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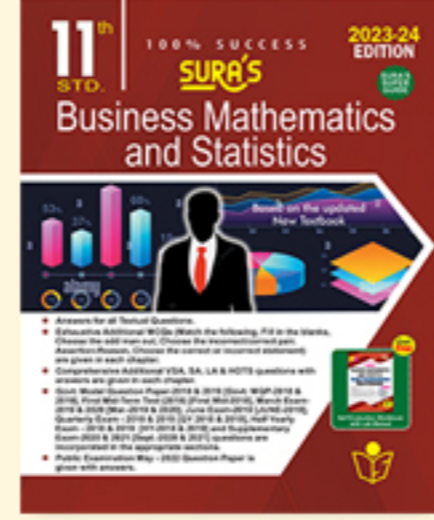
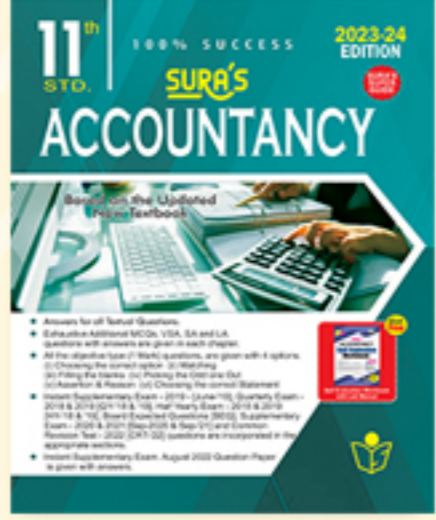
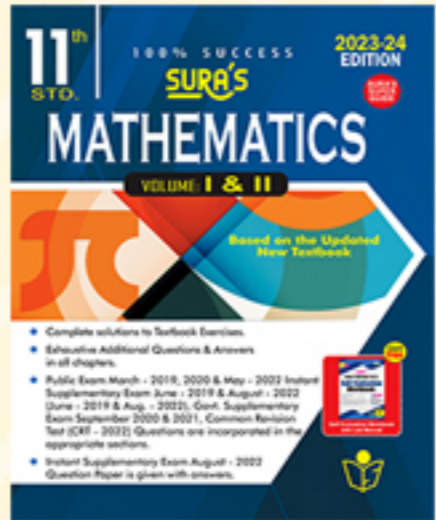
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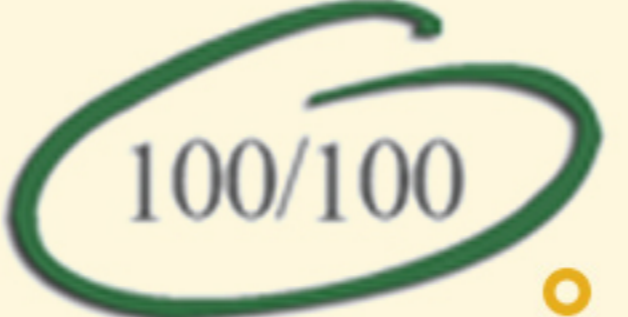


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**Author :**

**Mr. Boominathan, M.Com., B.Ed., M.Phil.**

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## UNIT

I  
FUNDAMENTALS OF  
BUSINESS

## CHAPTER

## 1

HISTORICAL BACKGROUND OF  
COMMERCE IN THE SUB-CONTINENT

## CHAPTER SNAPSHOT

- 1.01 Introduction
- 1.02 Barter System
- 1.03 Hindrances of Commerce
- 1.04 Elimination of Hindrances of Commerce

## EXERCISE

## I. CHOOSE THE CORRECT ANSWER.

1. In Pandiyas Dynasty the place where the goods are sold is \_\_\_\_\_ . [QY & HY-2019; Aug '22]

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

[Ans. (a) Angadi]

2. Hindrance of place is removed by \_\_\_\_\_ .

[BEQ; QY-2018; June-2019; Sep-2020]

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

[Ans. (a) Transport]

3. Who wrote "Arthasasthra"?

- (a) Kautilya (b) Kambar  
(c) Thiruvalluvar (d) Elangovadigal

[Ans. (a) Kautilya]

4. Trade and Commerce was common to \_\_\_\_\_ Dynasty. [BEQ; First Mid-2018; QY-2018; Sep-2021]

- (a) Pallava (b) Chola  
(c) Pandiya (d) Chera

[Ans. (c) Pandiya]

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. [CRT-'22]

- (a) Balban (b) Vascoda Gama  
(c) Akbar (d) Alauddin Khilij

[Ans. (a) Balban]

## II. VERY SHORT ANSWER QUESTIONS.

1. What is meant by Barter System?

[HY-2018 & 2019; June-2019; Mar-2020; May-2022]

- Ans. (i) In olden days goods were exchanged for goods. It is called barter system.  
(ii) Before invention of money goods were exchanged for goods.



**2. What is meant by Nallangadi?** [BEQ; First Mid & QY-2018 & 2019; Mar-2019; Sep-2020; CRT-'22]

**Ans. (i)** In Pandiyas period, the place where the goods were sold was called “Angadi”.

**(ii)** The day market was called as “Nallangadi”.

**3. What is meant by Allangadi?**

**Ans. (i)** In Pandiyas period, the place where the goods were sold was called “Angadi”.

**(ii)** The **Night market** was called as **Allangadi**.

### III. SHORT ANSWER QUESTIONS.

**1. Explain the meaning of the term “Vanigam”.**

**Ans. (i)** The word "Vaniyam" or "Vanipam" would have had a **Dravidian origin**.

**(ii)** The early Tamils produced their products and goods in their lands and bartered their surplus and that is how trade came into existence.

**(iii)** The word “Vanigam” has been widely used in sangam literature like **Purananuru** and **Thirukkural**.

**(iv)** The Tamil Brahmi inscriptions from Alagarmalai, Pugalur, Mangulam and Sri Lanka illustrate the fact that trade in gold, oil, plough, cloth, etc. was conducted during the early age.

**2. State the meaning of Maruvurappakkam and Pattinappakkam.** [BEQ]

**Ans. (i)** Big cities like Poompuhar had two towns called '**Maruvurappakkam**' (inland town) and **Pattinappakkam** (Coastal town).

**(ii)** These towns had market and bazaars where many merchants met one another for the purpose of selling or buying different kinds of commodities and food stuff.

**(iii)** Port towns like Tondi, Korkai, Puhar and Muziri were always seen as busy with marts and markets with related activities of imports and Exports.

**(iv)** In such a brisk trade, people of the coastal region engaged themselves in coastal trade and developed their inter-continental trade contracts.

**3. What are the ports developed by Pandiya Kingdom?** [BEQ; HY-2018; Sep-2021]

**Ans. (i)** Trade and Commerce was common to Pandiya Dynasty. Information collected from the diaries of foreign travellers, voyagers, mariners and adventures of the ancient world highlighted the prosperity of trade in the Pandiya country.

**(ii)** Trade in copper, cloth, salt, flower, sandal wood, fish, paddy, cereals, pearls, etc. flourished during their period.

**(iii)** Besides pandiyas expanded infrastructure for shipping such as ports, light house, warehouse, etc. to promote overseas trade.

**(iv)** Similarly pandiyas developed various ports like Korkai, Saliyur, Kayal, Marungur Pattinam and Kumari are important ports among them for foreign trade.

### IV. LONG ANSWER QUESTIONS.

**1. What are the hindrances of commerce? (any 5)**

[BEQ; First Mid-2018; QY & HY-2018 & 2019; Govt. MQP-2019; Mar-2019; Sep-2021]

**Ans.** The various hindrances removed by business are as follows.

**(i) Hindrance of Person :**

**(1)** Manufacturers do not know the place and face of the consumers.

**(2)** It is the retailer who knows the taste, preference and location of the consumers.

**(ii) Hindrance of place :**

**(1)** Production takes place in one centre and consumers are spread throughout the country and world.

**(2)** Rail, air, sea and land transports bring the products to the place of consumer.

**(iii) Hindrance of time :**

**(1)** Consumers want products whenever they have money, time and willingness to buy.

**(2)** Goods are produced in anticipation of such demands.

**(iv) Hindrance of risk of loss :**

**(1)** Fire, theft, floods and accidents may bring huge loss to the business.

**(2)** Insurance companies serve to cover the risk of such losses.

**(v) Hindrance of knowledge :**

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

**2. State the constraints in barter system.**

[First Mid-2018; Sep-2020; Aug '22]

**Ans.** Barter system imposes certain constraints in the smooth flow of trade as explained below.

**(i) Lack of double coincidence of wants :**

- (1) Unless two persons who have surplus have the demand for the goods possessed by each other, barter could not materialize.
- (2) For instance 'A' is having a surplus of groundnut and 'B' is possessing rice in surplus.
- (3) If this "coincidence of wants" does not exist, Barter cannot take place.

**(ii) Non-existence of common measure of value:**

- (1) Barter system could not determine the value of commodities to be exchanged as they lacked commonly acceptable measures to evaluate each and every commodity.
- (2) It was difficult to compare the values of all articles in the absence of an acceptable medium of exchange.

**(iii) Lack of direct contact between producer and consumers**

- (1) It was not possible for buyers and sellers to meet face to face in many contexts for exchanging the commodities for commodities.
- (2) This hindered the process of barter in all practical sense.

**(iv) Lack of surplus stock :**

Absence of surplus stock was one of the impediments in barter system. If the buyers and sellers do not have surplus then no barter was possible.

**3. Briefly explain the Coastal trade in ancient Tamil Nadu.**

[BEQ; CRT &amp; May-2022]

- Ans.**
- (i) The Southern Coromandel coast mostly within the territory of Tamil Nadu state is thick with history.
  - (ii) The **seaside town** which was once the second capital of the **Chola Dynasty** and a major centre of international trade with both eastern and western people.
  - (iii) Big cities like Poompuhar had the 'Maruvurappakam' (inland town) and 'Pattinapakkam' (coastal Town), had market and bazaars where many merchants met one another for the purpose of selling or buying different kinds of commodities and food stuff.
  - (iv) Port towns like Tondi, Korkai, Puhar and Muziri were always seen as busy with marts and markets with activities related to imports and exports.
  - (v) In such a brisk trade, people of the coastal region, engaged themselves in coastal trade and developed their intercontinental trade contacts.
  - (vi) They were engaged in different kinds of fishing pearls, and conches and produced salts and built ships. Boats like 'Padagu', 'Thimil', 'Thoni', 'Ambu' 'Odampunai' etc... were used to cross rivers for domestic trade while Kalam, Marakalam, Vangam, Navai etc. were used for crossing oceans for foreign trade.

## GOVERNMENT EXAM QUESTIONS & ANSWERS

**I. CHOOSE THE CORRECT ANSWER****1 MARK****1. Hindrance of Time removed by \_\_\_\_\_. [May-2022]**

- |               |               |
|---------------|---------------|
| (a) Salesman  | (b) Transport |
| (c) Insurance | (d) Warehouse |

**[Ans. (d) Warehouse]****II. SHORT ANSWER QUESTIONS 3 MARKS****1. What is hindrance of finance? [QY-2019]**

- Ans.**
- (i) Producers and traders may not have the **required funds** at the time of their need.
  - (ii) The problem of finance affects the producer, trader and the consumer. This Hindrance is known as Hindrance of Finance.

**2. What are the conditions to be satisfied for the working of barter system? [BEQ; HY-2019]**

**Ans.** Goods were exchanged for goods prior to invention of money. Barter system worked on certain conditions mentioned below.

1. Each party to barter must have surplus stocks for the trade to take place.
2. Both the buyers and sellers should require the goods each other desperately i.e., double coincidence of wants
3. Buyer and seller should meet personally to effect the exchange.



## CHAPTER SNAPSHOT

- 8.01 Meaning and Definition  
8.02 Advantages and Disadvantages  
8.03 Examples of MNCs

## EXERCISE

## 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 [Ans. (c) owns companies in more than one country]

2. Centralised control in MNC's implies control exercised by [BEQ; First Mid-2018; HY-2018]

- (a) Branches (b) Subsidiaries  
(c) Headquarters (d) Parliament  
[Ans. (c) Headquarters]

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  
[Ans. (b) Multinational company]

4. Dispersal of decision making power to branches/ affiliates/subsidiaries by head office represents [BEQ; Govt. MQP - 2018; QY-2019]

- (a) Centralisation (b) Decentralisation  
(c) Power (d) Integration  
[Ans. (b) Decentralisation]

5. Coca-Cola company is an example of \_\_\_\_\_.

- (a) MNC (b) Government company  
(c) Joint Venture (d) Public company  
[Ans. (a) MNC]

## II. VERY SHORT ANSWER QUESTIONS

1. Define Multinational Company.

[BEQ; First Mid-2018; QY-2018, 2019]

Ans. According to, Neil H. Jacoby, "A multinational corporation owns and manages business in two or more countries".

2. Write any two advantages of MNC's.

[BEQ; Mar-2019]

- Ans. (i) Its products and services of good quality at low cost.  
(ii) MNCs help to improve the standard of living of people of host countries.

### 3. Give two examples of MNC's.

- Ans. (i)** Bata India  
**(ii)** Colgate India  
**(iii)** Maruthi Suzuki

### III. SHORT ANSWER QUESTIONS

#### 1. Name the type of business enterprises which operates in more than one country.

**Ans.** Multinational company are those enterprises which operates in more than one country.

**eg:** Philips - Dutch company.

Coca-Cola company - America company.

IBM - America company.

#### 2. Write any three Indian MNC's.

Company	Headquarters
Micromax Informatics	Gurgaon
Hero Motocorp	New Delhi
Bajaj	Pune

### IV. LONG ANSWER QUESTIONS

#### 1. What are the advantages of MNC's? (any 5)

[BEQ; Govt. MQP-2018; First Mid-2018; QY-2019]

##### **Ans. (i) Low Cost Labour :**

- (1) MNC set up their facilities in low cost countries and produce goods/service at lower cost.
- (2) It gains cost advantage and sells its products and services of good quality at low cost.

##### **(ii) Quality Products :**

The resource, experience and expertise of MNCs in the sphere of research and development enables the host country to establish its research and development system which helps it in producing quality goods and services at least possible cost.

##### **(iii) Proper Use of Idle Resources :**

Because of their advanced technical knowledge, MNCs are in a position to properly utilise idle physical and human resources of the host country.

##### **(iv) Improvement in Balance of Payment Position :**

MNCs help the host countries to increase their exports. As such, they help the host country to improve upon its Balance of Payment position.

##### **(v) Improvement in Standard of Living :**

By providing super quality products and services, MNCs help to improve the standard of living of people of host countries.

#### 2. What are the disadvantages of MNC's? (any 5)

##### **Ans. (i) Danger for Domestic Industries :**

(1) MNCs, because of their vast economic power, pose a danger to domestic industries; which are still in the process of development.

(2) Domestic industries cannot face challenges posed by MNCs.

##### **(ii) Transfer of Outdated Technology :**

Where MNCs transfer outdated technology to host nation, it serves no purpose.

##### **(iii) No Benefit to Poor People :**

MNCs produce only those things, which are used by the rich. Therefore, poor people of host countries do not get, generally, any benefit, out of MNCs.

##### **(iv) Danger to Independence:**

Initially MNCs help the Government of the host country, in a number of ways; and then gradually start interfering in the political affairs of the host country. There is, then, an implicit danger to the independence of the host country, in the long-run.

##### **(v) Misuse of Mighty Status**

MNCs are powerful economic entities. They can afford to bear losses for a long while, in the hope of earning huge profits-once they have ended local competition and achieved monopoly. This may be the dirty marketing strategy of MNCs to wipe off local competitors from the host country.



## GOVERNMENT EXAM QUESTIONS & ANSWERS

### I. CHOOSE THE CORRECT ANSWER

1 MARK

1. Union carbide company is an example of [QY-2018]
- MNC
  - Government company
  - Joint venture
  - Public company

[Ans. (a) MNC]

### II. SHORT ANSWER QUESTIONS 3 MARKS

1. Bata Corporation carries out its business activities in around seventy countries. [BEQ; Govt. MQP-2018]
- Which form of corporation is identified in the given instance?
  - Explain any two advantages

**Ans. (i) Multinational company**

**(ii) Advantages**

**1. Low Cost Labour**

MNC set up their facilities in low cost countries and produce goods/service at lower cost. It gains cost advantage and sells its products and services of good quality at low cost.

**2. Quality Products**

The resource, experience and expertise of MNCs in the sphere of research and development enables the host country to establish its research and development system which helps it in producing quality goods and services at least possible cost.

### III. LONG ANSWER QUESTIONS 5 MARKS

1. Write any two Indian international company functioning in foreign countries? Explain how it is functioning? [HY-2018]

**Ans.** International company :

- |               |                    |
|---------------|--------------------|
| (i) TATA      | (ii) HCL           |
| (iii) INFOSYS | (iv) HERO MOTOCORP |
| (v) BAJAJ     | (vi) TVS           |

International company functioning in foreign countries :

#### TVS Group :

- TVS Motor Company is the third largest two-wheeler manufacturer in India, with a revenue of over 13,000 Cr (\$2 billion) in 2016-17.
- The company has an annual sales of 3 million units and an annual capacity of over 4 million vehicles. TVS Motor Company is also the 2nd largest exporter in India with exports to over 60 Countries. TVS Motor Company Ltd (TVS Motor), member of the TVS Group, is the largest company of the group in terms of size and turnover, with more than 3 Cr (30 million) customers riding a TVS bike. TVS was established by Mr TV Sundaram.
- When he died in 1955, his sons took the company ahead with several forays in the automobile sector, including finance, insurance, two-wheelers/ three wheelers, tyres and components, housing, aviation, logistics etc. The group has managed to run 97 companies that account for a combined turnover of nearly US\$6 billion.

2. What is meant by MNC and characteristics?  
[BEQ; QY-2018]

**Ans. Multinational Companies (MNC's) - Meaning :**

- The term "Multinational" consists of two different words, 'multi' and 'national'.
- The prefix 'multi' means 'many', while the word 'national' refers to nations or countries.
- Therefore, a multinational company may be defined as a company that operates in several countries.
- Such a company has factories, branches of offices in more than one country.

#### Features of multinational companies :

- A multinational company is operated in more than one country simultaneously.
- It is generally very large in size.
- Its purpose is to reduce transport costs and to make use of raw materials, labour, capital and market of foreign countries.

## CHAPTER SNAPSHOT

11.01 Introduction

11.02 Types of banks

## EXERCISE

## I. CHOOSE THE CORRECT ANSWER

1. Which bank is not a Industrial Bank?

[BEQ; Govt. MQP-2018]

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

[Ans. (b) HSBC]

2. The Local Area Banks are promoting. [QY-2019]

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

[Ans. (a) Rural savings]

3. Foreign banks are begun their operation since

[QY-2019]

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

[Ans. (c) 1980]

## II. VERY SHORT ANSWER QUESTIONS

1. Give the meaning of Commercial Banks.

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

**(ii)** Their lending is in comparatively small amounts and mostly for short and medium period.

**(iii) Examples :** State Bank of India, Karur Vysa Bank, Standard Chartered Bank

2. What do you mean by Industrial Banks?

**Ans.** Huge finance is 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.

3. What are Foreign Banks?

[BEQ; QY-2018; Mar-2019; HY-2019]

**Ans. (i)** Banks which have registered office in a foreign country and branches in India are called foreign banks.

**(ii)** These banks open their offices in big cities and port towns only.

**(iii) Examples :**

- (1) Bank of America - The USA  
(2) Barclays Bank - The UK  
(3) Deutsche Bank - Germany

## III. SHORT ANSWER QUESTIONS

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

**Ans. (i)** Local Area Bank (LAB) scheme was introduced by RBI in August, 1996. These are small private sector banks established in rural and semi-urban areas.



## ADDITIONAL QUESTIONS & ANSWERS

### I. CHOOSE THE CORRECT ANSWER

**1 MARK**

#### (i) CHOOSE THE CORRECT OPTION.

1. 14 major commercial banks were nationalised by the government of India in 1969 and 6 other banks were nationalised in

- (a) 1980 (b) 1970  
(c) 1985 (d) 1982 [Ans. (a) 1980]

2. This is a leading development bank established to promote agriculture and rural development

- (a) IDBI (b) IFCI  
(c) NABARD (d) ICICI  
[Ans. (c) NABARD]

3. Lakshmi vilas bank is an example for [BEQ]

- (a) Private sector bank (b) Public sector bank  
(c) Nationalised Bank (d) Regional rural bank  
[Ans. (a) Private sector bank]

4. Pandian Grama bank is an example for

- (a) Nationalised bank (b) Public sector bank  
(c) Private sector bank (d) Regional rural bank  
[Ans. (d) Regional rural bank]

#### (ii) MATCH LIST I WITH LIST II AND SELECT THE CORRECT ANSWER USING THE CODES GIVEN BELOW.

	List I		List II
(i)	Commercial banks	(1)	NCDC
(ii)	Development banks	(2)	Bank of America
(iii)	Cooperative banks	(3)	MUDRA bank
(iv)	Foreign bank	(4)	State Bank of India

Codes:

- |     |     |      |       |      |
|-----|-----|------|-------|------|
|     | (i) | (ii) | (iii) | (iv) |
| (a) | 1   | 2    | 3     | 4    |
| (b) | 4   | 3    | 1     | 2    |
| (c) | 2   | 3    | 1     | 4    |
| (d) | 3   | 4    | 2     | 1    |

[Ans. (b) (i) - 4, (ii) - 3, (iii) - 1, (iv) - 2]

#### (iii) CHOOSE THE CORRECT OPTION AND FILL IN THE BLANKS.

1. The EXIM Bank was established in the year \_\_\_\_\_.

- (a) 1982 (b) 1984  
(c) 1986 (d) 1950 [Ans. (a) 1982]

2. Apex institution of agricultural bank is \_\_\_\_\_.

- (a) State co-operative bank  
(b) NABARD  
(c) RBI (d) IDBI  
[Ans. (b) NABARD]

3. The Banking Regulation Act was passed in the year \_\_\_\_\_.

- (a) 1904 (b) 1949  
(c) 1956 (d) 1948 [Ans. (b) 1949]

4. Land development bank is \_\_\_\_\_.

- (a) Indigenous bank (b) Agricultural bank  
(c) Regional Rural bank (d) Commercial bank  
[Ans. (b) Agricultural bank]

#### (iv) PICK THE ODD ONE OUT.

1. (a) State Bank of India (b) Karur Vysa Bank  
(c) Standard Chartered bank  
(d) MUDRA Bank [Ans. (d) MUDRA Bank]

**Reason :**

- (i) MUDRA Bank is an examples of Development Bank.  
(ii) Other three banks are examples of Commercial Banks.

#### (v) WHICH ONE OF THE FOLLOWING IS CORRECTLY MATCHED?

1. (a) Cooperative Bank - NABARD  
(b) Commercial Banks - SIDBI  
(c) Development Bank - Karur Vysa Bank  
(d) Regional Rural Banks - Pallavan Grama Bank

[Ans. (a) Cooperative Bank - NABARD]

**(vi) WHICH ONE OF THE FOLLOWING IS NOT CORRECTLY MATCHED?**

1. (a) Small Finance Banks - ESAF SFB
- (b) Payment Bank - Migrant labourers
- (c) Multilateral Development Banks - Kotak Mahindra Bank
- (d) Nationalised Banks - Indian Bank

**[Ans. (c) Multilateral Development Bank - Kotak Mahindra Bank]**

**(vii) CONSIDER THE FOLLOWING STATEMENT.**

1. Assertion (A) : A Multilateral Development Bank is formed by the Governments of a group of countries.

Reason (R) : The member countries consist of developed donor countries and borrower countries.

Select the correct answer.

- (a) Both (A) and (R) are true and (R) is the correct explanation of (A)
- (b) Both (A) and (R) are true and (R) is not the correct explanation of (A)
- (c) (A) is true, but (R) is false
- (d) (A) is false, but (R) is true

**[Ans. (a) Both (A) and (R) are true and (R) is the correct explanation of (A)]**

**(viii) CHOOSE THE CORRECT STATEMENT**

1. I) Any bank in which not less than 51 percent of shares are owned by the Government are called Government banks.
  - II) All banks which satisfied the norms and included in the Second Schedule to the RBI Act 1934 are called scheduled banks.
- (a) (I) is correct (b) (II) is correct
  - (c) (I) and (II) are correct
  - (d) None of the above

**[Ans. (c) (I) and (II) are correct]**

**(ix) POINT OUT THE WRONG STATEMENT IN THE FOLLOWING:**

1. (a) All cooperative banks in India are owned by its customers or members who are farmers small traders and others.

- (b) NCDC Concentrates on projects like water conservation, irrigation, agri-insurance, rural sanitation, etc.
- (c) Banks which have registered office in a foreign country and branches in India are called commercial banks.
- (d) Local area bank scheme was introduced by the RBI in August 1996.

**[Ans. (c) Banks which have registered office in a foreign country and branches in india are called commercial banks.]**

**II. VERY SHORT ANSWER QUESTIONS**

**2 MARKS**

1. What do you mean by Public sector banks?

**Ans.** In India all those commercial banks that are wholly owned by the central government either directly or through RBI are called public sector banks.

**Examples :**

- (i) State bank group
- (ii) Nationalised banks

2. Give the example for private sector banks. [BEQ]

**Ans.** (i) Karur Vysya bank  
(ii) Lakshmi Vilas bank  
(iii) Kodak Mahindra bank

**III. SHORT ANSWER QUESTIONS 3 MARKS**

1. Explain the types of banks based on the status given by the RBI. [BEQ]

**Ans.** Under this type, the banks are classified into scheduled banks and non-scheduled banks.

- (i) All banks which satisfied the norms and included in the second schedule to the RBI Act, 1934 are called scheduled banks.
- (ii) Such banks are given financial accommodation and remittance facilities at concessional rates by the RBI.
- (iii) There is no non-scheduled commercial bank in India.
- (iv) There are five urban cooperative banks and three local area banks which function as non-scheduled banks in India.
- (v) Small Finance Banks and Payments Banks have not been licenses under Section 22 of the Banking Regulation Act, 1949.



## CHAPTER

## 12

FUNCTIONS OF  
COMMERCIAL BANKS

## CHAPTER SNAPSHOT

- 12.01 Primary Functions
- 12.02 Secondary Functions
- 12.03 Diversified Banking Functions
- 12.04 Electronic Banking Functions
- 12.05 Functions of All Commercial Banks in Totality

## EXERCISE

## I. CHOOSE THE CORRECT ANSWER

1. Electronic banking can be done through  
[QY-2019; CRT'-22]  
(a) Computers (b) Mobile Phones  
(c) ATM (d) All of the above  
[Ans. (d) All of the above]
2. Minimum how much amount can be transferred through RTGS? [BEQ; QY-2018; HY-2018, 2019; Aug '22]  
(a) Any Amount (b) 50,000  
(c) 2 Lakh (d) 5 Lakh  
[Ans. (c) 2 Lakh]
3. The largest commercial bank of India.  
(a) ICICI (b) SBI [Mar-2019; QY-2019]  
(c) PNB (d) RBI  
[Ans. (b) SBI]
4. In which kind of account, it is compulsory to deposit certain amount at certain time? [Sep-2021]  
(a) Saving deposit (b) Fixed deposit  
(c) Current deposit (d) Recurring deposit  
[Ans. (d) Recurring deposit]

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

- (a) Collecting and supplying business information
- (b) Overdraft
- (c) Cash credit
- (d) Discounting of bills

[Ans. (a) Collecting and supplying business information]

## II. VERY SHORT ANSWER QUESTIONS

1. What is Mobile Banking? [BEQ]  
Ans. (i) Mobile Banking refers to conduct of banking operations through **mobile or cell phones**.  
(ii) Most of the commercial banks have designed computer programs called apps which can be **downloaded in smart phones**.  
(iii) 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 notes on Debit card.** [Sep-2021]

(or)

**Briefly explain the need of Debit card.**

**Ans.** ATM card is also called debit card. This card is more useful in purchase of goods and services anywhere in India, if the shop maintains a swiping machine facility.

**3. Write a short notes on Credit card.**

[Sep-2020; CRT & Aug-'22]

**Ans. (i)** A Credit card is an Instrument which provides Credit facilities to its holder to purchase goods or services from business establishments.

**(ii)** Bank issue Credit cards to customers and other eligible persons.

**4. What do you mean by ATM?**

[BEQ; QY-2018; May-2022]

**Ans. (i)** An **Automatic Teller Machine**, is popularly called as ATM.

**(ii)** ATM is an **Electronic Device**, installed by the commercial banks and operated by the customer him self, to withdraw money and to make other financial transactions.

### III. SHORT ANSWER QUESTIONS

**1. What is E-Banking?** [BEQ; Govt. MQP-2019; Sep-2021]

**Ans. (i)** Banking through internet is called E-Internet Banking. It can also be called as **Electronic Banking or E-Banking**.

**(ii)** Internet Banking refers to performing banking operations through Internet by using computers and mobile phone.

**(iii)** This can be done by a customer from home or office or any part of the world and all 24 hours of 7 days.

**(iv)** Money banks have their **own websites**. They offer banking facilities such as account enquiry, request for statement, and the cheque books, etc. on the net.

**2. Write a short note on - RTGS.** [HY-2019]

**Ans. (i)** RTGS (Real Time Gross Settlement) is the faster possible money transfer system through the banking channels.

**(ii)** It is an **electronic system for transfer of funds** where transfer of money and/or securities takes place from one bank to another.

**(iii)** Under this system, the transfer of money and/or securities takes place from one bank to another bank on '**Real time**' and on '**Gross Settlement**' basis.

**(iv)** Under this system, there is no physical exchange of money. When money transfer takes place in the books of Reserve Bank of India. The payment is assumed as final and irrevocable.

**(v)** The minimum amount to be remitted under that scheme is ₹ 2 Lakhs. There is no upper limit for remittance under this Scheme.

**3. Explain - NEFT.** [BEQ; QY-2018; Mar-2020; CRT-'22]

**Ans. (i)** Under this **National Electronic Funds Transfer (NEFT)** system, bulk transfer of transactions are settled in batches during specific timings across India.

**(ii)** It is a Nation-wide funds transfer system to facilitate transfer of funds from any bank branch to any other bank branch in the country.

**(iii)** The NEFT is an electronic system for transfer of funds from any bank branch to any individual, firm, or corporate body having an account with any other bank branch in the country.

**(iv)** Transactions do not occur under real time basis. There is no minimum or maximum limit of funds that can be transferred under the NEFT for holders of bank account. For others, there is a maximum limit, which is less than ₹ 50,000.

### IV. LONG ANSWER QUESTIONS

**1. Discuss the various primary functions performed by the Commercial banks. (any 5)** [BEQ; Aug '22]

**Ans.** The Primary functions of Banks are :

- (i)** Accepting Deposits
- (ii)** Granting of Loans and Advances
- (iii)** Creation of Credit
- (i)** **Accepting Deposits :**

The basic deposit accounts offered by commercial banks are listed below. In these days banks compete with each other to attract customers by adding facilities to these deposit accounts. Broadly deposit accounts can be classified into demand deposits and time deposits.

**(a) Demand Deposits :**

These deposits are repayable on demand on any day. This consists of savings deposits and current deposits

**(b) Time Deposits :**

They include fixed deposits and recurring deposits which are repayable after a period.

1. Fixed Deposits (FD)
2. Recurring Deposits (RD)



## ADDITIONAL QUESTIONS & ANSWERS

### I. CHOOSE THE CORRECT ANSWER

**1 MARK**

#### (i) CHOOSE THE CORRECT OPTION.

1. Which one of the following is not a primary function of Commercial Banks?

- (a) Accepting Deposits      (b) Lending Money  
(c) Safety Locker Facilities      (d) None of these

[Ans. (c) Safety Locker Facilities]

2. Current Account is normally opened by

- (a) Salaried People      (b) Business People  
(c) Students      (d) All of these

[Ans. (b) Business People]

3. A Credit card is a

- (a) Bill of Exchange      (b) Promising note  
(c) a credit instrument      (d) a cheque

[Ans. (c) a credit instrument]

#### (ii) MATCH LIST I WITH LIST II AND SELECT THE CORRECT ANSWER USING THE CODES GIVEN BELOW.

	List I		List II
1.	(i) Debit cards	(1)	Minimum 2 lakhs
	(ii) NEFT	(2)	RBI
	(iii) RTGS	(3)	8 am to 7.30 pm
	(iv) ECS	(4)	ATM

Codes:	(i)	(ii)	(iii)	(iv)
(a)	1	2	3	4
(b)	3	4	2	1
(c)	4	3	1	2
(d)	2	3	4	1

[Ans. (c) (i) - 4, (ii) - 3, (iii) - 1, (iv) - 2]

#### (iii) CHOOSE THE CORRECT OPTION AND FILL IN THE BLANKS.

1. When money is deposited for a Fixed period it is called \_\_\_\_\_.

- (a) Fixed Deposit      (b) Savings Deposit  
(c) Recurring Deposit      (d) Current Deposit

[Ans. (a) Fixed Deposit]

2. Overdraft facility is available for \_\_\_\_\_. [BEQ]

- (a) Savings Bank Account  
(b) Fixed Deposit      (c) Current Account  
(d) Recurring Deposit

[Ans. (c) Current Account]

3. Time Deposits are also called as \_\_\_\_\_. [BEQ]

- (a) Demand Deposits  
(b) Term Deposits  
(c) Government Deposits  
(d) Bank Deposits

[Ans. (b) Term Deposits]

#### (iv) PICK THE ODD ONE OUT.

1. (a) NEFT      (b) RTGS  
(c) ECS      (d) Gift cheques

[Ans. (d) Gift cheques]

#### Reason :

- (i) Gift cheques can be presented during wedding, birthday functions, etc.  
(ii) Other three services are operated through internet.

#### (v) WHICH ONE OF THE FOLLOWING IS CORRECTLY MATCHED?

1. (a) Overdraft - Debit facility  
(b) Cash credit - Stock in hand  
(c) Discounting of bills - Long term credit instrument  
(d) Fixed deposit - Short period

[Ans. (b) Cash credit - Stock in hand]

#### (vi) WHICH ONE OF THE FOLLOWING IS NOT CORRECTLY MATCHED?

1. (a) Savings deposits - Cheque book  
(b) Current deposits - Overdraft  
(c) Fixed deposits - 1 month to 10 years  
(d) Recurring deposits - Discounting of bills

[Ans. (d) Recurring deposits - Discounting of bills]

#### (vii) CONSIDER THE FOLLOWING STATEMENT.

1. Assertion (A) : Banks issue credit cards to customers and other eligible persons.

Reason (R) : The credit limit is fixed by the issuing bank based on the income of the card holder.



Select the correct answer.

- (a) Both (A) and (R) are true and (R) is the correct explanation of (A)
- (b) Both (A) and (R) are true and (R) is not the correct explanation of (A)
- (c) (A) is true, but (R) is false
- (d) (A) is false, but (R) is true

**[Ans. (b) Both (A) and (R) are true and (R) is not the correct explanation of (A)]**

- 2. Assertion (A) : Valuable documents , jewels can be kept safely in a vault provided by bank for a rent.**  
**Reason (R) : These vaults room is called 'Strong Room'**

Select the correct answer.

- (a) Both (A) and (R) are true and (R) is the correct explanation of (A)
- (b) Both (A) and (R) are true and (R) is not the correct explanation of (A)
- (c) (A) is true, but (R) is false
- (d) (A) is false, but (R) is true

**[Ans. (a) Both (A) and (R) are true and (R) is the correct explanation of (A)]**

**(viii) CHOOSE THE CORRECT STATEMENT**

1. I) Cash credit is a secured credit facility given mostly to business institutions.  
 II) Short term and medium term loans are provided by commercial banks.  
 III) Consumer durable like refrigerator, air conditioner, laptop, washing machine, television etc.  
 (a) (I) is correct (b) (II) is correct  
 (c) (III) is correct  
 (d) (I) and (III) are correct.

**[Ans.(d) (I) and (III) are correct]**

**2. The diversified banking services are**

- I) Bank Assurance
  - II) Mutual fund
  - III) Acting as correspondent
  - IV) Transfer of funds
- (a) (I) and (II)
  - (b) (II) and (IV)
  - (c) (I) and (IV)
  - (d) (II) and (III)

**[Ans. (a) (I) and (II)]**

**3. The electronic banking functions are**

- I) NEFT
  - II) RTGS
  - III) ECS
  - IV) Capital formation
- (a) (I) and (II)
  - (b) (II) and (IV)
  - (c) (III) and (IV)
  - (d) (I) (II) and (III)

**[Ans. (d) (I), (II) and (III)]**

**(ix) POINT OUT THE WRONG STATEMENT IN THE FOLLOWING:**

1. (a) Banks issue credit cards to customers and other eligible persons.  
 (b) Banks encourage savings habit among people and accumulate their small dormant savings.  
 (c) ATM card also credit card.  
 (d) Entrepreneurs obtain project loans and establish new business houses.

**[Ans. (c) ATM card also credit card.]**

**II. VERY SHORT ANSWER QUESTIONS**

**2 MARKS**

**1. List the various types of Deposits accepted by the banks.**

- Ans. (i) Savings Deposits**  
**(ii) Current Deposits**  
**(iii) Fixed Deposits**  
**(iv) Recurring Deposits**

**2. List the various types of advanced given by the Banks.**

- Ans. (i) Overdraft**  
**(ii) Cash Credit**  
**(iii) Discounting of Bills**

**3. What are types of loans granted by the Bank?**

- Ans. (i) Housing Loans**  
**(ii) Consumer Loans** (iii) Vehicle Loans  
**(iv) Educational Loans** (v) Jewel Loans

**4. What is Merchant Banking?**

**[BEQ]**

- Ans. (i) Merchant banks do not provide regular Banking services.**  
**(ii) A commercial bank or its subsidiary merchant bank may offer services like project counselling, underwriting, etc. required for starting a company. It is called as merchant banking.**

**5. What is Gift cheques?**

**[BEQ]**

- Ans. Commercial Banks, issue Gift cheque in different denominations to facilitate their customers to present gifts to their relatives and friends on the important occasions like marriage, birthday celebrations, etc.**

**III. LONG ANSWER QUESTIONS 5 MARKS**

**1. Explain the various diversified functions of Banking.**

- Ans. (i) Bank Assurance :**

- (1) It refers to the offering of insurance policies or products by a bank in association with another insurance company.**

(2) Corporation Bank, Oriental Bank of Commerce, and Vijaya Bank has tied up with Life Insurance Corporation of India.

**(ii) Merchant Banking :**

(1) Merchant Banks do not provide regular Banking services.

(2) A commercial bank or its subsidiary merchant bank may offer services like project counselling, under writing, etc. are required for starting a company.

**(iii) Retail Banking (Personal Banking) :**

(1) It refers to mass market banking which reaches out to large number of individual end customers.

(2) Apart from accepting deposits, their services include personal loans, vehicle loans, consumer durable loans, Loans against equity shares, debit and credit cards, mortgages, etc.

**(iv) Housing Finance :**

(1) Housing finance is provided against the Security of immovable property of land and buildings.

(2) Many banks such as SBI, Bank of India, etc. have set-up housing finance subsidiaries.

**(v) Mutual Fund :**

(1) It is a financial intermediary that pools the savings of investors for collective investment in diversified portfolio securities in the capital market and money market.

(2) Many banks like SBI, Indian Bank, etc. have set up mutual fund subsidiaries.

**(vi) Venture Capital Fund :**

(1) Venture capital fund provides start-up share capital to new ventures of little known, unregistered, risky, young and small private business, especially in technology oriented and knowledge intensive business.

(2) Many commercial banks like SBI, Canara Bank, etc. have set up venture capital fund subsidiaries.

**(vii) Factoring :**

(1) Factoring is a continuous arrangement between a financial intermediary (factor) and a business concern (Client) whereby the factor purchase the clients accounts receivable.

(2) Banks like SBI and Canara Bank have established subsidiaries to provide factoring services.

**2. Explain the need of Commercial Banks to the development of the country. (any Six)**

**Ans. (i) More Production and Economic growth :**

(1) These Banks supply the vitamin money to all sectors of the economy including manufacturing sector.

(2) As a result all the sectors produce more.

**(ii) Capital formation :**

(1) Banks encourage savings habit among people and accumulate their small dormant savings.

(2) These funds can be fruitfully channelized for productive purposes of the economy.

**(iii) Consortium Finance :**

(1) Thousands of crores required to establish a mega factory is not available from a single source.

(2) Banks join together and provide consortium finance in such cases.

**(iv) Balanced regional development :**

(1) Banks transfer funds from surplus areas and make them available in scarce districts or areas for the formation and operation of business institutions.

(2) Even growth of different regions can be achieved through this function.

**(v) Smoothing of Trade and Commerce :**

(1) For the efficient functioning of all traders and business institutions in a country, safe keeping of their funds, transfer of funds, payment and collection of funds when and where needed is very much necessary. Banks perform this function.

**(vi) Development of industry, agriculture, MSME's and SHG's :**

(1) Banks design methods and instruments of financing each sector differently.

(2) They provide finance for small farmers, medium traders as well as industries.

(3) **For Example :** Banks allow micro credit to SHGs, overdraft to traders and issue of certificate of deposits to finance industries.



## CHAPTER SNAPSHOT

- 23.01 Channels of Distribution - Meaning
- 23.02 Types of Channel of Distribution
- 23.03 Factors Influencing Channel of Distribution
- 23.04 Middlemen
- 23.05 Kinds of Mercantile Agents or Agent Middlemen
- 23.06 Wholesaler
- 23.07 The Characteristics of Wholesalers
- 23.08 Retail Trade - Meaning
- 23.09 Characteristics of Retailers
- 23.10 Distinction between Wholesaler and Retailer

## EXERCISE

## I. CHOOSE THE CORRECT ANSWER

1. Trade middlemen who acts as a link between wholesaler and customers refers to a \_\_\_\_\_ .

- (a) Producer (b) Broker  
(c) Retailer (d) Customer

[Ans. (c) Retailer]

2. Who is the First middlemen in the channel of distribution? [Sep-2021]

- (a) Wholesaler (b) Producer  
(c) Retailer (d) Customer

[Ans. (a) Wholesaler]

3. \_\_\_\_\_ buy the goods from the producer and sell it to the retailers. [BEQ; Mar-2020; Aug '22]

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

[Ans. (b) Wholesaler]

4. \_\_\_\_\_ are agents who merely bring the buyer and the seller into contact. [Govt. MQP-2019]

- (a) Broker (b) Commission agent  
(c) Selling agent (d) Stockists

[Ans. (a) Broker]

5. Merchant middlemen can be classified into \_\_\_\_\_ categories. [BEQ; HY-2018; Mar-2020; May-2022]

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

[Ans. (b) Two]



## II. VERY SHORT ANSWER QUESTIONS

### 1. Who is a middleman?

**Ans. (i)** 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 services.

**(ii)** Any wholesaler, merchant, broker or agent who is concerned with distribution of goods are called "middlemen".

### 2. Define Retailer. [BEQ; June-2019]

**Ans.** According to Evelyn Thomas "The retailer is the last of the many link in the economic chain whereby the consumers wants are satisfied smoothly and efficiently by retailers".

(or)

According to Cundiff and still "a retailer is a merchant or occasionally an agent whose main business is selling directly to the ultimate consumers".

### 3. Who is a Broker? [Sep-2021]

**Ans. (i)** A broker is one who bargains for another and receives commission for his service. He is paid 'brokerage' for his services.

**(ii)** He brings the buyer and seller together. His usual business is to negotiate and arrange for finalising contracts between two parties.

### 4. What are the classification of the merchant middlemen?

**Ans.** Merchant middlemen are the intermediaries who buy and sell the goods in their own name, and in return, earn a profit out of it. The merchant middlemen can be sub-divided into :

**(i)** Wholesaler **(ii)** Retailer

### 5. Who are the mercantile agents?

**Ans. (i)** Mercantile agents are also called **functional middlemen.**

**(ii)** 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.

**(iii)** He is known as mercantile agent.

## III. SHORT ANSWER QUESTIONS

### 1. Explain the types of mercantile agents. [Sep-2020]

**Ans. (i) Brokers :**

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

### (ii) Factors :

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

A factor sells goods in his own name without revealing the name of his principal.

### (iii) Commission Agent or Consignees :

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

### (iv) Del-credere Agents :

The agent who guarantees to the principal the collection of cash from credit sales is called 'del'credere agent'.

### (v) Auctioneers :

Auctioneers are agents who sell goods by auction on behalf of their principals. Auction sale is made through a notification to the public.

### (vi) Warehouse-keeper :

A Warehouse keeper accepts goods for the purpose of storage in his warehouse. He should exercise reasonable care and diligence in the storage of goods. He is entitled to payment for his services.

## 2. Explain any three characteristics of wholesalers. [Mar-2019; May-2022]

**Ans.** The following are the characteristics of wholesalers;

1. Wholesalers buy goods directly from producers or manufacturers,
2. Wholesalers buy goods in large quantities and sell in relatively smaller quantities,
3. Wholesalers sell different varieties of a particular variety of product,
4. They employ a number of agents or workers for distribution of products
5. They need large amount of capital to be invested in his business,
6. They generally provide credit facility to retailers

## IV. LONG ANSWER QUESTIONS

### 1. What are the characteristics of retailers?

**Ans.** The following are the characteristics of retail traders.

- (i)** Retailers generally involves dealing in a variety of items. A retailer makes purchases from producer or wholesalers in bulk for sale to the end consumers in small quantities.
- (ii)** Retail trade is normally carried on in or near the main market area.

## GOVERNMENT EXAM QUESTIONS & ANSWERS

### I. CHOOSE THE CORRECT ANSWER

**1 MARK**

1. Wholesalers deal in \_\_\_\_\_ quantity of goods.

*[June-2019]*

(a) Small                      (b) Large

(c) Medium                  (d) Limited                  **[Ans. (b) Large]**

2. A \_\_\_\_\_ is a mercantile agent to whom goods are entrusted for sale by a principal and takes physical possession of the goods, but does not obtain ownership.

*[Sep-2020]*

(a) Broker                      (b) Factor

(c) Warehouse-Keeper      (d) Commission Agent

**[Ans. (b) Factor]**

### II. SHORT ANSWER QUESTIONS **3 MARKS**

1. What are the services rendered by the wholesalers to the manufacturers?

*[HY-2019; Mar-2020]*

**Ans. (i) Economics in Largescale :**

A Wholesaler buys goods in bulk and, thereby enables the producers to produce goods on a large scale.

**(ii) Assistance in Distribution :**

Wholesalers collect orders from a large number of retailers scattered over a wide area and buy goods in bulk from producers.

**(iii) Warehousing Facility :**

A wholesaler holds large stock of goods in his private warehouse or in a rented warehouse.

**(iv) Publicity of goods :**

Often wholesalers launch advertising campaign to boost the demand for the goods.

**(v) Financial Assistance :**

A Wholesaler often makes advance payments to producers. He buys the goods as soon as they are produced.

**(vi) Risk Bearer :**

A wholesaler provides ready market to producers by placing advance orders and relieves the manufacturers from the risk of loss due to fluctuation in demand, and storage of goods. He also reduces the risk by matching seasonal demand.

### III. LONG ANSWER QUESTIONS **5 MARKS**

1. Explain any five factors affecting Channel of distribution.

*[Sep-2021]*

**Ans.** The factors determining the suitability of a channel for a product distribution are as follows:

**(i) Product Characteristics**

Seasonal products are distributed through less layer of middlemen. Non standardized products that are made according to customer specifications may be delivered directly. But standardized products may be passed on through middlemen.

e.g: Air-conditioners, Washing machine.

**(ii) Market Characteristics**

The size of the market for the goods is a major factor while selecting the route for distribution of products. Distribution in large geographical area requires more middlemen. Middlemen are not required to distribute products in a limited area.

**(iii) Number of Consumers**

Large purchases made by few consumers require centralised distribution. Large number of consumers making purchases in small quantities requires more middlemen.

**(iv) Middlemen factor**

Middlemen who are experienced and have produced more sales are wanted by all producers. Long channel naturally increases the cost and price of the product. The number of layers of middlemen should be kept to the minimum. Quality of distribution service can be ensured and loyal customer base can be created with less middlemen.

**(v) Life Cycle of the Product**

An established product can select an ordinary channel. But a new product entering into the market should be carefully promoted by experienced middlemen.

2. Explain the services rendered by retailers to consumers.

*[Sep-2021]*

**Ans.** A retailer provides the following services to consumers.

**(i) Regular Supply of Goods:**

Retailers maintain a ready stock of various products of different manufacturers for sale to consumers. This enables the buyers to buy products as and when needed.





**(iii) CHOOSE THE CORRECT OPTION AND  
FILL IN THE BLANKS.**

1. A wholesaler deals in \_\_\_\_\_ quantity of goods.

- (a) Same (b) Medium  
(c) Limited (d) Large

[Ans. (b) Medium]

2. Commission agents play a vital role in \_\_\_\_\_ marketing.

- (a) Agricultural (b) Industrial  
(c) Financial (d) Telemarketing

[Ans. (d) Telemarketing]

**(iv) PICK THE ODD ONE OUT.**

1. (a) Brokers (b) Factors  
(c) Retail trade (d) Commission Agents

[Ans. (c) Retail trade]

**Reason :**

(i) Retail trade is a trade that deals with the distribution of goods in small quantities to the end consumers.

(ii) Other three are kinds of mercantile agents.

**(v) WHICH ONE OF THE FOLLOWING IS  
CORRECTLY MATCHED.**

1. (a) Merchant wholesalers - Rack Jobbers  
(b) Wholesaler - Producers  
(c) Retailer - Consumers  
(d) Broker - Manufacturer

[Ans. (a) Merchant wholesalers - Rack Jobbers]

**(vi) WHICH ONE OF THE FOLLOWING IS NOT  
CORRECTLY MATCHED?**

1. \_\_\_\_\_ [BEQ]

- (a) Brokers - Brokerage  
(b) Auctioneer - Profit  
(c) Delcredere Agent - Delcredere  
Commission  
(d) Commission Agent - Commission

[Ans. (b) Auctioneer - Profit]

2. (a) Brokers - Brokerage  
(b) Factors - Commission  
(c) Retail wholesaler - Super bazaar  
(d) Auctioneers - With reserve

[Ans. (b) Factors - Commission]

**(vii) CONSIDER THE FOLLOWING STATEMENT.**

1. Assertion (A) : A wholesaler serves as a link between producers and retailers.

Reason (R) : Retailers provide free door delivery services to the customers.

Select the correct answer.

- (a) Both (A) and (R) are true and (R) is the correct explanation of (A)  
(b) Both (A) and (R) are true and (R) is not the correct explanation of (A)  
(c) (A) is true, but (R) is false  
(d) (A) is false, but (R) is true

[Ans. (b) Both (A) and (R) are true and (R) is not the correct explanation of (A)]

2. Assertion (A) : Retail trade is a trade that deals with the distribution of goods in small quantities to the end consumers.

Reason (R) : The traders who are engaged in wholesale trade are called retailers.

Select the correct answer.

- (a) Both (A) and (R) are true and (R) is the correct explanation of (A)  
(b) Both (A) and (R) are true and (R) is not the correct explanation of (A)  
(c) (A) is true, but (R) is false  
(d) (A) is false, but (R) is true

[Ans. (c) (A) is true, but (R) is false]

**(viii) CHOOSE THE CORRECT STATEMENT**

1. The channels based on the middlemen are

- I) No middlemen  
II) Phone order business  
III) E-Commerce  
IV) Number of consumers

Select the correct answer using the codes given below.

- (a) I and II (b) I, II and III  
(c) I and III (d) II and IV

[Ans. (b) I, II and III]

2. The functions of wholesalers are

- I) Collection of Goods II) Rack Jobbers  
III) Risk taking (IV) Price stability  
(a) I and III (b) II and III  
(c) I and IV (d) III and IV

[Ans. (a) I and III]

**(ix) POINT OUT THE WRONG STATEMENT IN  
THE FOLLOWING:**

1. (a) Middlemen help in the flow of goods towards the lakhs or crores of consumers.  
(b) Producer himself exercises direct control over the distribution.

- (c) Retailers may deal in a variety of products from different producers
- (d) Industrial machinery and equipment need shorter channel of distribution.

**[Ans. (c) Retailers may deal in a variety of products from different producers]**

## II. VERY SHORT ANSWER QUESTIONS

**2 MARKS**

- 1. Write any three differences between Brokers and Factors.**

[BEQ]

**Ans.**

No.	Brokers	Factors
1.	Brokers does not take the possession of goods.	Factors take possession of goods.
2.	Cannot receive payments.	Right to receive payments.
3.	Remuneration is called brokerage.	Remuneration is called commission.

- 2. The management of Car manufacturing company seeks your advice as to which channel of distribution to be adopted? Give reasons.**

- Ans. (i)** A Car manufacturing company are sold through authorised dealers only. Authorised dealers use the brand name the manufacturer and deals with only one producer only.
- (ii)** To retain the control over the relationship with consumers, the manufacturers appoints authorised dealers.

- 3. Name the different types of Channel of distribution.**

- Ans. (i)** Channels based on middlemen
- (ii)** Channels based on the type of goods and services.
- (iii)** Channels based on national and international markets.

## III. SHORT ANSWER QUESTIONS 3 MARKS

- 1. Explain the working of Auctioneers.**

- Ans. (i)** Auctioneers are agents who sell goods by auction on behalf of their principals. Auction sale is made through a notification to the public.
- (ii)** The notice clearly mentioned the date, time, place and details of goods which will be widely published through newspapers, posters, leaflets and announcements, etc.
- (iii)** Auction sale may be “with reserve” and “without reserve”. In case of auction “with reserve” no sale can take place below the minimum price fixed by the seller, which is known as “reserve price”.
- (iv)** In case of auction “without reserve” the auctioneer is bound to sell the product to the highest bidder. The price for which the bid is accepted is called “knocked down price”.
- (v)** For his services, the auctioneer is entitled to receive a commission, which is a certain percentage of the sale proceeds.

## IV. LONG ANSWER QUESTIONS

**5 MARKS**

- 1. What are the different between wholesaler and Retailer.**

[BEQ]

**Ans.**

Sl. No.	Basis	Wholesaler	Retailer
1.	<b>Link</b>	Wholesaler is a link between manufacturer and retailer.	Retailer is a link between the wholesaler and the ultimate consumer.
2.	<b>Scale of Operations</b>	A wholesaler carries on business on a large scale and requires huge capital	A retailer generally carries on business on a small scale and requires small capital.
3.	<b>Range of goods</b>	A wholesaler deals with only one product.	A retailer deals with variety of goods.
4.	<b>Dealings</b>	Goods sold on Credit basis.	Goods sold on Cash basis.
5.	<b>Source of Supply</b>	A wholesales purchases goods from manufacturer	A retailer buys goods from the wholesaler.
6.	<b>Purpose of Selling</b>	A wholesaler sells goods for resale purpose.	A retailer sells goods for consumption or use.
7.	<b>Location</b>	He operates his business in big commercial cities.	He operates even in a small village.



## CHAPTER SNAPSHOT

24.01 Introduction

24.02 Types of Retailers

## EXERCISE

### I. CHOOSE THE CORRECT ANSWER

1. Retailers deal in \_\_\_\_\_ quantity of goods.  
[Mar-2019; Sep-2020]

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

[Ans. (a) Small]

2. Small scale fixed retailers include \_\_\_\_\_

- (a) General stores (b) Pedlars [HY-2018]  
(c) Cheap Jacks (d) Hawkers

[Ans. (a) General stores]

3. Small shops which deal in a particular line of products are called as \_\_\_\_\_. [BEQ; Sep-2021]

- (a) Market traders (b) Single line stores  
(c) Sugar market (d) Street stalls

[Ans. (b) Single line stores]

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

[Govt. MQP-2019; May-2022]

- (a) Shopping malls (b) Super markets  
(c) Street stalls (d) Itinerant traders

[Ans. (d) Itinerant traders]

### II. VERY SHORT ANSWER QUESTIONS

1. State the meaning of Multiple shops. [BEQ]

**Ans.** A number of identical retail shops with similar appearance normally deal in standardised and branded consumer products established in different localities owned and operated by manufacturers or intermediaries are called as chain stores or multiple shops.

2. What is meant by Vending machines?

**Ans.** Automatic vending machine is a new form of direct selling. It is a machine operated by coins or tokens. The buyer inserts the coin or the tokens into the machine and receives a specified quantity of a product from the machine.

3. What are Specialty stores? [BEQ; Mar-2019; Aug '22]

**Ans.** Specialty stores deal in particular type of product under one product line only. For example, Sweet shops specialised in Tirunelveli Halwa, Bengali Sweets etc.



### III. SHORT ANSWER QUESTIONS

#### 1. Explain the characteristics of Super Markets. (any 3)

[BEQ; Mar-2019; HY-2019; Sep-2020 & 2021]

**Ans.** The important characteristics of Super Market are listed below:

- (i) Super markets are generally situated at the main shopping centres.
- (ii) The goods kept on racks with clearly labelled price and quality tags in such stores.
- (iii) The goods are sold on cash basis only. No credit facilities are made available.
- (iv) Super Markets are organised on departmental basis.
- (v) It requires huge investment.

#### 2. Explain the demerits of Multiple shops. (any 3)

**Ans. (i) Limited Variety :** [May-2022]

Multiple shop deal only in limited range of products.

**(ii) Absence of Services :**

Customers do not get credit facilities, home delivery and other facilities in multiple shops.

**(iii) Lack of Personal touch :**

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

**(iv) Inflexibility :**

All the branches centrally controlled and uniform policies are adopted for all the shops.

### IV. LONG ANSWER QUESTIONS

#### 1. State the features of Departmental Stores.

[BEQ; Govt. MQP-2019; Mar-2019; Sep-2021]

**Ans. (i) Large Size :** A departmental store 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 low priced to very expensive goods (pin to car) to satisfy all the expected human needs under one roof.

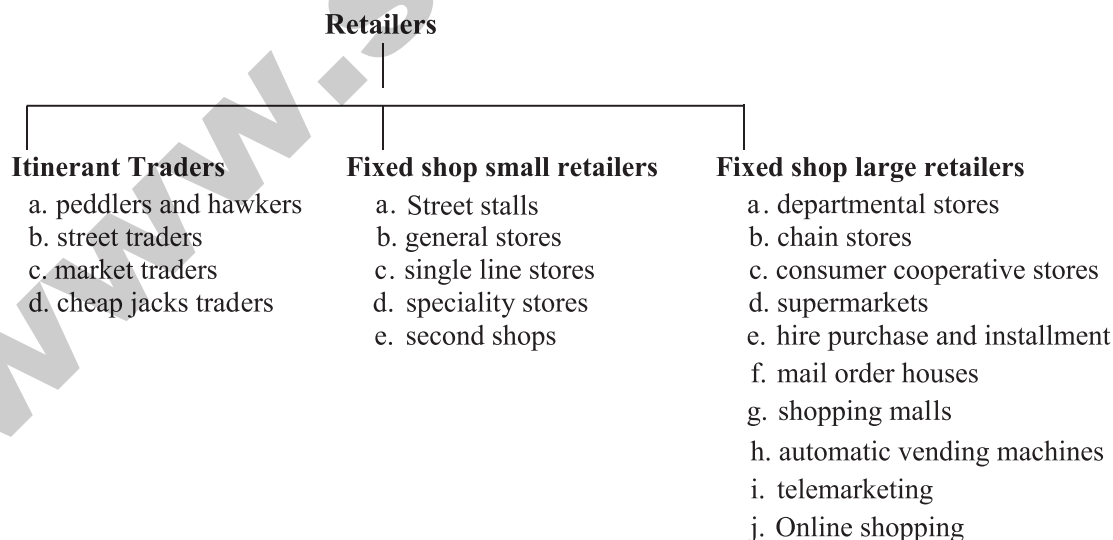
**(iii) Departmentally organised :** Goods offered for sale are classified into various departments. Each department specialises in one line of product and operates as a separate unit.

**(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) Centralised purchasing :** All the purchases are made centrally and directly from the manufacturers and operate separate warehouses whereas sales are decentralised in different departments.

#### 2. Explain the different types of Retailers. (any 5)

[Aug-'22]



**I. Itinerant Traders:**

**Peddlers and Hawkers :** Peddlers are individuals who sell their goods by carrying on their head or shoulders moving from place to place on foot. Hawkers are petty retailers who sell their goods at various places such as bus stop, railway station, Public Park and gardens, residential areas and other public places using a convenient vehicle to carry goods from place to place.

**Street Vendors:** The traders sit on the footpath of the road or at the end of the road (pavement) and sell their goods such as fruits, vegetables, books, etc. are called Street vendors.

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

**Street Stalls:** These small shop-keepers are commonly found at street crossings or other busy street corners attract floating customers and deal in cheap variety of goods like hosiery products, toys, soft drinks, etc.

**General Stores:** General Stores sell a wide variety of products under one roof, most commonly found in a local market and residential areas to satisfy the day-to-day needs of the customers residing in nearby localities.

**III. Fixed Shop Large Retailers:** The retailers having permanent establishment and dealing in large scale are called Fixed shop large scale retailers.

## GOVERNMENT EXAM QUESTIONS & ANSWERS

**I. CHOOSE THE CORRECT ANSWER****1 MARK****1. Pick the odd one out :**

[HY-2019]

- (a) Street stalls                      (b) General stores  
(c) Single line stores                (d) Super markets

[Ans. (d) Super markets]

**II. VERY SHORT ANSWER QUESTIONS****2 MARKS****1. What is Retailing?**

[HY-2019]

**Ans.** Retailing is the process of selling the goods and services directly to the ultimate consumers in small quantities.

**2. Mr. Ram owns retail shop in different localities, deals in identical and branded products, Identify the type of Retail shops.**

[Aug '22]

**Ans.** Chain stores or Multiple shops.

**III. LONG ANSWER QUESTIONS****5 MARKS****1. A number of identical retail shops with similar appearance normally deal in standardised and branded products. Name the shop and explain its features.**

[June-2019]

**Ans.** A number of identical retail shops with similar appearance normally deal in standardised and branded consumer products established in different localities owned and operated by manufacturers or intermediaries are called as Chain stores or Multiple shops.

(i) **Location :** These shops are located in fairly populous localities where sufficient number of customers can be approached.

(ii) **Nature of product :** These shops deal in a particular product line and specialise in the same product i.e, standardised and branded consumer products.

(iii) **Centralised management :** The manufacturing or procurement of goods for all the retail units is centralised at the head office, from where the goods are despatched to each of these shops.

(iv) **Fixed price :** The prices of goods are fixed and all sales are made on cash basis.

(v) **Role of Sales personnel :** The sales persons play an active role in helping the consumers to complete their shopping i.e., in the selection and choice of their goods as per the tastes.

## ADDITIONAL QUESTIONS & ANSWERS

**I. CHOOSE THE CORRECT ANSWER****1 MARK****(i) CHOOSE THE CORRECT OPTION.****1. This retail business acts as a universal supplier of a wide variety of products**

[BEQ]

- (a) Multiple Shop                      (b) Tele shopping  
(c) Departmental Store                (d) Mail order business

[Ans. (c) Departmental Store]





**2. Assertion (A) :** Speciality stores deal in a particular type of product under one product line only.

**Reason (R) :** Sweets shop specialised in Tirunelveli Halwa, Bengali sweets etc.

Select the correct answer.

- (a) Both (A) and (R) are true and (R) is the correct explanation of (A)
- (b) Both (A) and (R) are true and (R) is not the correct explanation of (A)
- (c) (A) is true, but (R) is false.
- (d) (A) is false, but (R) is true.

**[Ans. (a) Both (A) and (R) are true and (R) is the correct explanation of (A)]**

**(viii) CHOOSE THE CORRECT STATEMENT**

**1. The features of Departmental stores are**

- I) Large size
- II) Central location
- III) Attractive services
- IV) Centralised purchasing

- (a) I and II
- (b) II and IV
- (c) I and IV
- (d) II and III

**[Ans. (c) I and IV]**

**2. The features of multiple shops are.**

- I) Nature of product
  - II) Fixed price
  - III) Limit variety
  - IV) Inflexibility
- (a) I and II
  - (b) II and IV
  - (c) I and IV
  - (d) II and III

**[Ans. (a) I and II]**

**(ix) POINT OUT THE WRONG STATEMENT IN THE FOLLOWING:**

- 1.** (a) Potential customers are contacted through telephone or mobile to provide information about the products
- (b) A shopping mall functions in a multi-stores building
- (c) Automatic vending machine is a new form of direct selling
- (d) Hire purchase system is also called as deferred payment system

**[Ans. (d) Hire purchase system is also called as deferred payment system]**

**II. VERY SHORT ANSWER QUESTIONS**

**2 MARKS**

**1. Enumerate the types of Retailers.**

**Ans.** Retailers can be classified into the following categories.

- (i) Itinerant or Mobile Traders
- (ii) Fixed shop small retailers
- (iii) Fixed shop large scale retailers.

**2. What do you mean by Itinerant Traders? [BEQ]**

**Ans. (i)** The traders who have no fixed place of sale are called Itinerants. They move from one place to another place in search of customers.

- (ii) They are also known as Mobile traders. These traders deal in low priced goods, and daily usable items such as fruits, fish, vegetables, clothing, books, etc.

**3. How do you differentiate street vendors and street stalls?**

**Ans. (i)** Street vendors are itinerant retailers who sit on the foot path of the road or at the end of the road and sell their goods.

- (ii) Whereas street stalls are fixed shop retailers who set up their shops at the crossing or in the busy streets.

**4. What is departmental store?**

**Ans.** A departmental store is a large retail establishment offering a wide variety of products, classified into well defined departments, under one roof. Each department specialise in one particular line of product.

**5. What is Super Market?**

**Ans. (i)** A Super Market is a large retail store selling a wide variety of consumer goods on the basis of low price appeal, wide variety and assortment, self service and heavy emphasis on merchandising appeal.

- (ii) The goods traded are generally food products and other low priced, branded, and widely used consumer products such as grocery, utensils, clothes, household goods, electronic appliances and medicines.

**6. What is Instalment System?**

**Ans. (i)** Instalment system is a type of purchase in which the price amount of the product is not paid initially but in instalments. It is also called as deferred payment system.

- (ii) Under this system, title or ownership of articles as well as possession is passed on to the buyer as soon as the first instalment is paid.

**7. What is Shopping Malls?** [BEQ]

**Ans. (i)** Shopping malls are developed due to change in departmental stores in modern time. A shopping mall functions in a multi - story building.

- (ii) Many small to big shops are commenced under the separate ownership. Various types of branded goods of daily requirement and luxurious products are available.

- (iii) Modern facilities such as refreshment hall, entertainments for children, wi-fi facilities, auditorium, etc. are provided in Shopping mall.

**8. What is the name of the retail shop which deals in same type of goods in different localities? Give an example.**

**Ans.** A number of identical retail shops with similar appearance normally deal in standardised and branded consumer products established in different localities owned and operated by manufacturers or intermediaries are called as Chain stores or Multiple shops. For example : Bata.

**III. SHORT ANSWER QUESTIONS 3 MARKS**

**1. Explain the advantages of Chain Stores.**

**Ans. (i) Economies of Large Scale :**  
Multiple shops are owned and operated by manufacturers or intermediates. Centralised and bulk buying results in lower costs.

- (ii) **Elimination of middle men :**  
Goods are sold in multiple shops at relatively low prices. By selling directly to the consumers, it is able to eliminate unnecessary middlemen.

- (iii) **No Bad Debts :**  
All the sales are made in these shops on cash basis only. So, no bad debts will arise.

- (iv) **Convenience in Shopping :**  
Shops are located in all important areas. Therefore, customers are not required to travel long distance for long time for making purchases.

**2. Explain Tele Marketing.** [BEQ]

**Ans. Telemarketing can be divided into two parts :**

(i) **Telephonic Marketing :**

- (1) Potential customers are contacted through telephone or mobile to provide information about the products.
- (2) Willing customers visit the office and place the orders. This method is useful for loan, financing, insurance services, credit card, etc. No middlemen in this marketing and cost reduced accordingly.

(ii) **Television Marketing :**

- (1) In this method, customers are attracted by providing full information of product or service through TV demonstrations.
- (2) Customers are given either phone number or name of the website to place the order.

**3. Explain Online Shopping.**

**Ans. (i)** The manufacturers or the intermediaries place the advertisement of their products on different media of internet like e-mail, portal and browser. Sometimes they have their own websites.

- (ii) **For Example :** Flip kart, Amazon, Snap deal, etc. The customers compare the products of competitors by observing such advertisements and select the product through internet and make the payment through online or cash on delivery.

- (iii) Because of absence of middlemen, showroom expenses, etc. products are available at cheaper price in comparison to local market.

**IV. LONG ANSWER QUESTIONS 5 MARKS**

**1. Explain the types of Small Fixed Shop Retailers.**

**Ans. (i) Street Stalls :**

- (1) These small shop-keepers are commonly found at street crossings or other busy street corners to attract floating customers and deal in cheap variety of goods like hosiery products, toys, soft drinks, etc.
- (2) They set their supplies from local suppliers and wholesalers.

**(ii) General Stores :**

- (1) General Stores sell a wide variety of products under one roof, most commonly found in a local market and residential areas to satisfy the day-to-day needs of the customer residing in nearby localities.
- (2) They remain open for long hours at convenient timings and often provide credit facilities to their regular customers.

**For Example :** a provision store deals in grocery, bread, butter, toothpaste, soaps, washing powder, soft drinks, confectionery, stationery, cosmetics, etc.

**(iii) Single-line stores :**

- (1) Single-line stores are small shops which deal in a particular line of products such as garments, stationery, textiles, medicines, shoes, etc.
- (2) They are generally situated in market places and deal in a variety of goods in that line of product.

**(iv) Speciality stores :**

- (1) Speciality stores deal in a particular type of product under one product line only.
- (2) **For Example :** sweet shops specialised in Tirunelveli Halwa, Bengali Sweets, etc.

**(v) Seconds' Shops :**

These shops deal with second hand goods or used articles in a low price such as books, furniture, utensils, clothes, automobiles, etc. and also new defective goods.

**2. Explain the types of Itinerant Traders.****Ans. (i) Peddlers and Hawkers :**

- (1) Peddlers are individuals who sell their goods by carrying on their head or shoulders moving from place to place on foot.
- (2) Hawkers are petty retailers who sell their goods at various places such as bus stop, railway station, public park and gardens, residential areas and other Public places using a convenient vehicle to carry goods from place to place.

**(ii) Street Vendors :**

The traders sit on the foot path of the road or at the end of the road (pavement) and sell their goods such as fruits, vegetables, books, etc. are called Street vendors.

**(iii) Market Traders :**

- (1) Small traders open their shops at different places on fixed days or dates such as every Sunday or alternative Wednesday and so on.
- (2) They deal in one particular line of merchandise and in low priced consumer items of daily use.

**Examples :** Pollachi, Manapparai, Ranipet, etc.

**(iv) Cheap Jacks :**

- (1) Those retailers who have independent shops of temporary nature in a business locality are depending upon the potentiality of the area.
- (2) They deal in consumer goods and services such as shoes, and chappals, plastic items, repair of watches, etc.

**3. Explain the advantages of Departmental Stores.****Ans. (i) Convenience in buying : [BEQ]**

- (1) The departmental stores provide great convenience to all the members in a family in buying almost all goods of their requirements at one place.
- (2) A large variety of goods available in all the departments enable customers to save time and no need to run from one place to another to complete their shopping.

**(ii) Attractive Service :**

It aims at providing maximum services and facilities to the customers such as home delivery of goods, execution of telephone orders, rest rooms, restaurants, salons, children game centres, etc.

**(iii) Central Location :**

These stores are usually located at central places so that more people can approach easily.

**(iv) Elimination of Middlemen :**

- (1) A Departmental store combines both the functions of retailing as well as warehousing.



(2) They purchased directly from manufacturers and operate separate warehouses. It helps in eliminating undesirable middlemen between the producers and consumers.

**(v) Economies of Large scale operations :**

The departmental stores are organised at a large scale i.e. buy goods in bulk, therefore, they enjoy the benefit of special discount. In turn, the customers get their goods in quality and lower price.

**4. State any five limitations of departmental stores.**

**Ans. (i) High cost of operation :**

- (1) A departmental store requires a large building with ample parking at a central place. It has to incur heavy expenditure on salaries, maintenance of building, customer services, advertising, etc.
- (2) As a result, establishment and overhead cost of operations are very high.

**(ii) Higher Prices :**

- (1) Due to high operating costs, prices of goods in a departmental store are comparatively high.
- (2) Only rich persons can afford to buy goods at a departmental store.

**(iii) Distance :**

It is located at a central place of a city, away from people living in suburban areas have to travel a long distance to reach the store.

**(iv) Lack of Personal Touch :**

- (1) The management of a store finds it very difficult to maintain personal contact with the consumers.
- (2) The salaried staff may not take interest in securing the satisfaction and goodwill of the consumers.

**(v) Difficult to Establish :**

A large amount of capital investment and a large number of specialised persons are required to establish a departmental store.

**5. What are the differences between Departmental Stores and Multiple Shops.**

**Ans.**

Sl. No.	Basis	Departmental Stores	Multiple Shops
1.	<b>Location</b>	Departmental stores are centrally located in the city.	Multiple shops are located in every important place of the city.
2.	<b>Range of products</b>	Departmental Stores deal in a large variety of products as they aim to satisfy all needs of the customers under one roof.	Multiple shops are specialised in only one line of product.
3.	<b>Services offered</b>	They provide numerous services to the customers like free home delivery.	Multiple shops do not offer such service.
4.	<b>Credit facilities</b>	They provide credit facilities to regular and reputed customers	They attract customers from all income groups.
5.	<b>Advertising</b>	They advertise locally as they are usually located at one place.	They advertise to cover a larger area as multiple shops are spread through out the country.



11<sup>th</sup>  
STD

**INSTANT SUPPLEMENTARY EXAM - August 2022  
COMMERCE**

Reg. No.

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TIME ALLOWED : 3.00 Hours]

PART - III (with Answers)

[MAXIMUM MARKS : 90

**Instructions :**

- 1) Check the question paper for fairness of printing. If there is any lack of fairness, inform the Hall Supervisor Immediately.
- 2) Use **Blue** or **Black** ink to write and underline and pencil to draw diagrams

**PART - I****Note :** (i) Answer **all** the questions. [20 × 1 = 20](ii) Choose the most appropriate answer from the given **four** alternatives and write the option code and the corresponding answer.

1. In Pandiyas dynasty, the place where the goods are sold is \_\_\_\_\_.  
(a) Angadi (b) Market  
(c) Nalangadi (d) Allangadi
2. Production which involves several stages for manufacturing finished products is known as:  
(a) Analytical industry (b) Synthetic industry  
(c) Processing industry (d) Assembling industry
3. A major disadvantage of sole proprietorship is :  
(a) Limited liability (b) Unlimited liability  
(c) Easy formation (d) Quick decision
4. The primary objective of the state enterprise is to:  
(a) Earn profit (b) Provide employment  
(c) Serve the people (d) All the above
5. Minimum how much amount can be transferred through RTGS?  
(a) Any amount (b) ₹ 50,000  
(c) ₹ 2 lakhs (d) ₹ 5 lakhs
6. Which one of the following is a type of Marine Insurance?  
(a) Money back policy (b) Cargo insurance  
(c) Hull insurance (d) Both (b) and (c)
7. \_\_\_\_\_ is the buying and selling of goods and services through electronic network.  
(a) E-commerce (b) E-banking  
(c) E-retailing (d) None of the above
8. 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
9. Debenture holders are entitled to a fixed rate of :  
(a) Dividend (b) Profits  
(c) Interest (d) Ratios
10. Which of the following enterprise gets financial assistance from MUDRA Bank?  
(a) Micro enterprise (b) Small enterprise  
(c) Medium enterprise (d) All of the above
11. \_\_\_\_\_ acts as a connective link between the producer and the consumer.  
(a) Trade (b) Industry  
(c) Commerce (d) Business
12. \_\_\_\_\_ buy the goods from the producer and sell it to the retailers.  
(a) Manufacturer (b) Wholesaler  
(c) Retailer (d) Consumer
13. 'Only the male members in the family get the right of inheritance by birth' as per \_\_\_\_\_.  
(a) Hindu law (b) Mitakshara law  
(c) Dayabhaga law (d) None of these
14. Movement of goods, services, intellectual property, technology and human assets among the countries is :  
(a) International trade (b) International business  
(c) Entrepot trade (d) Internal trade
15. An agreement enforceable by law is a :  
(a) Enforceable acceptance (b) Accepted offer  
(c) Approved promise (d) Contract
16. Discharge by mutual agreement may involve:  
(a) Novation (b) Rescission  
(c) Alteration (d) All of the above
17. Income tax is a :  
(a) a business tax (b) a direct tax  
(c) an indirect tax (d) service tax
18. What is IGST?  
(a) Inter-State Goods and Service Tax  
(b) Indian Goods and Service Tax  
(c) Initial Goods and Service Tax  
(d) International Goods and Service Tax

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19. 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
20. Membership in a co-operative organization is :  
(a) Not open to all (b) Selective  
(c) Open to all (d) None of them

**PART - II**

**Note :** Answer **any seven** questions. Question No. 30 is **compulsory.**  $7 \times 2 = 14$

21. Define Commerce.  
22. Who is called Karta?  
23. What is Income Tax?  
24. Write a short note on Credit Card.  
25. State the types of life insurance policies.  
26. What is meant by BPO?  
27. What are speciality stores?  
28. What is meant by import trade?  
29. What is meant by contract?  
30. Mr. Ram owns retail shop in different localities, deals in identical and branded products, Identify the type of Retail shops.

**PART - III**

**Note :** Answer **any seven** questions. Q.No. 40 is **compulsory.**  $7 \times 3 = 21$

31. Write a short note on Business.  
32. What is the meaning of partnership deed?  
33. What is meant by departmental undertaking?  
34. Who are the persons involved in RBI administration?  
35. Classify the sources of Business finance on the basis of period.  
36. Explain the types of internal trade.  
37. What do you mean by agreement?  
38. Who are all included in the term 'person'?  
39. What is cold storage warehouse?  
40. Selling of tea from India to England. Identify the type of trade and explain it.

**PART - IV**

**Note :** Answer **all** the questions.  $7 \times 5 = 35$

41. (a) State the constraints in barter system.  
(OR)  
(b) Explain MUDRA Bank and state any three objectives of self help group.
42. (a) What are the disadvantages of sole trading business?  
(OR)  
(b) What are the differences between contract and agreement?
43. (a) What are the principles of co-operatives?  
(OR)  
(b) What are the functions of wholesalers?

44. (a) What are the contents of Memorandum of Association?  
(OR)  
(b) Discuss the various primary functions performed by the Commercial Bank.
45. (a) Explain the advantages of warehousing.  
(OR)  
(b) Distinguish between internal and international trade.
46. (a) Explain the different types of retailers.  
(OR)  
(b) Explain the various types of insurance.
47. (a) Discuss the different kinds of GST.  
(OR)  
(b) Explain the characteristics of business.



**ANSWERS**

**PART - I**

1. (a) Angadi
2. (c) Processing industry
3. (b) Unlimited liability
4. (c) Serve the people
5. (c) ₹ 2 lakhs
6. (d) Both (b) and (c)
7. (a) E-commerce
8. (c) Non-economic activities
9. (c) Interest
10. (d) All of the above
11. (a) Trade
12. (b) Wholesaler
13. (b) Mitakshara law
14. (a) International trade
15. (d) Contract
16. (d) All of the above
17. (b) a direct tax
18. (a) Inter-State Goods and Service Tax
19. (d) Statutory company
20. (c) Open to all

**PART - II**

21. According to Evelyn Thomas "Commercial operations deal with the buying and selling of goods, the exchange of commodities and the contribution of finished products".
22. All the affairs of a Joint Hindu Family are controlled and managed by one person who is known as 'Karta' or 'Manager'. The Karta is the senior most male member of the family.
23. Income tax is a direct tax under which tax is calculated on the income, gains or profits earned by a person such as individuals and other artificial entities (a partnership firm, company, etc.)