

A.VENNILA

PRINCIPAL

MYDEEN MATRIC. HR.SEC. SCHOOL  
MELACAUVERY – KUMBAKONAM.

CELL NO.: 8220179521

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Time Allowed : 3 Hours

Maximum Marks : 90

I. Choose the most suitable from the given four alternatives and write the option code and the corresponding answer

20 x 1 = 20

A			B		
1	D	Coparceners	1	D	Place
2	C	Shareholders (Members)	2	D	Previous Year
3	D	Wholesaler	3	C	Making Profit
4	A	Pandiya	4	B	Interest
5	D	1844	5	D	Wholesaler
6	A	A Depository Receipt	6	C	Shareholders (Members)
7	A	Entrepot Trade	7	D	1844
8	C	Making Profit	8	A	A Depository Receipt
9	C	B2C – Alibaba	9	D	Coparceners
10	B	Interest	10	C	Contract
11	A	Geneva	11	A	Transfer of Funds
12	D	1935	12	A	Geneva
13	C	Contract	13	A	Two
14	D	Place	14	D	1935
15	D	Previous Year	15	B	Balance of Payments
16	B	Sole Proprietorship	16	A	Entrepot Trade
17	A	25	17	B	Sole Proprietorship
18	A	Transfer of Funds	18	A	25
19	B	Balance of Payments	19	A	Pandiya
20	A	Two	20	C	B2C – Alibaba

**II. Answer any seven questions. Question No.30 is compulsory.**

**7 x 2 = 14**

**21. Nallangadi – Meaning:**

- The place where the goods were sold was called “Angadi”.
- The day market was called as “Nallangadi”.

**22. Sole Trader – Meaning:**

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

**23. Various types of Warehouses:**

- 1) Private Warehouse
- 2) Government Warehouses
- 3) Public Warehouses
- 4) Co-operative Warehouses
- 5) General Warehouses

**24. Business Process Outsourcing (BPO) – Meaning:**

- \* The companies must identify their core competence and concentrate on that function and outsource all other routine function to outside agencies, who are specialized in those functions.
- \* This is called Business Process Outsourcing.

**25. Corporate Governance – Definition:**

“Corporate governance is about promoting fairness, transparency and accountability.” -World Bank.

**26. Examples for micro – enterprises:**

- SIPCOT
- TANSIDCO are the government micro enterprises in Tamilnadu.

**27. Middlemen – Meaning:**

- 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.

**28. World Trade Organisation (WTO) – Meaning:**

- \* It is a forum for negotiation and formalization of trade agreement among the member countries.
- \* The World Trade Organisation (WTO) was established on 1st January 1995.
- \* The GATT was renamed as WTO with some changes.

**29. Income Tax – Meaning:**

- **Indirect Tax is levied on the goods and services.**
- **It is collected from the buyers by the sellers and paid by the sellers to the Government.**

**30. Valid Contract :**

- It is a Valid Contract.
- It An agreement which fulfils all the essentials prescribed by law on the basis of its creation.

**PART - III**

**III. Answer any seven questions. Question No.40 is compulsory.**

**7 x 3 = 21**

**31. Human Activities:**

▪ **Human Activities - Meaning:**

- ✓ An activity performed by a human being to meet his/her needs and wants or may be for personal satisfaction.
- ✓ It can be categorized into 1) Economic and 2) Non-economic Activities.

**1. Economic Activities:**

Activities undertaken with the object of earning money are called economic activities.

**2. Non-Economic Activities:**

Activities undertaken to satisfy social and psychological needs are called non-economic activities.

**32. Charateristics of Hindu Undivided Family:**

1) **Governed by Hindu Law**

- The business of the Joint Hindu Family is controlled and managed under the Hindu law.

2) **Membership by Birth**

- The membership of the family can be acquired only by birth. As soon as a child is born in the family, that child becomes a member.
- Membership requires no consent or agreement.

3) **Liability**

- Except the Karta, the liability of all other members is limited to their shares in the business.
- The amount of debt can be recovered from his personal property also.

**33. The persons involved in RBI administration:**

- The 21 member board is appointed by the Government of India. It consists of;
  - \* One Governor and Four Deputy Governors appointed for a period of four years,
  - \* Ten Directors from various fields
  - \* Two Government Officials
  - \* Four Directors – One each local boards

**34. Charter Party – Meaning:**

- 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’.

### **35. Kinds of Social Responsibility**

1) **Economic Responsibility:**

- ♣ Produce goods and services that society wants and sell them at a profit.

2) **Legal Responsibility:**

- ♣ Every business has a responsibility to operate within the laws of the land.

3) **Ethical Responsibility:**

- ♣ This includes the behaviour of the firm that is expected by society but not codified in law.

### **36. Sources of business finance on the basis of period.**

#### **Short Term Finance**

- Loans and Advances
- Pledge
- Bank Overdraft
- Clean Loan
- Mortgage
- Commercial Paper

#### **Medium Term Finance**

- i). Loan from Banks    ii) Loan from Financial institutions    iii) Lease Financing

#### **Long Term Finance**

- i). Shares    ii). Debentures    iii). Retained Earnings    iv). Public Deposits  
v). Long term loan from commercial banks

### **37. Examples of India's import and export items.**

<b>Export items</b>	<b>Import items</b>
1. Petroleum products	1. Mineral fuels including oil
2. Jewelry	2. Gem, precious metals
3. Automobile	3. Electrical machinery and equipments

### **38. Kinds of Reciprocal Promises**

#### **1. Mutual and Independent**

- ★ Where each party must perform his promise independently without the performance of the other, the promise are mutual and independent,
- ★ For example Ramu agrees to pay Somu the amount for the rice supplied on 10th June.
- ★ Somu promises to deliver rice on 18th June.

## **2. Mutual and Dependent**

- ★ Where the performance of the promise by one party depends upon prior performance of promise by the other party, the promises are conditional and dependent.
- ★ For example A agrees to construct a building for B. B agrees to supply cement for the construction.
- ★ Hence A's promise to perform depends on B's promise.

## **3. Mutual and Concurrent**

- ★ Where the two promises are said to be performed simultaneously, they are said to be mutual and concurrent.

## **39. Objectives of Goods and Service Tax (GST):**

- ✎ The foremost objective of GST is to create a common market with uniform tax rate in India.
- ✎ To eliminate the cascading effect of taxes, GST allows set-off of prior taxes for the same transactions as input tax credit.
- ✎ To boost Indian exports, the GST already collected on the inputs will be refunded and thus there will be no tax on all exports.

## **40. Short Note on:**

### **(i) Document against Payment (D/P)**

- ♣ In this case documents are handed over to the importer only against payment of bill by importers bank

### **(ii) Document Against Acceptance (D/A)**

- ♣ In this case documents are released to the importer immediately after he accepts the bills of exchange sent along with the document of title to the goods and agrees to pay at maturity date.

**PART - IV****IV. Answer all the questions****7 x 5 = 35****41.a****Comparison between Industry, Commerce and Trade**

<b>INDUSTRY</b>	<b>COMMERCE</b>	<b>TRADE</b>
1. <b>Meaning:</b> Extraction, reproduction, conversion, processing and construction of useful products	Activities involving distribution of goods and services	Purchase and sale of goods and services
2. <b>Scope:</b> 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. <b>Capital:</b> 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. <b>Risk:</b> Risk involved is usually high	Relatively less risk is involved	Relatively less risk is involved
5. <b>Side:</b> It represents supply side of goods and services	It represents demand side of goods and services	It represents both supply and demand

**[OR]****41. b. Contents of Memorandum of Association:****i). Name Clause:**

- The name clause requires to state the legal and recognized name of the company.
- The company name is allow to be registered if it does not bear any similarities with the name of an existing company.

**ii). Situation Clause:**

- The registered office clause requires to show the physical location of the registered office of the company.
- It is required to keep all the company registers in this office.

**iii). Objective Clause:**

- It is required to state the ancillary objectives.
- Those objectives that are required to facilitate the achievement of the main objectives.
- It should be free of any provisions or declarations that contravene laws or public good.

**iv). Liability Clause:**

- It requires to state the extent to which shareholders of the company are liable to the debt obligations of the company.
- There are companies limited by shares and limited by guarantee.

**v). Capital Clause:**

- The capital clause requires to state the company's authorized share capital, the different categories of shares and the nominal value of the shares.
- It is also required to list the company's assets under this clause.

**42.a. Advantages of Public Corporation:**

**1) Tailor-Made Statute**

- ♣ The special Act, by which a public corporation is created, can be tailor-made to meet the specific needs of the public corporation;
- ♣ So, that the corporation can function in the best manner to achieve its objectives.

**2) Not Affected by Political Changes**

- ♣ Being a distinct legal entity, a public corporation is not much affected by political changes. It can maintain continuity of policy and operations.

**3) Lesser Likelihood of Exploitation**

- ♣ The Board of Directors of a public corporation consists of representatives of various interest groups like labour, consumers etc. nominated by the Government.

**Disadvantages of Public Corporation:**

**1) Autonomy and Flexibility, Only in Theory**

- ♣ Autonomy and flexibility advantages of a public corporation exist only in theory.
- ♣ In practice, there is a lot of interference in the working of a public corporation by ministers, government officers and other politicians.

**2) Misuse of Monopolistic Power**

- ♣ Public corporations often enjoy monopoly in their field of operation.
- ♣ As such, on the one hand they are indifferent to consumer needs and problems; and on the other hand, often do not hesitate to exploit consumers.

**3) Rigid Constitution**

- ♣ The constitution of a public corporation is very rigid.
- ♣ It cannot be changed, without amending the Statute of its formation.
- ♣ Hence, a public corporation could not be flexible in its operations.

[OR]

**42.b. Institutional sources of finance for MSMEs**

- ♣ There are many Banks and Financial institutions which provide financial assistance to Micro Small and Medium Enterprises and start-ups.

**A. Commercial Banks**

1. Public sector banks (e.g) State Bank of India, Indian Bank, Indian Overseas Bank Canara Bank
2. Private sector banks (e.g) ICICI, Axis Bank, City Union Bank, HDFC, Karur Vasya Bank, Tamilnadu Mercantile Bank

**B. Regional Rural bank**

(e.g) Pandian Rural bank, Pallavan Rural Bank, Vallalar Rural Bank

**C. Co operative Banks**

(e.g) TNSC Bank, District Central Co operative Banks

**D. Micro Finance Institutions**

(e.g) MUDRA Bank

**E. Non Banking Finance Institutions**

(e.g) National Small Industries Corporation Ltd (NSIC)  
Small Industries Development Bank of India (SIDBI)

**43.a. Various types of Banks Based on the functions of banks**

**1. Commercial Banks**

- ♣ Banks which accept deposits from the public and grant loans to traders, individuals, agriculture, industries, transport, etc. in order to earn profit.
- ♣ Their lending is in comparatively small amounts and mostly for short and medium period.
- ♣ They also provide other services like remittance of funds, safe keeping of valuables, collection of cheques, s, issue of letters of credit, etc.

**2. Development 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.
- ♣ The objective of development banks is not profit.

**3. Cooperative Banks**

- ♣ All cooperative banks in India are owned by its customers or members who are farmers, small traders and others.
- ♣ Cooperative banks in India are either urban based or rural based.
- ♣ Rural cooperative banking structure in India has three tier structure for short term loans and two tier structure for long term loans (refer chart).

#### **4. Foreign Banks**

- ♣ Banks which have registered office in a foreign country and branches in India are called foreign banks.
- ♣ These banks open their offices in big cities and port towns only.
- ♣ Mostly they serve the interests of the multinational companies, employees and other business institutions.

#### **5. Specialised Banks**

- ♣ Some banks are created for special purposes by the Government.
- ♣ Export and Import Bank of India was set up through Export- Import Bank of India Act, 1981.

**[OR]**

#### **43.b . Basic Concepts of Income Tax**

##### **i. Assessee[(Sec. 2(7))]**

- ♣ Assessee means a person by whom any tax or any other sum of money is payable under this Act.
- ♣ It includes every person in respect of whom any proceeding has been taken for the assessment of his income or assessment of fringe benefits.

##### **ii. Person[Sec.2 (31)]**

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.

##### **iii. Assessment Year (A.Y)[Sec.2 (9)]**

- ♣ The term has been defined under section 2(9).
- ♣ The year in which tax is paid is called the assessment year.
- ♣ It normally consisting of a period of 12 months commencing on 1st April every year and ending on 31st March of the following year.

##### **iv. Previous Year (P.Y)[Sec.(3)]**

- ♣ The year in which income is earned is called previous year.
- ♣ It is also normally consisting of a period of 12 months commencing on 1st April every year and ending on 31st March of the following year.
- ♣ It is also called as financial year immediately following the assessment year.

**v. Agricultural Income (Section 2(1A))**

Any rent or revenue derived from land which is situated in India and is used for agriculture purposes. Agricultural income is fully exempted from tax u/s 10(1) and as such does not form part of total income.

**44.a.**

**Distinction between Contract & Agreement**

S.No	Basis	Contract	Agreement
1	Definition	A contract is an agreement enforceable by law.	An Agreement is every promise or every set of promises forming consideration
2	Enforceability	Every contract is enforceable	Every promise is not enforceable.
3	Inter relationship	A contract includes an agreement.	An agreement 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 legal obligation.	It is not necessary for every agreement to have legal obligation.

[OR]

**44.b. Key Elements of Business Ethics.**

**i). Top Management Commitment**

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

**ii). Publication of a “Code”**

- Generally organisations formulate their own ethical codes for the conduct of the enterprise; It should followed by the employees of the organisation.
- The organisation principles are defined in the written document called code.

**iii). Establishment of Compliance Mechanism**

- To make sure that actual decisions match with a firm’s ethical standards, suitable mechanism should be established.
- Any organisation following ethical codes in training, recruitment, selection etc., is sure to be profitable.

**iv). Involving Employees at All Levels**

- It is the employees at different levels who implement ethics policies to make ethical business a reality.
- Therefore, their involvement in ethics programmes becomes a must.

**v). Measuring Results**

- The organisations from time to time keep a check on ethical practice followed.
- Although it is difficult to accurately measure the end results of ethics programmes.
- The firms can certainly audit to monitor compliance with ethical standards.

**45.a. Types of transport.**

- ♣ Transport system can be classified in different ways depending on the types of transport, the ways and means of transport and also the motive power used in transport.

**A. Surface Transport**

- Transport of people and goods by land vehicles is known as Surface transport.
- It is also called as 'Land Transport'.
- Pack Animals - horse, mule, donkey camel, and elephant etc.,
- Bullock Carts
- Road Transport
- Motor Lorries and Buses
- Tramways
- Railway Transport

**B. Water Transport**

- "Water is a free gift of nature".
- Water transport is the process of moving people, goods etc. by barge, boat, ship or sailboat over a sea, ocean, lake, canal, river, etc.,
- Water Transports are of two types
  1. Inland Waterways
  2. 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.
- The modern air transport has its growth with the invention of Airplane by Wright Brothers.
- Air transport is a form of travel in vehicles such as helicopters, hot air balloons, blimps, gliders, hang gliding, parachuting, airplanes, jets or anything else that can sustain flight.

[OR]

**45. b. Functions of International Monetary Fund (IMF):**

The functions of IMF are enumerated below

- 1) It acts as short term credit institution at the international level.
- 2) It provides machinery for ordinary adjustments of exchange rates.
- 3) It has a reservoir of currencies of the member countries from which a borrower can borrow currencies of other nations.
- 4) It promotes economic stability and global growth by encouraging countries adopt sound economic and financial policies.
- 5) It helps member countries correct their imbalance in balance of payment.

**46.a.**

**Differences Between GDR and ADR**

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.

**[OR]**

**46.b. Types of Retailers.**

**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.

- ★ Departmental Stores
- ★ Multiple Stores
- ★ Super Markets
- ★ Consumer Cooperative stores
- ★ Shopping Malls
- ★ Mail order houses
- ★ Online Shopping

## **47. a. Different types of Foreign trade:**

### **i). Import Trade**

- Import trade means buying goods from a foreign country for domestic use.
- Example. India imports petroleum products from Gulf Countries.

### **ii). Export Trade**

- ✓ Export trade means the sale of domestic goods to foreign countries.

*Examples:* i). Export of Iron ore from India to Japan

ii). Selling of Tea from India to England.

**iii). Entrepot Trade**

- \* Entrepot trade means importing of goods from one country and exporting the same to foreign countries.
- \* It is also known as 'Re-export trade'.
- \* **E.g.** Indian diamond merchants in Surat import uncut raw diamonds from South Africa.

**[OR]**

**47. b. Features of Balance of Payment:**

- ❖ It is a systematic record of all economic transactions between one country and the certain other countries of the world.
- ❖ It is prepared for a period of three months or twelve months i.e. usually for 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 a country's position in foreign trade.

\*\*\*\*\* All The Best \*\*\*\*\*