Product/trade name Franchising :

In this type, the franchisee exclusively deals with a manufacturer’s product. Examples : Kid zee, French Loaf

B .Business format franchising :

When a franchisor awards rights covering all business aspects as a complete business package to the franchisee it is called as business format franchising. Example : McDonalds, Pizza Hut, KFC, etc.

2)List the steps in factoring process (Any Three)

*The firm enters into a factoring arrangement with a factor which is generally a financial institution for invoice purchasing.

*Whenever goods are sold on credit sales an invoice is raised and a copy of the same is sent to the factor,

*The Debt Amount due to the firm is transferred to the factor through assignment

*On the Due Date amount is collected by the factor.

*After retaining the service fees, the remaining amount is sent to the firm.

3)What is the impact of E-Commerce on Buyers ? (Any three)

Ans. :

- Buyers could buy the products or services round the clock from anywhere in the world
- The prices of products bought through E-Commerce are relatively lower than those in the physical market
- Electronic and Software products could be downloaded immediately after purchase

IV. Long Answer Questions

1.Enumerate the Advantages of Franchising (any Five)

- i) **REDUCED RISK** - The franchisee will acquire the right of running the business thus eliminating the risk of starting a new business
- ii) **OPERATIONAL SUPPORT** - The franchisee is provided assistance in not only finance also in deciding business location, design staff training and handling day-to-day operations.
- iii) **COST OF ADVERTISING** - The cost of advertising for the franchisor will be reduced since this cost will be shared by the franchisee.
- iv) **BUSINESS EXPANSION** - Franchising provides an opportunity to expand business at regional, national and global levels without additional expenditure.

2. Elucidate the features of Factoring

a)MAINTENANCE OF BOOK -DEBTS

A factor takes the responsibility of maintaining the accounts of debtors of a business institution.

b) CREDIT COVERAGE

The factor accepts the risk burden of loss of bad debts..

c) CASH ADVANCES

Around 80% of the total amount of accounts receivables is paid as advance cash to the client.

d) COLLECTION SERVICE

Issuing reminders, receiving part payments, collection of cheques form part of the factoring service.

e) ADVANCE TO CLIENTS

The factor is able to provide advices regarding credit worthiness of customers, and perception of customers.

Chapter 17 – Social Responsibility of Business

I. Choose the Correct Answer :**1) Which type of Responsibility gives the benefit to the Society out of its profits earned?**

- a. Legal b. Ethical **c. Moral** d. Economic

2) The Stakeholders of Socially Responsible business units are except

- a. Share Holders b. Employees c. Government **d. Company**

3) Assuming Social Responsibility of business helps the enterprise in

- a. Increase profit b. Decrease profit **c. Sustainability** d. Equilibrium

4) Socially Responsible business provides goods at

- a. High price b. low price **c. reasonable price** d. moderate price

5) Social Responsibility towards employees represents the following except

- a. Reasonable remuneration b. proper facilities c. Social security **d. exploitation**

II. Very Short Answers**1) Give the meaning of social power**

- Businessmen have considerable social power.
- Their decisions and actions affect the lives and fortunes of the society.

2) What are free enterprises?

- A Business enterprise which accepts and discharges social obligations enjoy greater freedom.
- Example The Govt passed consumer Protection act to prevent from adulteration, black marketing and other Anti-social practices.

3) What is ethical responsibility?

- This includes the behaviour of the firm that is expected by the society but not codified in law.
- Example Respecting the religious sentiments, Dignity of people while advertising for a product.

III. Short Answers**1. Define the concept of Social Responsibility****Ans. :**

“Social Responsibility refers to the obligation to pursue those policies to make those decisions or to follow those lines of action which are desirable in terms of objectives and values of our society.”

- Howard .R

2. List the kinds of Social Responsibility

Ans. :

- i) Economic Responsibility
- ii) Legal Responsibility
- iii) Ethical Responsibility
- iv) Discretionary Responsibility

IV Long Answers

1. Explain the need for Social Responsibility

i) Self Interest

A business unit can sustain in the market for a longer period only by assuming some social obligations.

ii) Creation of Society

Business is a creation of society and uses the resources of society. Therefore it should fulfil its social obligation to the society.

iii) Social Power :

- * Businessmen have considerable social power.
- * Their decisions and actions affect the lives and fortunes of the society.

iv) Image in the Society

A business can improve its image in public by assuming social obligations.

Good Relations with workers, consumers and suppliers help in the success of business.

v) Free Enterprise

A Business enterprise which accepts and discharges social obligations enjoy greater freedom.

- * Ex. The Govt passed consumer Protection act to prevent from adulteration, black marketing and other Anti-social practices.

2. How do you classify social responsibility ?

Ans. :

Social responsibility of business can broadly be classified into four categories which are as follows :

i) Economic Responsibility

- * A Business Enterprise is basically an economic entity.
- * Therefore its primary social responsibility is economic i.e. produced goods and services that society wants and sell them at a profit

ii)Legal Responsibility

- *Every Business has a responsibility to operate within the laws of the land
- *And these laws are meant for the good of the society

iii)Ethical Responsibility

- *This includes the behaviour of the firm that is expected by society, but not codified in law,
- * Example respecting the religious sentiments and dignity of people while advertising for a product.

iv)Discretionary Responsibility

- *This refers to purely voluntary obligation that an enterprise assume for instant providing charitable contribution to educational institution or
- * Helping the affected people during flood or earthquake.

Lesson 18 – Business Ethics and Corporate Governance**I. Choose the Correct Answer**

1. Which of the following helps in maximising sale of goods to society?
a. Business success b. laws and regulations **c. Ethics** d. Professional management
2. Ethics is important for
a. Top management b. Middle level managers c. Non managerial employees **d. All of them.**
3. Which of the following does not ensure effective ethical practices in a business enterprise
a. Publication of a code b. Involvement of employees
c. Establishment of compliance mechanisms d. none of them
4. The role of top management is to guide the entire organisation towards
a. General behavior b. Organisation behaviour
c. Ethically upright behavior d. Individual behavior
5. The ethical conduct of employees leading to standard practices results in
a. Good behavior b. bad behavior
c. ethical behavior **d. correct decision making**

II Very Short Answers

1. What is ethics?

Ans. :

Ethics is derived from the Greek word “Ethos” Which means a person’s fundamental Orientation towards life.

2. Write any two key elements of business ethics

Ans. :

- **TOP MANAGEMENT COMMITMENT**

Top management has a very important role to guide the entire organization towards Ethical behaviour.

- **CODE**

The organization principles are defined in the written document called code. It should be followed by the employees of the organization.

2. Define corporate governance.

Ans. :

Corporate governance is defined as the system by which companies are directed and controlled – Cadbury committee.

III Short Answers

1. What do you mean by the concept of business ethics?

Ans. :

- It is a set of moral standards to be followed by owners, managers and business people.
- These standards determine the conduct and behavior of business people.
- Business ethics reflects the conduct in the context of business.

2. Why MNC's in India ?

Ans. :

- India has a huge market.
- It is one of the fastest growing economies in the world
- Favourable policies of the government toward world FDI.
- Financial liberalization of the country.
- Government encourages and makes continuous efforts to attract foreign investments.

IV Long Answers

1. Explain the different key element of business ethics.

Ans. :

- **TOP MANAGEMENT COMMITMENT –**

- It is a very important role to guide the organization towards ethics behavior.
- The top level personnel in any organisation should work openly and strongly committed towards ethical conducts.

- PUBLICATION OF A CODE –

- The organisation Principles are defined in the written document called ‘Code’ –
- The code covers health and safety in the work place, fair dealing in selling and marketing activities

- ESTABLISHMENT OF COMPLIANCE MECHANISM

To make sure that actual decisions match with a firm ethical standards, suitable mechanism should be established.

- INVOLVING EMPLOYEES AT ALL LEVELS

It is the employees at different levels who implement ethics policies to make ethical business a reality.

- MEASURING RESULTS

It is difficult to measure the end results of ethics programmes; the firms can certainly audit to monitor compliance with ethical standards.

2. What are the benefits of corporate governance?

Ans. :

- Ensures stable growth of an organisation.
- Improves the images of the company.
- Ensures efficient allocation of resources.
- Creates a strong brand as on ethical business
- Has a positive impact on the share price
- Reduces the cost of capital for companies
- Improves investors confidence and enables raising of capital
- It Enables corporate success and economic development
- The organisation is managed to benefit the stakeholders
- Eliminates wastages, competition, risks and management.

Lesson 19 – Sources of Business Finance

I. Choose the Correct Answer :

1)What is defined as the provision of money at the time when it is required ?

- (a) **Finance** (b) Bank (c) Cash management (d) None of these

2)Internal Sources of Capital are those that are _____

- (a) generated through outsiders such as suppliers
 (b) generated through loans from commercial banks
 (c) generated through issue of shares

(d) **generated within the business**

3) Debenture holders are entitled to a fixed rate of _____

- (a) Dividend (b) Profits (c) **Interest** (d) Ratios

4) Public Deposits are the deposits which are raised directly from _____

- (a) **The Public** (b) The Directors (c) The Auditors (d) The Owners

5) Equity shareholders are the _____ of a company

- (a) Creditors (b) **Owners** (c) Debtors (d) Employees

6) Funds required for purchasing current assets is an example of _____

- (a) Fixed Capital Requirement (b) Ploughing back of Profits
(c) **Working Capital Requirement** (d) Lease Financing

7) Which of the following holder is given voting right ?

- (a) Debentures (b) Preference Shares
(c) **Equity Shares** (d) Bonds

8) It may be wise to finance fixed assets through _____

- (a) Creditors (b) **Long term debts**
(c) Bank overdraft (d) Bills discounting

II. Very Short Answer Questions

1) Write a short note on Debentures.

Ans. :

Debentures are long term debt capital

- It bears a fixed rate of interest
- A person subscribing to Debenture is called Debenture Holder

2) Name any two sources of funds classified under borrowed funds.

Ans. :

Sources of Funds classified under borrowed funds are debentures, loans from banks, public deposits, trade credit, lease financing, etc.

3) Write any two examples of Post Office Savings Schemes

Ans. :

Examples of Post Office Savings Schemes are :

- i) National Savings Certificate (NSC)
- ii) Public Provident Fund Account (PPF)

- iii) Post Office Fixed Deposit Account
- iv) Post Office Recurring Deposit Account

III. Short Answer Questions

1) Define Business Finance

Ans. :

- “The Finance Function is the process of acquiring and utilizing funds by a business” - R.C. Osborn
- “Finance is that business activity which is concerned with the acquisition and conservation of Capital Fund, in meeting the financial needs and overall objectives of Business Enterprises.” - B.O. Wheeler

2) What is Pledge ?

Ans. :

- A customer transfers the possession of an article with a creditor (banker) and receives loan
- Till the repayment of Loan, the article is under the custody of the creditor
- If the debtors fails to repay the loan, the creditor will auction the article pledged and adjust the outstanding loan

3). Classify the Sources of Business Finance, on the basis of Period.

Ans. :

Business Finance is classified into three types, on the basis of period

(i) Long Term Finance – more than Five Years. Long term finance can be mobilised by issues of shares and debentures, term loans from commercial banks, etc.

(ii) Medium Term Finance – above one year and below five years. Medium Term Finance can be mobilised by public deposits, medium term loans from Banks, etc.

(iii) Short Term Finance – below one year. Short Term Finance can be raised through public deposits, trade credit, cash credit, etc.

IV. Long Answer Questions

1). Explain the kinds of sources of Short-term Finance. (Any Five)

Ans. :

(i) Loans and Advances

- Loan is a direct advance, made in lumpsum which is credited to Separate Loan Account, in the name of Borrower

- It can be re-paid in one or more instalments

(ii)Trade Credit

- It is the credit extended by one trader to another for the purpose of purchasing goods and services
- It is very simple and convenient method of raising short-term Finance

(iii)Pledge

- A customer transfers the possession of an article with a creditor (banker) and receives loan
- Till the repayment of Loan, the article is under the custody of the creditor
- If the debtors fails to repay the loan, the creditor will auction the article pledged and adjust the outstanding loan

(iv)Mortgage

- It is a type of Loan taken from Bank, by depositing the title deeds of Immovable Assets like Land & Building

(v)Clean Loan

Banks provide clean loan to certain customer on the basis of their character, capacity and capability without any physical security

2. Explain any five personal investment Avenues

Ans. :

(A)Public Provident Fund

- (i)It is the safest long-term investment totally tax free
- (ii)PPF Account can be opened in Bank or Post Office
- (iii)The Money deposited cannot be withdrawn before 15 years
- (iv)An investor can earn compound interest from this account

(B)Real Estate Fund

- (i)Buying a Flat or Plot is the best decision of investment options
- (ii)The value of real asset may increase depending upon the area of location and other support facilities available therein

(C)Investment in Metals

- (i)Investment in Metals like Gold, Silver and Platinum is one of the oldest and evergreen investment products
- (ii)The values of the Metals rise slowly and steadily with market conditions.

(D) Post Office Savings Schemes

There are different types of Postal/Small Savings Schemes namely :

- i) National Savings Certificate (NSC)
- ii) Public Provident Fund Account (PPF)
- iii) Post Office Fixed Deposit Account
- iv) Post Office Recurring Deposit Account

(E) Bank Deposits

Fixed Deposits can be opened from a Minimum period of 7 days to Maximum period of 10 Years

Recurring Deposit Account is another investment option. It can be opened for a minimum period of 1 Year to 10 Years

CHAPTER – 20 International Finance**I. Choose the Correct Answers**

1. An instrument representing ownership interest in securities of a foreign issuer is called _____

- a. An ownership certificate **b. a depositary receipt.**
- c. an ownership receipt d. None of the above.

2. Issuance of DRs is based on the increase of demand in the

- a. International market** b. Local market
- c. Existing shareholders d. All of the above

3. ADRs are issued in

- a. Canada b. China c. India **d. The USA**

4. Depositary receipts that are traded in an international market other than the United States are called

- a. Global Depositary Receipts** b. International Depositary Receipts.
- c. Open Market Depositary Receipts d. Special Drawing Rights.

5. _____ bond is a special type of bond issued in the currency other than the home currency.

- a. Government Bonds **b. Foreign Currency Convertible Bond**
- c. Corporate Bonds d. Investment Bonds

II. Very Short Answers :

1. Who are foreign Institutional Investors?**Ans. :**

Organizations like hedge funds, Insurance companies, Pension funds and Mutual funds can be called as "Institutional Investors".

2. What is a depository receipt?**Ans. :**

A depository receipt is a negotiable financial instrument issued by a bank to represent a foreign company's equity shares or securities.

3. What is GDR?**Ans. :**

GDR is an instrument issued abroad by company to raise funds in some foreign currencies and is listed and traded on foreign stock Exchange.

4. What is ADR?**Ans. :**

ADR is a dollar denominated negotiable certificate representing a non- US company in us market which allows the US citizens to invest in overseas securities.

5. Explain the importance of international finance.**Ans. :**

- It helps in ascertaining the Economic status of the various countries.
- It helps in comparing the inflation rates.
- It helps in calculating exchange rates of various currencies.
- It helps in understanding the basics of international organisations
- International finance mediate and resolve financial disputes among member nations.

6. What is meant by foreign currency convertible bonds?**Ans. :**

- It is a special type of bond issued in the currency other than the home currency.
- In other words companies issue foreign currency convertible bonds to raise money in foreign currency.

7. Explain any three disadvantages of FDI.**Ans. :**

EXPLOITING NATURAL RESOURCES

The FDI companies deplete natural resources. -As a result such resources are not available for the usage of common man in the host country.

HEAVY OUTFLOW OF CAPITAL

- Foreign companies are said to be take away huge funds in the form of dividend, royalty fees etc.
- This cause a huge outflow of capital.

NOT TRANSFERING TECHNOLOGY

- Some foreign enterprises do not transfer the technology in developing countries.
- They mostly transfer second hand technology to host countries.

8. State any five features of FCCB.

Ans. :

- FCCB is issued by an Indian company in foreign currency.
- These are listed and traded in foreign stock exchange
- It is a convertible debt instrument
- It carries interest coupon. It is unsecured.
- It can be converted into equity or depository receipt after a certain period.
- It gives its holders the right to convert for a fixed number of shares.

9. Distinguish between GDR and ADR

Ans. :

Basis	Global Depository Receipts (GDR)	American Depository Receipts (ADR)
Denomination	It is denominated in terms of any freely convertible currency.	It is denominated only in US Dollars
To Whom it is issued ?	It is issued to Investors in one or across more markets simultaneously	It is issued only to Investors who are residents of the United States of America
Listed in	Non US Stock Exchange such as London Stock Exchange or Luxemburg Stock Exchange	American Stock Exchange
Approval	Issue of GDR does not require Foreign Regulatory Clearances	Issue of ADR requires approval from the Securities Exchange Commission (SEC) of United States of America
Negotiation	It is negotiable all over the world	It is negotiable only in America

Lesson 21 MICRO, SMALL AND MEDIUM ENTERPRISES AND SELF HELP GROUPS

I. Choose the correct answers:

1. MSMED Act was enacted in the year

- a) 2004 b) 2007 **c) 2006** d) 2008

2. MSMEs are important for the nation's economy because they significantly contribute to

- a) industrial production b) exports c) employment **d) all the above**

3. Self help groups convert the savings into a common fund known as

- a) Common fund **b) Group corpus fund** c) Group fund d) none of the above

4. There are _____ distinct modes of credit to Self Help Groups.

- a) 1 b) 2 **c) 3** d) 4

5. Investment limit of a micro enterprise under manufacturing sector does not exceed _____ lakhs.

- a) 10 b) 20 **c) 25** d) 50

II. Very short answer questions

1. Give some examples for micro enterprises.

Ans. :

- i) Clay Pot Making
- ii) Fruits and Vegetable Vendors
- iii) Transport- three wheeler tempos and Autos
- iv) Repair Shops
- v) Cottage Industries

2. What is the aim of NEEDS ?

Ans. :

- i) To encourage the educated youth to become the first generation entrepreneurs
- ii) To provide entrepreneurship development training to educate the young entrepreneurs, preparing business plans, etc.

3. What is a Self Help Groups?

Ans. :

- i) it is a small informal voluntary association
- ii) it is created for the purpose of enabling members, to reap economic benefit out of mutual help, solidarity and joint responsibility

III. Short answer questions

1. List out the products produced by MSME in Tamil Nadu?

Ans. :

- i) In Tamil Nadu, MSME Sector produces a wide variety of products in almost all fields.
- ii) The prominent among them are textile, electronic products, engineering products, auto ancillaries, leather products, chemicals, plastics, garments, jewellery, etc.

2. What is the role and significance of MSMEs in Indian Economy?

Ans. :

- i) Employment Potential
 - (a) MSME are mostly labour intensive
 - (b) Thus they provide more employment opportunities to a large number of people
- ii) Low Production Cost
 - (a) MSME employs cheap labour
 - (b) Thus facilitates production of goods at low cost
- iii) Quick Decision Making
 - (a) In most cases, owner himself manages the enterprises
 - (b) Hence, decision making becomes easy and effective

3. Explain any three features of Self Help Group.

Ans. :

The Three Features of Self Help Group are :

- i) The motto of every group members should be "Saving first- Credit later"
- ii) The size of a Self Help Group ranges between 10-20 members
- iii) The Groups need not be registered

IV. Long answer questions

1. Explain MUDRA Bank

Ans. :

- i) The Government of India has launched MUDRA Bank with a capital amount of Rs.20,000 Crores
- ii) And Credit Guarantee Corpus of Rs. 3,000 Crore

- iii) To Help MSME and start ups to solve problems relating to Financing
- iv) Mudra refinance through Pradhan Mantri Mudra Yojana (PMMY).
- v) These measures will greatly increase the self confidence of young, educated or skilled workers to become first generation entrepreneurs.

2. What are the Objectives of SHGs? (any 5)

Ans. :

- i) Focusing on empowerment of women.
- ii) Saving people from the clutches of Money Lenders.
- iii) Creating the habit of Saving in the minds of the people who are economically backward.
- iv) Promoting entrepreneurship skills among women.
- v) Elevating the economic standard of the member's family

Lesson 22 - TYPES OF TRADE

I. Choose the correct answers

1. The purchase of goods from a foreign country is called-----

- a) **Import** b) Export c) Entrepot d) Re-export

2. When goods are imported for the purpose of export it is called as-----.

- a) Foreign Trade b) Home Trade c) **Entrepot** d) Trade

3. ----- acts as a connective link between the producer and the consumer.

- a) **Trade** b) Industry c) Commerce d) Business

4. The aim of home trade is -----.

- a) To raise the standard of living b) **To provide the essential goods and services economically**
 c) To raise the national income d) To obtain all types of goods.

5. Internal trade can be classified into -----categories

- a) Three b) Four c) **Two** d) Five

II. Very short answer questions

1. Give the meaning of Trade?

Ans. :

- i) The buying and selling of goods and services consist of trade
- ii) Trade is conducted to earn Profit

2. What is Internal Trade?

Ans. :

- i) Buying and Selling of Goods and Services within the boundaries of a nation is called Internal Trade
- ii) It is also called Domestic Trade or Home Trade

3. What is import trade?

Ans. :

- i) Import Trade means buying goods, from a foreign country for domestic use
- ii) Examples : India imports Petroleum products from Gulf Countries

4. Explain the meaning of Entrepot trade.

Ans. :

- i) Entrepot Trade means importing of Goods from one country and exporting the same to Foreign Country
- ii) It is also known Re-Export Trade

III. Short answer questions

1. Explain the types of Internal trade.

Ans. :

- i) Internal Trade consists of two main subdivisions namely

a) Wholesale Trade b) Retail Trade

a) Wholesale Trade

Buying goods in large quantities from the producers and selling them in smaller quantities to retailers and traders is known as Wholesale Trade

b) Retail Trade

It deals with distribution of goods in small quantities to the consumers

2. Give three examples of India's Import and Exports items

Ans. :

EXPORT ITEMS	IMPORT ITEMS
i) Petroleum Products	Mineral Fuels, including oil
ii) Jewellery	Gem, Precious Metals
iii) Automobile	Electrical, Machinery and Equipment

IV. Long answer questions

1. What are the features of Internal trade? (any 5)**Ans. :**

- i) The Buying and Selling of goods takes place within the boundaries of the same country
- ii) Payment for goods and services is made in the currency of the home country
- iii) Goods can be delivered using locally available modes of transport
- iv) It involves transactions between the producers, consumers and the middlemen
- v) It does not involve any custom/import duty but need to pay the taxes to the government

2. Explain briefly the different types of Foreign Trade**Ans. :**

Foreign Trade consists of Three Main Sub-divisions namely,

A) Import Trade**B) Export Trade****C) Entrepot Trade****A) Import Trade**

- i) Import Trade means buying goods from a foreign country, for domestic use
- ii) E.g. India imports petroleum products from Gulf Countries

B) Export Trade

- i) Export Trade means the sale of Domestic Goods to Foreign Countries
- ii) E.g. export of Iron Ore from India to Japan
- iii) Export Trade is necessary to earn foreign exchange, to increase national income

C) Entrepot Trade

- i) Entrepot Trade means importing of Goods from one Country and exporting the same to Foreign Countries
- ii) Example- Indian Diamond Merchants in Surat, import uncut raw diamonds, from South Africa, they cut and polish the diamonds in India, and re-export them to the International Diamond Market in Amsterdam.

Lesson 23 – Channels of Distribution

I. CHOOSE THE BEST ANSWER:

1. Trade middlemen who acts as a link wholesaler and customer refers to a

- (a) Producer (b) Broker **(c) retailer** (d) customer

2. Who is the First middleman in the channel of distribution?

- (a) Wholesaler** (b) Producer (c) Retailer (d) customer

3. _____ buys the goods from the producer and sell it to the retailers.

- (a) Manufacturer **(b) Wholesaler** (c) Retailer (d) Consumers

4. _____ are agents who merely bring the buyer and the seller into contact.

- (a) Broker** (b) Commission agent (c) Selling Agent (d) Stockiest

5. Merchant middlemen can be classified into _____ categories

- (a) Three **(b) Two** (c) Five (d) Four

II. VERY SHORT ANSWER QUESTIONS:

1. Who is a middleman?

Ans. :

The term 'Middlemen' refers to all those who are in the link between the primary producer and the ultimate consumer in the exchange of goods or service.

2. Define Retailer.

Ans. :

The retailer is the last of the many links in the economic chain whereby the consumer's wants are satisfied smoothly and efficiently by retailers.

- S. Evelyn Thomas

3. Who is a broker?

Ans. :

(i) A Broker is one who bargains for another and receives commission for his service.

(ii) He is paid 'brokerage' for his services.

4. What are the classifications of the merchant middlemen

Ans. :

* Brokers * Del- Credere Agents * Warehouse keepers

* Factors * Commission Agents * Auctioneers.

5. Who are the mercantile agents?

Ans. :

(i) A businessman appoints a person to buy and sell goods on his behalf and gives him the right to borrow money on the security of goods.

(ii) He is known as mercantile agent.

III. SHORT ANSWER QUESTIONS:

1. Explain the types of mercantile agents.

Ans. :

i). Broker: A Broker is one who bargains for another and receives commission for his service. He is paid 'brokerage' for his services.

ii). Factor: A factor is a mercantile agent to whom goods are entrusted for sale by a principal.

iii). Commission Agents: A commission agent buys and sells goods on behalf of the principal for a fixed rate of commission for all his transactions.

2. Explain any three characteristics of wholesalers.

Ans. :

- (a) Wholesalers buy goods directly from producers or manufacturers,
- (b) They need large amount of capital to be invested in his business,
- (c) They generally provide credit facility to retailers

IV. LONG ANSWER QUESTIONS:

1. What are the characteristics of retailers?

Ans. :

- (i) Retailer generally involves dealing in a variety of items.
- (ii) Retail trade is normally carried on in or near the main market area.
- (iii) Generally, retailers involve buying on credit from wholesalers and selling for cash to consumers.
- (iv) A retailer has indirect relation with the manufacturer but a direct link with the consumers.

2. What are the functions of Wholesalers ?

Ans. :

a. Collection of Goods: Wholesaler collects the goods from manufacturers or producers in bulk.

b. Storage of Goods:

- (i) Wholesaler collects and stores them safely in warehouses, till they are sold out.
- (ii) Perishable goods like fruits, vegetables, etc. are stored in cold storage facility.

c. Distribution:

- (i) Wholesaler sells goods to different retailers.
- (ii) Thus he performs the function of distribution

d. Financing:

- (i) Wholesalers provide financial support to producers and manufacturers by providing money in advance to them.

(ii) He also sells goods to retailer on credit.

e. Risk Taking:

(i) Wholesaler buys finished goods from the producer and keeps them in the warehouses till the time.

(ii) They are sold and assumes the risk arising from price, spoilage of goods, and changes in demand.

3. What are functions of Retailers?

Ans. :

i). Buying:

A retailer buys a wide variety of goods from different wholesalers after estimating customer's demand.

ii). Storage: A retailer maintains a ready stock of goods and displays them in the shop.

iii). Selling:

- The retailer sells the goods in small quantities according to the demand taste and preference of consumers.
- He employs efficient methods of selling to increase his sales turnover.

iv). Grading and Packing:

- The retailer grades the goods which are not graded by manufacturers and wholesalers.
- He packs goods in small lots for the convenience of consumers

v). Risk-bearing:

A retailer always keeps stock of goods in anticipation of demand and bears the risk of loss due to fire, theft, spoilage, price fluctuations, etc.

Lesson 24 - Retailing

I. CHOOSE THE CORRECT ANSWER

1. Retailers deal in _____ quantity of goods.

(a) Small (b) Large (c) Medium (d) Limited

2. Small scale fixed retailers include_____

(a) General stores (b) Pedlars (c) Cheap Jacks (d) Hawkers

3. Small shops which deal in a particular line of products are called as_____

(a) Market Traders **(b) Single line stores** (c) Sugar Market (d) Street stalls

4. ____ mobile traders who deal in low priced articles with no fixed place of business

(a) Shopping mall (b) Super Markets (c) Street Stalls **(d) Itinerant traders**

II. VERY SHORT ANSWER QUESTIONS:

1. State the meaning of multiple shops.

Ans. :

A number of identical retail shops with similar appearance normally deal in standardized consumer products established in different localities owned by manufacturers are called as Multiple Shops.

2. What is meant by Vending Machines?

Ans. :

- (i) Automatic vending machine is a new form of direct selling.
- (ii) It is a machine operated by coins or tokens.
- (iii) It's are placed at railway stations, airports, petrol pumps, etc.

3. What are specialty stores?

Ans. :

- (i) Specialty Stores deal in a particular type of product under one product line only.
- (ii) For example, Tirunelveli Halwa, Bengali Sweets, etc.

III. SHORT ANSWER QUESTIONS:

1. Explain the characteristics of super markets.

Ans. :

- (i) Supermarkets are generally situated at the main shopping centres.
- (ii) The goods are sold on cash basis only. No credit facilities are made available.
- (iii) Supermarkets are organized on departmental basis.

2. Explain the demerits of multiple shops?

Ans. :

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

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

IV. LONG ANSWER QUESTIONS:**1. State the features of Departmental stores.**

Ans. :

i). Large Size:

A department is a large scale retail showroom requiring a large capital investment by forming a joint stock company managed by a board of directors.

ii). Wide Choice:

- * It acts as a universal provider of a wide range of products from Pin to Car.
- * To satisfy all the expected human needs under one roof

iii). Departmentally organized

- (a) Goods offered for sale are classified into various departments.
- (b) Each department specializes in one line of product and operates as a separate unit.

iv). Facilities provided:

- # It provides a number of facilities and services to the customers.
- # Such as restaurant, rest rooms, recreation, packing, free home delivery, parking, etc.

v). Centralized purchasing

- (a) All the purchases are made centrally and directly from the manufacturers.
- (b) It operates separate warehouses whereas sales are decentralized in different departments.

2. Explain the different types of retailers.

Ans. :

i). Itinerant or Mobile Traders

- # The traders who have no fixed place of sale are called Itinerants.
- # They move from one place to another place in search of customers.
- # They are also known as Mobile traders.

➤ Peddlers And Hawkers

- Street Traders
- Market Traders
- Cheap Jacks Traders

ii). Fixed Shop Retailers

* The retailers who maintain permanent establishment to sell their goods are called Fixed Shop Retailers.

* They do not move from place to place to serve their customers.

* They are:

a. Fixed Shop Small Retailers

b. Fixed Shop Large Retailers

a. Fixed Shop Small Retailers

- * Street Stalls
- * General Stores
- * Single Line Stores
- * Specialty Stores
- * Second Shops

b. Fixed Shop Large Retailers

The retailers having permanent establishment and dealing in large scale are called Fixed shop large scale retailers.

- (i) Departmental Stores
- (ii) Multiple Stores
- (iii) Super Markets
- (iv) Consumer Cooperative stores
- (v) Shopping Malls
- (vi) Mail order houses
- (vii) Online Shopping

Lesson 25 – International Business

I. CHOOSE THE CORRECT ANSWER

1. Movement of goods, services, intellectual property, human assets, technology and So on among the countries.

(a) **International Trade** (b) International Business (c) Entrepot Trade (d) Internal Trade

2. Goods are imported for the purpose of re-export to another country is termed as

- (a) Import Trade (b) Export Trade **(c) Entrepot Trade** (d) Internal Trade

3. Movement Of Goods, Services among the Countries

- (a) International Trade **(b) International Business** (c) Entrepot Trade (d) Internal Trade

4. Selling of goods from home country to foreign country is called

- (a) Home Trade (b) Entrepot Trade **(c) Foreign Trade** (d) Joint Venture

II. VERY SHORT ANSWER QUESTIONS:

1. What do you mean by international business?

Ans.

(a) International business denotes all those business activities which take place beyond the geographical limits of the country.

(b) It involves not only the international movements of goods and services

2. What is meant by Export Trade ?

Ans. :

- When the firm of a country sells goods and services to a firm of another country is called Export Trade.
- Example : the sale of handicraft, leather products, etc. by Indian Company to other countries

3. What is meant by Import Trade ?

Ans. :

- When the business firm of a country purchases goods from another country, it is called import trade.
- Example : Indian Enterprise purchases petroleum products, electrical goods.

4. What is meant by Entrepot Trade ?

Ans. :

- When the firm of a country imports goods for the purpose of exporting the same goods to the firms of some other country with or without making any change in goods meant for export is known as Entrepot Trade.
- Example : Indian Company imports crude oil from Iran and Export it as Petroleum after refining, to Nepal.

III. SHORT ANSWER QUESTIONS:

1. Explain any three features of International business.

Ans. :

(a) Involvement of Countries.

International business can take place only when transactions occur across different countries

(b) Use of Foreign Exchange.

Where countries trade with one another, it has to exchange the goods and services on the basis of foreign currency.

(c) Legal Obligations.

(i) Foreign trade is to be conducted strictly in accordance with the export and import policy of the country concerned.

(ii) Government intervention is direct in respect of international transactions.

2.Explain the Features of Entrepot Trade.

Ans. :

a) Import Duty is not levied on such goods

b) These goods are reprocessed and repacked for re-export

c) Such goods are kept in the Bonded Warehouses till they are re-exported

IV. LONG ANSWER QUESTIONS:

1. List out the advantages of international trade

Ans. :

i). Geographical Specialization:

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

ii). Economic Development:

(a) International business helps the developing countries greatly in achieving rapid economic development.

(b) 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.

2. Distinguish between internal and international trade

S.No	Basis	Internal Trade	International Trade
01	Participants in the business	With in the country people	Outside of the country people
02	Mode of transport	It is mainly transported by roadways and railways.	It is mainly transported by water and airways
03	Currency used	Local currency of a country.	Foreign currencies.
04	Risk Exposure	The risks are relatively less.	This risks are high
05	Scope of market	The scope of market is Limited	The scope of market is unlimited

Chapter 26 – Export and Import Procedures

I. Choose the Correct Answer :

1)EPC stands for

- a.Export processing commission **b. Export Promotion Council**
 c. Export Carriage council d. Export Promotion Congress

2) STC is expansion for

- a.State Training Centre b. State Training Council
 c. State Trading Centre **d. State Trading Corporation**

3) An ----- is document prepared by importer and sent to the exporter to buy the goods

- a.Invoice **b. Indent** c. Enquiry d. Charter Party

4) The ----- receipt is an acknowledgement of receipt of goods on the ship issued by the Captain

- a.Shipping Bill **b. Bill of Lading** c. Mate's Receipt d. Consular Invoice

5) The Exporters appoint the ----- agent to fulfil the customs formalities

- a.Clearing Agent **b. Forwarding Agent** c. Commission Agent d. Factor

II. Very Short Answers

1)What is meant by Indent ?**Ans. :**

- An Indent is an order received from abroad for export of goods. i.e. sale of goods
- The order may be directly received from the importer or through an agent

2)Mention the types of Indents**Ans. :**

There are three types of Indent, namely

- a)Open Indent
- b)Closed Indent and
- c) Confirmatory Indent

3)What is meant by Letter of Credit ?**Ans. :**

- It represents a guarantee given by the importer bank to the exporter.
- That the amount in the bill will be honoured upon its presentation by the exporter or his agent.

III. Short Answers**1)What are the contents of Indents ?****Ans. :**

Contents of an Indent are :

- a.Quantity of goods sent
- b. Design of goods
- c.Price
- d. Nature of Packing shipment
- e. Mode of Shipment
- f.Period of Delivery
- g. Mode of Payment

2)What is meant by Mate's Receipt ?**Ans. :**

- It's the document issued by the captain of the ship
- Acknowledging the receipt of goods on board by him to the port of specified destination
- This contains details like quantity of goods shipped, number of packages, condition of package, condition of packing, etc.

3)What are the documents used in Import Trade ?

Ans. :

The Documents used in Import Trade are :

- i)Import License
- ii)Indent
- iii)Letter of Credit
- iv)Bill of Entry
- v)Bill of sight

IV. Long Answer Questions

1.What are the objectives of Import Trade ?

Ans. :

i)Achieving Rapid Industrialization –

Developing countries can achieve rapid industrialization by importing advance technology, scarce raw materials, capital goods like machinery, etc.

ii)Meeting consumer demands –

Certain goods are either not available or cannot be produced to meet the growing demand, such goods can be imported to meet the supply of those goods.

iii)Upgrading standard of living of the people –

Consumers are able to use a wide variety of goods like cell phone, car, laptop, television, etc. produced in foreign countries.

iv)Meeting Shortage Situation –

During famine, earthquake, flood, drought, abnormal prize increase situations food grains, vegetables and other essential commodities are imported to overcome the above situations.

v)Strengthening Defence –

Many Countries import defence equipment for its armed force to ensure its sovereignty and territorial integrity

2.Distinguish between bill of lading and Charter Party

Ans. :

Basis	Bill of Lading	Charter Party
i)Meaning	It represents a document acknowledging receipt of goods on board for carrying them to specified port of destination	It refers to an agreement to hire a whole or major part of a ship, when the goods exported is heavy
ii)Transferable	It can be transferred to third party by endorsement and delivery	It cannot be transferred to third party
iii)Loan	Loan can be raised against it	Loan cannot be raised against it
iv)Crew	Master and Crew remain the agent of Ship Owner	Master and Crew become the agent of exporter for a temporary period
v)Lease	It is not a Lease of Ship	It is a Lease of Ship

CHAPTER – 27 : Facilitators of International Business

I. Choose the Correct Answer :

1) General Agreement on Tariff and Trade was signed on

- a. **30-October-1947** b. 29-October-1947 c. 28-October-1947 d. 26-October-1947

2) WTO was established on

- a. 1-1-1996 b. 1-1-1997 c. **1-1-1995** d. 1-1-1994

3) The headquarter of WTO is located at

- a. New York b. London c. **Geneva** d. Brazil

4) The day to day administration of WTO is entrusted with

- a. Executive Council b. **General Council** c. Administrative Council d. General Body

5) World bank is located at

a.Washington DC b. New York c. Tokyo d. Hongkong

II. Very Short Answers

1.What is WTO ?

Ans. :

- *The World Trade Organisation was established on 1st January 1995.
- *It has 164 Countries
- *India is one of the three founder members
- *It meets almost once in every three years
- *It is empowered to take a decision on all vital matters under the multi-lateral trade agreement

2.What do you mean by World Bank ?

Ans. :

- *International Bank for Reconstruction and Development is commonly known as World Bank
- *It was setup in 1944
- *It is located at Washington DC
- *It has offices all over the World

3.What is Special Drawing Rights ?

Ans. :

- *SDR created by the IMF in the year 1969 as supplementary international reserve asset
- *It is described as paper gold

III. Short Answers

1.Write any Three objectives of IMF

Ans. :

- *Promoting International Monetary Co-operation

*Ensuring balanced International Trade

*Ensuring Exchange Rate Stability

2.Mention the Functions of SAARC (any Three)

Ans. :

*Monitoring and co-ordinating the development program

*Determine intersectoral priority

*Mobilising co-operation within and outside the region

3.Write any three benefits of WTO

Ans. :

*Promoting International Peace and creating conducive environment for conducting international trade.

*It settles the trade disputes amicably among the member countries.

*It promotes the standard of living of the people by increasing their income level from free trade.

IV. Long Answers

1)Point out the Objectives of WTO (any Five)

Ans. :

- Improving the standard of people living in member countries.
- Expansion of trade and goods and services
- Protecting the environment
- Ensuring full employment and large steady growth volume of real income and effective demand.
- Making optimum utilisation of World's resources for sustainable development of Member Countries.

2)Write down the function of IMF (any Five)

- It acts as short-term credit institution at the international level
- It provides machinery for ordinary adjustments of exchange rates
- It has a reservoir of currencies of the member countries from which a borrower can borrow currencies of other nations
- It promotes economics stability and global growth by encouraging countries adopt sound economic and financial policies.

CHAPTER – 28 : Balance of Trade and Balance of Payments

I. Choose the Correct Answer :

1) The Statement which discloses a record of transactions between the residents of one country and residents of foreign country

- a. Balance of Payment b. Balance of Trade
- c. Statement of Receipts and Payments d. Accounting Statement

2) The Balance of Payments councils consists of

- a. Current Account b. Capital Account
- c. Receipts and Payments Account **d. Both Current Account and Capital Account**

3) Foreign capital long- term loan and foreign currency reserve are recorded under

- a. Official Capital **b. Private Capital** c. Banking Capital d. Both Private and Official Capital

4) The term official capital includes

- a. RBI holdings of foreign currencies b. Special Drawing Rights held by the Government
- c. Both A and B** d. Foreign Investment

5) Balance of payments surplus indicates

- a. Exports are more than the Imports b. Imports are more than Exports
c. Exports and Imports are at Equilibrium d. Exports and Imports are above Equilibrium

II. Very Short Answers

1.What do you mean by Balance of Payments ?

Ans. :

- It refers to a systematic record of all economic transaction between the resident of one country and the residence of foreign country during a particular period of time
- For example 1 Year

2. What do you mean by Balance of Trade ?

Ans. :

- It denotes the difference between the value of import and the value of export during a year.
- If the export of a country exceeds its imports, it shows favourable balance of trade.
- If the import exceeds the exports, it shows unfavourable balance of trade.

III. Short Answers

1. What are the credit items shown in Current Accounts (any Three)

Ans. :

- a) Goods Export (Visible)
- b) Invisible Exports
- c) Transport Service sold abroad
- d) Banking Service sold abroad
- e) Insurance Service sold abroad

2. State the components of Capital Account

Ans. :

Capital Account consists of these components

- a) Private Capital
- b) Banking Capital
- c) Official Capital

IV. Long Answers

1. Write any Five Features of Balance of Payments

Ans. :

- It is a systematic records of all economic transactions between one country and certain other countries of the world.
- It is prepared for a period of three months or twelve months that is usually 12 months
- It contains all receipts and payments both visible and invisible
- It includes all economic transactions both recorded on current account and capital account
- It indicates country's position in Foreign Trade

2. Distinguish between Balance of Payment and Balance of Trade

Ans. :

Nature	Balance of Payment	Balance of Trade
--------	--------------------	------------------

i) Meaning	It is a systematic recording of all economic transactions between the residents of one country and residents of foreign countries during a particular period	It is a statement showing the net effect of export and import of a country.
ii) Nature of Transactions Recorded	It records both the transactions relating to goods and services	It records only transactions relating to goods
iii) Capital Transactions	It records Capital Transactions	It does not record Capital Transactions
iv) Indicator of Economic Status	It is a true indicator of economic performance of an economy	It is not a true indicator of economic prosperity
v) Net Position	It always remains Balanced that is Receipt Side is made equal to Payment Side	It may be at favourable or unfavourable or in equilibrium state

Lesson 29 – Elements of Contracts

I. CHOOSE THE BEST ANSWER:

1. An Agreement enforceable by law is a

(a) enforceable acceptance (b) accepted offer (c) approved promise **(d) contract**

2. Every promise and every set of promises forming the consideration for each other is an (a) agreement (b) contract (c) offer (d) acceptance

3. Void agreement signifies

(a) Agreement illegal in nature **(b) Agreement not enforceable by law**
(c) Agreement violating legal procedure (d) Agreement against public policy

4. Acceptance to be valid must be absolute

(a) be absolute (b) be unqualified **(c) both be absolute and unqualified** (d) be conditional

5. A contract with or by a minor is a

(a) valid contract **(b) void contract**
(c) voidable contract (d) voidable at the option of either party

II. VERY SHORT ANSWER QUESTIONS:

1. What is law?

Ans. :

- A 'set of rules' which governs our behaviour and relating in a civilized society.
- So there is no need of Law in a uncivilized society.

2. What is meant by Contract?

Ans. :

- A "contract" is an agreement enforceable by law.
- The agreements not enforceable by law are not contracts.

3. How many parts of Indian contract law are classified?

Ans. :

- (i) General Contracts
- (ii) Special Contracts

III. SHORT ANSWER QUESTIONS:

1. What is meant by Offer?

Ans. :

When one person signifies to another his willingness to do or to abstain from doing anything, with a view to obtaining the assent of that other person either to such act he is said to make a proposal.

2. What do you mean by Agreement?

Ans. :

- (a) Every promise and set of promises forming consideration for each other is an agreement.
- (b) In short, Agreement = Offer + Acceptance.

3. What is meant by Voidable Contract?

Ans. :

- An agreement which is enforceable by law at the option of one or more parties but not at the option of the other or others is a voidable contract.
- This is the result of coercion, undue influence, fraud and misrepresentation.

IV. LONG ANSWER QUESTIONS:

1. Explain the essentials of a Valid Contract

Ans. :

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

- (a) The parties must have the intention to create legal relationship between them.
- (b) 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

iv). Lawful Object (Section 23)

- (a) The object of agreement should be lawful and legal.
- (b) It must not be immoral, illegal or opposed to public policy.

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.

2. Difference between Contract and Agreement**Ans. :****2. Difference between Contract and Agreement****Ans. :**

.No	Basis	Contracts	Agreement
1	Definition	It is an agreement enforceable by law.	It is every promise forming consideration
2	Enforceability	Every contract is enforceable	Every promise is not enforceable.
3	Inter relationship	It includes an agreement.	It does not include a contract.
4	Validity	Only legal agreements are called contracts.	An agreement may be both legal and illegal.
5	Legal Obligation	Every contract contains a obligation.	It is not necessary for every agreement to have legal obligation

3. Explain the classification of Contract on the basis of the Performance.**i). Executed Contract**

- A contract in which both the parties have fulfilled their obligations under the contract.

- For example X contracts to buy a car from Y by paying cash, Y instantly delivers his car.

ii). Executory Contract

- (a) A contract in which both the parties are yet to fulfil their obligations.
(b) It is said to be an executory contract.

iii). Unilateral Contract

A unilateral contract is a one sided contract in which only one party has performed his promise or obligation, the other party has to perform his promise or obligation.

iv). Bilateral Contract

A contract in which both the parties commit to perform their respective promises is called a bilateral contract.

Lesson 30 – Performance of Contract

I. CHOOSE THE CORRECT ANSWER:

1) On the valid performance of the contractual obligations by the parties, the contract

- a. Is discharged b. Become enforceable c. Becomes void d. Becomes legal

2) Which of the following persons can perform the contract?

- a. Promisor alone b. Legal representatives of promisor
c. Agent of the promisor d. All the above

3) A, B, C jointly promised to pay Rs.50,000 to D. Before performance of the contract, C dies. Here, the contract

- a. Becomes void on C's death
b. Should be performed by A and B along with C's legal representatives.
c. Should be performed by A and B alone.
d. Should be renewed between A, B and D.

4) Which of these parties cannot demand performance of promise?

- a. Promisee b. Any of the Joint Promisees
c. On the death of a Promisee, his Legal Representative. d. Stranger to the Contract

5) A person is said to be a third person if he is not a

- a. promisor b. promise c. agent d. Legal Representative

II. Very Short Answers

1.State the ways of performing a Contract.

Ans. :

There are mainly two ways of performing a Contract such as

- i) Actual Performance
- ii) Attempted Performance

2.Who is a Legal Representative ?

Ans. :

If the promisor dies, the legal representative of a deceased promisor are bound to perform the contract.

3.Who is an Agent ?

Ans. :

The promisor may employ a competent person such as agent to perform the promise, if the contract is not formed on personal condition.

4.What is meant by Reciprocal Promise ?

Ans. :

Promises which form consideration or part of consideration for each other are called 'reciprocal promise'

III. Short Answers

1.Who can demand Performance ?

Ans. :

The following are those who can demand the performance of a valid contract:

- i) Promisee
- ii) Legal Representative
- iii) Third Party

2. Who will perform the Contract ?

Ans. :

- i) Promisor himself
- ii) Agent
- iii) Representations
- iv) Third Person
- v) Joint Promisors
- vi) Time and place of performance of Promise

3. What are the kinds of Reciprocal Promise ?

Ans. :

Kinds of Reciprocal Promises

- i) Mutual and Independent
- ii) Mutual and Dependant
- iii) Mutual and Concurrent

IV. Long Answer Questions

1. Explain the essentials of a valid tender of performance (any Five)

Ans. :

- i) It must be unconditional
- ii) It must be at the proper time and place
- iii) It must be in proper form
- iv) It must be made to a proper person, that is to the promisee or his authorised agent
- v) It may be made to one of the several joint promisees

2. How do you think appropriation of payments takes place ?

Ans. :

i) Appropriation of Payments

sometimes the debtor owes several distinct debts to the same creditor and he makes the payment which is insufficient to satisfy all the debts in such a case a debtor has a right to instruct his creditor to which particular debt is to be appropriated or adjusted.

ii) Application of Payment where debt to be discharge is not indicated (section 60)

If section 60 is attracted, the creditor shall have the discretion to apply such payment for any lawful debt which is due to him from the person making the payment.

iii) Application of Payment where neither party appropriates (Sec 61)

The Payment shall be applied in discharge of the debts in order of time whether they are or are not based by the limitation Act 1963, if the debt are of equal standing (i.e. payable on the same day) the payment shall be applied in discharge of these debt proportionately.

Lesson 31 - Discharge and Breach of a Contract

I. Choose the Correct Answer

1) on the valid performance of the contractual obligation by the parties, the contract

(a) **is Discharged** (b) Becomes enforceable

(c) Becomes void (d) none of these

2) An agreement to do an act impossible in itself under section 56 is

(a) **Void** (b) Valid (c) Voidable (d) unenforceable

3) Any agreement which becomes impossible to perform under various circumstances

(a) Voidable (b) **Void** (c) Valid (d) None of these

4) Discharge by mutual agreement may involve

(a) Novation (b) Rescission

(c) Alteration (d) **All of the above**

5) The compensation given for breach of contract is

(a) **Damage** (b) Remuneration

(c) Money (d) Cheque

II. Very Short Answer Questions

1. What are the kinds of consent ?

Ans. :

The consent may be of two types namely

(a) Express Consent (b) Implied Consent

2. What are the types of impossibility of performance?

Ans. :

There are two types of impossibility of performance such as

- i)Impossibility existing at the time of Agreement
- ii)Impossibility arising subsequent to the formation of contract.

3. What are the types of Damages ?

Ans. :

There are mainly four types of Damages such as

- i)Ordinary Damages ii)Special Damages**
- iii) Vindictive (or) Exemplary Damages**
- and iv) Nominal Damages**

III. Short Answer Questions

1.What are the various types of remedies for the injured parties ? (any 3)

Ans. :

i)Recession of Contract :

In case of breach of Contract, by one Party, the other parties may rescind (cancelled) and thereby the party is free from his all obligations under the contract.

ii)Claim for Specific Performance :

In some specific cases, if the damages are not adequate remedy, then the court can direct the party in breach for the specific performance of the contract.

iii)Claim for injunction :

Injunction is an order passed by a competent court restraining a person from doing some act.

2.What are the types of cases the court may order injunction ?

Ans. :

The court may order injunction in the following cases

- i)if the contract is voidable
- ii)if the contract becomes void
- or iii) on discovering the contract as void

IV. Long Answer Questions

1.Explain the ways of discharge of Contracts.

Ans. :

i)Discharge by Performance :

- * Performance implies carrying out the obligation of the contract.
- * Performance of contract may be of two types namely (a) actual performance (b) Attempted performance

ii)By Agreement on Consent :

- Agreement between the parties comes to an end by mutually agreeing for it.
- The consent may be of two types namely
(a)Express Consent (b) Implied Consent

iii) By Impossibility of Performance :

- A Contract may be discharged if it's performance becomes impossible.
- There are two types of impossibilities namely
(a)impossibility existing at the time of Agreement
(b)impossibility arising subsequent to the formation of contract

iv) By Lapse of Time :

- A Contract must be performed within a specified time.
- If it is not performed within this specified time limit, in such cases the contract is discharged

v) By Operating of Law :

A Contract can be discharged by the operating of Law in the following cases -
a)By Death b) By Merger c) By insolvency.

2.What is meant by damages and what are its types ?

Ans. :

Damages are monetary compensation awarded by the court to the injured party for the loss or injury suffered by him.

As per contract, one party can claim damages, if other party breach the contract.

The main purpose of awarding damages is to make good the loss suffered by him. It is known as 'Doctrine of Restitution.'

There are mainly four type of Damages, such as

- i)Ordinary Damages ii)Special Damages**

iii) Vindictive (or) Exemplary Damages

and iv) Nominal Damages

Lesson 32 - Direct and Indirect Taxes

I. Choose the Correct Answer

1. Income Tax is

- (a) a business tax **(b) a direct tax** (c) an indirect tax (d) None of these

2. Period of Assessment Year is

- (a) 1st April to 31st March** (b) 1st March to 28th Feb
(c) 1st July to 30th June (d) 1st Jan to 31st Dec

3. The year in which income is earned is known as

- (a) Assessment Year **(b) Previous Year**
(c) Light Year (d) Calendar Year

4. The aggregate income under five heads is termed as

- (a) Gross Total Income **(b) Total Income**
(c) Salary Income (d) Business Income

5. Agricultural Income earned in India is

- (a) Fully Taxable **(b) Fully Exempted**
(c) Not considered for Income (d) None of the above

II. Very Short Answer Questions

1. What is Income Tax ?

Ans. :

- It is levied on the income or profit from business of individuals and institutions.
- Income tax is the basic source of revenue for the government.

2. What is meant by previous year ?

Ans. :

- The year of earning income, is called Previous year.
- It normally consists of a period of 12 months, commencing on 1st April every year and ending on 31st March of the following year.

3.What is an Assessment Year ?

Ans. :

- The Year in which the assessment of Income is done is called Assessment Year
- It normally consists of a period of 12 months, commencing on 1st April every year and ending on 31st March of the following year.

III. Short Answer Questions

1.List out the five heads of Income.

These five heads are;

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

2.Write Short Notes on

- (a) Direct Tax (b) Indirect Tax

Ans. :

(a)Direct Tax

- If a tax levied on the income or wealth of a person and is paid by that person (or is office) directly to the Government, it is called Direct Tax
- e.g. Income Tax, Wealth Tax, Capital Gains Tax,

Securities Transaction Tax, etc.

(b) Indirect Tax

If tax is levied on the goods or services of a person (seller). It is collected from the buyers and is paid by seller to the Government. It is called Indirect Tax. E.g. GST.

3. Who are all included in the term person ?

Ans. :

The term 'person' includes the following

- (i) an individual,
- (ii) a Hindu Undivided Family (HUF),
- (iii) a company,
- (iv) a firm,
- (v) an Association Of Persons or a Body Of Individual, whether incorporated or not,
- (vi) a local authority, and
- (vii) every artificial juridical person e.g., an idol or deity.

IV. Long Answer Questions

1. Elucidate any five features of Income Tax.

Ans. :

i) Levied by Central Government

Income Tax is charged by the Central Government on all Incomes other than Agricultural Income

ii) Direct Tax

- Income Tax is Direct Tax
- The person earning Income is liable to pay
- income tax out of his own pocket and cannot
- pass on to another person

iii) Annual Tax

Income tax is annual tax because it is the income of a particular year

iv) Tax on Income

- It is a tax on income
- Income includes Salary Income, House Property Income, Business or Profession Income, Capital Gain and other sources Income.

v)Applicability

Income Tax is Applicable throughout India including the state of Jammu and Kashmir

Lesson 33 - Indirect Taxation

I.CHOOSE THE CORRECT ANSWER

1. Who is the chairman of the GST council ?

- (a) RBI Governor **(b) Finance Minister**
 (c) Prime Minister (d) President of India

2. GST stands for

- (a) Goods and Supply Tax (b) Government Sales Tax
(c) Goods and Services Tax (d) General Sales Tax

3. What kind of Tax the GST is ?

- (a) Direct Tax **(b) Indirect Tax**
 (c) Dependence on the type of goods and services (d) All Business Organisations

4. What is IGST ?

- (a) Integrated Goods and Service Tax** (b) Indian Goods and Service Tax
 (c) Initial Goods and Service Tax (d) All of the above

5. In India GST became effective from ?

- (a) 1st April, 2017 (b) 1st January 2017
(c) 1st July, 2017 (d) 1st March 2017

II. Very Short Answer Questions

1. What do you mean by Indirect Tax ?

Ans. :

- Indirect Tax is levied on the goods and services
- It is collected from buyers by the sellers and paid by the sellers to the Government
- Since it is indirectly imposed on the buyer, it is called Indirect Tax. E.g. GST

2. Write any two indirect taxes levied in India**Ans. :****The two indirect taxes levied in India are**

- GST - Goods and Services Tax
- Excise Duty

3.What do you mean by Goods and Services Taxes ?**Ans. :**

- GST is the tax imposed on the supply of goods and services.
- It is the destination based consumption tax, and collected on those value added items at each stage of the supply chain.

4. What is CGST ?**Ans. :**

CGST – Central Goods and Services Tax, imposed and collected by the central government on all supply of goods within a state (intrastate) under CGST Act 2017.

III. Short Answer Questions**1.What are the objectives of GST ? (any 3)****Ans. :**

- To create a common market with uniform tax rate in India (One Nation, One Tax, One Market)
- To simplify tax return procedures through common forms and avoidance of visiting tax departments
- To increase the tax base by bringing more number of tax payers and increase tax revenue

2. Write any three demerits of GST**Ans. :**

- GST in India would impact negatively on the real estate market
- After GST garments and clothes could become more expensive
- The Aviation Industry would be affected since service tax on airfare is 15%

IV. Long Answer Questions**1)Distinguish between Direct Taxes and Indirect Taxes (any 5)**



Sr. No.	Basis	Direct Taxes	Indirect Taxes
1	Burden	Tax Burden is progressive on people	Tax Burden is regressive
2	Evasion	Tax evasion is possible	Tax evasion is more difficult
3	Inflation	Direct Tax helps in reducing the inflation	Indirect Tax contributes to Inflation
4	Shiftability	Cannot be shifted to others	Can be shifted to others
5	Examples	Income Tax, Wealth Tax, Capital Gains Tax, etc.	GST, Excise duty

2) Discuss the different kinds of GST

Ans. :

- **CGST** – Central Goods and Services Tax, imposed and collected by the central government on all supply of goods within a state (intrastate) under CGST Act 2017.
- **SGST** – State Goods and Services Tax, imposed and collected by the State Government under State CGST Act under Tamil Nadu Government
- **UGST** – Union Territory Goods and Services Tax, imposed and collected by Union territory Administrations.
- **IGST** – Inter-state Goods and Services Tax, imposed and collected by the central government and the revenue shared with states under IGST Act 2017.
- **IGST on Exports** – All Exports are treated as Inter-state supply under GST. Since exports are zero rated, GST is not imposed on all goods and services exported from India.

“Victory Comes From the Lord.” Proverbs 21:31

Prema Samuel, PGT

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