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EC - COMMERCE

12

This special guide is prepared
on the basis of New Syllabus
and Govt. Key

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PREFACE

Dear Students

- ❖ We **Loyola Publications** sincerely thank you for the support you have extended to us so far.
- ❖ We take pride of releasing Loyola Commerce for +2 standard Edition.
- ❖ **XIIth Commerce** book has been made EC - bearing in mind the needs and grasping power of the students.
- ❖ The subject matter given is simple, lucid and self-explanatory for students to score good results in the public exam.

SPECIAL FEATURES OF THE BOOK

- ❖ This guide has been framed based on the New 100 marks pattern.
- ❖ This guide will be helpful for both high achievers and slow learners.
- ❖ Answers include 'Key Points' to be taken into account during public exam paper valuation.
- ❖ Other than textual questions enough additional questions with the right answers are given
- ❖ This guide is prepared in a special way that students can study as well as understand the answers easily.
- ❖ Included PTA questions and Govt. Question with their key.

TIPS TO GET CENTUM IN COMMERCE

- ❖ Use memory techniques
- ❖ Read - study, recall and revise systematically so as to store it in the LTM (Long Term Memory) file.
- ❖ Above all learn thoroughly with involvement.

Enclosing with prayers and wishes

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CHAPTER - 1

PRINCIPLES OF MANAGEMENT

PART I - TEXTBOOK EVALUATION

I. Choose the correct answer.

1. Management is what a _____ does? PTA - 1 QY -2019 May -2022
 a) Manager b) Subordinate c) Supervisor d) Superior
 Ans: a) Manager
-
2. Management is an _____. GMQ -2019 PTA - 1 Aug -2021 Aug -2022 Mar 2023
 a) Art b) Science c) Art and Science d) Art or Science
 Ans: c) Art and Science
-
3. Scientific management is developed by PTA - 2 QY -2019 Aug -2021
 a) Fayol b) Taylor c) Mayo d) Jacob
 Ans: b) Taylor
-
4. Dividing the work into small tasks is known as Sep -2020 May -2022
 a) Discipline b) Unity c) Division of work d) Equity
 Ans: c) Division of work
-
5. With a wider span, there will be _____ hierarchical levels. PTA - 6
 a) More b) Less c) Multiple d) Additional
 Ans: b) Less

II. Very short answer questions.

1. What is Management? PTA - 1 QY -2019 May -2022
 "Management" is a distinct ongoing process of allocating inputs of and organisation [Human and Economic resources] by typical managerial functions [Planning, organising, Directing and Controlling] for the purpose of achieving stated objectives [Output of goods and Services] desired by its customer.
-
2. List out the management tools. (BASED) HY -2019 Mar 2020 Mar 2023
 1. Business Law 2. Accounting 3. Statistics
 4. Economics 5. Data processing
-
3. State the meaning of Authority. Sep 2020 PTA - 3 Aug -2022
 "Authority" means the right of a superior given to his subordinate to get work from him.
-
4. What do you mean by Span of management? PTA - 2
 ➤ Can a superior effectively manage, supervise and control how many number of subordinates.
 ➤ It is known as "Span of control" or "Span of Management"

III. Short answer questions.

1. Define the term management. PTA - 1 Aug -2021 Aug -2022
 "Management is a multi purpose organ that manages a business, and manages manager and manages workers and work". - PETER F. DRUCKER.

2. Differentiate management from Administration. (any 3) GMQ -2019 PTA - 2 May -2022

No.	Basis of Difference	Management	Administration
1	Meaning	An organised way of managing people and things of a business organization is called the 'Management'	The process of administering an organisation by a group of people is known as the 'Administration'
2	Authority	Middle and Lower level.	TOP level
3	Concerned with	Policy implementation	Policy formulation
4	Area of operation	It works under administration	It has full control over the activities of the organisation.
5	Role	Executive	Decisive
6	Decides	Who will do the work? and How it will be done?	What should be done? When it should be done?

3. What are the principles of Taylor? QY -2019 Sep 2020 Mar 2023
- Science, not a Rule of Thumb.
 - Mental Revolution
 - Development of each and every person to his or her greatest efficiency and prosperity.
 - Harmony, not Discord.
 - Cooperation, not Individualism

4. What determines the span of management?
- **Span of Management has two implications:**
 - i) Influences the complexities of the individual Manager's job.
 - ii) Determine the shape or configuration of the Organisation.
 - **It has two horizontal levels of span of management.**
 - i) Wider span
 - ii) Narrow span
 - Wider - Span - Less hierarchical levels - more subordinates - Less expensive.
 - Narrow - Span - more hierarchical levels - less subordinates - more expensive.

IV. Long answer questions

1. Explain the concept of management. (any 5)
1. **Body of Knowledge :**
 - Management has now developed into a specialised body of management theory and philosophy.
 - Management literature is growing in all countries.
 2. **Management Tools :**
 Tools of management have been developed such as, accounting, business law, psychology, statistics, econometrics, data processing, etc.

3. Separate Discipline :

Management studies in many universities and institutions of higher learning are recognised as a separate discipline.

4. Specialisation :

There is a growing tendency to select and appoint highly qualified, trained and experienced persons to manage the business in each functional areas of management.

5. Code of Conduct :

Enlightened businessmen have recognised that business management is a social institution and it has social responsibilities to be fulfilled towards customers, employees, and the public or community.

6. Professional Association :

The Business Management Associations in many countries to promote the spread of knowledge in all management areas and to build up the bright public image of managerial profession.

2. Explain the principles of modern management. (any 5)

PTA - 2	Aug -2021	May -2022
	Aug -2022	Mar 2023

Division of Work:

- The whole work divided into small tasks.
- It is known as Departmentation.
- The specialization of the work force according to the skills of a person.
- Specialization leads to increase the efficiency of labour.
- Thus productivity increased.

Authority and Responsibility:

- Authority means the right of a superior given to the subordinate to get work from him.
- Responsibility means obligation for performance.

Discipline:

- It is obedience, proper conduct, in relation to others, respect of authority etc.
- It is essential for the smooth functioning of all organisations.

Unity of Command:

- One Employee should have only one Boss.
- Each employee should receives orders from one superior.
- If an employee receives orders from more than one superior, it leads to confusion and conflict.

Scalar chain [Line of Authority]:

- The line of Authority must flow downwards from the Highest Executive to lower level workers. [Top to Bottom]
- It is also known as "Chain of Command".

Remuneration:

- Workers must be paid sufficiently.
- It is the chief motivation of employees.
- It influences greater productivity.
- Remuneration should be fair, reasonable and rewarding of effort.

Unity of Direction:

- All related activities should be put under one group.
- There should be one plan of action for them.
- They should be under the control of one Manager.

PART II - PTA & GOVT. EXAM QUESTIONS AND ANSWERS

I. Choose the best answer

1. Who is the 'Father of Modern Management?' HY -2019

- a) Mr. F.W. Taylor
- b) Mr. Henry Fayol
- c) Mr. Peter F. Drucker
- d) Mr. Louis A. Allen

Ans: b) Mr. Henry Fayol

II. Assertion and Reason

2. **Assertion (A)** : Management knowledge is the best passport to enter into the world of employment. Sep -2020

Reason (R) : Management literature is growing in all countries

- a) (A) and (R) are correct and (R) is the correct explanation of (A)
- b) (A) and (R) are correct and (R) is the incorrect explanation of (A)
- c) (A) is incorrect but (R) is correct
- d) (A) is correct but (R) is incorrect

Ans: (A) and (R) are correct and (R) is the correct explanation of (A)

III. Very Short Answer Questions

1. Is management an Art or Science? PTA - 2

- Management is both Art and Science.
- Management is neither a science nor an Art. But it is a combination of both.
- It is a science because it contains principles.
- It is an Art, it requires certain personal skills to achieve the desired objective.

IV. Long Answer Questions

1. Describe the principles of scientific management. (S) (HM) (CD) PTA - 1

Science, not Rule of Thumb:

- Rule of thumb means decisions taken by managers as per their personal judgements.

- Taylor says, even a small production activity like loading – iron sheets into box cars can be scientifically planned.

- It saves time and energy of human.

Harmony, not Discard:

- Taylor emphasized that there should be complete harmony between the workers and the management.

- If there is any conflict between the two, it will not be beneficial either for workers or for management.

Mental Revolution:

- Taylor suggested complete mental revolution on the part of both workers and Management.

- It means that there should be complete change in the attitude and outlook of both workers and management.

- It becomes possible – Teamwork – Sharing profits – Division of work etc.

Co-operation, not Individualism:

- It is an extension of principle of "Harmony, not discord".

- It lays stress on mutual co-operation between workers and the management.

- Both workers and management should realize the importance of each other.

Development of Each and Every person:

- Efficiency of any organisation also depends on the skills and capabilities of its employees to a great extent.

- Thus, providing to the workers was considered essential in order to learn the best method.

- It helps to attain the efficiency and property for both workers and management.

2. Write about the contribution of Drucker to management

QY -2019

“Management is a multipurpose organ that manages a business and manages manager, and manages worker and work”. - Peter F. Drucker:
The Practice of Management.

Drucker stresses three jobs of management :

- i) *Managing a business*
- ii) *Managing manager; and*
- iii) *Managaing workers and work*

Even if one is omitted, it would not have management anymore and it also would not have a business enterprise or an industrial society. According to P. Drucker, the manager has to balance and integrate three major jobs of a business enterprise as mentioned above

Hence, a manager is a dynamic and life- giving element in every business. Without efficient management it cannot be possible to secure the best allocation and utilisation of human, material and financial resources.

PART III - ADDITIONAL QUESTIONS

I. Match the following

1. Match List I with List II

List - I		List - II	
i	Mental Revolution	1	Morale in work place
ii	Scalar chain	2	Proper conduct
iii	Discipline	3	Top management to the lowest rank
iv	Team spirit	4	Change in attitude

- a) iv-1, iii-2, ii-3, i-4
- c) iv-3, iii-4, ii-1, i-2

- b) iv-2, iii-1, ii-3, i-4
- d) iv-4, iii-3, ii-2, i-1

Ans: a) iv-1, iii-2, ii-3, i-4

2. Match List I with List II

List - I		List - I	
i	Initiative	1	New ideas
ii	Social Process	2	Key person
iii	Manager	3	Done through others
iv	Management	4	A multi purpose organ

- a) i-1, ii-3, iii-2, iv-4
- c) i-1, ii-4, iii-3, iv-2

- b) i-1, ii-2, iii-4, iv-3
- d) i-1, ii-2, iii-3, iv-4

Ans: a) i-1, ii-3, iii-2, iv - 4

II. Choose the correct answer.

1. Characteristics features of management concepts

- a) Management tools
- b) Separate discipline
- c) Specialisation
- d) All the above

Ans: d) All the above

2. To manage is to forecast, to plan, to organise, to command, to co-ordinate and to control said by _____

- a) Henry Fayol
- b) Peter F. Drucker
- c) Taylor
- d) NOTA

Ans: a) Henry Fayol

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3. The authority of middle and lower level is ____

- a) Administration b) Management
c) Control d) Planning

Ans: b) Management

4. What should be done? and when is should be done decided by _____

- a) Management b) Supervisor
c) Director d) Administrator

Ans: d) Administrator

5. Executive and governing functions are done by _____

- a) Manager b) Supervisor
c) Worker d) Administrator

Ans: a) Manager

6. Management is a science or Art?

- a) An art b) A science
c) Both Science and Art
d) Both are not Science or Art

Ans: c) Both Science and Art

7. The Authority of Top level is _____

- a) Management
b) Administration
c) Both d) NOTA

Ans: b) Administration

8. One employee should receive order from only one boss is known as _____

- a) Unity of command
b) Unity of objective
c) Unity of direction
d) Unity of strength

Ans: a) Unity of command

9. Superiors ranging from top management to the lowest rank is called _____

- a) Responsibility b) Authority
c) Remuneration d) Scalar chain

Ans: d) Scalar chain

10. With the narrow span, the hierarchical levels _____

- a) Decreases b) Increases
c) Ups and downs d) Stagnant

Ans: b) Increases

11. Find the odd one out:

- a) Harmony, Not Discord
b) Mental Revaluation
c) Cooperation, not individualisation
d) Order

Ans: d) Order

12. Find the odd one out:

- a) Division of work
b) Scalar chain
c) Equity
d) Science not thum of Rule

Ans: d) Science not thum of Rule

13. Which one of the following is not correctly matched?

- a) Business law – Management Tool
b) Specialisation – Highly qualified
c) Code of conduct – Social consience
d) Behavioural school – Process of planning

Ans: d) Behavioural school – Process of planning

14. Which one of the following is correctly matched?

- a) Cyclical process – On going process
b) Purposive process – Co-ordinate
c) Social process – Goal oriented
d) Not Individualisation – Separation

Ans: a) Cyclical process – On going process

15. Which is the correct statement?

- i) Division of work is whole work divided into small tasks.
ii) Discipline is obedience and respect of authority
iii) Unity of direction is related activities put under many groups.

- a) (i) is correct
b) (i) and (ii) are correct
c) All are correct
d) All are wrong

Ans: b) (i) and (ii) are correct

III. Assertion and Reason

1. **Assertion (A) : One employee should receive orders from one superior.**
Reason (R) : If he receives orders from more superiors, it creates confusion and conflict.
- a) Both (A) and (R) are True. (R) is the correct explanation of (A)
 b) Both (A) and (R) are False. (R) is the correct explanation of (A)
 c) Both (A) and (R) are True. (R) is not the correct explanation of (A)
 d) (A) is True (R) is False
- Ans: a) Both (A) and (R) are True. (R) is the correct explanation of (A)**
-
2. **Assertion (A) : All related activities should be put under one group.**
Reason (R) : There should be under the control of one manager.
- a) (A) is True (R) is False
 b) (A) is False (R) is True
 c) Both (A) and (R) are True
 d) Both (A) and (R) are False
- Ans: c) Both (A) and (R) are True.**
-
3. **Assertion (A) : Equity must be treated kindly and justice.**
Reason (R) : Managers should be fair and partial.
- a) (A) is True (R) is False
 b) (A) is False (R) is True
 c) (A) and (R) are True
 d) (A) and (R) are False
- Ans: a) (A) is True (R) is False**

IV. Very short answer questions:

1. **What are the twin purposes of the management process?**
- i) Maximum productivity and profitability
 ii) Maximum human welfare and satisfaction.

2. **Who is a manager?**

‘Manager’ is a person who is responsible for planning, organising, Directing and Controlling the efforts of others (staff) and the organisation.

V. Short answer questions:

1. **Explain the principal ideas of school of management.**
- Functional School :** Process of planning, organising, Directing and Controlling.
- Behavioural School :** Process through personnel or Human Resource.

Quantitative School : To improve the decision making.

Systems Approach : Inputs – Process – Outputs.

Contingency Approach : Process in ever changing business environment.

VI. Long answer questions:

1. **What are the characteristics (Features) of Management? (Concepts)**

Body of knowledge:

Management knowledge is the best passport to enter the world of employment either in business world or Government or private.

Management Tools:

- Business Laws
- Accounting
- Statistics
- Economics
- Data Processing

Separate Discipline:

Special courses are becoming popular.

- Financial
- Marketing Management courses
- Export

Specialisation:

There is growing tendency to select and appoint highly qualified, trained and experienced persons to manage the business.

Code of Conduct:

- Social responsibilities to be fulfilled towards customers, employees, public or community.
- Corporations now have social conscience and awareness.

2. Discuss the implications of span of management.

- Can a superior effectively manage, supervise and control how many number of subordinates.
- It is know as "Span of Control" or "Span of Management" or "Span of Supervision".
- The span of management has two implications:

- i) Influences the complexities of the individual Manager's job.
- ii) Determine the shape or configuration of the organisation.

➤ It has two horizontal levels of span of management.

- i) Wider span. ii) Narrow Span.

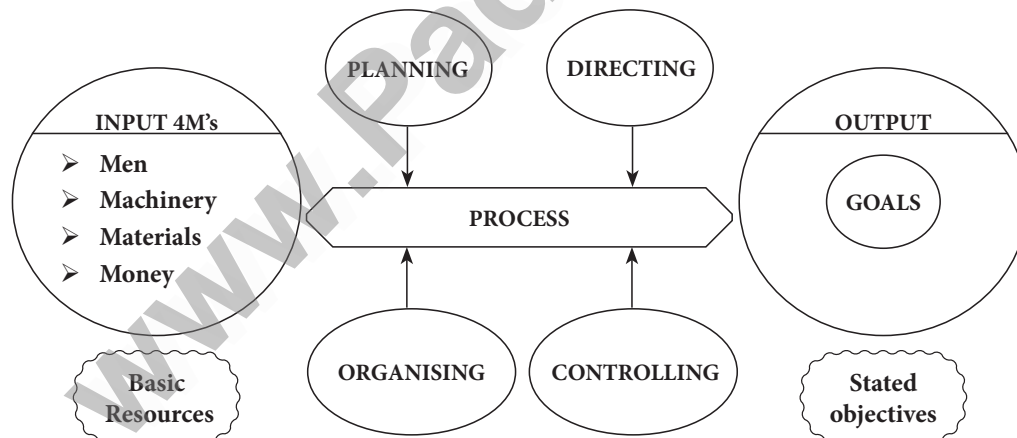
Wider-Span:

- Wider-Span- Less hierarchical levels - More subordinates - Less expensive.
- It imposes more challenges.
- It is very difficult for a superior to manage large number of subordinates.
- In this structure managers get reduced and remuneration saved.

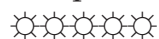
Narrow Span:

- Narrow-Span- more hierarchical levels - less subordinates - more expensive.
- With more levels of hierarchy the communication suffers - drastically.
- It takes lot of time to reach the appropriate points and hence the actions delayed.
- In this structure less number of subordinates under one superior requires more managers to be employed.

3. Explain the management process in detail.



- Management is
- Co-ordination - Co-ordinate all activities - 4M's - Men, Machinery, Materials, Money
 - Process - Functions of planning, organising, Directing, controlling
 - Purposive process - Results - Stated objectives
 - Social process - Getting things done through others.
 - Cyclical process - Ongoing process - planning - action - control - replanting replanning.





CHAPTER - 2

FUNCTIONS OF MANAGEMENT

PART I - TEXTBOOK EVALUATION

I. Choose the correct answer.

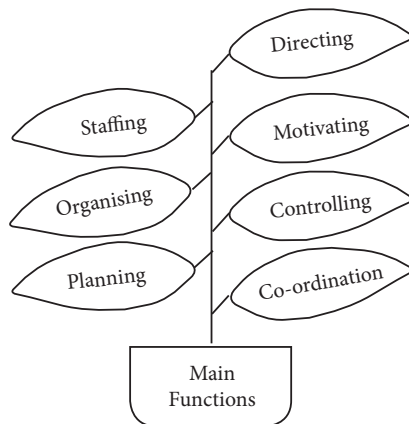
1. Which is the primary function of management? PTA - 3 Mar - 2020
 a) Innovating b) Controlling c) Planning d) Decision-making
Ans: c) Planning
-
2. Which of the following is not a main function? PTA - 4 QY - 2019 May - 2022
 a) Decision-making b) Planning c) Organising d) Staffing
Ans: a) Decision making
-
3. _____ is included in every managerial function. Aug - 2021
 a) Co-ordinating b) Controlling c) Staffing d) Organising
Ans: a) Co-ordinating
-
4. Which of the following is verification function? PTA - 4 GMQ - 2019 HY - 2019 May - 2022
 a) Planning b) Organising c) Staffing d) Controlling
Ans: d) Controlling
-
5. The goals are achieved with the help of _____. Mar 2023
 a) Motivation b) Controlling c) Planning d) Staffing
Ans: a) Motivation

II. Very short answer questions.

1. Write a short note about planning. PTA - 3 QY - 2019
 ➤ "Thinking before doing" or "Look Before you Leap" are the traditional proverbs which provide a basis or logic for planning.
 ➤ Planning is the primary function of management.
 ➤ Nothing can be performed without planning.
-
2. What is meant by Motivation?
 ➤ The goals are achieved with the help of motivation.
 ➤ It includes increasing the speed of performance of a work and developing a willingness on the part of workers.
 ➤ It may be monetary (cash) or non-monetary (kind).
-
3. List the subsidiary functions of management.
 ➤ Innovation ➤ Representation
 ➤ Decision - making ➤ Communication
-
4. What is the Traditional proverb used in planning?
 "Thinking before doing" or "Look Before you Leap" are some of the usual traditional proverbs.

III. Short answer questions.

1. List out the main functions of management? QY -2019 Mar 2023



- Planning
- Staffing
- Motivating
- Co-ordination
- Organising
- Directing
- Controlling

2. State the importance of staffing.

- Staffing comprises the activities of selection and placement of competent personnels.
- It refers to selection right persons in the right jobs.
- The success of any enterprise depends upon the successful performance of staffing function.

3. How the employees are informed about important matters in a company?

Employees are kept informed of all necessary matters by circulars, instructions manuals, newsletters, notice - boards, meeting, participative mechanism etc.

IV. Long answer questions.

1. Explain the various functions of management. (any 5) PTA - 4 Sep 2020

Main Functions: May -2022

Planning:

- "Thinking before doing" or "Look Before you Leap" are the traditional proverbs which provide a basis or logic for planning.

- Planning is the primary functions of the management.
- Nothing can be performed without planning.

Motivating:

- The goals are achieved with the help of motivation.
- It includes increasing speed of performance of a work and developing a willingness on the part of workers.
- It may be monetary [cash] or non-monetary [kind].

Controlling:

- It is performed to evaluate the performance of employees and deciding increments and promotion decisions.
- It helps to identify under performers and arranging remedial training for them.
- It compares the actual performance with predetermined standards.[other functions - organising - Directing - Co-ordination - Staffing]

Subsidiary Functions:

Innovation:

- It refers to the preparation of personnel and organisation to face the changes made in the business world.
- It includes developing new products, new techniques in production, new package, new design of a product and cost reduction.

Decision making:

- Every employee of an organisation has to take a number of decisions every day.
- Decision making helps in smooth functioning of an organisation. [Other Functions - Representation - Communication]



CHAPTER - 19

ENVIRONMENTAL FACTORS

PART I - TEXT BOOK EVALUATION

I. Choose the Correct Answers

1. **VUCA Stands for _____ .**
 a) Volatility, Uncertainty, Complexity and Ambiguity
 b) Value, Unavoidable, Company and Authority
 c) Volatility, Uncontrollable, Company and Auction.
 d) All of the above **Ans: a) Volatility, Uncertainty, Complexity and Ambiguity**
-
2. **GST stands for _____ .**
 a) Goods and social tax
 b) Goods and service tax
 c) Goods and sales tax
 d) Goods and salary tax
Ans: b) Goods and service tax
-
3. **Factors within an organization constitutes _____ environment.**
 a) Internal Thinker
 b) External Thinker
 c) Fellow human beings
 d) All of the above **Ans: a) Internal Thinker**
-
4. **Macro environment of business is an _____ factor** **Mar 2023**
 a) Uncontrollable b) Controllable c) Manageable d) Immanageable
Ans: a) Uncontrollable
-
5. **The two major types of business environment are _____ and _____**
 a) Positive and Negative
 b) Internal and External
 c) Good and Bad
 d) Allowable and Unallowable
Ans: b) Internal & External

II. Very Short Answer Questions

1. **What is internal environment?** **Mar 2020**
 ➤ Internal Environment refers to those factors within an organization
 ➤ (eg) Policies- organizational structure- Programmes - Employees [POPE]
 ➤ It can be controlled and changed
 ➤ It is known as controllable factors.
-
2. **Give the meaning of corporate governance.** **HY 2019**
 ➤ Corporate governance is a set of rules and policies which governs a company
 ➤ It provides a frame work of a company to manage, to achieve its objectives.
-
3. **What is GST?** **PTA - 2**
 ➤ Goods and services tax [GST] is an indirect tax levied on goods and services across the country.
 ➤ It is a comprehensive, multi stage destination based tax that is levied on every value addition.
-
4. **Expand VUCA.**
 ➤ Volatility ➤ Uncertainty ➤ Complexity ➤ Ambiguity

III. Short Answer Questions

1. **What are the political environment factors? (any 3)** PTA - 1 GMQ-2019
- Frame work for running a business is given by the political and legal environment
 - The legislative, executive and judiciary are the three political institutions which direct and influence a business
 - Political stability is reflected by the following parameters like election system, law and order situations, military, police force, civil war etc.
 - The image of the leader and the country in the international area.
 - Legal frame work of business and their degree of flexibility
 - The constitution of the nation

2. **Write about any three internal environmental factors of business?**

Values system:

- The values of the owner (founder) of the business, percolates down to the entire organization
- External associates like suppliers and distributors consider the value system practiced by an organization with strong culture of ethical standards and values.

Vision and objectives:

Vision and objectives of a business guides its operations and strategic decisions.

Management structure and nature:

The structure of management (Board) and their style of functioning, the professionalism of management, the composition of the board are the various factors which affects the decision making.

Human resource:

The success of an enterprise is solely dependent on the quality, skill competency, right attitude and commitment of its human resources.

3. **What do you know about Technological environment?** PTA - 3

- Technological is widely used in conducting market research for understanding the special needs of the customer
- Digital and social media are used as a platform for advertising and promoting the products and services
- Technology is used in managing inventory, storing goods in warehouses, in distributing goods and in receiving payment
- It includes technology available, rate of change in technology, adopted by competitors and technological obsolescence

IV. Long Answer Questions

1. **Discuss the role of macro environment of business. (any 5)** PTA - 5 & 6

Economic Environment:

- The business is an integral part of the economic system prevalent in a nation
- The multiple variables in the macro environment system include the nature of economic system, economic policies of the nation, the economic induces and economic structure.

Socio- cultural environment:

- Business is a part of the society
- Socio environment refers to the sum total of factors of the society in which the business is located.
- It is dynamic and includes behavior of individuals, the role importance of family, customs, traditions, beliefs and values religion and ethical values.

Political and legal environment:

- Frame work for running a business is given by the political and legal environment
- The success of a business lies in its ability to adapt and sustain to political and legal changes

Geo- physical (Natural) Environment :

- The natural, geographical and ecological factors have a bearing on the business
- The availability of natural resources are very essential for industries and agriculture.

Technological Environment:

- The development of IT and Tele communications has created a global market.
- Technology is widely used in conducting market research for understanding the special needs of the customers.

Global Environment:

With the rapid growth of technology, the physical boundaries are fast disappearing and the new global market is emerging.

2. Explain the micro environmental factors of business. (any 5)

PTA - 4 / Mar, Sep 2020

Suppliers:

Mar 2023

- In any organization the suppliers of raw materials and other inputs play a very vital role
- Timely supply of materials enables continuity in production and reduces the cost of maintaining stock

Customers:

- The aim of the business is to satisfy the needs of its customer
- The customer is the king of the business and the business revolves around him
- So create cordial relations with the customer.

Competitors:

- All organizations face competition at all levels local, national and global.
- The business must understand its competitors and change their strategies in the face of competitors.

Financiers:

The financial institutions play a significant role in the running of a business.

[banks- debenture holders]

Marketing channel members:

- The marketing intermediaries serve as a connecting link between the manufacturer and customers.
- The wholesaler, retailer, dealers and functional middle man ensure transfer of goods to the customers.
- Transportation- facilitates physical distribution and ware houses help in storing goods.

Public:

- This refers to any group like media group, citizen action group, and local public which has an impact on the business.
- The public group has the ability to make or mar (close) a business.

PART II - GMQ, PTA & GOVT. EXAM QUESTIONS AND ANSWERS**I. Choose the Correct Answers****1. GST is a**

PTA - 1

- a) Direct Tax b) Indirect Tax c) Income Tax d) Local Tax **Ans : b) Indirect Tax**

2. Export - Import policy is related to which business environment?

PTA - 2

- a) Economic environment b) Socio cultural environment
c) Political - legal environment d) Technological environment

Ans : a) Economic environment

II. Very short answer questions

PTA - 2

1. Define Business environment.

PTA - 1 GMQ-2019

“Business environment is the total of all things external to firms and industries which affects their organization and operations”. - BAYARD O`WHEELER.

2. What is mixed economy?

PTA - 3

- Mixed economy is a combination of both public sector and private sector ownership
- It is a combination of both capitalism and socialism.

- The taxes cases and surcharges levied by the union, the state and local bodies which may be subsumed in the GST.
- The goods and services that may be subjected to, or exempted from the GST.
- The threshold limit of turnover below which goods and services may be exempted from the GST.
- The rates including floor rates with bands of the GST.
- Any special rates for a specified period, to raise additional resources during any natural calamity or disaster.
- Any other matters relating to the GST, as the council may decide.

III. Short answer questions**1. What are the functions of GST council?****PART III - ADDITIONAL QUESTIONS****I. Match the following**

List - I		List - II	
i	Internal Environment	1	IT Communication
ii	External Environment	2	Human resources
iii	Micro Environment	3	Uncontrollable
iv	Macro Environment	4	Controllable

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

Ans: a) i-4, ii-3, iii-2, iv-1

List - I		List - II	
i	Values system	1	Raising finance
ii	Vision and objectives	2	Board
iii	Management structure	3	Liberate farmers
iv	Company image	4	Founde-owner

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

Ans: a) i-4, ii-3, iii-2, iv-1

II. Choose the Correct Answers**1. _____ Environment refers to those factors within an organization.**

- a) External b) Internal
c) Micro d) Macro

Ans: b) Internal

2. _____ Environment refers to those factors outside the business

- a) Internal b) External c) Technological d) Geo physical

Ans: b) External

Loyola

EC – 12th COMMERCE

3. Suppliers, customers, Competitors, financiers, channel members and public are _____ Environmental factors.

- a) Macro b) Micro
c) Social d) logical Ans: b) Micro

4. Economic, Socio-cultural, political and legal, Geo physical Ecological, Technological and global are _____ Environmental factors

- a) Micro b) Minimum
c) Macro d) Maximum

Ans: c) Macro

5. Pick the odd one out.

- a) Economical factor b) Ecological factor
c) Political factor d) Suppliers

Ans: d) Suppliers

6. Pick the odd one out.

- a) customers b) Competitors
c) financiers d) Socio-cultural

Ans: d) Socio-cultural

7. Which one of the following is not correctly matched:

- a) V - Volatility b) C - Complexity
c) A - Ambiguity d) U - Uncontrollability

Ans: d) U - Uncontrollability

8. The size and composition of the population is part of _____ environment

- a) Socio-cultural b) Economical
c) Ecological d) Natural

Ans: a) Socio-cultural

9. _____ Environment includes weather and climatic conditions

- a) Micro b) Macro
c) Minimum d) Maximum

Ans: b) Macro

III. Assertion and Reason

1. Assertion (A) : All organizations face competition at all levels local, national and global.

Reason (R) : The business has to understand its competitions and modify their business.

- a) (A) and (R) are correct (R) is correct explanation of (A)
b) (A) is correct (R) is correct explanation of (A)

c) (A) and (R) are in correct

d) (A) correct and (R) in correct

Ans: a) (A) and (R) are correct (R) is correct explanation of (A)

IV. Very short answer questions

1. What is external environment?

- External Environment refers to those factors outside the business (eg economic, political, and socio-cultural factors)
- It cannot be controlled and changed
- It is known as uncontrollable factors.

2. What is environment scanning.

- Environment scanning is gathering of information from an organization.
- Internal and external environments and careful monitoring of these environments to identify the future threats and opportunities.

V. Short answer question

1. Explain the kinds of GST:

Central goods and services tax: [CGST]

It is collected by the central government on an intra- nation sale.

[eg] Transactions happening in any states with in India.

State goods and services tax: [SGST]

It is collected by the State government on an intra-state sale. [eg] Transactions happening with in Tamilnadu.

Integrated goods and services tax : [IGST]

It is collected by the central government on an inter-state sale. [eg] Transactions happening between TamilNadu and Kerala

Union territory goods and services tax : [UGST]

It is collected by the Union territories [eg] Transactions happening with in Pondichery

2. Explain the natural environment of business.

- The availability of natural resources like minerals, oils etc. since setting up of industries requires availability of raw materials.

- The weather and climatic conditions and availability of water and other natural resources are essential for agricultural sector.
- Availability of natural harbours and port facilities for transporting goods
- Demand and consumption pattern may vary from region to region (topographical factors) in the hilly region mode of transport will have to be modified.

3. Write a note on future environment of business.

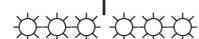
- The future environment of business in this age of rapid technological advancement has been captured in VUCA
- Volatility, Uncertainty, Complexity, and Ambiguity
- It is now important for every business to meet the challenges posed by the environment in order to remain competitive.
- The uncertain conditions and situations require a firm to be prepared to face the volatility by planning
- In VUCA environment a firm has to be forward looking anticipating the change, adaptability will remain essential for the success of business in an ambiguous, uncertain environment

4. State the frame work of Corporate Governance in India.

- At least one third of the directors have to be independent directors.
- At least one woman director have to be independent.
- Disclose all deals and payments to related parties.
- Disclose details of managerial compensation.
- CEO and CFO have to check and follow the norms before signing in the financial statements.

VI. Long answer question

1. Discuss the significance of understanding business environment and the internal factors affecting business.
Significance:



- Helps in formulating strategy and future planning
- Enables to identify the opportunities available
- Environmental scanning
- Business aids
- Public image

Internal factors affecting business:

- Values system
- Vision and objectives
- Management structure and nature
- Internal power relations [human resource]
- Company image
- Other factors- structure- network- physical -resources.

2. Describe the economic environment of business.

Economic Environment

- The business is an integral part of the economic system prevalent in a country
- The multiple variables in the macro environment system which has a bearing on a business include:
 - i) The nature of economy based on the stage of development and categorized on the basis of growth and per capita income as developed country (USA) Developing country (India) and under developed country. (Somaliya)
 - ii) The nature of economic systems can be classified as capitalistic, socialistic and mixed economy.
 - iii) Monetary policy, fiscal policy, industrial policy, trade policy, export import policy etc. are the economic environment
 - iv) The economic indices like GDP, GNP, National income, per capital income etc are important part of it.
 - v) The organisation and development of monkey market, capital market securities market and, the banking system has a greater impact.
 - vi) The Economic structure includes capital formation, investment pattern, composition of trade balance, occupational distribution of workforce, and the structure of national output.



CHAPTER - 20

LIBERALIZATION, PRIVATIZATION
AND GLOBALIZATION

PART I - TEXT BOOK EVALUATION

I. Choose the Correct Answers

1. ___ is the result of New Industrial Policy which abolished the 'License System' Sep 2020
May -2022 Aug -2022
a) Globalisation b) Privatisation c) Liberalisation d) None of these
Ans: c) Liberalisation
2. ___ means permitting the private sector to setup industries which were previously reserved for public sector. PTA - 3
a) Liberalisation b) Privatisation c) Globalisation d) Public Enterprise
Ans: b) Privatization
3. ___ ownership makes bold management decisions due to their strong foundation in the international level. Aug -2022
a) Private b) Public c) Corporate d) MNC'S **Ans: a) Private**
4. ___ results from the removal of barriers between national economies to encourage the flow of goods, services, capital and labour. PTA - 4 Mar 2023
a) Privatisation b) Liberalisation c) Globalisation d) Foreign trade
Ans: c) Globalization
5. New Economic Policy was introduced in the year ____ GMQ-2019 HY -2019 Aug 2021
a) 1980 b) 1991 c) 2013 d) 2015 **Ans: b) 1991**

II. Very Short Answer Questions

1. State the branches of New Economic Policy
➤ Liberalization ➤ Privatization ➤ Globalization
2. What is privatisation? PTA - 4 Sep 2020 Aug 2021 May -2022 Aug -2022
➤ Public sector units sold to private sector
➤ Privatisation means permitting the private sector to setup industries which already run by the Government.
3. Mention any two disadvantages of Liberalisation.
➤ Increased dependence on foreign countries
➤ Loss to domestic units
➤ Unemployment increased
4. Give any two advantages of Globalisation.
➤ Technological Development ➤ Increase in Foreign Collaboration
➤ Expansion of Market ➤ Reduction of Brain Drain

III. Short Answer Questions

1. What do you mean by Liberalisation? PTA - 4 HY -2019 Aug 2021
➤ Liberalisation means the laws and rules liberalized or relaxed by the Government
➤ It means relaxation of various Government restrictions in the areas of social and economic policies in order to make the economics free to enter in the market and establish their venture [Business] in the country.

2. State any three impacts on Globalisation.

PTA - 5 / Mar , Sep 2020

- MNCs can manufacture, buy and sell goods worldwide.
- Globalization has led to a boom in consumer product market.
- Reduce the operating costs and access to new raw materials.

3. Write a short note on New Economic Policy.

May -2022

- India agreed the conditions of IBRD [World bank] and IMF and announced New Economic Policy [NEP] Which consists of wide range of economic reforms.
- This new set of economic reforms is commonly known as LPG.
- Liberalization - Relaxation of laws and rules by the Government
- Privatization - PSUs sold to the private sector.
- Globalization - Integration of domestic economy with world economy.

IV. Long Answer Questions

1. Explain the advantages and disadvantages of liberalisation.(any 5)

PTA - 1 & 5 Sep 2020

Advantages: [CRI]

GMQ - 2019

Aug -2022

Control over price: The removal of Tariff Barriers can lead to lower prices for consumers and benefit to importers.

Reduction in external borrowing : It reduces the dependence on external - commercial borrowings by attracting more FDIs.

Increase in Consumption : It increases the number of goods available for consumption with in a country due to increase in production.

Dis - advantages (ILU) Aug 2021

Increased dependence on Foreign Countries :

- It will face greater competition from abroad.
- When completion is not automatically enhanced, it can lead to domination by big institutions that has market controlling powers .

Loss to domestic units :

Because of liberalisation more foreign companies entered in the market, it threatens and make loss to the domestic units.

Unemployment (Increased) :

- It leads to shift in the balance of an economy.
- Some industries grow, some decline.
- Because of declining of some industries create unemployment.

2. What are the highlights of the LPG policy (any 5)

- i) Introduction of new Foreign Trade Agreements.
- ii) Foreign Investment (FDI & FII)
- iii) MRTP Act, 1969 (Amended)
- iv) Deregulation
- v) Opportunities for overseas trade
- vi) steps to regulate inflation
- vii) Tax reforms
- viii) Abolition of Licence.

4. Which one of the following is not correctly matched:

- a) FDI - Foreign direct investment
- b) TRIPS - Trade related intellectual property rights
- c) GATS - General agreement on trade in service
- d) PSU - Public state units

Ans: d) PSU - Public state units

5. Pick the odd one out:

- a) BALCO b) IPCL
- c) MFIL d) CDP

Ans : d) CDP

6. Pick out the correct statements.

- i. India agreed to the conditions of IBRD and IMF and announced the NEP which consists of wide range of economic reforms
 - ii. Privatization has a positive impact on the financial growth by decreasing the deficits and debts.
 - iii. Globalization has led to a boom in consumer products market
- a) (i) is correct b) (ii) is correct
 - c) (iii) is correct
 - d) (i) (ii) (iii) are correct

Ans: d) (i) (ii) (iii) are correct

III. Assertion and Reason

1. Assertion (A) : Many PSU were sold to private sector

Reason (R) : Due to PSU were running in losses.

- a) (A) and (R) are correct (R) is correct explanation of (A)
- b) (A) and (R) are in correct (R) is the correct explanation of (A)
- c) (A) and (R) are correct (R) is not the correct explanation of (A)
- d) (A) and (R) are not correct (R) is not the correct explanation of (A)

Ans: a) (A) and (R) are correct (R) is correct explanation of (A)

IV. Very short answer questions

1. What are forms of LPG?

Form of Liberalisation (FIL) :

Freedom for Expansion : The industries are free to decide their production limits by their own on the basis of the requirement of the markets.

Investment Limit :

Investment limit of the small scale industries has been raised to `1 crore

Liberalisation of Export and Import :

By simplifying the procedures for Imports and Exports the Government wanted to permit the inflow of Goods and Services, capital, HR and technology.

2. Forms of privatisation (MSC) :

Memorandum of Understanding (MOU)

➤ It was introduced in 1991 to raise the productivity and performances of PSUs.

➤ The main work of MOU is to judge the PSUs and level their performance.

Sale of PSU shares to private sector :

➤ Indian Government started selling of shares of PSUs to private sector.

➤ The private sector share increased from 45% to 55% in the year 2011

Contraction of PSUs :

The number of industries reserved for PSU was reduced from 17 to only 8 industries.

3. Forms of Globalisation (FREE)

Foreign Trade policy :

India has signed in many agreements to expand Indian trade world wide and such agreements are TRIPS - GATS etc.

Reduction in tariffs :

To attract the Global investors, tariffs imposed on Import and Export are reduced.

Export promotion :

Globalisation promotes Export by reducing tariffs and simplifying trade procedures.

Encouraging open competition :

Domestic companies start their operations in the international level and therefore there is an open competition.

V. Short answer questions

1. **What are the Highlights? LPG? (SOFI) [MD]**
 - Steps to regulate inflation.
 - Opportunities for overseas trade
 - Foreign Investments (FDI & FII)
 - Introduction of Foreign Trade Agreement
 - MRTP Act 1969 (Amended)
 - Deregulation

2. **What are the Advantage and Dis advantages of Privatisation?**
Advantages : (RIP)
Reduction in economic burden of Government :
 Ownership of PSUs transferred to the private sector, reduce the burden of the Government.
Increase in efficiency :
 Privatisation is associated with improved efficiency due to the profit incentive.
Professional Management :
 Private ownership makes bold management decisions due to their strong foundation at international level.
Dis - advantages : (LIP)
Lack of welfare : Private concerns main motive is profit and they do not give importance to public welfare.
Ignores weaker sections : It ignores the public services to weaker sections.
Political pressure : When it fails to deliver, the public has no right to intervene and Government does not always have time of expertise to force them to keep their promises.

3. **What are the Advantages and Dis advantages of Globalisation?**
Advantage : (TIER)
Technological Development :
 Technological advancement paves way for a company to enter foreign market.
Increase in foreign : It increases the foreign collaboration such as Joint venture - **collaboration** merger - Franchise etc.

Expansion of market : The operation of business moves from national to international market.

Reduction in Brain Drain : It paves way for employment opportunities in the home country and utilise the man - power efficiently.

Dis - Advantages (DIL)

Dominance of Foreign Institution :

Economic powers shifted from independent industries to Foreign institutions which is a threat to national sovereignty.

Increase in equalities : It widens the gap between Rich and poor.

Loss of domestic industries : It causes decline in the demand of domestic products.

4. Explain the concept of Privatization.

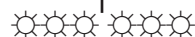
- Privatization is the incidence or process of transferring ownership of business enterprise, Agency, PSU from the Government to the private sector.
- PSU sold to private sector. [HZL-IPCL-MUL]
- The main reason for privatization was that PSUs were running in losses due to mismanagement and political interference.

5. What are the advantages of disinvestment?

- To achieve greater inflow of private capital
- To sell PSUs which had been running in loss
- To force the companies to become more efficient and survive.
- To increase the overall economic activity.

6. What is meant by Public Sector Units (PSUs)?

- i) A Public sector undertaking known as PSU, is a company in which majority of the state is owned by the Government.
- Depending upon where it is owned by Central Government or State Government we call them as central PSU or State PSU.





CHAPTER - 21

THE SALE OF GOODS ACT, 1930

PART I - TEXT BOOK EVALUATION

I. Choose the Correct Answers

- Sale of Goods Act was passed in the year** GMQ-2019 PTA - 1 HY- 2019 May -2022
 a) 1940 b) 1997 c) 1930 d) 1960 **Ans : c) 1930**
- Which of the below constitutes the essential element of contract of sale?** Mar-2020 Aug 2021
 a) Two parties b) Transfer of property
 c) Price d) All of the above **Ans : d) All of the above**
- Which of the below is not a good?** Aug -2022
 a) Stocks b) Dividend due c) Crops d) Water
Ans : b) Dividend due
- In case of the sale, the _____ has the right to sell** PTA - 2
 a) Buyer b) Seller c) Hirer d) Consignee **Ans : b) Seller**
- The property in the goods means the**
 a) Possession of goods b) Custody of goods
 c) Ownership of goods d) Both (a) and (b) **Ans : c) Ownership of goods**

II. Very Short Answer Questions

- What is a contract of sale of goods?** PTA - 1 Mar 2023
 When a seller transfers or agrees to transfer the rights (ownership) of the property (goods) to the buyer for a price is known as "Contract of sale of goods".
- List down the essential elements of a contract of sale.** GMQ-2019 PTA - 2
 - Two parties ➤ Goods
 - Price ➤ Transfer [ownership] of property [Goods]
 - Includes both 'Sale' and 'Agreement to sell'.
- What is meant by goods?**
'Goods' are
 - Movable [Mobile] properties. ➤ Stocks and Shares.
 - Growing crops
 - Intangible Assets like : Goodwill, Trademark, patent rights, Copyrights, etc.,**'Goods' Excludes :**
 - Money [Cash] ➤ Immovable [Immobile] properties
 - Actionable claims ➤ FDR, LIC policy, Receivable and Dues in future.
- What is Contingent Goods?**
 - Contingent goods are a part of future goods.
 - It is sold by the seller to the buyer, depends upon an event (contingency) which may happen or not happen.
 - (e.g) Britto agrees to sell a TAB to Senthuran, provided if he gets from Nallathambi.
 - In this TAB is "contingent Goods".

III. Short Answer Questions

1. Discuss in detail about existing goods.

Aug 2021

May -2022

Existing Goods :

These are the goods [stock - in - Trade] owned by the seller at the time of contract of sale or refer to sale by Agents or by pledger.

Specific Goods :

It denotes the goods identified [selected] and agreed upon at the time of contract of sale.

Ascertained Goods :

It is also used as similar in meaning to specific goods.

Unascertained Goods (or) Generic goods :

These are the goods which are not identified [not selected] and agreed upon at the time of contract of sale.

2. Discuss the implied conditions and warranties in sale of goods contract.

PTA - 2

1. Implied conditions :

a) Conditions as to Title :

In the case of a sale, (buyer can assume) the seller has a right to sell the goods.

b) Conditions as to Description :

In a contract of sale by description, there is an implied condition that goods supplied should agree with the description made by the seller.

c) Sale by Sample :

Where goods are sold by showing samples by the seller [eg. cloth, medicine etc] the bulk of goods supplied by the seller should be similar to the samples shown.

2. Implied Warranties :

a) Free from any Encumbrances [Obstruction]

➤ The goods bought must not have any charge or obstruction on right in-favour of a third party.

➤ If the buyers possession is disturbed by any obstruction, he is entitled to claim damages for breach of warranty.

b) Warranty in the case of Dangerous goods :

The seller Knows, the goods sold by him are dangerous or likely to be dangerous. But the buyer does not know the dangers.

IV. Long Answer Questions

1. Explain in detail the elements of Contract of sale.

PTA - 6

Aug 2021

Aug -2022

Mar 2023

Two parties :

- A contract of sale involves two parties Buyer and seller and they should be different persons.
- If a person takes his goods for his own, personal use it is not a sale.

Transfer of [Ownership] property [Goods]:

- Sale constitutes, the seller must transfer or agree to transfer the ownership of the goods to the buyer.
- More transfer of possession [hand over] does not amount to sale.

Goods :

- The subject matter of contract of sale must be goods.

- It includes movable properties, stocks and shares, Growing crops, Intangible Assets such as Goodwill, Trade mark, copyrights, patent rights etc.
- It excludes Money [Cash] Immovable properties, Actionable claims etc.

Price :

- The monetary consideration for the goods sold is called 'Price'.
- If goods are exchanged for goods it is Barter and not sale.
- But if goods are sold partly for cash and partly for goods it is contract of sale.

Includes both 'Sale' and 'Agreement to Sell' :

- Contract of sale includes both sale and agreement to sell.
- The ownership of goods transferred to the buyer immediately it is sale.
- The ownership of goods transferred to a future date or fulfilment of certain conditions it is Agreement to sell.

2. Distinguish between Conditions and Warranty.

GMQ-2019

PTA - 2

Sep 2020

May -2022

No.	Basis of difference	Conditions	Warranty
1.	Significance	The violation of conditions will revoke the contract. It is too essential	The violations of Warranty will not revoke the contract. It is subsidiary.
2.	Treatment	Breach of condition may be treated as breach of warranty	Breach of warranty cannot be treated as breach of conditions.
3.	Ownership	Ownership cannot be transferred with out fulfilling the conditions	Ownership can be transferred with out fulfilling the warranty
4.	Remedy	The affected party can cancel the contract and claim damages	The affected party cannot cancel the contract but can claim damages
5.	Meaning	It is a stipulation which is essential to the main purpose of contract of sale	It is a stipulation which is collateral to the main purpose of contract.

PART II - GMQ, PTA & GOVT. EXAM QUESTIONS AND ANSWERS**I. Choose the Correct Answers**

1. Specific goods denote goods identified upon the time of _____ of sale **PTA - 6**

- a) Agreement b) Contract
c) Order d) Obligation

Ans: b) Contract

2. In which of the following types, the ownership is immediately transferred to buyer? **PTA - 6**

- a) When goods are ascertained
b) When goods are appropriate
c) Delivery to the carrier
d) Sale or return basis

Ans : c) Delivery to the carrier

3. Document of title to the goods exclude _____.

Sep 2020

- a) Lorry Receipt b) Railway Receipt
c) Airway Bill d) Invoice

Ans : d) Invoice

II. Short Answer Questions

1. Explain the meaning of Agreement to sell. **GMQ-2019 PTA - 1**

- The property (ownership or title) in the goods has to pass (transfer) at a future time

(or)

- After the fulfillment of certain conditions mentioned in the contract is called "Agreement to sell".
- It is an executory contract. [Yet to be performed]

2. What do you understand by Warranty?

GMQ-2019 PTA - 6

- Warranty is a stipulation which is collateral [Supportive] to the main purpose of the contract.
- It is of subsidiary to the contract.

3. The proprietor takes goods from his business for his personal use. can it be considered as a contract of sale? Why?

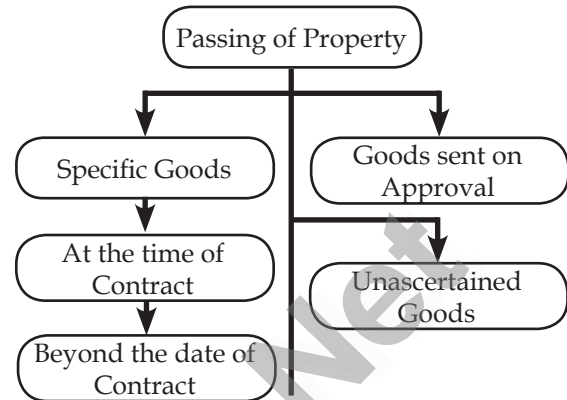
HY-2019

- No, it's not a contract of sale.
- Because, if a person taken his own goods, there is no sale.

- A contract of sale involves two parties - the buyer and seller should be two different persons.

4. Draw a flow chart on "Passing of Property"

Aug -2022



III. Long Answer Questions

1. Distinguish between Sale and Agreement to Sell.

PTA - 1

No.	Basis of difference	Sale	Agreement to Sele
1.	Insolvency of the Buyer	In a sale, if a buyer becomes insolvent before he pays the price of the goods even though sold under the possession of the seller, he has to return the goods to the official receiver or Assignee as ownership of goods has already been transferred to Buyer.	If the buyer becomes insolvent before he pays the price of the goods, the seller can retain the goods if they are under his possession or even he can repossess the goods even if it is transferred to the buyer
2.	Risk of Loss	If the goods sold are destroyed, the loss falls on the buyer, as the ownership already transferred to him	If the goods are destroyed, the loss falls on the seller, as the ownership is still vested with him even the possession of goods with the buyer.
3.	Ownership Transference	The ownership of goods transferred from the seller to the buyer immediately.	The ownership of goods transferred from the seller to the buyer not immediately [in Future date]
4.	Nature of contract	It is an Executed [completed] contract	It is an Executory [Yet to be performance contract].
5.	Insolvency of the Seller	If the seller becomes insolvent before delivering the goods to the buyer, the buyer can claim the delivery of the goods from the seller, the ownership is already transferred	The Buyer cannot do so if he has paid the price or made any advance of the goods he can claim for cash paid and not the goods.

V. Long answer questions

1. Classify the goods under the Sale of Goods Act.

Existing Goods :

- Existing Goods are those owned (Stock - in - hand) and possessed by the seller, at the time of contract of sale.
- Goods possessed even refer to sale by Agents or by pledger.

a) Specific Goods:

- It denotes the goods are identified [Selected] and agreed upon at the time of contract of sale.
- (e.g) Examining several TVs, the selected one [ONIDA] denotes specific goods.

b) Ascertained Goods:

- The term 'Ascertained goods' is also used as similar in meaning to specific goods.
- But it is ascertained [Selected] after the formation of the contract of sale.
- (e.g) ONIDA TV is to be selected after the formation of the contract of sale.

c) Unascertained Goods or Generic Goods:

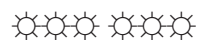
- It denotes the goods are not identified [Not selected] and agreed upon at the time of contract of sale.
- (e.g) [Not selected] ONIDA, SAMSUNG, LG etc, [may select any one]

Future Goods:

- These are the goods which a seller does not possess at the time of contract of sale.
- But which will be manufactured or produced or supplied after entering into the contract of sale [Supplied in Future date]
- (e.g) Noohu agrees to supply 100 bags of Basumathi Rice to Nehan for giving Birthday Dinner. [Supplied when Nehan's Date of Birth]

Contingent Goods:

- It is part of Future goods.
- It is sold by the seller to buyer, depends upon an event [contingency] which may happen or not happen.
- (e.g) Britto agrees to sell a TAB to Senthoram, provided if he gets from Nalla Tambi.
- In this TAB is contingent goods.





CHAPTER - 22

THE NEGOTIABLE INSTRUMENTS ACT, 1881

PART I - TEXT BOOK EVALUATION

I. Choose the Correct Answers

1. Negotiable Instrument Act was passed in the year _____. PTA - 3 Sep 2020 Aug 2021
 a) 1981 b) 1881 c) 1994 d) 1818 Ans : b) 1881
2. Number of parties in a bill of exchange are PTA - 4 Mar 2023
 a) 2 b) 6 c) 3 d) 4 Ans : c) 3
3. Section 6 of Negotiable Instruments Act 1881 deals with PTA - 3
 a) Promissory Note b) Bills of exchange
 c) Cheque d) None of the above Ans : c) Cheque
4. _____ cannot be a bearer instrument. PTA - 4
 a) Cheque b) Promissory Note
 c) Bills of exchange d) None of the above Ans : b) Promissory Note
5. A cheque will become stale after _____ months of its date PTA - 5 GMQ-2019
 a) 3 b) 4 c) 5 d) 1 Ans : a) 3

II. Very Short Answer Questions

1. What is meant by Negotiable Instrument? PTA - 3 Aug 2021
 ➤ The word "Negotiable" means "Transferable" from one person to another in return for consideration.
 ➤ It is a document which entitles a person to a certain sum of money and which is transferable from one person to another by mere delivery or by endorsement and delivery.
2. List three characteristics of a Promissory Note. PTA - 6
 ➤ A Promissory Note must be in writing.
 ➤ It must contain a promise or undertaking to pay.
 ➤ The promise to pay must be unconditional.
 ➤ It must be signed by the maker.
3. What is meant by Cheque ? PTA - 4
 ➤ Cheque is a printed instrument issued by the Commercial Banks to its customers
 ➤ for making and receiving payments. [To withdraw self and to pay others]
 ➤ The person who draws a cheque is called - "Drawer".
 ➤ The Bank on whom the cheque is drawn is called - "Drawee".
 ➤ The person who receives payment on the cheque is called - "Payee".

III. Short Answer Questions

1. Distinguish between Negotiability and Assignability. (any 3)

Mar 2023

No.	Basis of Difference	Negotiability	Assignability
1.	Nature of title	In case of negotiation, the transferee can get a better title than that of transferor, provided he takes the instrument for bonafide and for value.	In the case of assignment the assignee [Transferee] cannot get a better title than that of the assignor. [Transferor].
2.	Ownership	In case it is payable to Bearer - mere delivery. In case it is payable in order - Endorsement and delivery and easy to transfer.	The transfer of legal title takes place by means of a separate document and after complying with the necessary legal formalities.
3.	Notice	Notice is not necessary for the holder, to claim the payment from debtors.	The assignee must give notice to the debtors.

2. What are the characteristics of a bill of exchange? (any 3)

PTA - 6

- Instrument must be in writing.
- Order must be unconditional.
- Person to whom the bill is drawn must be specified.
- Drawer, Drawee and Payee must all be certain.
- Signed by the maker [Drawer].
- Amount payable must be certain.

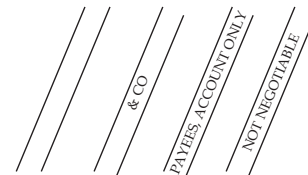
3. Draw the two different types of crossing.

GMQ -2019

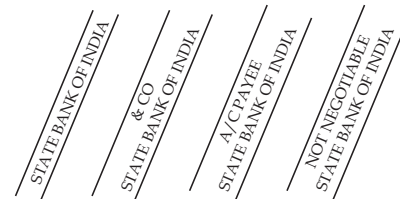
PTA - 5

General Crossing : According to section 123 of Negotiable Instruments Act, 1881,

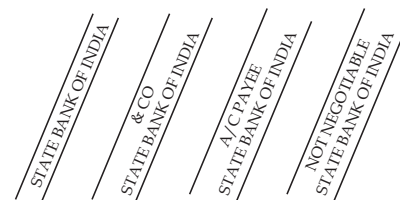
Where a cheque bears across its face an addition of the words 'and company' or any abbreviation there of between two transverse parallel lines simply, either with or without the words "not negotiable" that addition shall be deemed a crossing and the cheque shall be deemed to be crossed generally".



Special Crossing: According to section 124 of Negotiable Instruments Act, 1881 "Where a cheque bears across its face an addition of the name of a banker with or without the word "not negotiable" that addition shall be deemed a crossing and the cheque shall be deemed to be crossed specially".



"Where a cheque bears across its face an addition of the name of a banker with or without the word "not negotiable" that addition shall be deemed a crossing and the cheque shall be deemed to be crossed specially".



IV. Long Answer Questions

1. Distinguish a cheque and a bill of exchange. (any 5)

PTA - 3 HY -2019

No.	Basis of Difference	Bill of Exchange	Cheque
1.	Drawn	A Bill of Exchange can be drawn on any person including Banker.	A Cheque can be drawn on a specified Banker.
2.	On dishonour	On dishonour there is a practice of Noting and Protesting.	No such things on dishonour.
3.	Grace days	3 grace days are allowed to calculate maturity date.	Grace days are not allowed.
4.	Stamping	Sufficiently stamped.	Need not be stamped.
5.	Acceptance	Acceptance by the drawee is necessary.	Does not require any acceptance.
6.	Notice	Notice of dishonour is necessary.	Notice of dishonour is not necessary.
7.	Discounting	It can be discounted.	It cannot be discounted.
8.	Validity	A Bill made payable to bearer on demand is void.	A Cheque drawn payable to bearer on demand is valid.
9.	Payability	It is payable on demand	It is payable on after a specified period.

2. Discuss in detail the features of a cheque. (any 5)

PTA - 1 & 6 Sep 2020 Mar 2023

Signed by the Drawer :

- A Cheque is to be signed by the drawer.
- Further, it should tally with specimen signature furnished to the bank at the time of opening the Account.

A certain sum of money only :

- The order must be for payment of money only.
- Further, the sum of money must be certain.

Unconditional order :

- The order must be unconditional.
- A Cheque is an order to pay and is not a request.
- Pay itself denotes a command and words like 'please' or 'kindly' are dispensed with in a cheque.

Drawn on a Specified Banker Only :

- The cheque is always drawn on a specified Banker.
- The customer of a Bank can draw the cheque only on the particular Bank (Branch) where he has an account.

Instrument in writing :

- A cheque must be an instrument in writing. (Ink)
- Though the Law does not prohibit a cheque being written in Pencil, Bankers never accept it because of risks involved.
- Alteration is quite easy but detection is impossible in such cases.

Payee to be certain :

The cheque must be payable to a certain person or to the order of a certain person or to

Payable on demand :

A cheque is always payable on demand.

3. What are the requisites for a valid endorsement? (any 5)

HY - 2019

Back side :

Endorsement is usually made on the back side of an instrument.

Allonge :

When there is no space for making further endorsements a piece of paper can be attached to the negotiable instrument for this purpose. This piece of paper is called "ALLONGE".

Delivery :

Endorsement is complete only when delivery of the instrument is made.

Names :

The prefixes (Thiru, Mr., Mrs., Dr., etc..) or suffixes (Avargal, IAS, M.com, etc..) added to the names of the payees or endorsees must be omitted in the endorsement.

Endorsement in Ink :

Endorsement must be in Ink.

Wrongly spelt :

If the endorsee's name is wrongly spelt [VIRAT - VEERAT) the endorser should sign the same spelt in the instrument and write the correct spelling in brackets.

Signing :

Signing in block letters [sign - RAAJA] does not constitute regular endorsement.

Duly authorised :

A person who is duly authorised to endorse an instrument must indicate that he is signing in it on behalf of his principal by using such words "for", or "on behalf of" or "per pro".

PART II - GMQ, PTA & GOVT. EXAM QUESTIONS AND ANSWERS**I. Choose the Correct Answers**

1. When crossing restrict further negotiation

PTA - 5

- a) Not negotiable crossing b) General Crossing
c) A/c payee crossing d) Special crossing

Ans : a) Not negotiable crossing

2. Which endorsement relieves the endorser from incurring liability in the event of dishonour

PTA - 6, HY - 2019

- a) Restrictive b) Faculative
c) Sans recourse d) Conditional

Ans : b) Faculative

3. Section 123 of the Negotiable Instruments Act/ 1881 deals with :

Mar-2020

- a) General Crossing b) Promissory note c) Special Crossing d) Bill of Exchange

Ans : a) General Crossing

II. Very Short Answer Questions

1. Define Bill of Exchange.

GMQ-2019 PTA - 3

- "A Bill of Exchange is an instrument in writing containing an unconditional order, signed by the maker, directing a certain person to pay a certain sum of money only to or to the order of a certain person or to the bearer of the instrument".
- " Negotiable Instrument Act - 1881, Sec - 5.

2. Define Endorsement.

PTA - 5

- “Where the maker or the holder of the negotiable instrument signs the same, otherwise than as such maker, for the purpose of negotiaiton, on the back or face there of, or on a slip of paper annexed there to, he is said to endorse the same, and is called endorser”.

- NEGOTIABLE INSTRUMENT ACT - 1881, SEC - 15.

3. If the payee is an illiterate, how can he endorse a negotiable instrument?

Mar -2020

- If the payee is an illiterate person, he can endorse it by affixing his thumb impression on the instrument
- But it must be duly attested by somebody who should give his full address thereon.

III. Short Answer Questions**1. Explain the Characteristics of Negotiable Instrument.**

PTA - 3

Transferability :

- A negotiable instrument is transferable from one person to another without any formality, such as affixing stamp, registration etc.
- In case it is payable to Bearer - mere delivery.
- In case it is payable in Order - Endorsement delivery.

Title of the holder free from all defects :

- When the instrument is held by holder in due course in the process of negotiation, it is cured of all defects in the instrument with respect to ownership.

Right of transferee to sue :

- Though a Bill or a promissory note or a cheque represents a debt, the transferee is entitled to sue on the instrument in his own name in case of dishonour without giving notice to the debtor that he has become its holder.

2. Distinguish between Bill of Exchange and Promissory Note. (UNDI)

PTA - 4

No.	Basis of Difference	Bill of Exchange	Promissory Note
1.	Undertaking	It contains an unconditional order.	It contains an unconditional undertakings.
2.	Number of Parties	There are three parties : i) Drawer [maker] ii) Drawee iii) Payee	There are two parties : i) Maker ii) Payee
3.	Drawer of the instrument	A creditor draws a Bill on debtor.	A debtor executes a promote in favour of a creditor.
4.	Identify of the parties	Both Drawer and payee can be one and the same person.	The maker himself can not be the payee because the same person cannot be both promisor and promisee.

3. When there is no space in negotiable Instrument for making further endorsement, how can it be endorsed?

Mar-2020

- When there is no space for making further endorsements a piece of paper can be attached to the negotiable instrument for this purpose.
- This piece of paper is called 'Allonge'

4. Define Cheque

Sep-2020

Cheque is a bill of exchange, drawn on a specified banker and not expressed to be payable otherwise than on demand.

- NEGOTIABLE INSTRUMENT

ACT - 1881, Sec - 6

IV. Long Answer Questions**1. Mention the presumptions of Negotiable Instruments.**

PTA - 2 / Mar 2020

- Negotiable Instruments presumed to have been.
- Drawn, Accepted etc. for consideration.
- Reasonable time (Accepted with in the) after the date and before its maturity.
- Endorsement made in the order to which they appear there on.
- Accepted.
- Made before maturity.
- Stamped duly.

2. Explain the different kinds of endorsement.

GMQ - 2019 PTA - 4

1. Blank or General Endorsement :

- Without writing anything on the back side of the instrument, the endorser affixing his sign only.

BACK SIDE OF THE INSTRUMENT

Raaja

2. Full or special Endorsement :

- If the Endorser adds a direction to pay the amount mentioned, to or to the order of a specified person.

Pay to Nehan

Raaja

Other forms :

- Raaja in favour of Nehan.
- Nehan or order of Raaja.
- Please exchange Nehan - Raaja.

3. Conditional or Qualified Endorsement :

- The endorsee's right to receive money is subject to the fulfilment of a particular event (condition).

Pay to Nehan if he passed in +2 Examination.

Raaja

Other forms :

- Pay to Preetha if she marries Yashwanth.
- Pay to Hasan on completion of the house building.

4. Restrictive Endorsement :

- When endorsement restricts or prohibits further negotiability of the instrument, by added the word "ONLY" after the endorsee's name.

Pay to Nehan only.

Raaja

Other forms :

- Raaja in favour of Nehan.

5. Sans recourse Endorsement :

- It is an Endorsement which limits the liability of the endorser.
- The effect of this endorsement is, to render the endorser free from all liability to any subsequent holder.

Pay to Nehan without recourse to me.

Raaja

Other forms :

- Pay to Nehan sans recourse.

6. Sans Frais Endorsement :

- 'Sans Frais' means without expense to me. [Noting charges]
- The Endorser does not want any expenses to be incurred his account on the instrument.

Pay to Nehan without expense to me.

Raaja



CHAPTER - 23

ELEMENTS OF ENTREPRENEURSHIP

PART I - TEXT BOOK EVALUATION

I. Choose the Correct Answers

1. Which of the below is a factor of production? PTA - 1 Aug 2021
 a) Land b) Labour c) Entrepreneurship d) All of the above
Ans: d) All of the above
2. Entrepreneur is not classified as _____ May -2022
 a) Risk Bearer b) Innovator c) Employee d) Organizer **Ans: c) Employee**
3. What are the characteristics of an entrepreneur?
 a) Spirit of enterprise b) Flexibility
 c) Self Confidence d) All of the above **Ans: d) All of the above**
4. Which of the below is not classified into managerial functions?
 a) Planning b) Marketing c) Organizing d) Controlling **Ans: b) Marketing**
5. Which of the below is a commercial function?
 a) Accounting b) Coordination
 c) Discovery of idea d) Planning **Ans: a) Accounting**

II. Very Short Answer Questions

1. Mention any two characteristics of entrepreneurs. PTA - 6
 ➤ Flexibility ➤ Innovation
 ➤ Self Confidence ➤ Hard work
2. List down the managerial functions of entrepreneurs. (any 2)
 ➤ Planning ➤ Directing
 ➤ Organising ➤ Controlling
 ➤ Co-ordination
3. List down the promotional functions of entrepreneurs. (any 2).
 ➤ Discovery of idea
4. List the challenges faced by the women entrepreneurs (any 2) Aug 2021
May -2022
 ➤ Problems of Finance
 ➤ Education - Lack
 ➤ Network support - Lack
 ➤ Stiff competition
 ➤ Information - Lack
 ➤ Limited Mobility
 ➤ Sensitivity

III. Short Answer Questions

1. Distinguish between entrepreneur and Manager. (any 3) PTA - 1 Aug 2021 Aug -2022

No.	Basis of difference	Entrepreneur	Manager
1.	Motive	Motive of Entrepreneur is to start a business by setting of an entity.	Motive of Manager is to - render service in entity setup for the execution of the business.
2.	Rewards	He is rewarded by profit which is uncertain	He is awarded by salary - Bonus - Allowances which are certain.
3.	Status	He is the owner of the entity.	He is a salaried employee in the entity.

2. List down the commercial functions of Entrepreneur and explain them shortly. (any 3)

- Manufacturing
- Accounting
- Marketing
- Financing
- Human Resource Management

Manufacturing:

- Entrepreneur has to take decisions relating to selection of factory site, Design, Layout, types and design of products to be manufactured.

Accounting:

- He has to arrange to prepare Trading A/c, Profit & Loss A/c to know the profit and Balance sheet to know the Financial position on a particular date.
- Prepare Cash Flow and Fund Flow statements to ensure adequacy of Funds to meet working Capital needs.

Marketing:

He has to carryout the marketing functions like consumer Research, Planning of product, Price, Packaging, Promotion etc.

3. Explain the promotional functions of entrepreneur. (any 3)

Mobilisation of Funds: Entrepreneur has to take steps to mobilise funds from various channels like Ownfunds, Borrow from relatives Banks, Financial Institutions etc.

Procurement:

He has to select the best sources of supply of machineries, Equipments and Materials.

Discovery of Idea:

- The first and foremost function of him is idea generation.
- He may use his own ideas or develop the ideas contributed by others.

Investigation:

He should investigate commercial feasibility of the product to be manufactured.

Determining the objectives:

He has to decide the nature of business, either manufacturing or Trading and determine the objectives.

IV. Long Answer Questions

1. What are the characteristics of an entrepreneur? (any 5)

May -2022

Spirit of Enterprise: ➤ Entrepreneur should be bold enough to encounter risk arising from the venture undertaken.

- He should not be discouraged by setbacks or frustrations emerging during the course of entrepreneurial journey.

Self Confidence: Entrepreneur should have a self confidence in order to achieve high goal in the business.

Hard Work: Entrepreneur should put in great efforts and constant endeavours to accomplish the goals of the venture successfully.

Analytical Ability: Entrepreneur should be able to objectively analyse the situation and act accordingly. Mar 2020

- Resource** : Entrepreneur should have the capability to mobilise both tangible
- Mobilisation** : [man power, materials, markets etc.] and intangible [motivation, morale etc.] inputs to produce a product successfully.
- Innovation** : He should contributing something new or something unique to meet the changing requirements of – customers [New product – New method of production etc.]
- Flexibility** : ➤ He should not be rigid and flexible in decisions.
➤ He should change the decisions made already in the light of ever-changing business environment.

2. Distinguish between an Entrepreneur and an Intrapreneur. (any 5)

Mar 2020

No.	Basis of difference	Entrepreneur	Intrapreneur
1.	Dependency	He is an independent Person.	He is a dependent person.
2.	Fund Mobilisation	He has to mobilize funds to finance the venture.	He does not engage in fund mobilization. But can access fund mobilized by Entrepreneur
3.	Operation	He operates mostly outside the enterprise.	He operates with in the enterprise
4.	Rewards	He is rewarded by Profit	He is rewarded by salary – Bonus – Allowances
5.	Thinking	He is a free thinker	He is forced to think – independently but with in the scope of business activities undertaken.
6.	Status	He is an owner.	He is an employee.

3. Discuss the challenges faced by Women Entrepreneurs. (any 5)

GMQ - 2019 PTA - 1 / Mar 2020

Problem of Finance:

HY - 2019 Aug -2022 Mar 2023

- The access of women to external sources of funds is limited as they do not generally own properties in their own name.
- Financial institutions too do not consider women in General credit worthy as they are doubtful of their entrepreneurial capabilities of women.

Education – Lack: Illiterate and Semi-literate women entrepreneurs encounter a lot of challenges in their entrepreneurial journey. [Maintaining Accounts – Money matters – Marketing the product – Applying technology etc.]

Network Support – Lack: The successful operations of any venture irrespective of size depends upon the network of support extended by various constituencies like family members – relatives – friends – neighbours and so on.

Stiff Competition: They have to face acute competition for their goods from organised sector and from their male counterparts.

Information – Lack: They are reported not be generally aware of subsidies and incentives available for them due to their poor literacy levels or due to their pre-occupied occupation with house hold responsibilities.

Limited Mobility: The Domestic responsibilities do not allow women entrepreneurs to freely move out of business enterprise in connection with business activities.

38. What do you understand by Issue of Securities at Premium? **Chap - 26**
39. What are the Principles of Taylor? **Chap - 1**
40. Give note on "Make in India Scheme". **Chap - 25**

PART - IV

Answer all the questions.

7 x 5 = 35

41. a) Explain the principles of Modern Management. **Chap - 1**
(OR)
- b) Explain the micro environmental factors of business. **Chap - 19**
42. a) Explain the functions of Capital Market. **Chap - 5**
(OR)
- b) Explain the challenges faced by Women Entrepreneurs. **Chap - 23**
43. a) Explain the functions of SEBI. **Chap - 8**
(OR)
- b) Explain in detail the elements of Contract of Sale. **Chap - 21**
44. a) Explain the differences between Recruitment and Selection. **Chap - 11**
(OR)
- b) Write the differences between Shares and Debentures. **Chap - 26**
45. a) Give short notes on: **Chap - 28**
i) Statutory meeting
ii) Extra-ordinary General Meeting
(OR)
- b) What are the responsibilities of Consumers? **Chap - 17**
46. a) Explain how the Market can be classified on the basis of Economics. **Chap - 13**
(OR)
- b) Explain how consumers are exploited. **Chap - 16**
47. a) Explain the features of a Cheque. **Chap - 22**
(OR)
- b) Explain the purpose of Training. **Chap - 12**

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