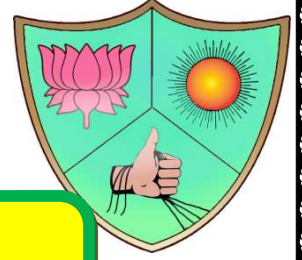


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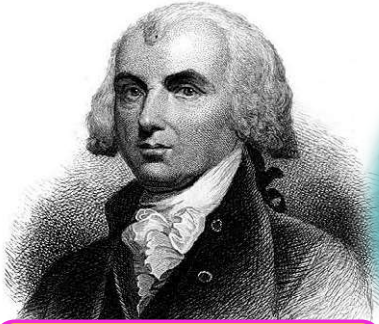


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முகவுரை

மாணவ நண்பர்களுக்கு,

வணிகவியல் பாடத்தில் நல்ல மதிப்பெண்களை பெற வேண்டும் என்ற நோக்கத்தில் எளிமையான முறையில் படிப்பதற்கு வசதியாக எனது 10 வருட பணி அனுபவத்தை கொண்டு இந்த **material** - யை தொகுத்துள்ளேன். எனது பாணியில் எனது மாணவர்களுக்கு ஏற்றவாறு தயார் செய்த இந்த தொகுப்பை அனைத்து மாணவர்களும் பயன்பெற வேண்டும் என்ற நோக்கத்திலேயே வெளியிட்டுள்ளேன். எனது இந்த தொகுப்பில் ஏதேனும் பிழைகள் குறைகள் இருந்தால் சரிசெய்து கொள்ளவும். பின் தங்கிய மாணவர்களும் நல்ல மதிப்பெண்களை பெற வேண்டும் என்ற நோக்கத்திலேயே இதை தொகுத்துள்ளேன்.

தற்பொழுது அரசு வெளியிட்டுள்ள புதிய பாடத் திட்ட தொகுப்பின் அடிப்படையில் இந்த வினா விடை தொகுப்பை என்னால் இயன்ற அளவிற்கு மிக எளிமையாக உருவாக்கியுள்ளேன். முழு மதிப்பெண்கள் பெற இதுவே போதுமானது. மேலும் பொதுத்தேர்வில் பின்தங்கிய மாணவர்களும் நல்ல மதிப்பெண்களை பெற வைக்க முடிந்தது. எனவே இதை உபயோகப்படுத்தி நல்ல மதிப்பெண்களை பெறவும்.

மாணவ நண்பர்களே!! நேரத்தை சரியாக பயன்படுத்தி கொள்ளுங்கள். சரியான நேரத்தில் சரியான முறையில் படித்து வெற்றி பெற்று அடுத்த கட்ட நிலைக்கு செல்ல வேண்டிய இறுதி நிலையில் உள்ளாய். நேரத்தை வீணாக்காதே! அடுத்து என்ன செய்ய போகிறாய் என்பதை முதலில் தீர்மானி. மதிப்பெண்களை பெறுவதிலேயே கவனத்தை வை. முயன்றால் முடியாதது எதுவுமில்லை. கடினமாக தான் இருக்கும். கஷ்டப்பட்டு படித்தால் நல்ல முன்னேற்றத்தை அடைவாய்.

பள்ளி பருவத்தில் நீ பெறும் வெற்றியே உன் வாழ்க்கை முழுவதையும் தீர்மானிக்க போகிறது என்பதை நன்றாக கவனம் கொள். தினமும் காலையில் படிப்பதற்கு முன் உன் இலக்கு என்ன என்பதை இரு நிமிடம் யோசித்து பார். நீ செல்வது சரியான பாதையா என்று சிந்தி!!!! நல்ல பாதையே நல்ல முடிவை தரும். நல்ல மதிப்பெண்களை பெறுவதே உன் நோக்கமாக இருக்கட்டும். அதுவே உன் வாழ்க்கை என்னும் பாதைக்கு நல்வழிகாட்டும். பள்ளி வாழ்க்கையின் கடைசி நிலையில் உள்ளாய்!!!! இங்கு நீ பெறும் மதிப்பெண்களே உன் அடுத்த கட்ட பாதையை உருவாக்க போகின்றன என்பதை நினைவில் எப்பொழுதும் வை.

உன் பெற்றோரின் உழைப்பையும் சிந்தித்துப் பார். பிறகு படிக்க ஆரம்பி. கவனம் சிதறாமல் படிப்பில் கவனத்தை செலுத்துவாய். பிறகு நீயாகவே முயற்சி செய்து நல்ல மதிப்பெண்களையும் பெறுவாய்.

உங்களுக்காக நாங்கள்!!!!

உன் வெற்றியே எங்கள் வெற்றி!!!!

உங்கள் வெற்றியில் பெருமைப்பாட நாங்களும் காத்திருக்கிறோம்!!!!!!

WISH YOU ALL THE BEST FOR YOUR EXAMINATION

P. Shomin
ஆசிரியர்

CHAP- 1**HISTORICAL BACKGROUND OF COMMERCE
IN THE SUB-CONTINENT****I. CHOOSE THE BEST ANSWER:**

- In Pandiya Dynasty the place where the goods are sold is _____
(a) Angadi (b) Market (c) Nalangadi (d) Allangadi
- Hindrance of place is removed by _____
(a) Transport (b) Warehouse (c) Salesman (d) Insurance
- Who wrote "Arthasasthra"?
(a) Kautilya (b) Chanakya (c) Thiruvalluvar (d) Elangovadigal
- Trade and Commerce was common to _____ Dynasty.
(a) Pallava (b) Chola (c) Pandiya (d) Chera
- _____ was first sultan who paved way in the dense forest and helped traders to move from one market place to others place for their commercial caravans.
(a) Balban (b) Vasco da Gama (c) Akbar (d) Alauddin Khilij

II. VERY SHORT ANSWER QUESTIONS

- What is meant by Barter system?
Goods were exchanged for goods prior to invention of money.
- What is meant by Nallangadi?
♣ The place where the goods were sold was called 'Angadi'.
♣ Day market was called as Nallangadi.
- What is meant by Allangadi?
❖ The place where the goods were sold was called 'Angadi'.
❖ The night market was called as Allangadi.

III. SHORT ANSWER QUESTIONS:

- Explain the meaning of the term "Vanigam".
→ The word vaniyam or vanipam would have had a Dravidian origin.
→ The early Tamils produced their products and goods in their lands and bartered their surplus.
→ The word 'Vanigam' has been widely used in sangam literature like Purananuru and Thirukkural.
- State the meaning of Maruvurapakkam and Pattinapakkam.
i). Maruvurpakkam:
✘ Poompuhar had the 'Maruvurappakam' (inland town).

- ✘ It had market and bazaars where many merchants met for the purpose of selling or buying different commodities and food stuff.
- ✘ Ex: Tondi, Korkai, Puhar and Muziri.

ii). Pattinapakkam:

- ❖ Pattinapakkam is a Coastal town.
- ❖ They were engaged in different kinds of fishing pearls, and conches and produced salts and built ships.

3. What are the ports developed by Pandiya kingdom?

- ★ Port towns like Tondi, Korkai, Puhar and Muziri were always seen as busy with markets to imports and exports.
- ★ Domestic trade used to Boats like 'Padagu', 'Thimil', 'Thoni', 'Ambu' 'Odampunai' etc.
- ★ Foreign trade while Kalam, Marakalam, Vangam, Navai etc.. were used.

IV. LONG ANSWER QUESTIONS:

1. What are the hindrances of business?

i. Hindrance of place

- ✱ Production takes place in one centre and consumers are spread throughout the country and world.
- ✱ Rail, air, sea and land transports bring the products to the place of consumer.

ii. Hindrance of time

- ♥ Consumers want products whenever they have money, time and willingness to buy.
- ♥ Goods are produced in anticipation of such different regional centers.
- ♥ So that they can be distributed at the right time to the consumers.

iii. Hindrance of risk of loss

- ❖ Fire, theft, floods and accidents may bring huge loss to the business.
- ❖ Insurance companies serve to cover the risk of such losses.

iv. Hindrance of knowledge

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

v. Hindrance of finance

- ✓ Banks and other financial institutions provide funds and help in transfer of funds to enable the functioning of business smoothly.

2. State the constraints in 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

- ♣ 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.

3. Briefly explain the coastal trade in ancient Tamilnadu.

- ♥ The 'Maruvurappakam' and 'Pattinappakkam' had market and bazaars.
- ♥ Port towns like Tondi, Korkai, Puhar and Muziri were always seen as busy markets with imports and exports.
- ♥ Coastal region people engaged in coastal trade and developed their intercontinental trade contacts.
- ♥ Boats like 'Padagu', 'Thimil', 'Thoni', 'Ambu' 'Odampunai' etc... were used in domestic trade.
- ♥ Kalam, Marakalam, Vangam, Navai etc.. were used for crossing oceans for foreign trade.

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CHAP- 2**OBJECTIVE OF BUSINESS****I. CHOOSE THE BEST ANSWER:**

1. The Primary objective of a business is

- (a) Making Profit (b) Not making Profit
(c) Special Skill (d) None of the above

2. Occupation of a Doctor is

- (a) Employment (b) Business (c) Profession (d) Sole Proprietor

3. The following does not characterize business activity?

- (a) Production of goods and services (b) Presence of risk
(c) Sale or exchange of goods and services (d) Salary or wages

4. Activities undertaken out of love and affection or with social service motive are termed as:

- (a) Economic activities (b) Monetary activities
(c) Non-Economic activities (d) Financial Activities

II. VERY SHORT ANSWER QUESTIONS:

1. Define Economic Activities.

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

2. What do you mean by Business?

Business refers to "Economic activities performed for earning profits."

- James Stephenson

3. What do you mean by Employment?

It refers to the occupation in which people work for others and get remuneration in the form of wages or salaries.

III. SHORT ANSWER QUESTIONS:

1. What do you mean by human activities? Explain.

I. Economic Activities

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

Examples:

- Production of goods by manufacturers
- Distribution of goods by wholesalers
- Selling by retailers

II. Non-Economic Activities

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

Examples:

- ❖ Cooking food for family
- ❖ Celebrating festivals
- ❖ Doing meditation

2. Write short notes on:

a) Business

b) Profession

a). Business:

- To any human activity undertaken on a regular basis with the object to earn profit through production, distribution, purchase and sale of goods and services.
- Economic activities performed for earning profits." - **James Stephenson**

b). Profession:

- ✘ Professions are those occupations which involve rendering of personal services of a special and expert nature.
- ✘ A profession is something which is more than a job.
- ✘ It is a career for someone who is competent in their respective areas.

3. Explain the classification of a business.

i). Economic Objectives

- ▲ It refers to the objective of earning profit.
- ▲ To be pursued to achieve the profit objective,

ii). Social Objectives

- Desired to be achieved for the benefit of the society.
- No activity of the business should be aimed at giving any kind of trouble to the society.

iii). Human Objectives

Its include economic well-being of the employees, social satisfaction of employees and development of human resources.

IV. LONG ANSWER QUESTIONS:

1. Explain the characteristics of Business.

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 may be consumer goods like cloth, pen, brush, bag etc.,
- ↔ 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.

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.

2. Compare business with profession and employment?

S.no	Transactions	Business	Profession	Employment
1	Qualifications	No qualification	Qualification must	Minimum qualification
2	Basic Motive	Earning profits	Service	Earning wages or salary
3	Capital	Small capital	Limited capital	No capital required
4	Risk	Uncertain	Certain	Fixed
5	Transfer of Interest	Possible	Not possible	Not transferable

3. Discuss the objectives of business?

i. Economic Objectives:

- ✱ To the objective of earning profit.
- ✱ To achieve the profit objective, this includes creation of customers, regular innovations and best possible use of available resources.

ii. Social Objectives:

- ♠ It's desired to be achieved for the benefit of the society.
- ♠ Since business operates in a society by utilizing its scarce resources,

iii. Organizational Objectives:

- ✱ It's an organization intends to accomplish during the course of its existence in the economy like expansion and modernization, supply of quality goods to consumers, customers' satisfaction.

iv. Human Objectives:

- ♣ It's aimed at the well-being as well as fulfillment of expectations of employees as also of people who are disabled, handicapped and deprived of proper education and training.
- ♣ It may thus include economic well-being of the employees, social satisfaction of employees.

v. National Objectives:

- ✱ To provide employment opportunity to its citizen for earn revenue.
- ✱ Business activities should be conducted keeping these goals of the country in mind.

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CHAP- 3**CLASSIFICATION OF BUSINESS ACTIVITIES****I. CHOOSE THE BEST ANSWER:**

1. The industries engaged in extraction of iron ore are known as

- (a) Construction Industries (b) Manufacturing Industries
(c) Extraction Industries (d) Genetic Industries

2. Production which involves several stages for manufacturing finished product is known as

- (a) Analytical Industry (b) Synthetic Industry
(c) Processing Industry (d) None of the above

3. Normally high level risk involved in

- (a) Industry (b) Commerce (c) Trade (d) All of the above

II. VERY SHORT ANSWER QUESTIONS

1. Define commerce.

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

- Evelyn Thomas

2. What do mean by industry?

The term industry is also used to mean group of firms producing similar or related goods.

3. What is trade?

Trade means Purchase and sale of goods and services.

III. SHORT ANSWER QUESTIONS:

1. What do you mean by tertiary industries?

- ✧ They do not produce goods.
- ✧ These industries produce utility services and sell them at a profit.
- ✧ They help trade, industry and commerce.
- ✧ This term also includes auxiliaries to trade like banking, insurance, warehouse, advertisement etc.

2. Write a short note on Transportation.

- ✧ Selling all the goods produced at or near the production place is not possible.
- ✧ Hence, goods are to be sent to different places where they are demanded.
- ✧ The medium which moves men and materials from one place to another is called transport.

IV. LONG ANSWER QUESTIONS:**1. Compare Industry, Commerce and Trade.**

S.no	Transactions	Industry	Commerce	Trade
1	Scope	Consists of all activities involving conversion of materials into finished goods.	Comprises trade auxiliaries to trade	Comprises exchange of goods and service
2	Capital	Large Capital	Medium of capital	Small Capital
3	Risk	High Risk	Low Risk	No Risk
4	Side	It represents Supply Side	It represents Demand Side	It represents both supply and demand
5	Utility Creation	It creates form utility	It creates place utility	It creates possession utility

2. Write short notes on:**a. Analytical industry:**

Analytical Industry which analyses and separates different elements from the same materials, as in the case of oil refinery.

b. Genetic Industry:

These industries remain engaged in breeding plants and animals for their use in further reproduction. Example: The seeds, nursery companies, poultry, diary, piggery, hatcheries, nursery, fisheries, apiary.

c. Construction Industry:

These industries are involved in the construction of building, dams, bridges, roads, as well as tunnels and canals.

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CHAP- 4

SOLE PROPRIETORSHIP**I. CHOOSE THE BEST ANSWER:**

1. Which is the oldest form of Business organization?

- (a) Sole Proprietorship (b) Partnership (c) Co-operative Society (d) Company

2. In which form the owner, establisher and manager is only one?

- (a) Joint Enterprise (b) Government Company
(c) Co-operative Society (d) Sole Proprietor

3. A major disadvantage of sole proprietorship is _____.

- (a) Limited liability (b) Unlimited liability
(c) Easy Formation (d) Quick decision

4. From the following which one is Non-corporate form of business?

- (a) Joint stock company (b) Sole trading business
(c) Government company (d) Co-operatives

II. VERY SHORT ANSWER QUESTIONS

1. Who is called a Sole Trader?

- ✱ Business organization which is owned and controlled by a single individual.
- ✱ It is called sole trader.

2. What are the Non-corporate enterprises?

- Sole Trading Concern
- Partnership
- Joint Hindu Family

3. What are the Corporate enterprises?

- ★ Government enterprise
- ★ Private company
- ★ Co-operative company

III. SHORT ANSWER QUESTIONS:

1. How is it possible to maintain secrecy in sole proprietorship?

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

2. What is unlimited liability?

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

3. Give some examples of Sole trading business.

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

IV. LONG ANSWER QUESTIONS:

1. Explain the 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.

2. 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.

3. What are the disadvantages of Sole trading business?

i. Limited Capital:

- ✿ The capital is contributed by one individual only,

ii. Limited Managerial Skill:

- ♥ Single person's intelligence and experience may not help him beyond a certain stage.
- ♥ Since he has to focus on each and every activity, his managerial ability is bound to be limited.

iii. Unlimited Liability:

- ✿ The creditors have the right to recover their dues even from the personal property of the proprietor.
- ✿ In case the business assets are not sufficient to pay their debts.

iv. Lack of Specialization:

- ✿ Since the business unit is small and the financial resources are limited.
- ✿ Experts in different fields cannot be employed to secure maximum advantages.

v. Hasty Decisions:

- ☛ Sole proprietor is more likely to take hasty decision as he need not consult anybody else.

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CHAP- 5**HINDU UNDIVIDED FAMILY AND PARTNERSHIP****I. CHOOSE THE BEST ANSWER:**

1. The firm of Hindu Undivided Family is managed by whom?

- (a) Owner (b) Karta (c) Manager (d) Partner

2. In the firm of Hindu Undivided Family, how one gets the membership?

- (a) By Agreement (b) By Birth
(c) By Investing Capital (d) By Managing

3. The Members in the joint Hindu family are called _____

- (a) Karta (b) Coparceners (c) Generations (d) Partners

4. Only the male members in the family get the right of inheritance by birth' as ____

- (a) Hindu law (b) Mitakshara Law (c) Dayabhaga law (d) None of these

5. A partnership is formed by _____

- (a) agreement (b) relationship among persons
(c) the direction of government (d) friendship

II. VERY SHORT ANSWER QUESTIONS:

1. Who is called KARTA?

All the affairs of a Joint Hindu Family are controlled and managed by one person who is known as 'Karta'.

2. What are the two schools of Hindu law?

- ♣ Dayabhaga law
- ♣ Mitakshara Law

3. Who is called a Partner?

The persons who enter into partnership are individually called 'Partners'.

4. Who is a 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.

5. How many types of Dissolution?

- ❖ Without the order of the court
- ❖ By order of the court.

III. SHORT ANSWER QUESTIONS:

1. Write any 3 features of HUF.

i. Governed by Hindu Law

The business of the Joint Hindu Family is controlled and managed under the Hindu law.

ii. Minor also a co-parcener

In a Joint Hindu Family firm even a new born baby can be a co-parcener.

iii. Management

Joint Hindu Family are controlled and managed by one person who is known as 'Karta' .

2. What is the minimum and maximum number of members in the partnership concern?

- ✿ Minimum numbers of persons are 2.
- ✿ Maximum number of partners 10 in banking sector and 20 in Non-banking sector.

3. What is the meaning of Partnership Deed?

- ★ A partnership firm can be formed through an agreement among two or more persons.
- ★ In India the agreement may be oral or writing.
- ★ Partnership agreement is also known as partnership deed.

IV. LONG ANSWER QUESTIONS**1. 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

2. Explain the types of dissolution of partnership firm.

- ✿ *Without the order of the court and*
- ✿ *By order of the court.*

a. Without the order of the court:**i. By agreement or mutual consent:**

- ✿ A firm may be dissolved when all the partners agree to close the affairs of the firm.
- ✿ Just as a partnership is created by contract, it can also be terminated by contract.

ii. By insolvency of all the partners but one:

- ✿ If any of the partners adjudged an insolvent it is necessary to dissolve the firm.

iii. When the objective becomes illegal:

- ♥ When the business carried on by the partnership becomes illegal, the partnership firm is automatically dissolved.

iv. By notice of dissolution:

- In the case of partnership at will when any partner gives in writing to all the other partners indicating his intention to dissolve the firm, the firm will be dissolved.

b. Dissolution through court:

The court may order dissolution of a firm at a suit of a partner in any of the following circumstances.

- ✿ When a partner becomes insane
- ✿ Permanent incapacity of any partner
- ✿ Misconduct of any partner
- ✿ Transfer of interest to third person
- ✿ Continued loss

3. Write the procedure for Registration of a Firm.

- ★ 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.

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CHAP- 6

JOINT STOCK COMPANY

I. CHOOSE THE BEST ANSWER:

- The relationship between outsiders and the company is defined in _____
 - Prospectus
 - Articles of Association
 - Memorandum of Association**
 - Certificate of Incorporation
- Table A of the Companies Act is a _____
 - Model minutes book
 - Model form of Balance Sheet
 - Model of AOA**
 - Model of MOA
- Which of the following is created by a Special Act of Parliament or in State Assemblies?
 - Chartered company
 - Foreign company
 - Government company
 - Statutory company**
- The Board of directors of a company is elected by _____
 - Creditors
 - Debtors
 - Debenture holders
 - Share holders (members)**
- Companies established as a result of a charter granted by the King or Queen of a country is called _____
 - Chartered companies**
 - Statutory companies
 - Registered companies
 - Foreign companies

II. VERY SHORT ANSWER QUESTIONS

- What are the different types of companies?

- | | | |
|-----------------|--------------------|---------------|
| ★ Incorporation | ★ Member Liability | ★ Nationality |
| ★ Membership | ★ Control | |

- Define a Company.

“A company is an artificial person created by law having a separate entity with a perpetual succession and a common seal”.

- Sec 2 of Companies Act 2013

- What is meant by 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.

- Explain any 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.

ii). Common Seal:

The common seal is the official signature of the company.

5. 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.

III. SHORT ANSWER QUESTIONS:**1. What are the advantages of Companies?**

- ❁ Large amount of capital is necessary for conducting business on a large scale.
- ❁ The liability of a shareholder is limited.
- ❁ Transaction of Shares between two individuals is easy.

2. What is meant by Government Company?

Y A public enterprise incorporated under the Indian Companies Act, 1956.

Y These companies are owned and managed by the central or the state government.

“Government Companies” as any company in which not less than 51% of the is held by.

- Section 617 of the Companies Act, 1956

3. What is meant by Foreign Company?

- ➔ A foreign company means a company which is incorporated in a country outside India under the law of that country.
- ➔ After the establishment of business in India, the following documents must be filed with the Registrar of Companies within 30 days from the date of establishment.

IV. LONG ANSWER QUESTIONS**1. What are the contents of Memorandum of Association?****i). Name Clause:**

- ❁ The name clause requires to state the legal and recognized name of the company.
- ❁ The company name is allow to be registered.

ii). Situation Clause:

- ➔ It requires to show the physical location of the registered office of the company.
- ➔ It is required to keep all the company registers in this office.

iii). Objective Clause:

- ❁ It is required to state the ancillary objectives.
- ❁ To facilitate the achievement of the main objectives.

iv). Liability Clause:

- ❁ It requires to state the extent to which shareholders of the company are liable to the debt obligations of the company.
- ❁ There are companies limited by shares and limited by guarantee.

v). Capital Clause:

- ↔ It requires to state the company's authorized share capital.
- ↔ It is also required to list the company's assets under this clause.

2. What are the contents of Articles of Association?

- ❖ Amount of shares, capital, value and type of shares.
- ❖ Rules regarding issue of shares and debentures.
- ❖ Manner of transfer of shares.
- ❖ Declaration of dividends.
- ❖ Borrowing powers of the company.
- ❖ Seal of the company.

3. What is meant by Multi National Company?

- It operates in more than one country
- Carries out production, marketing and research activities on international Scale in those countries.
- Seeks to maximize profits world over.
- A domestic company or a foreign company can be a MNC.

Examples:

Microsoft Corporation, Nokia Corporation, Nestle, Coca-Cola, International Business Machine, PepsiCo, Sony Corporation.

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CHAP- 7**CO-OPERATIVE ORGANIZATION****I. CHOOSE THE BEST ANSWER:**

1. Membership in a Co-operative organization is :

- (a) Not open to all (b) Selective (c) Open to all (d) None of them

2. Co-operative fails because of-----

- (a) Unlimited membership (b) Cash trading
(c) Mismanagement (d) Loss-making

3. All Co-operatives are established with

- (a) Philanthropic motive (b) Service Motive
(c) Profit motive (d) Reform motive

4. Consumers Co-operation was first successful in-----

- (a) England (b) USA (c) Swiss (d) India

5. Rochdale Society of equitable pioneers was started by-----

- (a) Robert Owen (b) H.C. Calvert (c) Talmaki (d) Lambert

II. VERY SHORT ANSWER QUESTIONS:

1. What do you mean by cooperative organization?

A cooperative is a private business organization that is owned and controlled by the people.

2. Define cooperatives.

Cooperation is "better farming, better business and better living"

- Sir Horace Plunkett

3. What is Credit co-operatives?

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

4. Who are Rochdale Pioneers?

- ✘ In 1844 England, Robert Owen was the formed a consumer's cooperative society with 28 workers as members, called "Rochdale Society of Equitable Pioneers".
- ✘ He is the father of co-operative movement.

III. SHORT ANSWER QUESTIONS:

1. What are the disadvantages of Cooperatives?

- * Co-operative societies have limited membership.
- * Business secrets cannot be maintained in cooperatives.
- * Their scope is limited to only certain areas of enterprise.

2. Write a note on Housing cooperatives.

- ✱ To provide residential accommodation to their members on ownership basis or rent.

- ✱ These societies advance loans to members, repayable over a period of 15 to 20 years.
- ✱ The member-tenant, however, can own the houses after paying the cost.

3. What is meant by Producers cooperative society?

- Υ Producer cooperatives are established and operated by producers.
- Υ To help increase marketing possibilities and production efficiency.
- Υ They are organized to process, market, and distribute their own products.
- Υ *Examples: Cooperative weavers' societies, Cooperative match factories.*

IV. LONG ANSWER QUESTIONS:

1. What are the principles of cooperatives? (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.

iii. Member's Economic Participation:

- Members contribute equally to, and democratically control, the capital of the cooperative.

iv. Autonomy and Independence:

- ❖ It's are autonomous, self-help organizations controlled by their members.
- ❖ If the co-operative organization enters into agreements with other organizations.

v. Education, Training, and Information"

- ✱ It's provide education and training for members, elected representatives, managers and employees.
- ✱ Members also inform the general public about the nature and benefits of cooperatives.

2. What are the advantages of cooperative society?

i). Voluntary Organization:

- ☉ The membership of a cooperative society is open to all.
- ☉ Any person with common interest can become a member.
- ☉ The membership fee is kept low

ii. Easy formation:

- ✱ Cooperatives can be formed much easily when compared to a company.
- ✱ Any 25 members who have attained majority can join together for forming a cooperative society.

iii. Democracy:

- ☉ A co-operative society is run on the principle of 'one man one vote'.

- ☉ It implies that all members have equal rights in managing

iv. Limited liability:

- ✿ The liability of the members in a cooperative society is limited to the extent of their capital contribution.
- ✿ They cannot be personally held liable for the debts of the society.

v. Each for all and all for each:

- ☼ Co-operative societies are formed on the basis of self help and mutual help.
- ☼ Therefore members contribute their efforts to promote their common welfare.

3. What are the types of Cooperative society?

i). Consumers Cooperatives:

- ✿ It's organized by consumers that want to achieve better prices or quality in the goods or services they purchase.
- ✿ They also supply essential commodities through Public Distribution System (PDS).

ii). Producers Cooperatives:

- ✿ Producer cooperatives are established and operated by producers.
- ✿ To help increase marketing possibilities and production efficiency.
- ✿ Example, Cooperative weavers' societies, Cooperative carpentering units, Cooperative match factories.

iii). Marketing Cooperatives:

- ✿ Its associations of small producers formed for the purpose of marketing their produce.
- ✿ To perform certain marketing functions such as grading, warehousing, advertising etc.,

iv). Credit Cooperatives:

- ❖ They are those formed for the purpose of providing short-term financial help to their members.
- ❖ Credit societies may be agricultural credit societies or non-agricultural credit societies.

v). Housing Cooperatives:

- ✿ 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.

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CHAP- 8**MULTINATIONAL CORPORATIONS****I. CHOOSE THE BEST ANSWER:**

1. A Multinational Corporation can be defined as a firm which
 - (a) is beyond the control of any government
 - (b) is one of the top 200.firms in the world
 - (c) owns companies in more than one country**
 - (d) All the above
2. Centralized control in MNC's implies control exercised by
 - (a) Branches
 - (b) Subsidiaries
 - (c) Headquarters**
 - (d) Parliament
3. Enterprises operating in several countries but managed from one country is termed as
 - (a) Government company
 - (b) Multinational company**
 - (c) Private company
 - (d) Joint Venture
4. Dispersal of decision making power to branches/ affiliates/subsidiaries by head office represent -----
 - (a) Centralization
 - (b) Decentralization**
 - (c) Power
 - (d) Integration
5. Coca-Cola company is an example of -----
 - (a) MNC**
 - (b) Government company
 - (c) Joint Venture
 - (d) Public company

II. VERY SHORT ANSWER QUESTIONS:

1. Define Multinational Company.

“A multinational corporation owns and manages business in two or more countries.”

- Neil H.Jacoby

2. Write any two advantages of MNC.

- ❖ Its products and services of good quality at low cost.
- ❖ MNCs help to improve the standard of living of people of host countries.

3. Give two examples of MNC.

- ✘ Bata Corporation – Bata India
- ✘ Sony Corporation - Sony India
- ✘ Suzuki - Maruthi Suzuki

III. SHORT ANSWER QUESTIONS:

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

- ♣ Bata corporations – Bata India
- ♣ Sony coporation – Sony India
- ♣ Suzuki – Maruthi Suzuki
- ♣ Timex – Timex watches

2. Write any three Indian MNC's.

- TVS – Chennai
- TATA –Mumbai
- INFOSYS - Bengaluru

IV. LONG ANSWER QUESTIONS:

1. What are the advantages of MNC's?

i. Low Cost Labour

- ❖ MNC set up their facilities in low cost countries and produce goods and service at lower cost.
- ❖ It gains cost advantage and sells its products and services of good quality at low cost.
- ❖ This is not available to smaller companies which operate at regional level.

ii. Improvement in Balance of Payment Position

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

iii. Improvement in Standard of Living

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

iv. Quality Products

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

v. Technical Development

- ❖ MNCs carry the advantages of technical development to host countries.
- ❖ In fact, MNCs are a vehicle for transference of technical development from one country to another.
- ❖ Because of MNCs poor host countries also begin to develop technically.

2. What are the disadvantages of MNC's?

i. Danger for Domestic Industries

- ✘ MNCs, because of their vast economic power, pose a danger to domestic Industries.
- ✘ Domestic industries cannot face challenges posed by MNCs.
- ✘ Many domestic industries have to wind up, as a result of threat from MNCs.

ii. Deprivation of Job Opportunity of Local People

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

iii. Culture

- ✘ MNCs tend to promote alien culture in host country to sell their products.

- ✘ They make people forget about their own cultural heritage.
- ✘ In India, e.g. MNCs have created a taste for synthetic food, soft drinks etc.

iv. Transfer of Outdated Technology

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

v. 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.

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CHAP- 9**GOVERNMENT ORGANIZATION****I. CHOOSE THE BEST ANSWER:**

- The share capital of the government company must not be less than
 (a) 49% (b) 60% (c) 95% (d) 51%
- The oldest form of organization in public sector
 (a) Public Sector Undertakings (b) Departmental Undertakings
 (c) Multi-National Corporations (d) Statutory Corporation
- A Government company purchases shares in the name of
 (a) Prime Minister (b) President
 (c) Chief Justice of India (d) State Chief Minister
- The primary objective of the state enterprises is to -----
 (a) Earn profit (b) Provide Employment
 (c) Serve the People (d) All the Above

II. VERY SHORT ANSWER QUESTIONS:

- Give two examples of Public enterprises
 ❖ Life Insurance Corporation of India
 ❖ The Indian Airlines
- Give two examples of Departmental undertaking?
 ❖ All India Radio ❖ Doordarshan
- What is meant by Red-Tapism?
 ● There is too much of procedures which results in delay.
 ● Commercial organisation cannot afford delay in taking decisions.

III. SHORT ANSWER QUESTIONS:

- What is meant by Departmental undertakings?
 ★ It is the oldest form of organization.
 ★ No distinction was made between the routine functions of the Government.
 ★ A public enterprise is run as a separate full-fledged ministry.
 ★ For example, Indian Railways, Post and Telegraph services, All India Radio, Doordarshan.
- What is meant by Government Company?
 ♥ Any company in which not less than 51% of the paid-up share capital is held by the Central Government or State Government or partly by the Central Government and partly by State Governments.
 - Section 2(45) of the Companies Act, 2013
 ♥ Examples: Food Corporation of India, ONGC.

3. What is meant by Public Corporation?

- ☀ It is form of public enterprise which is created as an autonomous unit, by a special Act of the Parliament.
- ☀ It is created by a Statute. It is also known as a statutory corporation.
- ☀ Examples: Life Insurance Corporation of India, the Indian Airlines, the Air India International,

IV. LONG ANSWER QUESTIONS:

1. What are the advantages of Departmental undertaking?

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.

2. What are the features of Public corporation? (Any 5)

i. Special Statute:

- A public corporation is created by a special Act of the Parliament or the State Legislature.

ii. Separate Legal Entity:

- ☀ A public corporation is a separate legal entity with perpetual succession and common seal.

iii. Capital Provided by the Government:

- ☀ The capital of a public corporation is provided by the Government or by agencies controlled by the government.

iv. Financial Autonomy:

- ❖ A public corporation enjoys financial autonomy.
- ❖ It prepares its own budget;

v. Management by Board of Directors:

- ☉ Its management is vested in a Board of Directors, appointed or nominated by the Government.

3. What are the Features of Government Company? (Any 5)**i. Registration under the Companies Act:**

- ☉ A Government company is formed through registration under the Companies Act, 1956; and is subject to the provisions of this Act, like any other company.

ii. Executive Decision of Government:

- A Government company is created by an executive decision of the Government, without seeking the approval of the Parliament or the State Legislature.

iii. Separate Legal Entity:

- ☉ A Government company is a legal entity separate from the Government.
- ☉ It can acquire property; can make contracts and can file suits, in its own name.

iv). Own Staff:

- ☉ A Government company has its own staff; except Government officials who are sent to it on deputation.
- ☉ Its employees are not governed by civil service rules.

v). Free from Procedural Controls:

- ☉ A Government company is free from budgetary, accounting and audit controls, applicable to Government undertakings.

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CHAP- 10**RESERVE BANK OF INDIA****I. CHOOSE THE BEST ANSWER:**

1. Which bank has the power to issue Bank notes?

(a) Central Bank

(b) Commercial Bank

(c) Co-operative Bank

(d) Foreign Bank

2. The Central Bank of India is

(a) PNB

(b) SBI

(c) ICICI

(d) RBI

3. The Reserve Bank of India commenced its operations from April 1,

(a) 1936

(b) 1935

(c) 1934

(d) 1933

4. Bankers are not only dealers of money but also leaders in

(a) Economic Development

(b) Trade Development

(c) Industry Development

(d) Service Development

5. Which of the following is not a function of a Central Bank?

(a) Guiding and regulating the Banking system of a Country

(b) Deal with general public

(c) Acts essentially as government banker

(d) Maintains deposit accounts of all other banks

II. VERY SHORT ANSWER QUESTIONS:

1. What are the services included in Service businesses?

→ Education

→ Medical

→ Hospital

2. Write the meaning of 'Bank.'

❖ The word Bank normally refers to commercial bank.

❖ It plays a vital role by providing the money required for their regular functioning and development.

3. Briefly explain about Central Bank.

♣ Every nation has one central bank.

♣ It is owned by the Government of the country.

♣ Central banks are known by different names in different countries.

III. SHORT ANSWER QUESTIONS:

1. What are the functions of RBI.

☀ Leadership and Supervisory Functions

☀ Traditional Functions and

- * Promotional Functions.

2. Explain the origin of RBI.

- * As a result, the RBI Act 1934 was passed.
- * RBI launched in operations from April 1, 1935.
- * After independence, the Government of India passed Reserve Bank Act, 1948.
- * From January 1, 1949, RBI started functioning as a government owned central bank of India.

3. Who are the persons involved in RBI administration?

- One Governor and Four Deputy Governor
- Ten Directors from various fields
- Two Government Officials
- Four Directors – One each local boards.

IV. LONG ANSWER QUESTIONS:

1. Classify the 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

- ✧ Banker and Financial Advisor to the Government
- ✧ Monopoly of Note Issue
- ✧ Banker's Bank
- ✧ Controller of Credit and Liquidity

C. Promotional Functions

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

- * Nurturing Banking Habits among the Public

- ✱ Grievance Settlement Measures
- ✱ Agricultural Development
- ✱ Promotion of Small Scale Industries
- ✱ Facilitates Foreign Trade
- ✱ Supports Cooperative Sector

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CHAP-11

TYPES OF BANK**I. CHOOSE THE BEST ANSWER:**

1. Which bank is not a Industrial Bank?

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

2. The Local Area Banks are promoting.

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

3. Foreign banks are begun their operation since

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

II. VERY SHORT ANSWER QUESTIONS:

1. Give the meaning of Commercial Banks

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

2. What do you mean by Industrial Banks?

Huge finance required for investment, expansion and modernization of big industries and others are granted by a separate type of banks called development Banks.

3. What are Foreign Banks?

Banks which have registered office in a foreign country and branches in India are called foreign banks.

III. SHORT ANSWER QUESTIONS:

1. Write a short note on Local Area Banks, Give two examples.

- Local Area Bank scheme was introduced by the RBI in August 1996.
- Its established in rural and semi-urban areas.
- Each bank serves two or three adjoining districts only.

✱ *Examples:* Coastal Local Area Bank, Vijayawada, Andhra Pradesh.

Subhadra Local Area Bank Limited, Kolhapur, Maharashtra.

2. What are the objectives involved in Regional Rural Banks?

- ✱ The RRBs were formed under the Regional Rural Bank Act 1976, jointly by the Central Government, State Government, and a sponsor bank.
- ✱ Their objective is to develop rural economy.
- ✱ As on 31.3.2016, there were 56 RRBs in India with 14,494 branches.

➤ *Examples:* Pallavan Grama Bank – Salem, Tamil Nadu.

Pandiyan Grama Bank – Thirumangalam, Madurai

IV. LONG ANSWER QUESTIONS:

1. Explain the various types of banks based on organization with examples?

i). Commercial Banks

- ✧ Banks which accept deposits from the public and grant loans to traders, individuals, agriculture, industries, transport, etc. in order to earn profit.

Examples:

- State Bank of India
- Karur Vysa Bank

ii). Development Banks

- ✧ Huge finance required for investment, expansion and modernization of big industries and others are granted by a separate type of banks called development Banks.
- ✧ They are also called industrial banks.

Examples:

- Industrial Finance Corporation of India – IFCI
- Small Industries Development Bank of India –SIDBI

iii). Cooperative Banks

- ✧ Cooperative banks in India are either urban based or rural based.
- ✧ All cooperative banks in Tamil Nadu are registered under Tamil Nadu Cooperative Societies Act 1983.

Examples:

- Madurai District Central Cooperative Bank Ltd.
- Batlagundu Cooperative Urban Bank Ltd. Dindigul District

iv). Foreign Banks

- Banks which have registered office in a foreign country and branches in India are called foreign banks.
- In 2017, there were 42 Foreign Banks in India and all of them were scheduled banks.

Examples:

- Bank of America – The USA
- Barclays Bank – The UK

v). Regional Rural Banks – RRBs

- ✧ The RRBs were formed under the Regional Rural Bank Act 1976, jointly by the Central Government, State Government, and a sponsor bank.
- ✧ They are established as low cost institutions in rural areas. As on 31.3.2016, there were 56 RRBs in India with 14,494 branches.

Examples:

- Pallavan Grama Bank, Salem, Tamil Nadu
- Pandian Grama Bank, Thirumangalam, Madurai District, Tamil Nadu

2. Explain the 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:

Indian bank, Indian Overseas Bank, Oriental Bank of Commerce.

ii). Public Sector Banks:

State Bank of India, IDBI Bank Ltd. And all nationalized banks

iii). Private Sector Banks:

Lakshmi Vila Bank, Karur Vysya Bank, Kotak Mahindra bank.

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CHAP- 12**FUNCTIONS OF COMMERCIAL BANKS****I. CHOOSE THE BEST ANSWER:**

1. Electronic banking can be done through

- (a) Computers (b) Mobile Phones (c) ATM (d) All of the above

2. Minimum how much amount can be transferred through RTGS?

- (a) Any Amount (b) Rs. 50,000 (c) Rs. 2 Lakhs (d) Rs. 5 Lakhs

3. The largest commercial bank of India.

- (a) ICICI (b) SBI (c) PNB (d) RBI

4. In which kind of account, it is compulsory to deposit certain amount at certain time?

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

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

- (a) Collection and Supplying Business information (b) Overdraft
(c) Cash Credit (d) Discounting of Bills

II. VERY SHORT ANSWER QUESTIONS:

1. What is Mobile Banking?

- With this app in the smart phone a customer can operate his account transactions from anywhere.
- This service is known as mobile banking.

2. Write a short note on Debit card.

- ★ ATM card is also called debit card.
- ★ This card is more useful in purchase of goods and services anywhere in India.

3. Write a short note on Credit card.

- ★ Banks issue credit cards to customers and other eligible persons.
- ★ With this card, the holder can purchase goods and services on credit at any shop in India

4. What do you mean by ATM?

A customer can withdraw money anytime, anywhere in India from the ATM machine.

III. SHORT ANSWER QUESTIONS:

1. What is E-Banking?

- Υ Banking through internet is called E-Internet banking.
- Υ It can also be called as electronic banking.
- Υ To performing banking operation through internet by using computer and mobile phone.
- Υ Money banks have their own websites.

2. Write a short note on - RTGS.

- ✱ It was launched by the RBI in 2013.
- ✱ RTGS facility is available between 9.00 am to 4.30 pm on weekdays.
- ✱ RTGS transfers are not allowed on Sundays and bank holidays.
- ✱ Minimum limit for RTGS transaction is 2 lakhs.

3. Explain - NEFT.

- 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.

IV. LONG ANSWER QUESTIONS:**1. Discuss the various primary functions performed by the commercial banks.**

The primary functions of a commercial bank are of three types. They are:

- ⊖ **Accepting Deposits**
- ⊖ **Granting Loans and Advances.**
- ⊖ **Creation of Credit**

I. Accepting Deposits

- ❖ In these days banks compete with each other to attract customers by adding facilities.
- ❖ Broadly deposit accounts can be classified into demand deposits and time deposits.

A. Demand Deposits

These deposits are repayable on demand on any day.

- ✱ Savings Deposits
- ✱ Current Deposits

B. Time Deposits

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

- ✱ Fixed Deposits (FD)
- ✱ Recurring Deposits (RD)

II. Granting Loans and Advances

- ⊙ It is lending money in order to earn interest income.
- ⊙ Banks provide specific sums as loans which are repayable along with interest.
- ⊙ But both terms are used interchangeably.

i). Advances

- ▲ Overdraft
- ▲ Cash Credit
- ▲ Discounting of Bills

ii). Loans

Generally commercial banks provide the following loans.

- Housing Loan
- Consumer Loans
- Vehicle Loans
- Educational Loan
- Jewel Loan

III. Creation of Credit

- ✱ Credit money of commercial banks is far greater in volume than the currency money.
- ✱ The volume, the purposes and the sector to which this credit money is to be channelized.

2. Explain the various secondary functions of commercial banks.

☆ Apart from the basic or primary functions commercial banks render various other services which are known as secondary functions.

☆ These services can be broadly classified into Agency Services and General Utility Services.

I. Agency Functions

Banks act as agents of customers and provide certain services. They are called Agency

Functions which are as follows:

- ✱ Transfer of Funds
- ✱ Collection and Payment of Cheques
- ✱ Conduct Share Market Transactions
- ✱ Preparation of Income Tax Return
- ✱ Dealing in Foreign Exchange
- ✱ Acting as Correspondent

II. General utility functions

In addition to primary, secondary and agency functions, commercial banks offer some services for the general welfare of the customers. They are called general utility services.

They are as follows.

- ✱ Safety lockers
- ✱ Letters of credit
- ✱ Travelers cheques
- ✱ Gift cheques
- ✱ Reference service

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CHAP- 13**WAREHOUSING****I. CHOOSE THE BEST ANSWER:**

- Warehouse removes the hindrance of _____.
 (a) Person (b) Time (c) Risk (d) Knowledge
- A warehouse holds goods as a _____ centre.
 (a) Marketing (b) Sorting (c) Distribution (d) Selling
- _____ can be given as collateral security for getting financial assistance from bank.
 (a) Dock warrant (b) Warehouse Receipt
 (c) Dock Receipt (d) Warehouse warrant
- _____ warehouses are licensed by the government and are permitted to accept the goods on bond.
 (a) Bonded (b) Cold storage (c) Public (d) All the above
- _____ warehouses are used for storing perishable goods like fruits, vegetables etc.
 (a) Bonded (b) Private (c) Cold storage (d) Co-operative

II. VERY SHORT ANSWER QUESTIONS:**1. What is Warehouse?**

It is a place where goods are stored for future use and act as distribution centers.

2. List the various types of Warehouses.

- Private Warehouses
- Government Warehouses
- Public Warehouses
- Co-operative Warehouses
- General Warehouses

3. Give any two functions of Warehouses.

- Storage
- Price Stabilization

4. Give a note on FCI.

- ☆ It provides storage facilities for food grains.
- ☆ Food Corporation of India also hires storage capacity from other sources.

III. SHORT ANSWER QUESTIONS:**1. Differentiate the warehouse warrant from the warehouse receipt.**

S.No	Warehouse Warrant	Warehouse Receipt
1	It is a document of title goods	It is not a document of title of goods

2	It can be negotiated	It cannot be negotiated
3	It can be given a collateral security.	It cannot be given a collateral security.

2. Explain 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.

IV. LONG ANSWER QUESTIONS:

1. Explain the different types of warehouses.

a. Private Warehouses

- ☀ It's built and owned by private business enterprises in order to store the products produced by them.
- ☀ They are exclusively for their use and are not meant for other manufacturing or business units.

b. Government Warehouses

- They are created and operated by the Government to implement the programmes of the Government.
- Their services mostly available to government only.
- A detailed study on all the above warehouses is given at the end of this chapter.

c. Public Warehouse

- ☀ It is open for public at large.
- ☀ They may be owned by an individual or some agency.
- ☀ These warehouses operate as per the rules and regulations formed by the Government.

d. Co-operative Warehouses

- ♣ There are warehouses owned and managed by the marketing co-operative societies.
- ♣ They are set up to provide warehousing facilities to their members.
- ♣ Example, National Co-operative Development Corporation (NCDC).

e. General Warehouses

- ☀ They are ordinary warehouses which are useful for storing most of the dry food grains, fertilizers.
- ☀ Protective measures against rat, insects, etc. are undertaken by them.

2. Explain the advantages of warehousing functions.

(i) Storage

- ✿ There is a time gap between the time of production and the time of consumption.
- ✿ And a gap between demand and supply.

(ii) Price Stabilization

- ✿ Warehousing ensures price stabilization by supplying goods as and when demanded.
- ✿ It acts as a cushion to absorb price fluctuations.
- ✿ It supplies the goods at more or less uniform prices throughout the year.

(iii) Equalization of Demand and Supply

- Warehousing equalizes the demand and supply of goods by storing these goods when they are not demanded and releasing them when there is a demand.
- Thus the consumers get the commodities regularly even during the off-season periods.

(iv) Business Finance

- ♣ Based on the goods deposited in a warehouse, the depositor can get finance from banks and other financial institutions by showing the receipt issued by the warehouse keeper.

(v) Risk bearing

- ✿ In case of damage to the goods, warehouse keeper compensates the loss caused to the owner of the goods.
- ✿ Thus, warehouses bear the loss of risk involved in storage of goods.

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CHAP- 14

TRANSPORTATION

I. CHOOSE THE BEST ANSWER:

1. Transport removes the hindrance of

- a. Time b. Place c. Person d. Knowledge

2. Air consignment note is prepared in ____ forms

- a. One b. Two c. Three d. Four

3. ____ is a document acknowledging the receipt of goods by a carrier

- a. Waybill b. Consignment note c. Charter d. Bill of lading

4. Which is the fastest means of transport?

- a. Rail b. Road c. Sea d. Air

II. VERY SHORT ANSWER QUESTIONS:

1. Define Transport.

"The transport system acts with reference to the area it serves in the same way as a candle does in a dark room".

- K.K. Sexena

2. State any two services rendered by transport.

- It increases the efficiency of production
- It aids to economic growth
- It develops and expands the market

3. Write any two advantages of water transport.

- ❖ It is considered as the cheapest mode of transport.
- ❖ It is most suitable for heavy loads.
- ❖ There is lesser pollution in water transport.

III. SHORT ANSWER QUESTIONS:

1. What is bill of lading?

- ⇒ It is a document containing the terms and conditions of the contract of carriage.
- ⇒ It is issued by the shipping company and signed by the captain of the ship.
- ⇒ It acknowledges the receipt of the goods described in it on board the ship.
- ⇒ It also serves as an official receipt of goods.
- ⇒ It is a document of title of goods.

2. What is charter party?

- ✕ Goods are to be consigned in large quantity, it is advantageous to hire the whole part of the ship.

- ✘ The document through which this contract is made is known as 'Charter Party'.
- ✘ The person who hires the ship is known as 'Charter'.
- ✘ The charter party brings the vessel and crew under the control of the charterers.
- ✘ The charter becomes responsible to the third parties for the acts of the master and crew of the ship.

IV. LONG ANSWER QUESTIONS:

1. 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
 - Inland Waterways
 - 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.

2. Discuss the advantages of transport.

- ◎ It increases the efficiency of production
- ◎ It develops and expands the market
- ◎ It aids to economic growth
- ◎ It helps in specialization and mass Production
- ◎ It encourages innovations in product production and designing

CHAP- 15

INSURANCE

I. CHOOSE THE BEST ANSWER:

- The basic principle of insurance is _____.
 (a) Insurable Interest (b) Co-operation (c) Subrogation (d) Proximate cause
- _____ is not a type of general insurance.
 (a) Marine Insurance (b) Life Insurance
 (c) Fidelity Insurance (d) Fire Insurance
- Which of the following is not a function of insurance?
 (a) Lending Funds (b) Risk Sharing
 (c) Capital formation (d) Protection of life
- Which of the following is not applicable in insurance contract?
 (a) Unilateral Contract (b) Conditional Contract
 (c) Indemnity Contract (d) Inter-personal contract
- Which of the following is a type of marine insurance?
 (a) Money back (b) Mediclaim (c) Hull insurance (d) Cargo insurance

II. VERY SHORT ANSWER QUESTIONS:

- List any five important types of policies.

- ▲ Whole Life Policy
- ▲ Joint Life Policy
- ▲ Annuity Policy
- ▲ Children's Endowment Policy

- What is health insurance?

Health insurance policy is a contract between an insurer and an individual or group, in which the insurer agrees to provide specified health insurance at an agreed upon price.

III. SHORT ANSWER QUESTIONS:

- Define Insurance.

"Insurance is a plan by themselves which large number of people associate and transfer to the shoulders of all, risk that attacks to individuals".

- According to John Merge

- 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.

3. Write a note on IRDAI

- ❖ IRDAI – Insurance Regulatory Development and Authority of India is the statutory, independent and apex body that governs, regulates and supervises the Insurance Industry in India.
- ❖ It was constituted in the year 2000 by Parliament of India Act called IRDAI Act, 1999.
- ❖ Presently IRDAI headquarters is in Hyderabad.

IV. LONG ANSWER QUESTIONS:

1. Explain the various 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:
 - ➔ Whole Life Policy
 - ➔ Joint Life Policy (JLP)
 - ➔ 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

2. Explain the principles of insurance.

i). 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.

ii). Insurable Interest

- The insured must have an insurable interest in the subject matter of insurance.
- Insurable interest means some pecuniary interest in the subject matter of the insurance contract.

iii). 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.

iv). 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 there mote cause.

v). 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.

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CHAP- 16**EMERGING SERVICE BUSINESS IN INDIA****I. CHOOSE THE BEST ANSWER:**

1. A continuing relationship which provides license privileges to do a Business and Provide Training, merchandising for a consideration is called ____.
(a) Franchising (b) Factoring (c) Supply chain Management (d) Exchange
2. Buying and Selling of goods through electronic network is known as ____
(a) E-commerce (b) Internet (c) Website (d) Trade
3. An organization carrying out activities to move goods from Producer to Consumer is
(a) Transport (b) Logistics (c) Channels (d) Marketing
4. The main Benefit of Logistics is
(a) Productivity (b) Cost minimization (c) Profitability (d) Storage
5. The main benefit of outsourcing is
(a) Productivity (b) Cost reduction (c) Skill (d) Units

II. VERY SHORT ANSWER QUESTIONS:**1. Who is a franchisee?**

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

2. State two disadvantages of franchising?

- ✘ Franchising provides an opportunity to expand business.
- ✘ Eliminating the risk of starting a new business.

3. What is meant by BPO?

BPO means getting contractual services of external companies or group of companies to complete special work or process of a company.

4. What is meant by Logistics?

Logistics can be viewed as a logical extension of transportation and related areas to achieve an efficient and effective goods distribution system.

II. SHORT ANSWER QUESTIONS:**1. What are the types of franchising?****a) Product/ trade name franchising:**

- ✘ In this type, the franchisee exclusively deals with a manufacture's product.
- ✘ Examples include Kidzee, French Loaf outlets, Bharat Petroleum bunks, Patanjali products, etc.

b) 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:
McDonald's, Pizza Hut, KFC, Hot breads, Titan, Color plus, Zodiac, Lakmé beauty parlour.

2. List the steps in factoring process.

- ✘ Goods are sold on credit basis, an invoice is raised and a copy of the same is sent to the factor.
- ✘ The debt amount due to the firm is transferred to the factor through assignment.
- ✘ On the due date, the amount is collected by the factor from the customer.

3. What is the impact of e-commerce on buyers?

- * Buyers could have a global access to information about variety of products and services available in the market
- * They could buy the products/services round the clock from anywhere in world
- * Electronic and software products could be downloaded immediately after purchase through e-commerce mode.

IV. LONG ANSWER QUESTIONS:**1. Enumerate the advantages of franchising.****a) Reduced risk:**

- * It will acquire the right of running an already established business, thus eliminating the risk of starting a new business.

b) Business expansion:

- ✪ Its provides an opportunity to expand business at regional, national and global levels.
- ✪ Thus rapid growth of franchisor's business is facilitated.

c) Cost of advertising:

- ◎ The cost of advertising for the franchisor will be reduced since this cost will be shared by the franchisee.

d) Operational support:

- * The franchisee is provided assistance in not only obtaining finance, but also in deciding business location, design, staff training, and handling day to day operations.

2. Elucidate the features of factoring.**i) Maintenance of book-debts**

A factor takes the responsibility of maintaining the accounts of debtors of a business institution.

ii) Credit coverage

The factor accepts the risk burden of loss of bad debts leaving the seller to concentrate on his core business.

iii) Cash advances

Around eighty percent of the total amount of accounts receivables is paid as advance cash to the client.

iv) Collection service

Issuing reminders, receiving part payments, collection of cheques form part of the factoring service.

v) Advice to clients

From the past history of debtors, the factor is able to provide advices regarding the credit worthiness of customers, perception of customers about the products of the client, etc.

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CHAP- 17

SOCIAL RESPONSIBILITY OF BUSINESS**I. CHOOSE THE BEST ANSWER:**

1. Which type of responsibility gives the benefit to the society out of its profits earned?

- (a) Legal (b) Ethical (c) Moral (d) Economic

2. The stakeholders of socially responsible business units are except

- (a) Share Holders (b) Employees (c) Government (d) Company

3. Assuming Social Responsibility of business helps the enterprise in ____

- (a) Increase Profit (b) Decrease Profit (c) Sustainability (d) Equilibrium

4. Socially responsible business provides goods at

- (a) High Price (b) Low Price (c) Reasonable price (d) Moderate Price

5. Social responsibility towards employees represents the following except

- (a) Reasonable remuneration (b) Proper facilities
(c) Social security (d) Exploitation

II. VERY SHORT ANSWER QUESTIONS:

1. Give the meaning of Social Power?

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

2. What is a free enterprise?

- ♣ A business enterprise which accepts and discharges social obligations enjoys greater freedom.
- ♣ Social responsibilities are essential for avoiding governmental action against business.

3. What is ethical Responsibility?

- ❖ This includes the behavior of the firm that is expected by society but not codified in law.
- ❖ There is an element of voluntary action in performing this responsibility.

III. SHORT ANSWER QUESTIONS:

1. Define the Concept of Social Responsibility?

“Social Responsibility requires managers to consider whether their action is likely to promote the public good, to advance the basic beliefs of our society, to contribute to its stability, strength and harmony”.

- Peter F. Drucker

2. List the kinds of Social Responsibility.

- ✘ Economic Responsibility
- ✘ Legal Responsibility

- ✘ Ethical Responsibility
- ✘ Discretionary Responsibility

IV. LONG ANSWER QUESTIONS:

1. Explain need for Social Responsibility?

i). Creation of Society

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

ii). Social Power:

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

iii). Free Enterprise:

- ♣ A business enterprise which accepts and discharges social obligations enjoys greater freedom.

iv). 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.

v). Law and Order

- ☉ Any business unit can survive and grow only when there is law and order in society.
- ☉ If business exploits the weaker sections of society for too long, these sections will take the law in their own hands.

2. How do you classify Social Responsibility?

i). Economic Responsibility

- ✧ A business enterprise is basically an economic entity.
- ✧ Its primary social responsibility is economic produce goods and services.

ii). Legal Responsibility

- ☉ Every business has a responsibility to operate within the laws of the land.
- ☉ Since these laws are meant for the good of the society, a law abiding enterprise is a socially responsible enterprise as well.

iii). Ethical Responsibility

- ★ This includes the behavior of the firm that is expected by society but not codified in law.
- ★ There is an element of voluntary action in performing this responsibility.

iv). Discretionary Responsibility

- ♣ This refers to purely voluntary obligation that an enterprise assumes, for instance, providing charitable contributions to educational institutions.

CHAP- 18**BUSINESS ETHICS AND CORPORATE GOVERNANCE****I. CHOOSE THE BEST ANSWER:**

- Which of the following helps in maximizing sale of Goods to society?

(a) Business Success	(b) Laws and regulations
(c) Ethics	(d) Profession at management
- Ethics is important for

(a) Top Management	(b) Middle Level Managers
(c) Non-Managerial Employees	(d) All of them
- Which of the following does not ensure effective ethical practices in a Business enterprise.

(a) Publication of a code	(b) Involvement of Employees
(c) Establishment of compliance mechanism	(d) None of them
- The role of top management is to guide the entire organization towards

(a) General behavior	(b) Organizational behavior
(c) Ethical upright behavior	(d) Individual behavior
- The ethical conduct of employees leading to standard practices results in

(a) Good behavior	(b) Bad behavior
(c) Ethical behavior	(d) Correct decision making

II. VERY SHORT ANSWER QUESTIONS:

- What is ethics?

▲ A set of moral standards to be followed by owners, managers and business people.
- Write any two key elements of business ethics?
 - ★ Top Management Commitment
 - ★ Publication of a Code
- Define Corporate Governance?

“Corporate governance is about promoting fairness, transparency and accountability.”

- World Bank

III. SHORT ANSWER QUESTIONS:

- What do you mean by the concept of business ethics?
 - It is a set of moral standards to be followed by owners, managers and business people.
 - These standards determine the conduct and behavior of business people.
 - Business ethics reflects the conduct in the context of business.
- Why MNC's in India?
 - ★ India has a huge market
 - ★ It is one of the fastest growing economies in the world.

- ★ Favorable policies of the government towards FDI.

IV. LONG ANSWER QUESTIONS:

1. Explain the different key elements of business ethics.

i). Top Management Commitment

- ✘ It has a very important role to guide the entire organization towards ethical behavior.
- ✘ The top level personnel in any organisation should work openly and strongly.

ii). Publication of a “Code”

- ➔ It should followed by the employees of the organisation.
- ➔ The organisation principles are defined in the written document called code.

iii). Establishment of Compliance Mechanism

- ♣ To make sure that actual decisions match with a firm’s ethical standards, suitable mechanism should be established.

iv). Involving Employees at All Levels

- ▲ It is the employees at different levels who implement ethics policies to make ethical business a reality.
- ▲ Therefore, their involvement in ethics programmes becomes a must.

v). Measuring Results

- ★ The organizations from time to time keep a check on ethical practice followed.
- ★ Although it is difficult to accurately measure the end results of ethics programmes.

2. What are the benefits of Corporate Government?

- ✪ Ensures stable growth of organizations.
- ✪ Reduces the cost of capital for companies.
- ✪ Has a positive impact on the share price
- ✪ Improves the image of the company.
- ✪ Ensures efficient allocation of resources
- ✪ Creates a strong brand as an ethical business.

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CHAP- 19**SOURCES OF BUSINESS FINANCE****I. CHOOSE THE BEST ANSWER:**

1. What is defined as the provision of money at the time when it is required?
 (a) Finance (b) Bank (c) Cash Management (d) None of these
2. Internal sources of Capital are those that are ____
 (a) Generated through outsiders such as suppliers
 (b) Generated through loans from commercial banks
 (c) Generated through loans from commercial banks
 (d) Generated within the business
3. Debenture holders are entitled to fixed rate of
 (a) Dividend (b) Profits (c) Interest (d) Ratios
4. Public deposits are the deposits that are raised directly from ____
 (a) The public (b) The directors (c) The auditors (d) The owners
5. Equity shareholders are the ____ of a company
 (a) Creditors (b) Owners (c) Debtors (d) Employees

II. VERY SHORT ANSWER QUESTIONS:

- 1) Write a short note on debentures.
 - ✧ Debentures are an important instrument for raising long term debt capital.
 - ✧ The individual or person subscribing to debentures is called debenture holder.
2. Name any two sources of funds classified under borrowed funds.
 - ❖ Borrowed Funds
 - ❖ Debentures
 - ❖ Public Deposits
 - ❖ Lease Financing
3. Write any two examples of post office savings schemes?
 - ❖ Post Office Fixed Deposit Account (FD/TD),
 - ❖ Senior Citizens Saving Scheme (SCSS)

III. SHORT ANSWER QUESTIONS:**1. Define Business finance.**

“The finance function is the process of acquiring and utilizing funds by a business.”

– R.C. Osborn

2. 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.

3. Classify the sources of business finance on the basis of period.

i). Short Term Finance

- Loans and Advances
- Pledge
- Bank Overdraft
- Clean Loan
- Mortgage
- Commercial Paper

ii). Medium Term Finance

- i). Loan from Banks
- ii). Loan from Financial institutions
- iii). Lease Financing

iii). Long Term Finance

- i). Shares
- ii). Debentures
- iii). Retained Earnings
- iv). Public Deposits
- v). Long term loan from commercial banks

IV. LONG ANSWER QUESTIONS:

1. Explain the kinds of source of short term finances.

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.

2. Explain any five 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 policy holder 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.
 - ♣ Post Office Savings Account,
 - ♣ Post Office Recurring Deposit Account
 - ♣ Post Office Fixed Deposit Account
 - ♣ National Savings Certificates

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CHAP- 20**INTERNATIONAL FINANCE****I. CHOOSE THE BEST ANSWER:**

1. An instrument representing ownership interest in securities of a Foreign Issuer is called.

(a) an ownership certificate	(b) a depository receipt
(c) an ownership receipt	(d) None of the above
2. Issuance of DRs is based on the increase of demand in the

(a) International Market	(b) Local Market
(c) Existing Shareholders	(d) All of the above
3. ADRs are issued in____

(a) Canada	(b) China	(c) India	(d) USA
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4. Depository receipts that are traded in an International market other than the United States are

(a) Global depository receipts	(b) International Depository receipts
(c) Open market depository receipts	(d) Special Drawing Rights.
5. ____bond is a special type of bond issued in the currency other than the home currency.

(a) Government Bonds	(b) Foreign Currency Convertible Bond
(c) Corporate bonds	(d) Investment Bonds

II. VERY SHORT ANSWER QUESTIONS:**1) Who are Foreign Institutional Investors?**

- ✧ Organisations like hedge funds, insurance companies, pension funds and mutual funds can be called as institutional investors.

2) What is a Depository Receipt?

A depository receipt is a negotiable financial instrument issued by a bank to represent a foreign company's equity shares or securities.

3) What is a GDR (Global Depository Receipt)?

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.

4) What is an American Depository Receipt (ADR)?

ADR is a dollar denominated negotiable certificate representing a non-US company in US market which allows the US citizens to invest in overseas securities.

III. SHORT ANSWER QUESTIONS:**1. Explain the importance of international finance.**

- ★ 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.
- ★ It helps in understanding the basics of international organisations and maintaining the balance among them.

2. What are Foreign Currency Convertible Bonds?

- ☆ Foreign currency convertible bond is a special type of bond issued in the currency other than the home currency.
- ☆ Companies issue foreign currency convertible bonds to raise money in foreign currency.

3. Explain any three disadvantages of FDI

i). Exploiting Natural Resources:

- The FDI Companies deplete natural resources like water, forest, mines etc.

ii). Heavy Outflow of capital

- Foreign companies are said to take away huge funds in the form of dividend, royalty fees etc.
- This causes a huge outflow of capital from the host country.

iii). Exploiting Cheap Labour

- ★ Foreign enterprises employ cheap labour force at a lower pay in developing countries.
- ★ They do not employ local people for higher posts in the management.

IV. LONG ANSWER QUESTIONS:

1. Distinguish between GDR and ADR.

S.No	Basis	Global Depository Receipts	American Depository Funds
1	Denomination	It is denominated in terms of any freely convertible currency.	It is denominated only in US dollars.
2	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.
3	Listed in	Non-US Stock Exchange	American stock exchange
4	Approval	Issue of GDR does not require foreign regulatory clearances.	Issue of ADR requires approval from the Securities Exchange Commission of United States of America.
5	Negotiation	It is negotiable all over the World.	It is negotiable only in America

2. State any five features of FCCB.

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

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CHAP- 21**MICRO, SMALL AND MEDIUM ENTERPRISES AND SELF HELP GROUPS****I. CHOOSE THE BEST ANSWER:**

- MSMED Act was enacted in the year
 (a) 2004 (b) 2007 (c) 2006 (d) 2008
- MSMEs are important for the Nation's Economy because they significantly contribute to
 (a) Industrial Production (b) Exports
 (c) Employment (d) All the above
- Self help groups convert the savings into a common fund known as____
 (a) Common Fund (b) Groups corpus Fund
 (c) Group Fund (d) None of the above
- There are____distinct modes of Credit to self help groups
 (a) 1 (b) 2 (c) 3 (d) 4
- Investment Limit of a Micro Enterprise under manufacturing sector does not exceed _____ lakhs.
 (a) 10 (b) 20 (c) 25 (d) 50

II. VERY SHORT ANSWER QUESTIONS:

- Give some examples for micro enterprises.

- ♣ Clay Pot Making
- ♣ Fruits and Vegetable Vendors
- ♣ Repair Shops
- ♣ Cottage Industries
- ♣ Small Industries,
- ♣ Handlooms

- What is the aim of NEEDS?

- ▲ To providing entrepreneurship development training to educated young entrepreneurs.
- ▲ Preparing business plans

- What is a Self Help Group?

- ☆ Self Help Group is a small informal voluntary association.
- ☆ It's created for the purpose of enabling members to reap economic benefit out of mutual help, solidarity, and joint responsibility.

III. SHORT ANSWER QUESTIONS:

- List out the products produced by MSME in Tamil Nadu?

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

- What is the role and significance of MSMEs in Indian Economy?

- ✱ Employment Potential
- ✱ Low Production Cost
- ✱ Low Investment
- ✱ Quick Decision Making

- ✿ Supplementary Role

3. Explain any three features of Self Help Group.

- ✿ The motto of every group members should be “saving first – credit latter”
- ✿ The groups need not be registered.
- ✿ Each group should have only one member from one single family.

IV. LONG ANSWER QUESTIONS:

1. Explain MUDRA bank.

- ❖ The Government of India has launched MUDRA Bank with a capital amount of ₹20,000 crore.
- ❖ And credit guarantee corpus of ₹3,000 crore.
- ❖ To help MSMEs and startups to resolve problems relating to financing.
- ❖ MUDRA Bank refines 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.

2. 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.

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CHAP- 22**TYPES OF TRADE****I. CHOOSE THE BEST ANSWER:**

- The purchase of goods from Foreign Country is called ____.
 (a) Import (b) Export (c) Entrepot (d) Re-export
- When goods are Imported for the purpose of Export is called as ____.
 (a) Foreign Trade (b) Home Trade (c) Entrepot Trade (d) Trade
- ____ acts as a connecting link between the producer and the consumer.
 (a) Trade (b) Industry (c) Commerce (d) Business
- The aim of home trade is ____
 (a) To raise the standard of living
 (b) To provide the essential goods and services economically
 (c) To raise the National Income
 (d) To obtain all types of goods
- Internal trade can be classified in to ____ categories.
 (a) Three (b) Four (c) Two (d) Five

II. VERY SHORT ANSWER QUESTIONS:

- Give the meaning of Trade?
 - ✱ The buying and selling of goods and services consists of trade.
 - ✱ Trade acts as an intermediary in the exchange of commodities between the producer and consumer.
- What is International Trade?
 - ✱ It is a trade between a seller and buyer of different countries.
 - ✱ It involves the exchange of goods and services of one country with another country
- What is import trade?
 - ➔ Import trade means buying goods from a foreign country for domestic use.
 - ➔ Example: India imports petroleum products from Gulf Countries.
- Explain the meaning of Entrepot trade.
 - ✱ It means importing of goods from one country and exporting the same to foreign countries.
 - ✱ It is also known as 'Re-export trade'.

III. SHORT ANSWER QUESTIONS:

- Explain the types of internal trade?
 - Wholesale Trade
 "Purchase of goods in bulk from the manufacturers and selling them in smaller quantities to other intermediaries" is known wholesale trade.

ii. Retail Trade

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

2. Give three examples of India's import and export items.

Export items	Import items
1. Petroleum products	1. Mineral fuels including oil
2. Jewelry	2. Gem, precious metals
3. Automobile	3. Electrical machinery and equipments

IV. LONG ANSWER QUESTIONS:

1. What are the features of Internal trade?

- ✱ 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.

2. Explain briefly the different types of Foreign trade?

i). Import Trade

- ✱ Import trade means buying goods from a foreign country for domestic use.
- ✱ Example. India imports petroleum products from Gulf Countries.

ii). Export Trade

- ✱ Export trade means the sale of domestic goods to foreign countries.

Examples: i). Export of Iron ore from India to Japan

ii). Selling of Tea from India to England.

iii). Entrepot Trade

- ▲ Entrepot trade means importing of goods from one country and exporting the same to foreign countries. It is also known as 'Re-export trade'.
- ▲ E.g. Indian diamond merchants in Surat import uncut raw diamonds from South Africa.

CHAP- 23**CHANNELS OF DISTRIBUTION****I. CHOOSE THE BEST ANSWER:**

1. Trade middlemen who acts as a link wholesaler and customer refers to a
 (a) Producer (b) Broker (c) retailer (d) customer
2. Who is the First middleman in the channel of distribution?
 (a) Wholesaler (b) Producer (c) Retailer (d) customer
3. _____ buys the goods from the producer and sell it to the retailers.
 (a) Manufacturer (b) Wholesaler (c) Retailer (d) Consumers
4. _____ are agents who merely bring the buyer and the seller into contact.
 (a) Broker (b) Commission agent (c) Selling Agent (d) Stockiest
5. Merchant middlemen can be classified into _____ categories
 (a) Three (b) Two (c) Five (d) Four

II. VERY SHORT ANSWER QUESTIONS:**1. Who is a middleman?**

The term 'Middlemen' refers to all those who are in the link between the primary producer and the ultimate consumer in the exchange of goods or service.

2. Define Retailer.

The retailer is the last of the many links in the economic chain whereby the consumer's wants are satisfied smoothly and efficiently by retailers.

- S. Evelyn Thomas

3. Who is a broker?

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

4. What are the classifications of the merchant middlemen?

- ♣ Merchant Wholesaler
- ♣ Merchant Retailer
- ♣ Rack Jobbers
- ♣ Truck jobbers
- ♣ Drop Shippers

5. Who are the mercantile agents?

- ❖ A businessman appoints a person to buy and sell goods on his behalf and gives him the right to borrow money on the security of goods.
- ❖ He is known as mercantile agent.

III. SHORT ANSWER QUESTIONS:

1. Explain the types of mercantile agents.

i). Broker:

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

ii). Factor:

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

iii). Commission Agents:

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

2. 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,

IV. LONG ANSWER QUESTIONS:

1. What are the 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.

2. What are the functions of Wholesalers?

a. Collection of Goods:

Wholesaler collects the goods from manufacturers or producers in bulk.

b. Storage of Goods:

- ❖ Wholesaler collects and stores them safely in warehouses, till they are sold out.
- ❖ Perishable goods like fruits, vegetables, etc. are stored in cold storage facility.

c. Distribution:

- Wholesaler sells goods to different retailers.
- Thus he performs the function of distribution.

d. Financing:

- * Wholesalers provide financial support to producers and manufacturers by providing money in advance to them.
- * He also sells goods to retailer on credit.

e. Risk Taking:

- Wholesaler buys finished goods from the producer and keeps them in the warehouses till the time.
- They are sold and assumes the risk arising from price, spoilage of goods, and changes in demand.

3. What are functions of Retailers?**i). Buying:**

- ★ A retailer buys a wide variety of goods from different wholesalers after estimating customer's demand.

ii). Storage:

- ▲ A retailer maintains a ready stock of goods and displays them in the shop.

iii). Selling:

- The retailer sells the goods in small quantities according to the demand taste and preference of consumers.
- He employs efficient methods of selling to increase his sales turnover.

iv). Grading and Packing:

- ♣ The retailer grades the goods which are not graded by manufacturers and wholesalers.
- ♣ He packs goods in small lots for the convenience of consumers

v). Risk-bearing:

- ⊠ A retailer always keeps stock of goods in anticipation of demand and bears the risk of loss due to fire, theft, spoilage, price fluctuations, etc.

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CHAP- 24

RETAILING

I. CHOOSE THE BEST ANSWER:

1. Retailers deal in _____ quantity of goods.

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

2. Small scale fixed retailers include _____

- (a) General stores (b) Pedlars (c) Cheap Jacks (d) Hawkers

3. Small shops which deal in a particular line of products are called as _____

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

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

- (a) Shopping mall (b) Super Markets (c) Street Stalls (d) Itinerant traders

II. VERY SHORT ANSWER QUESTIONS:

1. State the meaning of multiple shops.

A number of identical retail shops with similar appearance normally deal in standardized consumer products established in different localities owned by manufacturers are called as Multiple Shops.

2. What is meant by Vending Machines.

- ♣ Automatic vending machine is a new form of direct selling.
- ♣ It is a machine operated by coins or tokens.
- ♣ It's are placed at railway stations, airports, petrol pumps, etc.

3. What are specialty stores?

- ✱ Spatiality Stores deal in a particular type of product under one product line only.
- ✱ For example, Tirunelveli Halwa, Bengali Sweets, etc.

III. SHORT ANSWER QUESTIONS:

1. Explain the characteristics of super markets.

- ✱ Supermarkets are generally situated at the main shopping centers.
- ✱ The goods are sold on cash basis only. No credit facilities are made available.
- ✱ Supermarkets are organized on departmental basis.
- ✱ It requires huge investment.

2. Explain the demerits of multiple shops?

i. Limited variety

- ✱ Multiple shops deal only in limited range of products.

ii. Absence of services

- ✱ Customers do not get credit, home delivery and other facilities.

iii. Lack of personal touch

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

IV. LONG ANSWER QUESTIONS:

1. State the features of Departmental stores.

i). Large Size:

- ➔ A department is a large scale retail showroom requiring a large capital investment by forming a joint stock company managed by a board of directors.

ii). Wide Choice:

- ✓ It acts as a universal provider of a wide range of products from Pin to Car.
- ✓ To satisfy all the expected human needs under one roof

iii). Departmentally organized

- Goods offered for sale are classified into various departments.
- Each department specializes in one line of product and operates as a separate unit.

iv). Facilities provided:

- ★ It provides a number of facilities and services to the customers.
- ★ Such as restaurant, rest rooms, recreation, packing, frees home delivery, parking, etc.

v). Centralized purchasing

- ✱ All the purchases are made centrally and directly from the manufacturers.
- ✱ It operates separate warehouses whereas sales are decentralized in different departments.

2. Explain the different types of retailers.

i). Itinerant or Mobile Traders

- ✱ The traders who have no fixed place of sale are called **Itinerants**.
- ✱ They move from one place to another place in search of customers.
- ✱ They are also known as Mobile traders.

➔ Peddlers And Hawkers

➔ Street Traders

➔ Market Traders

➔ Cheap Jacks Traders

II. Fixed Shop Retailers

- ♣ The retailers who maintain permanent establishment to sell their goods are called **Fixed Shop Retailers**.
- ♣ They do not move from place to place to serve their customers.
- ♣ They are:
 - a. Fixed Shop Small Retailers
 - b. Fixed Shop Large Retailers

a. Fixed Shop Small Retailers:

- ✿ Street Stalls
- ✿ General Stores,
- ✿ Single Line Stores
- ✿ Specialty Stores
- ✿ Second Shops

b. Fixed Shop Large Retailers

The retailers having permanent establishment and dealing in large scale are called Fixed shop large scale retailers.

- ★ Departmental Stores
- ★ Multiple Stores
- ★ Super Markets
- ★ Consumer Cooperative stores
- ★ Shopping Malls
- ★ Mail order houses
- ★ Online Shopping

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CHAP- 25**INTERNATIONAL BUSINESS****I. CHOOSE THE BEST ANSWER:**

1. Movement of goods, services, intellectual property, human assets, technology and So on among the countries.

- (a) International Trade (b) International Business
(c) Entrepot Trade (d) Internal Trade

2. Goods are imported for purpose of re-export to another country is termed as _____

- (a) Import Trade (b) Export Trade (c) Entrepot Trade (d) International Trade

3. Movement Of Goods, Services among the Countries

- (a) International Trade (b) International Business
(c) Entrepot Trade (d) Internal Trade

4. Selling of Goods from home country to foreign country is called

- (a) Home Trade (b) Entrepot Trade (c) Foreign Trade (d) Joint-venture

II. VERY SHORT ANSWER QUESTIONS:

1. What do you mean by international business?

- International business denotes all those business activities which take place beyond the geographical limits of the country.
- It involves not only the international movements of goods and services.

2. What is meant by Export Trade?

When the firm of country sells goods and services to a firm of another country it is called export trade.

3. What is meant by Import Trade?

When the business firm of a country purchases goods from the firm of another country it is called import trade.

4. What is meant by Entrepot Trade?

- Importing of goods from one country and exporting the same to foreign countries.
- It is also known as 'Re-export trade'.

III. SHORT ANSWER QUESTIONS:

1. Explain any three features of International business.

(a) Involvement of Countries.

- ⊛ International business can take place only when transactions occur across different countries

(b) Use of Foreign Exchange.

- ⊛ Where countries trade with one another, it has to exchange the goods and services on the basis of foreign currency.

(c) Legal Obligations.

- ❖ Foreign trade is to be conducted strictly in accordance with the export and import policy of the country concerned.
- ❖ Government intervention is direct in respect of international transactions.

2. Explain the features of Entrepot trade?

- ❖ The country may not have any accessible trade routes connecting the importing country
- ❖ There may not have any bilateral trade agreement between both the country
- ❖ Importer and exporter may not share good economic relation with each other

IV. LONG ANSWER QUESTIONS:**1. List out the advantages of international trade****i). Geographical Specialization:**

- ❖ International business is required to exchange the surplus resources resulting from geographical specialization for deficit resources in other countries

ii). Economic Development:

- ❖ International business helps the developing countries greatly in achieving rapid economic development.
- ❖ For example China, India, Brazil and South Korea

iii). Generation of Employment:

- ❖ International business generates employment opportunities by assisting the expansion.

iv). Higher Standard of Living:

- ❖ This exchange of goods and services among the countries enhances the standard of living of people.

v). Prospects for Higher Profit:

- ❖ International business helps the firms which produce goods in excess to sell them at relatively higher price to various countries in the international market.

2. Distinguish 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

CHAP- 26**EXPORT IMPORT PROCEDURES****I. CHOOSE THE BEST ANSWER:****1. EPC stands for**

- (a) Export Processing Commission (b) **Export Promotion Council**
 (c) Export Carriage Council (d) Export Promotion Congress

2. STC is expansion of

- (a) State Training Centre (b) State Training Council
 (c) State Trading Centre (d) **State Trading Corporation**

3. An ___ is a document prepared by the importer and sent to the exporter to buy the goods.

- (a) Invoice (b) **Indent** (c) Enquiry (d) Charter party

4. The ___ receipt is an acknowledgement of receipt of goods on the ship issued by the Captain.

- (a) Shipping Bill (b) **Bill of Lading** (c) Mate's Receipt (d) Consular Invoice

5. The Exporters appoint the _____ agent to fulfill the customs formalities.

- (a) Clearing Agent (b) **Forwarding Agent**
 (c) Commission Agent (d) Factor

II. VERY SHORT ANSWER QUESTIONS:**1. What is meant by Indent?**

- ☆ An indent actually points to an order received from abroad for export of goods. i.e. sale of goods.
- ☆ The indent contains the details in the box.
- ☆ Indent is prepared in duplicate.

2. Mention the types of Indent.

- ✕ Open Indent
- ✕ Closed Indent
- ✕ Confirmatory Indent.

3. What is the Letter of credit?

It is an undertaking by its issuer that bills of exchange drawn by the foreign dealer on the importer will be honored upon its presentation by exporter's bank up to a specified amount.

III. SHORT ANSWER QUESTIONS:**1. What are the contents of Indents?**

- ✱ Quantity of goods sent
- ✱ Design of goods
- ✱ Price
- ✱ Mode of shipment
- ✱ Period of delivery
- ✱ Mode of payment

2. What is meant by Mate's receipt?

- ♣ It is the document issued by the captain of the ship acknowledging the receipt of goods on board.
- ♣ This contains details like quantity of goods shipped, number of packages condition for packing.
- ♣ Where the Mate is satisfied with packing he/she issues clean receipt.

5. What are the documents used in Import trade?

- ⊙ Import License ⊙ Indent ⊙ Letter of Credit

IV. LONG ANSWER QUESTIONS:**1. What are the objectives of import trade?****i). Achieving Rapid Industrialization**

Developing countries can achieve rapid industrialization by importing advanced technology scarce raw materials, capital goods.

ii). Meeting Consumer Demand

Certain goods are either not available or cannot be produced adequately to meet the growing demand in home country.

iii). Upgrading Standard of Living of the People

Consumers are able to use a wide variety of goods manufactured in foreign countries and enhance their standard of living through import trade.

iv). Meeting Shortage Situation

Food grains, vegetables and other essential commodities are imported from foreign countries and bad situation arising from the above situations are thus overcome.

v). Strengthening Defense

- ✘ Many countries around the world import defense equipments for its armed force.
- ✘ Such imports enable the country to ensure its sovereignty and territorial integrity.

2. Distinguish between Bill of Lading and Charter Party

S.No	Basis	Bill of Lading	Charter Party
01	Transferable	It can be transferred to third party	It cannot be transferred to third party
02	Loan	Loan can be raised against it	Loan cannot be raised against it
03	Crew	Master and crew remain the agent of ship owner	Master and crew become the agent of exporter for a temporary period
04	Lease	It is not a lease of ship	It is a lease of ship

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CHAP- 27**FACILITATORS OF INTERNATIONAL BUSINESS****I. CHOOSE THE BEST ANSWER:**

1. General Agreement on Tariff and Trade was signed on

(a) 30-October-1947

(b) 29-October-1947

(c) 28-October-1947

(d) 26-October-1947

2. WTO was established on

(a) 1-1-1996

(b) 1-1-1997

(c) 1-1-1995

(d) 1-1-1994

3. The headquarter of WTO is located at

(a) New York

(b) London

(c) Geneva

(d) Brazil

4. The day to day administration of WTO is entrusted with

(a) Executive Council

(b) General Council

(c) Administrative Council

(d) General body

5. World bank is located at

(a) Washington DC

(b) New York

(c) Tokyo

(d) Hongkong

II. VERY SHORT ANSWER QUESTIONS:

1. What is WTO?

- The World Trade Organisation (WTO) was established on 1st January 1995.
- The GATT was renamed as WTO with some changes.
- WTO has 164 member countries as on 29th July 2016.

2. What do you mean by World Bank?

- ✘ International Bank for Reconstruction and Development is commonly known as World Bank.
- ✘ It is located at Washington DC. It has its offices all over the world.

3. What is Special Drawing Rights?

- ❖ SDR was created by the IMF in the year 1969 as supplementary international reserve asset.
- ❖ It is described as paper gold

III. SHORT ANSWER QUESTIONS:

1. Write three objectives of IMF?

- ⚙ Promoting international monetary cooperation
- ⚙ Ensuring balanced international trade
- ⚙ Ensuring exchange rate stability

2. Mention the functions of SAARC.

- ➔ Monitoring and co-coordinating the development programme
- ➔ Determining inter-sectoral priorities

- Mobilizing cooperation within and outside the region.
- Dealing with modalities of financing

3. Write any three benefits of WTO?

- ♣ WTO is promoting international peace and creating a conducive environment for conducting international trade
- ♣ It settles the trade disputes amicably among the member countries.
- ♣ It promotes the standard of living of people by increasing their income level from free trades

IV. LONG ANSWER QUESTIONS:

1. Point out the objectives of WTO

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

2. Write down the functions of IMF

- ✱ It acts as short term credit institution at the international level.
- ✱ It provides machinery for ordinary adjustments of exchange rates.
- ✱ It promotes economic stability and global growth by encouraging countries adopt sound economic and financial policies.
- ✱ It offers technical assistance and training to help member countries strengthen and implement effective policies.
- ✱ It helps member countries correct their imbalance in balance of payment.

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CHAP- 28**BALANCE OF TRADE AND BALANCE OF PAYMENTS****I. CHOOSE THE BEST ANSWER:**

1. The Statement which discloses a record of transactions between the resident of one country and resident of Foreign Country.

(a) Balance of Payments	(b) Balance of Trade
(c) Statement of receipts and payments	(d) Accounting Statement
2. The balance of Payment Councils Consists of

(a) Current Account	(b) Capital Account
(c) Receipts and Payments Account	(d) Both Current Account and Capital Account
3. Foreign Capital long-term loan and Foreign Currency reserve are recorded under

(a) Official Capital	(b) Private Capital
(c) Banking Capital	(d) Both private and official Capital
4. The term official capital includes.

(a) RBI holdings of foreign currencies
(b) Special drawing rights held by the Government
(c) Both A and B
(d) Foreign Investment
5. Balance of Payment surplus indicates.

(a) Exports are more than the Imports
(b) Imports are more than Exports
(c) Exports and Imports are at equilibrium
(d) Exports and Imports are above equilibrium

II. VERY SHORT ANSWER QUESTIONS:**1. What do you mean by Balance of payments?**

Balance of payment refers to a systematic record of all economic transactions between the residents of one country and the residents of foreign countries during a particular period of time.

2. What do you mean by 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 favorable balance of trade.

III. SHORT ANSWER QUESTIONS:**1. What are the credit items shown in currents accounts?**

* Goods Export

- * Transport service sold abroad
- * Banking service sold abroad

2. State the components of capital account.

- * Private Capital
- * Banking Capital
- * Official Capital

IV. LONG ANSWER QUESTIONS:

1. Write any five features of Balance of Payments?

- ❖ It is a systematic record of all economic transactions between one country and certain other countries of the world.
- ❖ It is prepared for a period of three months or twelve months, i.e., usually 12 months.
- ❖ It contains all receipts and payments both visible and invisible.
- ❖ It includes all economic transactions both recorded on current account and capital account.
- ❖ It indicates a country's position in foreign trade.

2. Distinguish balance of payment and balance of trade

S. No	Basis	Balance of Payment	Balance of Trade
01	Meaning	It is a systematic record of all economic transactions happened between the resident of one country and resident of foreign countries during a particular period.	Balance of trade is statement showing the net effect of export and import of a country
02	Nature of Transactions recorded	It records both the transactions relating to goods and services	It records only transactions relating to goods transactions
03	Capital Transactions	It records capital transactions	It does not record capital transactions
04	Net position	It always remains balanced in the sense that receipt side is made equal to payment side	It may be at favorable or unfavorable in equilibrium state.
05	Indicator Economic Status	It is true indicator of economic performance of an economy	It is not true indicator of economic relations of country.

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CHAP- 29

ELEMENTS OF CONTRACTS**I. CHOOSE THE BEST ANSWER:**

1. An Agreement enforceable by law is a
 (a) enforceable acceptance (b) accepted offer (c) approved promise **(d) contract**
2. Every promise and every set of promises forming the consideration for each other is an
(a) agreement (b) contract (c) offer (d) acceptance
3. Void agreement signifies
 (a) Agreement illegal in nature **(b) Agreement not enforceable by law**
 (c) Agreement violating legal procedure (d) Agreement against public policy
4. Acceptance to be valid must be absolute
 (a) be absolute (b) be unqualified
(c) both be absolute and unqualified (d) be conditional
5. A contract with or by a minor is a
 (a) valid contract **(b) void contract**
 (c) voidable contract (d) voidable at the option of either party

II. VERY SHORT ANSWER QUESTIONS:

1. What is law?
 - ✱ A 'set of rules' which governs our behavior and relating in a civilized society.
 - ✱ So there is no need of Law in a uncivilized society.
2. What is meant by Contract?
 - ◆ A "contract" is an agreement enforceable by law.
 - ◆ The agreements not enforceable by law are not contracts.
3. How many parts of Indian contract law are classified?
 - General Contracts
 - Special Contracts

III. SHORT ANSWER QUESTIONS:

1. What is meant by Offer?
 When one person signifies to another his willingness to do from doing anything, with a view to obtaining the assent of that other person either to such act he is said to make a proposal.
2. What do you mean by Agreement?
 - Every promise and set of promises forming consideration for each other is an agreement.
 - In short, Agreement = Offer + Acceptance.

3. What is meant by Voidable Contract

- ✿ An agreement which is enforceable by law at the option of one or more parties but not at the option of the other or others is a voidable contract.
- ✿ This is the result of coercion, undue influence, fraud and misrepresentation.

IV. LONG ANSWER QUESTIONS

1. Explain the essentials of a Valid Contract

i). Offer and Acceptance

There must be two parties to an agreement namely one party making the offer and the other party accepting it.

ii). Legal Relationship

- The parties must have the intention to create legal relationship between them.
- An agreement of Social or domestic nature is not at all a contract.

iii). Lawful Consideration

- ✿ As per Contract Act under Sec.2 (d) Consideration means something in return.
- ✿ A contract without consideration becomes invalid.

iv). Lawful Object (Section 23)

- * The object of agreement should be lawful and legal.
- * It must not be immoral, illegal or opposed to public policy.

v). Free Consent (Section 13 & 14)

- ⇒ Consent of the parties must be free and genuine. Consent means agreeing upon same thing in the same sense at the same time i.e. there should be consensus – ad – idem.

2. Difference between Contract and Agreement.

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

3. Explain the classification of Contract on the basis of the Performance.

i). Executed Contract

- ✿ A contract in which both the parties have fulfilled their obligations under the contract.

- ☛ For example X contracts to buy a car from Y by paying cash, Y instantly delivers his car.

ii). Executory Contract

- * A contract in which both the parties are yet to fulfill their obligations.
- * It is said to be an executory contract.

iii). Unilateral Contract

- A unilateral contract is a one sided contract in which only one party has performed his promise or obligation, the other party has to perform his promise or obligation.

iv). Bilateral Contract

- ✕ A contract in which both the parties commit to perform their respective promises is called a bilateral contract.

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III. SHORT ANSWER QUESTIONS:

1. Who can demand performance?

- ⊗ **Promisee** – Only a promisee can demand performance and not a stranger demand performance of the contract.
- ⊗ **Legal Representative** – Legal representative can demand Exception performance. Contrary intention appears from the contract. Contract is of a personal nature.
- ⊗ **Third party** – Exception to “stranger to a contract”

2. Who will perform the contract?

- ⊙ Promisor himself
- ⊙ Agent
- ⊙ Representations
- ⊙ Third Person
- ⊙ Joint Promisors
- ⊙ Time and place of Performance of Promise

3. What are the kinds of Reciprocal Promise?

- ⇒ Mutual and Independent
- ⇒ Mutual and Dependent
- ⇒ Mutual and Concurrent

IV. LONG ANSWER QUESTIONS:

1. Explain the essentials of a valid tender of performance.

- It must be unconditional
- It must be at the proper time and place.
- It must be in proper form.
- It must be made to a proper person to the promisee.
- It may be made to one of the several joint promisee.

2. 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.

CHAP- 31

DISCHARGE AND BREACH OF CONTRACT**I. CHOOSE THE BEST ANSWER:**

- On the valid performance of the contractual obligation by the parties, the contract.
 - is discharged
 - becomes enforceable
 - becomes void
 - none of these
- An Agreement to do an Act impossible in itself under Section 56 is.
 - Void
 - Valid
 - Voidable
 - Unenforceable
- Any agreement which becomes impossible to perform under various circumstances
 - Voidable
 - Void
 - Valid
 - None of these
- Discharge by Mutual Agreement may involve
 - Novation
 - Rescission
 - Alteration
 - All of the above
- The compensation given for breach of contract is
 - Damage
 - Remuneration
 - Money
 - Cheque

II. VERY SHORT ANSWER QUESTIONS:

1. What are the kinds of consent?

- ✿ Express consent
- ✿ Implied consent
 - Novation,
 - Alteration,
 - Recession,
 - Remission.

2. What are the types of Impossibility of Performance?

- ✿ Impossibility existing at the time of agreement.
- ✿ Impossibility arising subsequent to the formation of contract.

3. What are the types of Damages?

- ❖ Ordinary Damages
- ❖ Special Damages
- ❖ Exemplary Damages
- ❖ Nominal Damages.

III. SHORT ANSWER QUESTIONS:

1. What are the various types of remedies for the injured parties?

- ♣ Recission of Contract.
- ♣ Claim for Specific Performance.
- ♣ Claim for Injunction.
- ♣ Claim for Quantum Merit and

- ♣ Claim for Damages.

2. What are the types of cases the country may order injunction?

- ✕ If the contract is voidable.
- ✕ If the contract becomes void or
- ✕ On discovering the contract as void.

IV. LONG ANSWER QUESTIONS:

1. Explain the ways of discharge of Contract?

i). Discharge by Performance

- Performance implies carrying out the obligation of the contract.
- Performance of contract may be of two types namely:
 - ✿ Actual performance
 - ✿ Attempted performance

ii). By Agreement on Consent:

- ✿ The consent may be of the following types
 - (i) Express consent
 - (ii) Implied consent

- (a) Novation, (b) Alteration,
- (c) Recession, (d) Remission,

iii). By Impossibility of performance:

The rule of impossibility of performance is based on the following maxims

- ✿ The law does not recognize what is impossible and
- ✿ What is impossible does not create an obligation.

iv). By Lapse of Time

- △ According to the Limitation Act, 1963 a contract must be performed within a specified time.
- △ If it is not performed within this specified time limit.

v). By Operation of Law:

- A contract can be discharged by the operation of law.
- The operation of law by which contract can be discharged are as follows:
 - ☞ By Death
 - ☞ By Merger
 - ☞ By Insolvency

3. What is meant by damages? And what 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
 - Nominal damages

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CHAP- 32**DIRECT TAX****I. CHOOSE THE BEST ANSWER:****1. Income Tax is**

- (a) a business tax **(b) a direct tax** (c) an indirect tax (d) none of these

2. Period of assessment year is

- (a) 1 April to 31st March** (b) 1 March to 28th February
(c) 1 July to 30th June (d) 1 January to 31st December

3. The year in which income is earned is known as

- (a) Assessment year **(b) Previous year** (c) Light year (d) Calendar year

4. The aggregate income under five heads is termed as

- (a) Gross Total Income **(b) Total Income** (c) Salary Income (d) Business Income

5. Agricultural income earned in India is

- (a) Fully Taxable **(b) Fully Exempted**
(c) Not considered for Income (d) None of the above

II. VERY SHORT ANSWER QUESTIONS:**1. What is Income tax?**

- ✿ Indirect Tax is levied on the goods and services.
- ✿ It is collected from the buyers by the sellers and paid by the sellers to the Government.

2. What is meant by previous year?

- ✿ The year in which income is earned is called previous year.
- ✿ It is also normally consisting of a period of 12 months commencing on 1st April every year and ending on 31st March of the following year.

3. What is an assessment year?

- ★ The year in which tax is paid is called the assessment year.
- ★ It normally consisting of a period of 12 months commencing on 1st April every year and ending on 31st March of the following year.

III. SHORT ANSWER QUESTIONS:**1. List out the 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].

2. Write short notes on: a). Direct Tax. b). Indirect Tax

a). 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.

b). Indirect Tax

- ♣ Indirect Tax is levied on the goods and services.
- ♣ It is collected from the buyers by the sellers and paid by the sellers to the Government.
- ♣ Ex: GST - Goods and Services Tax, Excise duty.

3. Who are all included in the term persons?

- * An Individual,
- * A Hindu Undivided Family,
- * A Company,
- * A Firm,
- * An Association Of Persons,
- * A Local Authority,
- * Every Artificial Juridical Person

IV. LONG ANSWER QUESTIONS:

1. 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

- ✕ It 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.
- * 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.
- ⚙ 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'.

CHAP- 33

INDIRECT TAXATION

I. CHOOSE THE BEST ANSWER:

1. Who is the chairman of the GST council?

- (a) RBI Governor (b) Finance Minister (c) Prime Minister (d) President of India

2. GST stands for

- (a) Goods and Supply Tax (b) Government Sales tax
(c) Goods and Services Tax (d) General Sales Tax

3. What kind of tax is GST is?

- (a) Direct Tax (b) Indirect Tax
(c) Dependence on the type of goods and services (d) All business organizations

4. What is IGST?

- (a) Integrated Goods and Services Tax (b) Indian Goods and Services Tax
(c) Initial Goods and Services Tax (d) All the Above

5. In India GST became effective from?

- (a) 1st April 2017 (b) 1st January 2017 (c) 1st July 2017 (d) 1st March 2017

II. VERY SHORT ANSWER QUESTIONS:

1. What do you mean by Indirect tax.

- It is levied on the goods and services.
- It is collected from the buyers by the sellers and paid by the sellers to the Government.
- E.g. GST - Goods and Services Tax, Excise duty.

2. Give any two examples of indirect taxes levied in India.

- ✦ Goods and service tax
- ✦ Exercise duty

3. What do you mean by Goods and Services Taxes?

- ▲ Goods and Services Tax (GST) is the tax imposed on the supply (consumption) of goods and services.
- ▲ GST Act was passed on April 12, 2017.
- ▲ GST came into effect from 1st July, 2017.

4. What is 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

III. SHORT ANSWER QUESTIONS:

1. What are the objectives of GST?

- ✦ The foremost objective of GST is to create a common market with uniform tax rate in India.

- ✱ To eliminate the cascading effect of taxes, GST allows set-off of prior taxes for the same transactions as input tax credit.
- ✱ To boost Indian exports, the GST already collected on the inputs will be refunded and thus there will be no tax on all exports.

2. Write any three demerits of GST.

- ✱ There is no major reduction in the number of tax layers.
- ✱ A number of retail products currently have only four percent tax on them.
- ✱ After GST, garments and clothes could become more expensive.

IV. LONG ANSWER QUESTIONS:

1. Distinguish between direct taxes and indirect taxes.

S.No	Basis	Direct Tax	Indirect Tax
1	Burden	Tax burden is progressive on people.	Tax burden is regressive.
2	Evasion	Tax evasion is possible.	Tax evasion is more difficult
3	Inflation	Direct tax helps in reducing the inflation.	Indirect tax contributes to inflation
4	Shiftability	Cannot be shifted to others	Can be shifted to others
5	Examples	Income Tax, Wealth Tax, Capital Gains Tax, Securities Transaction Tax, Perquisites Tax.	GST, Excise Duty

2. Discuss the different kinds of GST.

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.

COMMERCE- COMPULSORY QUESTIONS

Q. No	Question and Answer
1	<p>Rajendran has done his B.Com., this year. He wants to do some good business now. Kesavan, his father, is a Sole-proprietor of a small Banian manufacturing plant in Salem and ask Rajendran to join business with him as a partner. However, Rajendran likes to go in for an independent venture. A discussion follows between them on this issue. Meanwhile Mr.Arul, an advocate and friend of Rajendran's father, comes there and gives comments on both of them. Assume the role of Rajendran, Kesavan and Arul and state and defend your positions.</p>
	<ul style="list-style-type: none"> • Mr. Kesavan: He is a sole proprietor. • Mr. Rajendran: Rajendran likes to go in for an independent venture. He gives large employment opportunities to uneducated and less educated persons and reduces the unemployment problem in society. • Mr. Arul: He is an advocate. He gives suggestions to both the father and son. Because reduce unemployment problem in the society.
2.	<p>Mahesh is a young graduate who has inherited a sum of ₹1,00,000 by way of family savings. He also has a family house to which he has sole title as the only son of his father. He is thinking of starting a small factory for the manufacture of plastic toys. What form of ownership organisation will you advise him to choose?</p>
	<ul style="list-style-type: none"> • Sole Proprietorship
3.	<p>Amar started a business on his own. He has his father helping him with the accounts and his brother helps him with looking after customers in the evening. Amar pays a monthly salary to his father and brother. Identify the form of business organisation.</p>
	<ul style="list-style-type: none"> • Sole trading form of business. Because he engaged father and brother as an employee.
4.	<p>Raman with members of his extended family established a Joint Hindu Family business of Handicrafts. Raman being the head of family controlled the business as 'Karta'. He had authority to take all decisions for the business. Many times, he sold goods for cash without informing other members of the family business. This resulted in lesser profits. He also sold one of the family properties and gave money to his daughter as a wedding gift. What values did karta ignored in the above case?</p>
	<ol style="list-style-type: none"> 1. Unlimited liability 2. No consultation with family members. 3. Quick decision making. 4. Hasty decision.
5.	<p>Palani is an Electronics Engineer. He has met two businessmen who wish to enter into a partnership with him for the manufacture of tape-recorders. They are prepared to make the investment and offer a fourth share in profits to Palani. Would you have any special words of advice for Palani?</p>
	<p>Palani is a working partner. He knows the field of product manufacturing of tape - recorders. So he is an expert in the business.</p>
6.	<p>A father had self acquired agricultural land. He transferred the said land in the name of his three sons. The revenue records reflect the names of the three sons with 1/3rd share against each name. Father died recently. However physical partition of the said</p>

land amongst the three brothers has not been done as they have mutually decided against it. Eldest son has started managing the land since fathers demise. Is the land in question ancestral property of the three brothers ? Can the three brothers claim to a HUF? If yes, then since when are they HUF - after fathers demise or since the date land transferred in their names?

Yes, the land is the ancestral property of the three brothers. It is their father's land. The three brothers can claim to a HUF. After their father's death, they can get the land transferred in their names.

7. Ashok is an industrial designer by training. He had the opportunity to learn the technology of fibre glass manufacture while he was in Germany for his training. He plans to set up a plant for the manufacture of fibre glass in India and is able to interest some financiers and technologists. It is estimated that the initial investment in the plant will be of the order of ₹50 lakhs. Ashok and others decide to set up a company for the purpose. Should they set up a public limited company for the purpose? If so, how should they go about it? If not, what alternative would you suggest? What formalities will be required of Ashok and his associates if they choose the alternative form of organization suggested by you?

1. If he and his friends selected to start public limited company. They can start with more formalities.

- Issue of prospectus
- Huge capital
- Shares can be issued and substituted in huge level of capital
- Minimum 7 members to start a public company.

2. If he decides to start private limited company, my suggestions are as follows:

- Investment arranged privately with his friends
- He can collect capital with limited capital
- Private company cannot issue prospectus

8. Collect any 10 items of daily use (Packed items) and list the names of the companies manufacturing those items. Classify those companies as public and private limited companies. Which of them are Multinational Companies?

- Milk - AAVINFSSAT, Chennai - 98.
- Tea powder - Brook Bond - Red Label Hindustan Unilever Ltd., (HUL) Mumbai - 400099
- Bread - Modem Foods Enterprises Private Ltd. Haryana, India - 122002
- Biscuit - Britannia Industries Ltd., Chennai.
- Toothpaste - Anchor Health & Beauty Care Private Ltd.,
- Tooth Brush - Uttarkhand - 249404
- Soap - Hamam Hindustan Unilever Limited Himachal Pradesh - 174103
- Detergent powder - Ariel - The Procter & Gamble Home Products Private Ltd., Mumbai - 400099
- Shampoo - Oriflame, Oriflame India Private Ltd., New Delhi - 110076
- Hand wash - Cosmic Product Private Ltd., Palghar (E) - 401404.

9. A group of mechanical and automobile engineers join hands to set up a Cooperative for assembly of scooters. How can they go about it? What principles would you like them to keep in mind? How can they augment their financial resources and how should they

organise the marketing effort?

An Industrial co-operative is organised by small scale producer.
This co-operatives are very useful in obtaining spare parts of scooters.

10 Chandru, a trade union activist, lives in a Workers' colony in the city of Chennai. He is a devoted leader for the cause of workers' welfare. For the last many months he has been observing that the local vendors of commodities of daily use have been making huge profits by charging high process from workers. He cannot tolerate all this and thinks of the idea of opening a consumers' cooperative store in the colony. He calls a few elderly workers of the locality, tells them about their exploitation by merchants and discusses with them all his plans to solve the problem. Merchants and discusses with them all his plans to solve the problem. While some of the workers welcome the scheme. Others express their genuine doubts about its feasibility and success. Take the roles of these workers and list out the possible arguments among them

Chandra a trade union activist to Start consumer co-operative society to buy quality goods. They supply essential commodities through public distribution system.

- (i) Students co-operative stores.
- (ii) Co-operative provision stores.
- (iii) Supermarket.

So, Chandru think we want to buy quality goods with fair price to open consumer co-operatives. Financial resources collected from members.

11 Multinational companies establish themselves in developing countries to enjoy huge profits by selling consumer goods or luxury items. They start business by offering wide variety of goods at prices cheaper than local retailers offer. But once they are established they increase prices.

a. State the values the government of a developing country ignores while allowing MNCs to

establish in their country.

b. What value do the MNCs violate?

a). He main values that the government ignores while setting up such business is that they cut down trees and thus environment is getting spoiled day to day as the company is much more more bothered about their own benefits and hence pollution is increasing day by day .

b). Human rights are violated by the MNC's. They set up an argument with the people and hurt their basic needs for their own benefiy.

12 Organise a debate in your class on the motion "Public Enterprises in India have failed to achieve their objectives". Select a few good speakers for the purpose. State the points for and against the motion.

Favorable:

- Excessive government control.
- Interference
- Delay and Redtapism.
- Tax burden to public
- Inefficiency.

Unfavorable:

- Proper use of funds

- Source of income for the government.
- Secrecy.
- Useful to specific industries.

13 Recently a discussion on “The objectives of Public sector undertakings was organized by the Friends Circle, a private cultural organization of the city of Chennai. One of the participants, Mr.Ramesh happened to be a social worker. He observed, “the objective of Public Enterprises is to serve the Society and not to earn profits”. Mr.Deepesh, an advocate, objected to Mr.Ramesh’s statement and gave his own view point. Thus continued the discussion.If you have participated in that discussion, what should have been your stand and why?

- Public enterprises not to earn profit. But run as commercial lines.
- Defense industries are looking after departmental undertakings.
- In an emergency situation, the private sector cannot cooperate with the government.
- The objective of public sector undertakings is to serve society and not to earn profit.

14 You are a newly appointed MD of a foreign sector tourist Bus transport company. The management of the bus Transport undertaking of your city finds that its buses are not able to attract very many tourists. Private Mini-Buses are seen to be preferred by people on certain routes. As a result, the undertaking is incurring losses. Therefore, management wants to reformulate its price policy. As a CEO or MD what advice can you give to it? Explain.

- For attract the people, they can change the buses with new facilities.
- Wi - fi facilities can be provided.
- New painted buses with luxury can run.
- Air condition facilities can apply.
- At low cost they can run the bus.
- New engine can introduce for control of air problems.
- Can adopt new innovations to attract the people
- Tickets cost may be reduced.

15 Mr.Sudhan is studying in B.Com, 1st year. His father, Mr.Somu is a leading businessman in Chennai. Somehow, Mr.Sudhan does not know anything about utilities. But he is to prepare a lesson for his class in this topic. He request his father for help. His father tells Mr.Sudhan that Public utilities are no different from his own business except that these are controlled by Government instead of private people. Meanwhile, Mr.Chandrasekaran a friend of Mr.Somu comes there. Mr.Chandrasekaran is an employee of Chennai Electricity Supply Undertaking. Mr.Chandrasekaran intervenes in the conversation going on between Mr.Somu and his son and hold that Mr.Sudhan is not correct; there are other special features of public utilities, too. Perform the characters of Mr.Sudhan, Mr.Somu and Mr.Chandrasekaran and state your positions.

Characters of Mr. Somu:

He is a leading businessman in Chennai. He teaches about his business to his son. He explains the differences private and public government business.

1. Government business need not control because Government will do the business.
2. Private business people will be controlled by Government in the way to paying tax to

the Government.

3. Public utilities can be served by Mr. Somu because the utilities services have been done by him.

Characters of Mr. Chandrasekaran:

He is an employee of Chennai Electricity Supply Undertaking. It is a board organisation. It is Government organisation. He explains about the Public Utilities. Electricity supply is very important one to public. The service is given by Government. Electricity supply gives benefits to people, industries, factory, business offices, agriculturalists and household.

Characters of Mr. Sudhan:

He is studying in B.Com., 1st year. He is good to give a speech in his college about public utilities. He gathered sufficient information about public utilities from his father and his father's friend. He is a student and he is studying commerce. He learns business, trade and industries in text book. Practically he got information from his father's friend Mr. Chandrasekaran.

16 1. Know the Central Banks of Some other Countries?

- The Central Bank of Russia is the Bank of Russia
- The Central Bank of Sri Lanka is the Central Bank of Sri Lanka
- The Central Bank of the USA is _____
- The Central Bank of Pakistan is _____

2. Mention the names of Central Banks in three other countries

i.....

ii.....

iii.....

- The Central Bank of the USA is Federal Reserve.
- The Central Bank of Pakistan is State Bank of Pakistan.

Central bank of Other counties:

- China- Peoples bank of China
- Canada – Bank of Canada
- Australia – Reserve Bank of Australia

17 You are the Agricultural bank manager; a farmer approaches you for loan from your bank for purchasing a tractor and other farm equipment. How would you sanction the loan?

- Land documents and other securities must be collected from the agriculturist.
- Then I check the productivity of his land. How much earnings from that land in every year.
- If the regular incomes and yielding getting from that land, we can allow loan sanction for that farmer.

18 Due to natural calamities, the farmer could not repay the loan. He has no other way to repay the loan. How to collect loan from the farmer?

- Banker collect loan from the farmer by way of Personal property. But without interest bankers collect loans from the farmer.
- Sometimes farmer has no way to repay the loan. The loan will become bad debt.

19 A person forgot his password of Debit card, How to get password? Give guidelines to him.

- He has to insert the debit card into the ATM machine.
- It will ask for the password. If he has forgotten the password, it will ask for the phone number.
- If he types the phone number, he can get a new password from the bank through his mobile number

20 In all ATM Centers, there are one or two machines, sometime it may be four or five. All ATM machines have some amount of money inside the box. In this way lot of currency notes are locked day by day. Think about the alternate way for avoiding this locking of currency notes.

21 Sanjana insured her factory for ₹5 Lakh against fire. Due to fire she suffered a loss of ₹2 lakh. How much amount she can recover from the insurance company? Why?

- Sanjana will recover Rs 2 lakh from the insurance company according to the 'principle of indemnity'.
- Principle of indemnity is to return the insurer back the amount, where the person was before the loss during the fire. It takes into an account the 'depreciation cost'.

22 A factory owner gets his stock of goods insured, but he hides the fact the electricity board has issued him a statutory warning letter to get his factory's wiring changed. Later on, the factory catches fire due to short circuit of wiring. Can he claim compensation?

- No, he cannot claim the compensation.
- This is because he has hidden a very crucial fact about his factory wirings.
- Therefore, he has violated the principle of Utmost Good faith.
- This principle states that the insurance contracts require that both parties act with the utmost good faith.

23 Gokul Steel Ltd is a large and creditworthy company that manufactures steel for the Indian market. It now wants to cater the Asian market and decides to invest in new hi-tech achines. Since the investment is large, it requires long term finance. It decides to raise funds by issuing equity shares. The issue of equity shares involves huge floatation cost. To meet the expenses of floatation cost, the company decides to tap money market.
a) Name and explain the money-market instrument the company can use for the above purpose.
b) What is the duration for which the company can get funds through the instrument?
c) State any other purpose for which this instrument can be used.

The company can issue equity shares with premium. If the shares issue at premium value, the share can be subsided easily because the company has already created a credit worthy less. So it can easily raise their capital and get more funds and solve the huge requirement of funds.

(a) NSE (National Stock Exchange) – Gokul Steel Ltd.

BSE (Business Stock Exchange) – Equity shares

(b) Equity share capital for long term source of the company. One year, two years or life time of the company.

(c) In the future the shares can be used to change the value of shares. In the future this

investment can be surrendered and get back the cash also with dividends.

- 24 **Kumaran had started his leather bag business as a sole proprietor, with a capital of ₹10,00,000/-. Now, after five years, he has decided to expand his business in the form a company. As a commerce student, give your suggestions to find out the various long term financial sources to generate funds for his company.**

Long term Financial Sources:

- Shares
- Debentures
- Retained Earnings
- Public deposits
- Long term Loan from Commercial banks
- The loans from financial Institutions

- 25 **Mr. Kovalan completed his M.Com., degree and proposed to start a business dealing powerloom machines. After a complete analysis, it was found that it is better to buy from foreign countries than to buy from domestic manufacturers. So what is your opinion whether to purchase from foreign countries or from domestic manufacturers.**

In my opinion, if he purchases from foreign countries, it will be a quality one. It will work a long time. First of all he should get the quotation from all countries. He can choose which is the low cost and high quality machines. A very good brand also can be chosen.

- 26 **A Rama industry was established to manufacturer fashion shoes. Since they were new in the market, they decided to sell their product through wholesalers. They appointed one wholesaler in each district and promised them verbally that they will remain the exclusive**

wholesalers in the area. After three years during one of the review meetings the sales manager informed that if company sells directly to retailers, they will be able to offer competitive prices, which will increase sales volume and eventually profits. He was directly supporting elimination of wholesalers.

a. Should the company follow sales manager's suggestion and start direct business with retailers?

b. What values would the company ignore if they by-pass wholesalers to earn extra profit?

a) No, I don't think that company should follow sales manager's suggestion and start direct business with retailers. Because it is the wholesalers who have put in all the effect to establish sales network and prepared a market for new product. The company has though verbally promised wholesalers the exclusivity to sell, so it may not send good signals about the company in the market. The wholesalers may sell the competitors' product more aggressively, which may affect the company's sales adversely.

b) Values ignored are

1. Mutual trust
2. Integrity
3. Importance to relationships

- 27 **All purchases and sales between the producers and wholesales and from the wholesalers to retailer is called?**

Business to Business (B2B) transactions.

28	All business transactions between the producers or wholesalers or retailers on the one side and consumers on the other side are called ?
	Business to Consumers(B2C)
29	To identify ethical and unethical practices of business enterprises?
	<p>Ethical:</p> <ul style="list-style-type: none"> • Investors • Employees • Customer • Competition • Government <p>Unethical:</p> <ul style="list-style-type: none"> • Resorting to dishonesty, trickery or deception. • Distortion of facts to mislead or confuse. • Greed to a mass excessive profit. • Creation of false documents to show increased profits
30	To analysis the impact of Social Responsibility of Small, Medium and Large scale enterprises in the Society?
	<ul style="list-style-type: none"> • Respect for the employer's rights. • Ensuring operational safety and security at the workplace. • Occupational health. • Good governance and good practices. • Compliance with the laws.
31	To clearly distinguish the benefits derived by different stakeholders while discharging of Social Responsibility of business units
	<ul style="list-style-type: none"> • CSR should not be taken to include steps taken as a result of legal obligations to prevent or mitigate harm. • In that regard, a growing number of theorists are now suggesting that companies have a fundamental existential obligation to adequately plan for and manage sustainability issues in order to avoid breaches of director's duties as a result of a failure to mitigate risk in this area.
32	To evaluate the impact of social responsibility on profitability of business unit
	There is an impressive history associated with the evolution of the concept and definition of corporate social responsibility. In this article, the author traces the evolution to the CSR construct beginning in the 1950s which marks the modern area of CSR.
33	To predict methods by which social responsibility can be discharged
	We use data from different sources to analyze whether actual environmental outcomes such as emissions and environmental fines can be explained by lagged environmental ratings.
34	To depict through pictures, the stakeholders position in a company taking socially responsible activities
	In order to completely understand the context of corporate social responsibility, you must first understand the role of stakeholders for an organization. The next section will describe the role of stakeholders. Two types of primary stakeholders and secondary stakeholders.
<p>PREPARED BY: P.VAHEESWARAN M.COM., M.PHIL., DCA., B.ED PAGE 97</p>	

35	Illustrate the ethical practices followed by different reputed organization giving practical examples.
	The American medical association also imposes a code of ethics on physicians. This code of ethics addresses everything from impersonal relationships with other staff members such as nurses' information on patient care.
36	Create case studies concerning the existing famous organisation following ethical practices quoting their real life practice
	<ul style="list-style-type: none"> • Use real-life examples. If you are free to choose a topic on your own try to take it from real life. However, avoid real names. • Finish every part of your study with points for discussion. They will engage your reader and help him orient in the study.
37	Identifying ethical codes based on which organisation exists, for long run and short run, justifying the adherence of code of ethics.
	<ul style="list-style-type: none"> • Two of the 22 identified excerpts involved individuals referring to ethical guidelines that are clear and penalties potentially serious. • Responses falling under this theme tend to refer to guidelines when they believe a clear concrete rule is available and when consequences may be substantial and costly.
38	<p>Gokul Steel Ltd is a large and creditworthy company that manufactures steel for the Indian market. It now wants to cater the Asian market and decides to invest in new hi-tech machines. Since the investment is large, it requires long term finance. It decides to raise funds by issuing equity shares. The issue of equity shares involves huge floatation cost. To meet the expenses of floatation cost, the company decides to tap money market.</p> <p>a) Name and explain the money-market instrument the company can use for the above purpose.</p> <p>b) What is the duration for which the company can get funds through the instrument?</p> <p>c) State any other purpose for which this instrument can be used.</p>
	<p>The company can issue equity shares with premium. If the shares issue at premium value, the share can be subsided easily because the company has already created a credit worthy less. So it can easily raise their capital and get more funds and solve the huge requirement of funds.</p> <p>(a) NSE (National Stock Exchange) – Gokul Steel Ltd. BSE (Business Stock Exchange) – Equity shares (b) Equity share capital for long term source of the company. One year, two years or life time of the company.</p> <p>(c) In the future the shares can be used to change the value of shares. In the future this investment can be surrendered and get back the cash also with dividends.</p>
39	Kumaran had started his leather bag business as a sole proprietor, with a capital of ₹10,00,000/-. Now, after five years, he has decided to expand his business in the form a company. As a commerce student, give your suggestions to find out the various long term financial sources to generate funds for his company. Explain?

40	<p>Mr. Kovalan completed his M.Com., degree and proposed to start a business dealing powerloom machines. After a complete analysis, it was found that it is better to buy from foreign countries than to buy from domestic manufacturers. So what is your opinion whether to purchase from foreign countries or from domestic manufacturers.</p>
	<p>In my opinion, if he purchases from foreign countries, it will be a quality one. It will work a long time. First of all he should get the quotation from all countries. He can choose which is the low cost and high quality machines. A very good brand also can be chosen.</p>
41	<p><i>A Rama industry was established to manufacturer fashion shoes. Since they were new in the market, they decided to sell their product through wholesalers. They appointed one wholesaler in each district and promised them verbally that they will remain the exclusive wholesalers in the area. After three years during one of the review meetings the sales manager informed that if company sells directly to retailers, they will be able to offer competitive prices, which will increase sales volume and eventually profits. He was directly supporting elimination of wholesalers.</i></p> <p>a. Should the company follow sales manager's suggestion and start direct business with retailers?</p> <p>b. What values would the company ignore if they by-pass wholesalers to earn extra profit?</p>
	<p>a) No, I don't think that company should follow sales manager's suggestion and start direct business with retailers. Because it is the wholesalers who have put in all the effect to establish sales network and prepared a market for new product. The company has though verbally promised wholesalers the exclusivity to sell, so it may not send good signals about the company in the market. The wholesalers may sell the competitors' product more aggressively, which may affect the company's sales adversely.</p> <p>b) Values ignored are: 1. Mutual trust 2. Integrity 3. Importance to relationships</p>
42	<p>Identify various fixed shop retailers in your locality and classify them according to the different types you have studied.</p>
	<ul style="list-style-type: none"> ♣ Educational book house – Second Hand goods shop ♣ Big Bazaar – Departmental Store ♣ Bata Shoes – Specialty shop ♣ Levis –Chain Store
43	<p>Do you know any retailer selling secondhand goods in your area? Find out the category of the product that they deal in? Which products are suitable for resale? List out some of your findings. What conclusions do you draw?</p>
	<ul style="list-style-type: none"> • Yes, there are a few retailers in my area that sells second-hand goods. • The category of products that they deal with comes under the fixed shop small retailer. • The goods which are most suitable for resale are furniture, cars, motorcycles, books, and mobile. • On the basis of my observation, I have drawn the following characteristics of a second-hand shop: <ol style="list-style-type: none"> a. These shops sell goods at a low price. b. The goods are purchased by those people who have a very modest means of purchase. c. They are usually located on a busy street or a street crossing.
<p>PREPARED BY: P.VAHEESWARAN M.COM., M.PHIL., DCA., B.ED PAGE 99</p>	

- d. A few of them have set up a small temporary platform to display their items.
 e. The second-hand shop main also sells items with a high historical value. These goods are sold at a very heavy price for the people who have an interest in such antique goods.

44 From your own experience, compare the features of two retail stores selling the same type products.

Let us assume that there are two retail stores which sell the same product. One of them is a large Departmental Store and the other is a small retailer like a General Store. The difference between the selling of the products is explained below:

- The general store is usually located in a nearby market place, usually located near one. Its area of residence. It might be easier to have access to the concerned good, say rice if required quickly. A Departmental Store is usually located in the center of the market. At times it might not be convenient to travel there if the product is required quickly.
- The packet of rice might not always be available readily at the general store but it is always available at the Departmental Store. This is because the large Departmental Store usually purchased the goods at bulk quantities.
- The price of the rice packet would be sold at a uniform level in the general store. This is not the case with the Departmental Store which often alters the price depending upon the market conditions.
- The general store would never offer a discount on the packet of rice. The Departmental Store may offer different kinds of discounts and schemes on the packet of rice. For example, buy one get one free or a Rs 20 discount.
- The general store might only be having a package of rice produced by one manufacturer. The Departmental Store offers rice produced by various manufacturers. The customer has more choice here.

45 Necessity for world as global village through IMF IBRD and SAARC

- IMR – International Monetary Fund
- IBRD – International Bank of Reconstruction and Development
- SAARC – South Asian Association for Regional Cooperation.

46 A vital role played in international business by WTO

- The overall objective of the WTO is to help its members use trade as a means to raise living standards, create jobs and improves people's lives.
- The WTO operates the global system of trade rules and helps developing economies build their trade capacity.
- Global rules of trade provide assurance and stability.

47 A agrees to pay B (Rs.20,000) and in consideration, B agrees to unload 10 bags of sugar from a truck in 5 minutes. Is it a Valid contract?

- This is not a valid contract. B agrees to unload 10 bags of sugar from a truck in 5 minutes.
- No, this is not a valid contract.
- Under Indian law, contracts must be in writing and must be made for a lawful purpose.

48 X writes to Y, "As a doctor you treat my wife without charging, I promise to pay you Rs 10,000/-." "X" does not pay. Advise Y

	As per your promise, I treated your wife. Hence it is left up to you to fulfill your promise to pay me Rs. 10,000/-.
49	P owes Q Rs.10,000/-for the last 10 years and the payment is time barred. P signs a pro-note for it. Is it a valid contract? If yes, give reason
	<ul style="list-style-type: none"> No, it is not a valid contract because the payment is time-barred, meaning the specified time period for payment has expired. Therefore, the contract is not enforceable as per the statute of limitations.
50	To identify the performance and distinguish the performance as actual or attempted
	<ul style="list-style-type: none"> As shown in the example above, actual performance is when all the parties to a contract do what they had agreed for under the contract. On the other hand, it is possible that when the promisor attempts to perform his promise, the promisee refuses to accept it. In such cases, it is called attempted performance.
51	To understand the time and place of performance, so that the contract is established to be discharged or not?
	<ul style="list-style-type: none"> As a promisor and promise are essential to a contract, so are the time and place of the performance of contract. If a time and place for the performance of contract are agreed upon, then the promisor should perform the promise accordingly. If not, then it should be performed at a reasonable place and time.
52	To identify those who are involved in the process of performance of contract and their legal status
	<ul style="list-style-type: none"> There are at least two parties to a contract, a promisor, and a promisee. A promisee is a party to which a promise is made and a promisor is a party which performs the promise. Three sections of the Indian Contract Act, 1872 define who performs a contract – Section 40, 41, and 42.
53	To understand the modes of discharge of contract
	<ul style="list-style-type: none"> A contract may be discharged in any of the following ways:- 1) By performance - actual or attempted (Section 37,38). 2) By mutual consent or agreement (Section 62,63). 3) By subsequent or super vening impossibility or illegality (Section 56). 4) By lapse of time.
54	To interpret the consequence of breach of performance of contract
	<ul style="list-style-type: none"> The consequences of breaching a contract can include financial losses, legal remedies such as compensation for damages, specific performance (forcing the breaching party to fulfill their obligations), or termination of the contract.
55	Illustrate with example the modes of discharge of contract and if not discharged, the consequences
	<ul style="list-style-type: none"> Discharge of Contract by a Lapse of a Time Here, the contract is said to be discharged due to the lapse of time. For example: John takes a loan from one of his friends and agrees to pay him installments every month for the next five years. However, he does not pay even a single installment.

56 To foresee the suitability of remedies for breach of contract violation of which leading to legal consequences

- Suit for damages
- Suit for specific performance
- Eliminate the contract
- Stop the other party from doing something.
- Suit upon quantum meruit (compensation for work done)

MOST IMPORTANT QUESTIONS

2 MARKS

1. What is meant by Barter system?
2. What is meant by Nallangadi?
3. What is meant by Allangadi?
4. Define commerce.
5. Who is called a Sole Trader?
6. What are the two schools of Hindu law?
7. Who is called KARTA?
8. Who is a Sleeping partner?
9. How many types of Dissolution?
10. What is meant by Limited liability?
11. Explain any two characteristics of a company.
12. What is meant by Chartered Company?
13. Define cooperatives.
14. Who are Rochdale Pioneers?
15. Give two examples of MNC.
16. Give two examples of Public enterprises
17. Give two examples of Departmental undertaking?
18. Briefly explain about Central Bank.
19. What are Foreign Banks?
20. Write a short note on Debit card.
21. Write a short note on Credit card.
21. What do you mean by ATM?
22. What is Warehouse?
23. Give any two functions of Warehouses.
24. Define Transport.
25. What is health insurance?
26. Define Corporate Governance?

27. Write a short note on debentures.
28. What is a GDR (Global Depository Receipt)?
29. What is an American Depository Receipt (ADR)?
30. What is a Self Help Group?
31. Explain the meaning of Entrepot trade.
32. What is import trade?
33. What is International Trade?
33. Who is a middleman?
34. Define Retailer.
35. Who is a broker?
36. What are the classifications of the merchant middlemen?
37. Who are the mercantile agents?
38. State the meaning of multiple shops.
39. What are specialty stores?
40. What do you mean by international business?
41. What is meant by Export Trade?
42. What is meant by Indent?
43. What is the Letter of credit?
44. What is WTO?
45. What is meant by Contract?
46. Who is an agent?
47. What is Income tax?
48. What is meant by previous year?
49. What is an assessment year?
50. What do you mean by Goods and Services Taxes?
51. What is CGST?

3 MARK

1. Explain the meaning of the term "Vanigam".
2. State the meaning of Maruvurapakkam and Pattinapakkam.
3. What are the ports developed by Pandiya kingdom?
4. What do you mean by tertiary industries?
5. Write a short note on Transportation.
6. Give some examples of Sole trading business.
7. What is unlimited liability?
8. Write any 3 features of HUF.

9. What is the minimum and maximum number of members in the partnership concern?
10. What is the meaning of Partnership Deed?
11. What is meant by Government Company?
12. What is meant by Foreign Company?
13. What are the disadvantages of Cooperatives?
14. What is meant by Departmental undertakings?
15. What are the functions of RBI.
16. Who are the persons involved in RBI administration?
17. What is E-Banking?
18. Write a short note on - RTGS.
19. Explain - NEFT.
20. Differentiate the warehouse warrant from the warehouse receipt.
21. Explain cold storage warehouse.
22. What is bill of lading?
23. Define Insurance.
24. Give the meaning of crop insurance
25. What is pledge?
26. What are Foreign Currency Convertible Bonds?
27. List out the products produced by MSME in Tamil Nadu?
28. What are the functions of Wholesalers?
29. What are functions of Retailers?
30. Explain the characteristics of super markets.
31. Explain the demerits of multiple shops?
31. Mention the functions of SAARC.
32. What is meant by Offer?
33. What do you mean by Agreement?
34. What is meant by Voidable Contract?
35. List out the five heads of income.
36. Write short notes on: a). Direct Tax. b). Indirect Tax
37. Who are all included in the term persons?
38. What are the objectives of GST?
39. Write any three demerits of GST.

5 MARK

1. What are the hindrances of business?
2. Explain five objectives of Business.

3. State the constraints in Barter system.
4. Compare Industry, Commerce, Trade.
5. Distinguish between Economic and Non-Economic activity.
6. Explain the Auxiliaries to trade.
7. Explain the characteristics of sole trading business.
8. What are the contents of Partnership deed?
9. Explain the types of dissolution of partnership.
10. Explain the advantages of partnership.
11. Explain the procedures for Registration of a firm.
12. What are the contents of Articles of Association?
13. What is meant by prospectus?
14. Classify the companies on the basis of incorporation.
15. Write short notes on Holding company and super markets.
16. What are the advantages of MNCs?
17. What are the types of co-operative society?
18. Explain the organizational structure of RBI
19. Explain the various functions of RBI.
20. Explain the various functions secondary functions of commercial banks.
21. Explain the different types of Warehouses.
22. Explain different types of transport.
23. Discuss the advantages of Railway transport.
24. Explain the principles of Insurance.
25. Discuss the cause of risk.
26. Write the features of Factoring.
27. How do you classify Social Responsibility?
28. Describe the code of business ethics.
29. Write short notes on Bank overdraft and Housing Loan.
30. Write short notes on Retained Earnings and Lease Financing.
31. Write short notes on owner's funds and borrowed funds.
32. Explain any five personal investment avenues.
33. Distinguish between GDR and ADR.
34. State any five features of FCCB.
35. Explain the advantages of MSMES.
36. What are the features of Internal Trade?
37. Explain the kinds of Mercantile- agents.

38. Explain briefly the different types of foreign trade.
39. What are the functions of Wholesaler?
40. State the features of Departmental Stores.
41. Difference between Hire purchase system and Installment system.
42. Distinguish between Internal and International trade.
43. What are the documents used in export trade?
44. Explain the functions of IMF.
45. Write down the structure of capital account.
46. Distinguish balance of payment and balance of trade.
47. Explain the classification of contract?

PREVIOUS PUBLIC EXAMINATION QUESTIONS

2 MARK (previous year public question)

1. What is meant by Barter System?(May 22)(Mar 20) (Jun 19)
2. What is meant by Nallangadi?(Mar 23)(Sep 20)(Mar 19)
3. What is meant by Economic Activities. (Jun 23)
4. Define Commerce. (Aug 22)
5. Who is called a Sole Trader?(Mar 23)(Sep 21)
6. What are the Non-corporate enterprises?(Sep 20)
7. Who is called KARTA?(Jun 23)(Aug 22)(Mar 20)
8. What are the two schools of Hindu law?(Sep 21)(Mar 19)
9. Who is called a Partner?(May 22)
10. Who is a Sleeping partner?(Jun 19)
11. What is meant by Chartered Company?(Sep 20)
12. Write any two advantages of MNC's.(Mar 19)
13. Give two examples of Departmental Undertaking.(May 22)
14. Give the meaning of Commercial banks.(Jun 23)
15. What are Foreign banks?(Mar 19)
16. Write a short notes on Debit card.(Sep 21)
17. Write a short notes on Credit card.(Aug 22)(Sep 20)
18. What do you mean by ATM?(May 22)
19. What is warehouse?(Sep 21)(Mar 20)
20. List the various types of Warehouses.(Mar 23)
21. Give any two functions of warehouses.(May 22)
22. Define transport.(Mar 20)(Jun 19)
23. List any five important types of life policies.(Aug 22)
24. Who is a franchisee?(Mar 19)
25. State two dis/Advantages of franchising? (Sep 20)
26. What is meant by BPO?(Mar 23)(Aug 22)
27. What is Ethical responsibility?(Jun 23)(Mar 20)
28. What is ethics?(Jun 19)
29. Define Corporate Governance.(Mar 23)
30. Name any two sources of funds classified under borrowed funds. (Jun23)

31. Write any two examples of Post Office Savings Schemes.(May 22)
32. What is a Depository Receipt?(Jun 23)(Jun 19)
33. Give some examples for Micro Enterprises.(Mar 23)(Mar 19)
34. Give the meaning of Trade?(May 22)
35. What is International Trade?(Sep 21)
36. Who is a middleman?(Mar 23)
37. Define Retailer.(Jun 19)
38. Who is a Broker?(Sep 21)
39. What are specialty stores?(Jun 23)(Aug 22)(Mar 19)
40. What do you mean by international business?(Sep 21)
41. What is meant by Export Trade?(Jun 19)
42. What is meant by Import Trade?(Aug 22)
43. What is meant by Enterpot Trade?(May 22)
44. What is meant by Indent?(Mar 19)
45. Mention the types of Indent.(Jun 23)
46. What is WTO?(Mar 23)
47. What do you mean by World Bank?(Sep 20)
48. What is meant by Contract? (Jun 23)(Aug 22)(Jun 19)(Mar 19)
49. What is Income Tax?(Mar 23)(Aug 22)
50. What is meant by previous year?
51. What is an assessment year?(Sep 21)
52. What do you mean by Indirect tax and Example (May 22)
53. What is CGST?(Jun 23)
54. What is SGST?((Sep 20)
55. What are the Kinds of GST (Mar 20)
56. What is a Foreign Currency Convertible Bond? (Mar 20)
57. What do you mean by E-commerce (Mar 20)(Jun 19)
58. Who can demand performance (Mar 20)
59. Can a minor enter into a Contract (Sep 21)
60. Name any two suitable form of transport found in hilly areas, forest areas and in remote places.(Mar 19)
61. Deepak insured his factory ₹5 lakh against fire. Due to fire he suffered a loss of ₹2lakh. How much amount he can recover from the insurance Company? Why? (Jun 2019)
62. Explain under which principal of insurance,a creditor takes insurance on his debtors. (Sep 20)
63. Name of retail shop which deals in same types of goods in different localities. Give example (Mar 20)
64. In which form of business organisation, the Indian Government provides Tax Concession? (Sep 21)
65. Suresh started a business on his own. His father and brother helping in his business. What kind of business organisation is this and give a note on it. (May 22)
66. Mr. Ram owns retail shop in different localities, deals in identical and branded products, identify the type of Retail shops. (Aug 22)
67. "S" offers to sell his car for ₹5 lakh to "T". "T" agrees to buy it. Mention the type of Contact. (Mar 23)

3 MARK (PREVIOUS YEAR PUBLIC QUESTION)

1. State the meaning of Maruvurapakkam and Pattinapakkam. (Jun 23)
2. What are the ports developed by Pandiya Kingdom?(Sep 21)
3. What do you mean by human activities? Explain. (Mar 23)
4. Write Short notes on: (a) Business (b) Profession (Aug 22)(May 22) (Sep 20)(Jun 19)
5. What do you mean by tertiary industries? (May 22)
6. How is it possible to maintain secrecy in sole proprietorship?
7. What is unlimited liability?(Jun 23)(Sep 21)(Mar 19).
8. Write any 3 features of HUF.(Mar 23)(Sep 21)(Jun 19)
9. What is the meaning of Partnership Deed?(Aug 22)

10. What are the advantages of Companies?(Any 3)
11. What is meant by Government Company?(Sep 20)
12. What is meant by Foreign Company?(May 22)
13. What are the disadvantages of Co-operatives? (Any 3)(Jun 23)
14. What is meant by public corporation? (May 22)
15. Define Departmental undertakings.(Aug 22)
16. Who are the persons involved in RBI administration?(Mar 23)(Aug 22).
17. What are the objectives involved in Regional Rural banks?(Jun 19)
18. What is E-Banking?(Sep 21).
19. Explain - NEFT.(Jun 23)(Mar 20)
20. Differentiate the warehouse warrant from the warehouse receipt(Sep 20)
21. Explain Cold storage warehouse.(Jun 23)(Aug 22)
22. What is charter party?(Mar 23)
23. Give the meaning of Crop Insurance.(Sep 21)(Mar 19)
24. What are the types of Franchising?(Mar 20)(Jun 19)
25. What is the impact of e-commerce on Buyers?(Mar 19)
26. List the kinds of Social Responsibility.(Mar 23)(Sep 20)
27. What do you mean by the concept of business ethics?
28. Illustrate with example the working of a MNC.
29. Define Business Finance?(Mar 20) 2 significance
30. What is pledge?(Sep 20)
31. Classify the sources of business finance on the basis of period.(Mar 23)(Aug 22)
32. Explain any three features of self help group(May 22)(Jun 19)
33. Explain the types of Internal trade.(Aug 22)
34. Give three examples of India's Import and Exports items.(Mar 23)
35. Explain any three characteristics of wholesalers?(Mar 19)
36. Explain the characteristics of Super Markets?(Jun 23)(Sep 21)(Sep 20)(Mar 19)
37. Explain the demerits of Multiple shops.(May 22)
38. Explain any three features of International business.(Sep 21)
39. Explain the features of Entrepot trade.(Jun 23)
40. What are the contents of Indents?(Jun 19)
41. State the Components of capital account.(Jun 23)
42. What is meant by Offer.Define (Sep 21)
43. What do you mean by Agreement?(Aug 22)(Sep 20)
44. What is meant by Voidable Contract?(Jun 23)
45. Who can demand performance?(Mar 19)
46. What are the kinds of reciprocal promises?(Mar 23)
47. What are the various types of remedies for the injured parties?(May 22)
48. List out the five heads of income.(May 22)(Mar 19)
49. Who are all included in the term person?(Aug 22)
50. What are the objectives of GST?(Mar 23)
51. Write short notes Document against Payment/Documents against Acceptance (Mar 23)
52. Selling if tea from India to England. Identify the type of trade and explain it. (Aug 22)
53. Principles of insurance. Explain any one of them. (May 22)
54. Who are the members of the apex body that supervises the Insurance Industry in India? (May 20)
55. What are the different ways in which banks fund Self Help Groups? (Sep 21)
56. Types of foreign trade? Example (Sep 21)
57. Partnership (Sep 20)
58. Which is the fastest and the costliest mode of transport? Write it's two advantages? (Sep20)
59. Write any 3 Characteristics of sole proprietorship (Mar 20)

60. Benefits of Corporate Governance (Mar 20)
61. What is Wholesale trade (Mar 20)
62. What are the service rendered by the wholesalers to the manufacturers?(Mar 20)
63. Limitation of international business (Mar 20)
64. Difference Between contract and Agreement (Mar 20)
65. Why you do think social responsibility of business is needed? (Jun19)
66. Difference between Direct tax and Indirect tax (Jun19)
67. Name the partner who has not completed 18 years of age. Can he be admitted into partnership? Why? (Jun19)
68. Name the industry which is concerned with the production of goods with the help of the nature. Explain any two types of such industries. (Mar 19)
69. Distinguish between Bill of lading and Charter party. (Mar 19)
70. Govind started a business on his own. His father helped him with accounts and his brother looked after customer in the evening. He pays monthly salary to his father and brother. Identify the form of business and mention any two disadvantage of it. (Mar 19)

5 MARK (Previous year public question)

1. What are the hindrances of commerce? (Jun 23) (Sep 21) (Mar 19)
2. State the constraints in barter system. (Aug 22)(Sep 20)
3. Briefly explain the Coastal trade in ancient Tamil Nadu.(May 22)(Mar 20)
4. Explain the characteristics of Business. (Aug 22)
5. Compare business with profession and employment. (May 22)
6. Discuss any five objectives of business. (Mar 20)
7. Compare industry, commerce and trade.(Mar 23)
8. Explain the characteristics of Sole trading business.(May 22)(Sep 20) (Jun 19)
9. What are the advantages of Sole trading business?(Sep 21) (Mar 20)
10. What are the disadvantages of Sole trading business?(Jun 23) (Aug 22)
11. What are the contents of Partnership Deed?(Jun 23)(Sep 21)(Mar 19).
12. Write the procedure for registration of a firm.(May 22)
13. What are the contents of Memorandum of Association?(Mar 23) (Aug 22)(Mar 20)
14. What are the contents of Articles of Association?(May 22)
15. What are the Principles of Cooperatives? (Any 5) (Aug 22)
16. What are the advantages of Cooperative Society?(Mar 20)(Mar 20)
17. What are the types of Cooperative Society?(Jun 23)
18. What are the advantages and disadvantages of Departmental undertaking? (May22)
19. What are the Features of Government company? (Any 5)(Sep 21)(Mar 20)
20. What are the advantages and disadvantages of Public corporation?(Mar 23)
21. What are the features of Public corporation? (Any 5)
22. What are the features of Departmental organization? (Any 5)(Sep 21)
23. Classify the various functions of Reserve Bank of India.(Jun 23)(Traditional function (Sep21)(Mar 20)
24. Explain the various types of banks based on function. (Mar 23).
25. Discuss the various Primary functions performed by the Commercial banks. (Aug 22)
26. Explain the various Secondary functions of commercial banks.(Sep 21)
27. Explain the different types of Warehouses.(May 22)(Jun 19)
28. Explain the advantages of warehousing functions. (Aug 22)
29. Explain different types of transports.(land transport Jun 23(Mar 20))(Mar 23)(Mar 19).
30. Explain the various types of Insurance.(Jun 23) (Aug 22)
31. Explain the Principles of insurance.(Sep 21)(Sep 20)(Jun 19)
32. Elucidate the features of factoring.(Jun 23)(Sep 20)(Mar 19).
33. How do you classify Social Responsibility?(Mar 19).
34. Explain the different key elements of Business Ethics.(Mar 23)(Mar 20)(Jun 19)
35. What are the benefits of Corporate Governance?(Jun 23)

36. Explain any five personal Investment Avenues? (May 22)(Mar 20)
37. Explain the kinds of sources of short term finance.(Sep 21)
38. Distinguish between GDR and ADR?(Mar 23)(Jun 19)
39. What are the objectives of SHGs? (Aug 22)(Sep 21)
40. Explain MUDRA Bank. (Aug 22)
41. What are the features of Internal trade?(May 22)(Mar 20)
42. Explain briefly the different types of Foreign trade.(Mar 23)(Mar 19)
43. What are the characteristics of retailers?(Jun 23)
44. Differentiate Wholesaler and Retailer.(May 22)
45. State the features of Departmental Stores.(Jun 23)(Mar 19)
46. Explain the different types of Retailers.(Mar 23) (Aug 22)
47. List out the advantages of international trade.(May 22)(Jun 19) (Sep 20)
48. Distinguish between internal and international trade.(Jun 23) (Aug 22)(Mar 19)
49. Distinguish between Bill of Lading and Charter party? (Sep 20)
50. Write down the functions of IMF.(Mar 23)
51. Distinguish balance of payment and balance of trade.(Mar 19)
52. Write any five features of Balance of Payments.(Mar 23)(Mar 20)
53. Explain the essentials of a valid contract?(May 22)(Mar 20)
54. Difference between Contract and Agreement.(Mar 23) (Aug 22)(Jun 19)
55. Explain the classification of contracts on the basis of performance.(Mar 19)
56. What is meant by damages and What are its types?(Jun 23)
57. Distinguish between direct taxes and indirect taxes.(May 22)(Mar 20)
58. Discuss the different kinds of GST (Jun 23) (Aug 22)
59. Write short notes on: Retained Earnings/ Lease Financing (Mar 19) (Sep 2020)
60. Explain the classify company on the basis of incorporation (Mar 19)
61. Who are the intermediaries involved in import trade? (Jun 19)
62. A number of identical retail shops with similar appearance normally deal in standardized and branded products. Name the shop and explain it's features.(Jun19)
63. Benefits of Outsourcing.(Jun19)
64. Explain the function of Wholesalers. (Jun19)
65. Difference Between Economic and Non Economic activity.(Jun19)(Sep 21)
66. Explain the function of warehouse (Mar 20)(Aug 22)
67. Arguments against social responsibility (Sep 20)
68. What is Inland waterway? What are its advantages and disadvantages (Sep 20)
69. What is mean by holding and subsidiary company (Sep 20)
70. Write short notes: Discounting of a bill / Endorsement of a bill (Sep 20)
71. Explain the types of partners (Sep 20)
72. Five kinds of Mercantile agents (Sep 20)
73. Classification of contract on the basis of validity (Sep 20)
74. Features of income tax (Sep 21)
75. Service rendered by retailers to consumer (Sep 21)
76. Factors affecting channel of distribution (Sep 21)
77. Explain the granting of different kinds of loans by Commercial Bank (Mar 22)
78. Any 5 basic concepts of income tax (Mar 23)
79. Institutional source of MSMEs (Mar 23)
80. Discuss the causes of risk (Mar 19)

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ALL THE BEST
FOR YOUR
ANNUAL EXAMINATION