

**PUBLIC EXAMINATION - ANSWER KEY – MARCH - 2024****XI STANDARD – COMMERCE – ENGLISH MEDIUM**

Time Allowed : 3 Hours

Maximum Marks : 90

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

**20 x 1 = 20**

A			B		
1	A	Memorandum of Association	1	D	A Direct Tax
2	D	A Direct Tax	2	B	Waybill
3	B	Trade	3	C	14
4	B	Waybill	4	B	Rural Savings
5	B	International Trade	5	C	51 %
6	C	Stranger to the contract	6	A	Rs.2 Lakhs
7	A	Rs.2 Lakhs	7	B	Wholesaler
8	B	Wholesaler	8	A	Memorandum of Association
9	B	Agreement	9	B	International Trade
10	C	Street Traders	10	B	Trade
11	B	Rural Savings	11	B	Robert Owen
12	C	51 %	12	D	(1)-(ii) (2)-(iv) (3)-(i) (4)-(iii)
13	A	Distribution	13	B	Agreement
14	D	Foreign Currency Convertible Bond	14	D	Owners
15	D	Owners	15	D	Cost Reduction
16	D	(1)-(ii) (2)-(iv) (3)-(i) (4)-(iii)	16	A	3
17	D	Cost Reduction	17	C	Stranger to the contract
18	A	3	18	A	Distribution
19	B	Robert Owen	19	C	Street Traders
20	C	14	20	D	Foreign Currency Convertible Bond

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

**7 x 2 = 14****21) Transport – Definition:**

- 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".

**22) Non-corporate Enterprises:**

- 1) Sole Trading Concern
- 2) Partnership
- 3) Joint Hindu Family

**23) Two characteristics of a company.****i). Limited Liability:**

- \* The liability of the members of the company is limited to contribution to the assets of the company up to the face value of shares held by him.

- \* Such contracts must be under the seal of the company.
- \* The common seal is the official signature of the company.

**24) Two examples of MNC.**

- \*Bata Corporation
- \*Sony Corporation

**25) Features of Departmental Undertaking: (Any 2)**

- i. Ultimate Responsibility
- ii. Governmental Financing
- iii. Accounting and Audit
- iv. Managed by Civil Servants
- v. Sovereign Immunity

**26) Meaning of Reciprocal Promise:**

- \* Promises which form consideration or part of consideration for each other are called 'Reciprocal Promise'.
- \* **For example:** X promises to sell his house to Y for Rs.5,00,000. The promises are reciprocal. X is the promisor to give the house and a promise to receive Rs.5,00,000. Y is the promisee to receive the house and a promise to pay Rs. 5,00,000.

**27) Meaning of Balance of Trade:**

- \* Balance of trade denotes the difference between the value of import and the value of export during a year.
- \* If the export of a country exceeds its imports, it shows favourable balance of trade.

**28) Types of Indent:**

- \* There are three types of indent, namely
  - 1) Open indent,
  - 2) Closed indent and
  - 3) Confirmatory indent.

**29) Global Depository Receipt ((GDR) – Meaning:**

- \* GDR is an instrument issued abroad by a company to raise funds in some foreign currencies and is listed and traded on a foreign stock exchange.

**30) Clean Loan**

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

**PART - III**

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

**7 x 3 = 21**

**31) Housing Cooperatives :**

- ✗ These cooperative housing societies are meant to provide residential accommodation to their members on ownership basis or on rent.
- ✗ People who intend to build houses of their own join together and form housing societies.
- ✗ These societies advance loans to members, repayable over a period of 15 to 20 years.
- ✗ These are house construction societies which acquire land, construct houses and rent them to members.
- ✗ The member-tenant, however, can own the houses after paying the cost.

**32) 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’.

**33) Products produced by Micro, Small and Medium Enterprises in Tamil Nadu:**

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

**34) National Electronic Funds Transfer – (NEFT) – Explanation:**

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

**35) 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.

**36) Pledge – Meaning:**

- ✎ 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.

**37) Features of Internal Trade: (Any 3)**

- ✱ The buying and selling of goods takes place within the boundaries of the same country.
- ✱ Payment for goods and services is made in the currency of the home country.
- ✱ It involves transactions between the producers, consumers and the middlemen.
- ✱ In home trade the laws prevailing in that country only have to be followed.
- ✱ The goods must be a part of domestic production.

- The word “Vanigam” or “Vanipam” would have had a Dravidian origin.
- The early Tamils produced their products and goods in their lands and bartered their surplus and that is how trade came into existence.
- The word ‘Vanigam’ has been widely used in sangam literature like Purananuru and Thirukkural.

39) **Distinction between Direct Taxes and Indirect Taxes:**

Sl.No	Basis	Direct Tax	Indirect Tax
1	Evasion	Tax evasion is possible	Tax evasion is more difficult
2	Inflation	Direct tax helps in reducing the inflation	Indirect tax contributes to inflation.
3	Shiftability	Cannot be shifted to others.	Can be shifted to others.

40) **Content of the Bill Lading**

- Name of the ship
- Date of shipment
- Place of Boarding
- Port of destination
- Name address of exporter
- Name and address of importer
- Description of Goods
- Number of package
- Distinctive mark on good
- Amount of freight

**PART - IV**

**IV. Answer all questions.**

**7 x 5 = 35**

**41.a. Advantages of Departmental Undertaking? (Any 5)**

**1. 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.

**2. 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.

**3. 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.

**4. Lesser Burden of Tax on Public:**

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

**5. Instrument of Social Change:**

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

[OR]

**41.b. Personal Investment Avenues:**

**i). Public Provident Fund (PPF)**

- It is the safest long-term investment option for the investors in India.
- It is totally tax free.
- PPF account can be opened in bank or post office.

**ii). Mutual Funds**

- ★ An individual investor who wants to invest in equities and bond with a balance of risk and return generally can invest in mutual funds.
- ★ Nowadays people invest in stock markets through a mutual fund.

**iii). Real Estate Investment**

- \* Real estate is one of the fastest growing sectors in India.
- \* Buying a flat or plot is supposed to be the best decision amongst the investment options.

**iv). Unit Linked Insurance Plans (ULIP)**

- ULIP is a life insurance linked product, which provides risk cover for the policyholder along with investment options.
- To invest in any number of qualified investments such as stocks, bonds or mutual funds.

**v). Post Office Saving Schemes**

- \* There are different types of postal small savings schemes.
  - 1) Post Office Savings Account,
  - 2) Post Office Recurring Deposit Account
  - 3) Post Office Fixed Deposit Account
  - 4) National Savings Certificates

**42.a. Distinction between Internal and International Trade:**

S.No	Basis	Internal Trade	International 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

[OR]

**42.b. Features of Foreign Currency Convertible Bonds (FCCB):**

- 1) FCCB is issued by an Indian company in foreign currency.
- 2) These are listed and traded in foreign stock exchange and similar to the debenture.
- 3) It is a convertible debt instrument. It carries interest coupon. It is unsecured.
- 4) It gives its holders the right to convert for a fixed numbers of shares at a pre-determined price.
- 5) It can be converted into equity or depository receipt after a certain period.

**43.a. Principles of Insurance. (Any 5)****1) Utmost Good Faith**

- \* According to this principle, both insurer and insured should enter into contract in good faith.
- \* Insured should provide all the information that impacts the subject matter.
- \* Insurer should provide all the details regarding insurance contract.

**2) Insurable Interest**

- \* The insured must have an insurable interest in the subject matter of insurance.
- \* The insured must have an interest in the preservation of the thing or life insured
- \* So that they will suffer financially on the happening of the event against which they are insured.

**3) Indemnity**

- \* Indemnity means security or compensation against loss or damages.
- \* This principle ensures that the insured does not make any profit out of the insurance.
- \* This principle of indemnity is applicable to property insurance alone.

**4) Causa Proxima**

- \* The word 'Causa proxima' means 'nearest cause'.
- \* The direct, the most dominant and most effective cause of loss should be taken into consideration.
- \* The insurance company is not liable for the mote cause.

**5) Contribution**

- \* The same subject matter may be insured with more than one insurer then it is known as 'Double Insurance'.
- \* In such a case, the insurance claim to be paid to the insured must be shared on contributed by all insurers in proportion to the sum assured by each one of them.

[OR]

**43.b. Income includes the followings;**

- 1) Profits and gains of business or profession.
- 2) Dividend
- 3) Voluntary contribution received by a charitable / religious trust or university/ education institution or hospital/ electoral trust[ w.e.f.01.04.2010]
- 4) Export incentives, like duty drawback, cash compensatory support, sale of licenses, etc.,
- 5) Interest, salary, bonus, commission or remuneration earned by a partner of a firm from such firm.
- 6) Capital gain chargeable u/s 45.
- 7) Profits and gains from the business of banking carried on by a co- operative society with its members.
- 8) Winning from lotteries, crossword puzzles, races including horse races, card games and other games of any sort or from gambling or betting of any form or nature whatsoever.
- 9) Deemed income u/s 41 or 59.
- 10) Gift as defined u/s 56 (2)(vi), and others.

**44.a. Various functions of Reserve Bank of India.**

The functions of the RBI can be grouped under three heads.

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

**A. Leadership and Supervisory Functions**

- ⊙ India being the fastest growing economy in the world, India is expected to play a major role in the world affairs by many countries.
- ⊙ Such functions get prominence in current scenario.
  - \* India's Representative in World Financial Institutions
  - \* Regulator and Supervisor of Indian Banking System
  - \* Monetary Authority
  - \* Closely Monitoring Economic Parameters
  - \* Promptly Responding to New Challenges

**B. Traditional Functions**

- 1) Banker and Financial Advisor to the Government
- 2) Monopoly of Note Issue
- 3) Banker's Bank
- 4) Controller of Credit and Liquidity

**C. Promotional Functions**

The RBI performs a wide range of promotional functions to support national objectives.

- 1) Nurturing Banking Habits among the Public
- 2) Grievance Settlement Measures
- 3) Agricultural Development
- 4) Promotion of Small Scale Industries
- 5) Facilitates Foreign Trade
- 6) Supports Cooperative Sector

[OR]

- ❖ The Government of India has launched MUDRA Bank with a capital amount of Rs.20,000 crore.
- ❖ And credit guarantee corpus of Rs.3,000 crore.
- ❖ To help MSMEs and startups to resolve problems relating to financing.
- ❖ MUDRA Bank refinances micro-Finance Institutions through a Pradhan Mantri Mudra Yojana (PMMY).
- ❖ These measures will greatly increase the self confidence of young, educated or skilled workers to become first generation entrepreneurs.

**45.a. The procedure for Registration of a Firm.**

A statement should be prepared stating the following particulars.

- \* Name of the firm.
- \* The principal place of business.
- \* Name of other places where the firm carried on business.
- \* Names and addresses of all the partners.
- \* The date on which each partner joined the firm.
- \* The duration of the firm.

This statement signed by all the partners should be produced to the Registrar of Firms along with the necessary registration fee.

[OR]

**45.b. 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

**46.a. Disadvantages of MNCs:**

☞ **Danger for Domestic Industries**

- \* MNCs, because of their vast economic power, pose a danger to domestic industries; which are still in the process of development.
- \* Domestic industries cannot face challenges posed by MNCs. growth of host countries.

☞ **Transfer of Outdated Technology**

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



**No Benefit to Poor People**

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

**Danger to Independence**

- \* Initially MNCs help the Government of the host country, in a number of ways; and then gradually start interfering in the political affairs of the host country.

**Deprivation of Job Opportunity of Local People**

- \* MNCs may not generate job opportunities to the people of home country.

[OR]

**46. b. Types of Banks based on ownership pattern.**

- ♣ Any bank in which not less than 51 percent of shares are owned by the Government are called Government banks or public sector commercial banks.
- ♣ All of them are joint stock company type banks.

**Examples: IFCI, SIDBI, EXIM Bank, etc.**

- All banking companies owned by private people are called private sector commercial banks.
- All cooperative banks are owned by its members from the public.
- This is called nationalization of banks. 6 more banks were nationalized in 1980.
- Today there only 19 nationalized banks (2017).

**Examples:**

**i). Nationalized Banks:**

- 1) Indian bank                      2) Indian Overseas Bank                      3) Oriental Bank of Commerce.

**ii). Public Sector Banks:**

- 1) State Bank of India    2) IDBI Bank Ltd., and                      3) all nationalized banks.

**iii). Private Sector Banks:**

- 1) Lakshmi Vila Bank    2) Karur Vysya Bank and    3) Kotak Mahindra bank.

**47.a Comparison Business with Profession and Employment**

Sl.No.	Transaction	Business	Profession	Employment
1	Nature of Work	Goods and services provided to the public	Personalized service of expert nature	Performing work assigned by the Employer
2	Qualifications	No minimum qualification essential	Education and trainings in specialized fields	Minimum qualification is essential
3	Capital	Capital required as per size of the firm	Limited capital necessary for establishment	No capital required
4	Risk	Profits are uncertain and irregular	Fee is regular and certain, never negative	Fixed and regular pay, no risk
5	Transfer of interest	Transfer of interest is possible with some formalities	Not possible	Not transferable

**47.b. Differences between Factoring and Forfaiting:**

S. No.	Characteristics	Factoring	Forfaiting
1.	Basis of financing	Financing is dependent on exporter's credit standing	Financing is dependent on the availing bank's financial standing
2.	Cost	Cost is borne by the seller	Cost is borne by the overseas buyer
3.	Suitability	For transactions of short-term maturity period	For transactions of medium-term maturity period
4.	Extent of financing	Only a certain per cent of receivables factored is advanced	Full finance is available
5.	Risk	Risk can be transferred to seller	All risks are borne by the forfeiter

\*\*\*\*\* All the best Children \*\*\*\*\*

*www.Padasalai.Net*