

SECOND REVISION – ANSWER KEY – FEBRUARY 2024
11TH COMMERCE

I. Choose the most appropriate answer**20 x 1 = 20**

1	A	Angadi	11	C	25
2	A	Industry	12	C	Entrepot
3	A	Agreement	13	A	Small
4	A	Robert Owen	14	B	Bill of Lading
5	D	51%	15	C	Geneva
6	B	HSBC	16	B	Void Contract
7	B	Time	17	A	Is Discharged
8	C	Indemnity Contract	18	A	Void
9	D	Exploitation	19	A	1 st April to 31 st March
10	B	Owners	20	B	Indirect Tax

II. Answer any 7 questions. Question No. 30 is Compulsory**7 x 2 = 14****21) Barter System – Meaning:**

- Goods were exchanged for goods prior to invention of money.

22) Commerce - Definition:

“Commercial operations deal with the buying and selling of goods, the exchange of commodities and the contribution of finished products” – Evelyn Thomas.

23) Sleeping Partner:

- Such a partner contributes capital and shares in the profits or losses of the firm but does not take part in the management of the business.

24) 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.

25) Two examples of MNC.

- *Bata Corporation
- *Sony Corporation

26) Define Transport.

- According to **K.K. Sexena**, “the transport system acts with reference to the area it serves in the same way as a candle does in a dark room”.

27) Ethics Meaning:

- * Ethics is derived from the Greek word ‘ethos’ which means a person’s fundamental orientation towards life.
- * It governs the behaviour, derived from the moral standards which help to determine right or wrong, good or evil.

28) Indent:

- * An indent actually points to an order received from abroad for export of goods. i.e. sale of goods.

29) Income Tax – Meaning:

- ♣ Income tax is a direct tax under which tax is calculated on the income, gains or profits earned by a person such as individuals and other artificial entities (a partnership firm, company, etc.)

30) Outsourcing (BPO) is common and popular, Now-a-days is

- call centres
- Data Entry etc.

III. Answer any 7 questions. Question No. 40 is Compulsory**7 x 3 = 21****31) Human Activities:****▪ Human Activities - Meaning:**

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

1. Economic Activities:

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

2. Non-Economic Activities:

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

32) Examples of Sole Trading Business:

- * Fruit sellers *Retail trade
- * Handicrafts *Tailoring shops
- * Beauty parlor

33) Government Company:

- A public enterprises incorporated under the Indian Companies Act, 1956 is called Govt. Company.
- These companies are owned and managed by the Central or the State Government.
- 51% of the paid-up share capital of the company should be held by Central or State Governments.

34) Functions of RBI:

- ♣ Leadership and Supervisory Functions
- ♣ Traditional Functions and
- ♣ Promotional Functions.

35) 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.

36) Franchisee:

- * The individual who acquires the right to operate the business or use the trademark of the seller is known as the franchisee.

37) Below Products produced by MSME in Tamil Nadu:

- ★ Textiles
- ★ Leather Products
- ★ Chemicals
- ★ Plastics
- ★ Garments
- ★ Jewellery

38) Types of Internal Trade:**i). Wholesale Trade**

“Purchase of goods in bulk from the manufacturers and selling them in smaller quantities to other intermediaries” is known as wholesale trade.

ii. Retail Trade

Retail trade deals with the distribution of goods in small quantities to the consumers.

39) Five Heads of Income:

- * Income from ‘Salaries’ [Sections 15- 17];
- * Income from ‘House Property’ [Sections 22-27];
- * Income from ‘Profits and Gains of Business or Profession’ [Sections 28- 44];
- * Income from ‘Capital Gains’ [Sections 45-55]; and
- * Income from ‘Other Sources’ [Sections 56-59].

- 40)** (i) Here C cannot bind A for the payment.
(ii) It is only promisee B who can enforce the promise against the promisor A.

IV. Answer all the questions**7 x 5 = 35****41.a. Demerits of Barter System:****i). Lack of double coincidence of Wants**

- Unless two persons who have surplus have the demand for the goods possessed by each other, barter could not materialize.

ii). Non – existence of common measure of value

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

iii). Lack of direct contact between producer and consumers

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

iv). Lack of surplus stock

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

[OR]**41.b.****Differences Between GDR and ADR**

Basis	Global Depository Receipts GDR	American Depository Receipts ADR
Denomination	It is denominated in terms of any freely convertible currency	It is denominated only in US dollars
To whom it is issued	It is issued to investors in one or across more markets simultaneously	It is issued only to investors, who are residents of the United States of America.
Listed in	Non-US Stock Exchange such as London Stock Exchange or Luxemburg Stock Exchange.	American stock exchange
Approval	Issue of GDR does not require foreign regulatory clearances.	Issue of ADR requires approval from the Securities Exchange Commission (SEC) of United States of America.
Negotiation	It is negotiable all over the World.	It is negotiable only in America.

42) a). Characteristics of Sole Trading Business:**i. Ownership by one man:**

- This is owned by single person.
- The sole trader contributes the required capital.

ii. Freedom of work and Quick Decisions:

- Since the individual is himself as a owner, he need not consult anybody else.
- Hence he can take quick decisions.

iii. Unlimited Liability:

- When his business assets are not sufficient to pay off the business debts he has to pay from his personal property.

iv. Enjoying entire profit:

- He strives tirelessly for the improvement and expansion of his business and enjoys all the benefits of his hard work.

v. Maintenance of Secrecy”:

- ♣ Since he/she manages all the affairs of the business, the secrecy can be maintained easily.

[OR]

42. b) Characteristics of Retailers:

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

43) a). Principles of Co-operatives: (Any 5)**i. Voluntary and Open Membership:**

- Cooperatives are voluntary organizations, open to all people able to use its services without gender, social, racial, political or religious discrimination.

ii. Democratic Member:

- Control Cooperatives are democratic organizations controlled by their members.
- Those who buy the goods or use the services of the cooperative.
- Who actively participate in setting policies and making decisions.

iii. Member’s Economic Participation:

- Members contribute equally to, and democratically control, the capital of the cooperative.
- This benefits members in proportion to the business they conduct with the cooperative rather than on the capital invested.

iv. Autonomy and Independence:

- ❖ Cooperatives are autonomous, self-help organizations controlled by their members.
- ❖ If the co-operative organization enters into agreements with other organizations or raises capital from external sources.

v. “Education, Training, and Information”

- Cooperatives provide education and training for members, elected representatives, managers and employees so they can contribute effectively to the development of their cooperative.
- Members also inform the general public about the nature and benefits of cooperatives.

[OR]

43. b) Distinguish between Internal and External trade

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

44) a). Advantages of Departmental Undertaking: (Any 5)**i). Easy Formation:**

- ♣ It is easy to set up a departmental undertaking.
- ♣ The departmental undertaking is created by an administrative decision of the Government, involving no legal formalities for its formation.

ii). Direct and Control of Parliament or State Legislature:

- ♣ The departmental undertaking is directly responsible to the Parliament or the State legislature through its overall head i.e. the minister concerned.

iii). Secrecy Maintained:

- ♣ Strategic industries like defense and atomic power cannot be better managed other than government departments.
- ♣ Department undertakings can maintain secrecy in their working.

iv). Lesser Burden of Tax on Public:

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

v). Instrument of Social Change:

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

[OR]

44. b)**Distinction between Bill of Lading and Charter Party**

Basis	Bill of Lading	Charter Party
1. Meaning	This represents a document acknowledging receipt of goods on board for carrying them over to specified port of destination	It refers to an agreement to hire a whole or major part of ship when the goods take exported is heavy.
2. Transferable	It can be transferred to third party by endorsement and delivery	It cannot be transferred to third party
3. Loan	Loan can be raised against it	Loan cannot be raised against it
4. Crew	Master and crew remain the agent of ship owner	Master and crew become the agent of exporter for a temporary period
5. Lease	It is not a lease of ship	It is a lease of ship

45) a) Types of transport:

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

A. Surface Transport

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

B. Water Transport

- "Water is a free gift of nature".
- Water transport is the process of moving people, goods etc. by barge, boat, ship or sailboat over a sea, ocean, lake, canal, river, etc.,
- Water Transports are of two types
 1. Inland Waterways
 2. Ocean Waterways

C. Air Transport

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

[OR]

45.b) Objectives of WTO :

The objectives of WTO include the following.

- 1) Improving the standard of living of people in member countries
- 2) Making optimum utilization of world's resources for sustainable development of member countries.
- 3) Expansion of trade in goods and services
- 4) Ensuring full employment and large steady growth volume of real income and effective demand
- 5) Protecting the environment

46) a) Types of Insurance:**i). Life Insurance**

✎ Life Insurance may be defined as a contract in which the insurance company called insurer undertakes to insure the life of a person called assured in exchange of a sum of money called premium which may be paid in one lump sum or monthly, quarterly, half yearly or yearly.

✎ **Life insurance policies are of many kinds. Some of them are given below:**

1. Whole Life Policy
2. Joint Life Policy (JLP)
3. Annuity Policy

ii). Non – Life Insurance

✎ It refers as the insurance not related to human but related to properties.

iii). Fire Insurance

✎ Fire insurance is a contract whereby the insurer, in consideration of the premium paid, undertakes to make good any loss or damage caused by a fire during a specified period upto the amount specified in the policy.

iv). Marine Insurance

✎ It is a contract of insurance under which the insurer undertakes to indemnify the insured in the manner and to the extent thereby agreed against marine losses.

✎ The insured pays the premium in consideration of the insurer's guarantee to make good the losses arising from marine perils or perils of the sea.

v). Health Insurance

✎ In mid 80's, most of the hospitals in India were government owned and treatment was free of cost.

✎ Presently the health insurance exists primarily in the form of 'Mediclaim policy'.

vi). Miscellaneous Insurance

- ★ Motor Vehicle Insurance
- ★ Burglary Insurance
- ★ Cattle Insurance
- ★ Crop Insurance
- ★ Sports Insurance

[OR]

46. b.

Distinction between Contract & Agreement

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

47) a) Types of banks Based on the Functions:**1. Central Bank**

- ❖ “A Central Bank is the bank in any country to which has been entrusted the duty of regulating the volume of currency and credit in that country.” - Bank of International Settlement (BIS).

2. Commercial Banks

- ❖ Banks which accept deposits from the public and grant loans to traders, individuals, agriculture, industries, transport, etc. in order to earn profit.
- ❖ Their lending is in comparatively small amounts and mostly for short and medium period.

Examples:

- State Bank of India
- Karur Vysa Bank
- Standard Chartered Bank

3. Development Banks

- ❖ Huge finance required for investment, expansion and modernisation of big industries and others are granted by a separate type of banks called development Banks.
- ❖ They are also called industrial banks.
- ❖ The objective of development banks is not profit.

Examples:

- Industrial Finance Corporation of India - IFCI
- Small Industries Development Bank of India -SIDBI
- MUDRA bank (for the development of micro industries)

4. Cooperative Banks

- ❖ All cooperative banks in India are owned by its customers or members who are farmers, small traders and others.
- ❖ Cooperative banks in India are either urban based or rural based.

Examples:

- National Agricultural Cooperative Marketing Federation of India Ltd. (NAFED) was set up in 1958 and registered under the Multi State Co-operative Societies Act.
- Tamil Nadu State Apex Cooperative Bank - Head Office, Chennai
- Madurai District Central Cooperative Bank Ltd.
- Batlagundu Cooperative Urban Bank Ltd. Dindigul District

5. Foreign Banks

- ♣ Banks which have registered office in a foreign country and branches in India are called foreign banks.
- ♣ These banks open their offices in big cities and port towns only.

Examples:

- i. Bank of America - The USA
- ii. Barclays Bank - The UK
- iii. Deutsche Bank - Germany

[OR]

47. b. GST is of three kinds: CGST, SGST/UGST, and IGST.

i). CGST

- Central Goods and Services Tax - imposed and collected by the Central Government on all supply of goods within a state (intra-state) under CGST Act 2017

ii). SGST

- State Goods and Services Tax - imposed and collected by the State Governments under State GST Act. (Tamil Nadu GST Act 2017 passed by Tamil Nadu Govt.)

iii). UGST

- Union Territory Goods and Services Tax - imposed and collected by the five Union Territory Administrations in India under UGST Act 2017.

iv). IGST

- Inter-State Goods and Services Tax - imposed and collected by the Central Government and the revenue shared with States under IGST Act 2017.

v). IGST on exports

- All exports are treated as Inter-State supply under GST. Since exports are zero rated, GST is not imposed on all goods and services exported from India.
- Any input credit paid already on exports will be refunded.

***** All the best *****