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HALF-YEARLY EXAMINATION ANSWER KEY-2023**

GRADE: XI**COMMERCE****MARKS: 90**

1.	a)Pandiya	11.	a)1933
2.	c)Profession	12.	b)cooperation
3.	d)Financial services	13.	b)cost reduction
4.	b)Mitakshara Law	14.	Generated within the business
5.	c)Memorandum of association	15.	a)International Market
6	a)Robert owen	16.	c)2006
7.	d)51%	17.	a)Wholesaler
8.	b)1935	18.	d) State trading corporation
9.	b)SBI	19.	b)General council
10	c)distribution	20.	b)Void contract

PART-B**II)ANSWER ANY SEVEN OF THE FOLLOWING QUESTIONS:****7X2=14****Q.NO 30 IS COMPULSORY**

21) What is meant by Allangadi?

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

22)What is meant by Economic Activities?

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

23)What are the corporate Enterprises?

- 1) Government enterprises
- 2) Private company
- 3) Co-operative company

24)Who is called a partner?

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

25)What is meant by Chartered Company?

- Chartered companies are established by the King or Queen of a country.
- Powers and privileges of chartered company are specified in the charter.

26)What is credit Co-operatives?

Co-operative credit societies are those formed for the purpose of providing short-term financial help to their members.

27)What is meant by Monopoly?

- ❖ Monopoly means the complete control, possession or use of something;
- ❖ something that belongs to only one person or group and is not shared.
- ❖ Example

The RBI is the sole authority for the printing and issue of all Currency notes.

28) What is meant by Red-tapism?

Red-Tapism - Meaning:

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

29) Write the meaning of Bank.

- Banking service is the nerve center of industry and commerce in a country.
- It plays a vital role by providing the money required for their regular functioning and development.

30) What is the name of bank in August 2015, "in principle" Licences given by RBI. Give two examples of that bank.

Payment bank

Examples:

- i. Airtel Payment Bank Limited
- ii. Paytm Payment Bank Limited and
- iii. India Post Payment Bank Limited - IPPBs (Public Sector Bank).

PART-C

III) ANSWER ANY SEVEN OF THE FOLLOWING QUESTIONS:

7X3=21

Q.NO 40 IS COMPULSORY

31) Explain - NEFT.

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

32) Explain cold storage warehouse.

Cold Storage Warehouse:

- Goods are transported in refrigerated containers and stored in refrigerated warehouses.
- These warehouses are used for storing perishable goods like fruits, vegetables, eggs, butter, fish, meat, etc.,
- Goods stored in cold storages without deterioration in quality, can be made available throughout the year.

33) What is Charter party?

Charter Party - Meaning:

- When goods are to be consigned in large quantity, it is advantageous to hire the whole or substantial part of the ship.
- The document through which this contract is made is known as 'Charter Party' may also be known as 'Voyage Charter' or 'Time Charter'.
- The person who hires the ship is known as 'Charter'.

34) Give the meaning of Crop insurance.

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

35) What are the types of franchising?

Types of Franchising:

Product/ trade name franchising:

- In this type, the franchisee exclusively deals with a manufacturer's product.
- Examples: Kidzee, French Loaf outlets, Bharat Petroleum bunkers, Patanjali products, etc.

Business format franchising:

- When a franchisor awards rights covering all business aspects as a complete

business package to the franchisee it is called as business format franchising.

- Examples are McDonald's, Pizza Hut, KFC, Hot breads, etc.,

36) Why MNC'S in India?

The reasons for so many MNC's in Indian are as follows:

1. India has a huge market
2. It is one of the fastest growing economies in the world.
3. Favourable policies of the government towards FDI.

37) What is pledge?

A customer transfers the possession of an article with the creditor (banker) and receives loan.

- Till the repayment of loan, the article is under the custody of the borrower.
- If the debtor fails to refund the loan, creditor (banker) will auction the article pawned and adjust the outstanding loan from the sale proceeds.

38) Explain the importance of International Finance.

Importance of International Finance:

- International finance helps in calculating exchange rates of various currencies of nations and the relative worth of each and every nation in terms thereof.
- It helps in comparing the inflation rates and getting an idea about investing in international debt securities.
- It helps in ascertaining the economic status of the various countries and in judging the foreign market.

39) Explain any three characteristics of Wholesalers.

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

40) Who is paid a certain percentage of commission for the order booked by him abroad. Explain him.

- ❖ Commission Agent is an international agent who is paid a certain percentage of commission for the order booked by him abroad.
- ❖ He offers product to potential customers in the territory allotted to him in accordance with the terms and condition specified by the principal.

PART-D

IV. ANSWER ALL THE QUESTIONS

7X5=35

41)a) Functions of IMF

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

41)b) **Distinguish between Balance of Payment and Balance of Trade.****Differences between Balance of Payment and Balance of Trade**

Nature	Balance of Payment	Balance of Trade
1. Nature of Transactions recorded	It records both the transactions relating to goods and services	It records only transactions relating to merchandise , i.e. goods transactions
2. Capital Transactions	It records capital transactions	It does not record capital transactions
3. Structure	It includes balance of trade, balance of services, balance of unilateral transfer and balance of capital transactions	It is part of current account of BOP
4. Net Position	It always remains balanced in the sense that receipt side is made equal to payment side	It may be at favorable or unfavourable or in equilibrium state.
5. Indicator Economic Status	It is true indicator of economic performance of an economy	It is not true indicator of economic prosperity or economic relations of country.

42) **Difference between Contract and Agreement.****Differences between Contract and Agreement**

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

42)b) **How do you think appropriation of payments takes place?****(i) Appropriation of Payments**

- ✓ Sometimes, a debtor owes several distinct debts to the same creditor and he makes a payment which is insufficient to satisfy all the debts.
- ✓ In such a case, a question arises as to which particular debt the payment is to be appropriated.

(ii) Application of payment where debt to be discharge is not indicated [60]

- ✓ If section 60 is attracted, the creditor shall have the discretion to apply such payment

for any lawful debt which is due to him from the person making the payment.

(iii) Application of payment where neither party appropriates [61]

- ✓ The payment shall be applied in discharge of the debts in order of time whether they are or are not based by the limitation Act 1963.
- ✓ If the debts are of equal standing the payment shall be applied in discharge of each of these debts proportionately.

43) **What is meant by damages and are its types?**

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

- As per contract, one party can claim damages if other party breach the contract.
- The main purpose of awarding the damages is to make good the loss suffered by him.
- It is known as doctrine of restitution. □
- The Section 73 of the Indian Contract Act, 1872 deals with the compensation for loss or damages caused by a party for breach of contract.

There are mainly four types of damages, such as

- ✓ Ordinary damages
- ✓ Special damages
- ✓ Exemplary damages.

43)b) **Elucidate any five features of Income Tax.**

i. Levied as Per the Constitution

- ✓ Income tax is levied in India by virtue of entry No. 82 of list I (Union List) of Seventh Schedule to the Article 246 of the Constitution of India.

ii. Levied by Central Government

- ✓ Income tax is charged by the Central Government on all incomes other than agricultural income.
- ✓ However, the power to charge income tax on agricultural income has been vested with the State Government as per entry 46 of list II, i.e., State List.

iii. Direct Tax

- ✓ Income tax is direct tax.
- ✓ It is because the liability to deposit and ultimate burden are on same person.
- ✓ The person earning income is liable to pay income tax out of his own pocket.
- ✓ It cannot pass on the burden of tax to another person. □

iv. Annual Tax

- ✓ Income tax is an annual tax because it is the income of a particular year which is chargeable to tax.

v. Tax on Person

- ✓ It is a tax on income earned by a person.
- ✓ The term 'person' has been defined under the Income tax Act.
- ✓ It includes individual, Hindu Undivided Family, Firm, Company, local authority, Association of person or body of Individual or any other artificial juridical persons.
- ✓ The persons who are covered under Income tax Act are called 'assessee'

44)a) **Explain the characteristics of Business (or) Commerce. (Any 5)**

i) Production or Procurement of Goods:

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

ii) Sale, Transfer or Exchange:

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

iii) Dealing in Goods and Services:

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

iv) Regularity of Dealings:

- An isolated dealing in buying and selling does not constitute business.
- The transactions must be regular.
- The buying and selling must be recurrent to constitute business.

v). Profit Motive

- An important feature of business is profit motive. Business is an economic activity by which human beings make their living.
- It is in fact, the attraction of profit which spurs people to do business.

44) b) What are the advantages of sole trading business

i. Easy Formation:

- No legal formalities are required to initiate a sole trading concern.
- Any person capable of entering into a contract can start it, provided he has the necessary resources for it.

ii. Incentive to Work hard:

- There is a direct relationship between effort and reward.
- The fact that the entire profit can be taken by himself without sharing with anybody else induces him to work ceaselessly.

iii. Small Capital:

- Small capital is an important as well as specific advantage of sole proprietorship.
- Sole proprietor can start business with small capital.

iv. Credit Standing:

- Since his private properties are held liable for satisfying business debts.
- He can get more financial assistance from others

v. Flexibility:

- The sole trader can easily adjust himself to the changing requirements of his business.

45) a) What are the contents of Partnership deed?

- Name of the Firm
- Nature of the proposed business
- Duration of partnership
- Capital contribution
- Withdrawal from the firm
- Interest on capital
- Loan from partners
- Retirement
- Goodwill valuation

45) b) Explain different types of transport.

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

A. Surface Transport

Transport of people and goods by land vehicles is known as Surface transport.

It is also called as 'Land Transport'.

- Pack Animals - horse, mule, donkey camel, and elephant etc.,
- Bullock Carts
- Road Transport
- Motor Lorries and Buses
- Tramways
- Railway Transport

B. Water Transport

"Water is a free gift of nature".

Water transport is the process of moving people, goods etc. by barge, boat, ship or sailboat over a sea, ocean, lake, canal, river, etc.,

Water Transports are of two types

1. Inland Waterways

2. Ocean Waterways

C. Air Transport

- Air transport is the fastest and the costliest mode of transport.
- Commercial air transport is now one of the most prominent modes of overseas transport.
- The modern air transport has its growth with the invention of Airplane by Wright Brothers.
- Air transport is a form of travel in vehicles such as helicopters, hot air balloons, blimps, gliders, hang gliding, parachuting, airplanes, jets or anything else that can sustain flight.

46)a) Explain the need for Social responsibility

Need for Social Responsibility

Business is expected to be responsible to society due to the following reasons

1. Self-Interest

- A business unit can sustain in the market for a longer period only by assuming some social obligations.
- Normally businessmen recognise that they can succeed better by fulfilling the demands and aspirations of society.

2. Creation of Society

- Business is a creation of society and uses the resources of society. Therefore, it should fulfil its obligations to society.

3. Social Power

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

4. Image in the Society

- A business can improve its image in public by assuming social obligations. Good relations with workers, consumers and suppliers help in the success of business.

5. Public Awareness

- Now-a-days consumers and workers are well informed about their rights. Consumers expect better quality products at reasonable prices.

46)b) What are the benefits of Corporate Governance (Any 5)

Benefits of Corporate Governance

Some of the benefits of corporate governance are as follows:

1. Good corporate governance enables corporate success and economic development.
2. Ensures stable growth of organizations.
3. Aligns the interests of various stakeholders.
4. Improves investors' confidence and enables raising of capital.
5. Reduces the cost of capital for companies.
6. Has a positive impact on the share price

47)a) Explain the kinds of sources of Short term finance

i). Bank Overdraft

- It refers to an arrangement whereby the bank allows the customers.
- To overdraw the required amount from its current deposit account within a specified limit.

ii). Trade Credit

- Trade credit is very simple and convenient method of raising short term finance.

iii). Mortgage

- This is a type of loan taken from the bank by lodging with the banker title deeds of

immovable assets like land and building

iv). Loans against the Securities

- Banks accept various types of securities like fixed deposit receipt, book debts, insurance policies, supply bills, shares, debentures, bonds of company, document of title to the goods and so on.

v). Clean Loan

- Banks provide clean loan is loan given without any security or with personal security.
- It simply grants loan without any physical security.

b)What are the objectives of SHGS.

Focusing on empowerment of women.

- Saving people from the clutches of money lenders
- Building capacity of women and to enable them to participate in generating activities.
- Promoting entrepreneurship skills among women.
- Elevating the economic standard of the member's families.