

**11<sup>TH</sup> COMMERCE****GOVT. PUBLIC EXAMINATION – 2022–23****SLOW LEARNERS MATERIAL****Choose the Correct Answers (1 Mark)****Text Book (Book Back) 135 One Mark Questions Read and Get it  
Minimum 12 to 15 Marks****Very Short Answer Questions (2 Marks)**

1. **What is meant by Barter System?**  
Goods were exchanged for goods prior to invention of money.
2. **What is meant by Nallangadi?**
  - ♣ The place where the goods were sold was called ‘Angadi’.
  - ♣ Day market was called as Nallangadi.
3. **What is meant by Allangadi?**
  - ♣ The place where the goods were sold was called ‘Angadi’.
  - ♣ The night market was called as Allangadi.
4. **What is meant by Economic Activities.**  
Activities undertaken with the object of earning money are called economic activities.
5. **What do you mean by Business?**  
Business refers to “Economic activities performed for earning profits.”- **James Stephenson**
6. **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.
7. **Define Commerce.**  
“Commercial operations deal with the buying and selling of goods, the exchange of commodities and the contribution of finished products”.  
- **Evelyn Thomas**
8. **What do mean by Industry?**  
The term industry is also used to mean group of firms producing similar or related goods.
9. **What is trade?**  
Trade means Purchase and sale of goods and services.
10. **What is Income Tax?**  
Income tax is a direct tax under which tax is calculated on the income, gains or profits earned by a person such as individuals and other artificial entities.
11. **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.
12. **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.
13. **What do you mean by Indirect tax.**
  - ♣ It is levied on the goods and services.

- ♣ It is collected from the buyers by the seller<sup>2</sup> and paid by the sellers to the Government.
  - ♣ Example: GST - Goods and Services Tax, Excise duty.
14. **Give any two examples of indirect taxes levied in India.**
- ♣ Goods and service tax
  - ♣ Exercise duty
15. **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.
16. **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.
17. **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.
18. **State two disadvantages of Franchising?**
- ♣ Franchising provides an opportunity to expand business.
  - ♣ Eliminating the risk of starting a new business.
19. **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.
20. **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.
21. **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.
22. **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
23. **What is Import Trade?**
- ♣ Import trade means buying goods from a foreign country for domestic use.
  - ♣ Example: India imports petroleum products from Gulf Countries.
24. **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'.
25. **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.
26. **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.
27. **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.

**28. What are the classifications of the merchant middlemen?**

- |                         |                |                        |
|-------------------------|----------------|------------------------|
| i) Brokers              | ii) Factors    | iii) Commission Agents |
| iv) Del- Credere Agents | v) Auctioneers | vi) Warehouse keepers. |

**29. 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.

**30. 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.

**31. 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.

**32. What are Specialty stores?**

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

**33. What are the services included in Service business?**

- |               |                        |                              |
|---------------|------------------------|------------------------------|
| i) Education  | ii) Banks              | iii) Hospitality             |
| iv) Insurance | v) Medical (or) Health | vi) Transports & Warehousing |

**34. Write the meaning of "Bank"**

- ♣ The word Bank Normally refers to commercial bank
- ♣ There are many types of banks rendering different type of services
- ♣ Central bank is the most important among them.

**35. 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.

**36. 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.

**37. 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.

**38. What are Foreign Banks?**

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

**39. 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.

**40. 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.

**41. 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

42. **What do you mean by ATM?**  
A customer can withdraw money anytime, anywhere in India from the ATM machine.
43. **What is Warehouse?**  
It is a place where goods are stored for future use and act as distribution centers.
44. **List the various types of Warehouses.**  
i) Private Warehouses                      ii) Government Warehouses                      iii) Public Warehouses
45. **Give any two functions of Warehouses.**  
i) Storage                                      ii) Price Stabilization                                      iii) Risk bearing
46. **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
47. **State any two services rendered by transport.**  
♣ It increases the efficiency of production  
♣ It aids to economic growth
48. **Write any two advantages of water transport.**  
♣ It is considered as the cheapest mode of transport.  
♣ It is most suitable for heavy loads.
49. **List any five important types of policies.**  
i) Whole Life Policy                                      ii) Joint Life Policy  
iii) Annuity Policy                                      iv) Children's Endowment Policy  
v) Endowment Life Assurance Policy
50. **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.

**The Above 50 Two Mark Questions Read and Get it  
Minimum 8 to 10 Marks**

**Short Answers Questions (3 Marks)**

1. **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.
2. **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.  
♣ Example: 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?**  
i) Korkai                      ii) Kayal                      iii) Marungaur pattinam                      iv) Saliyur                      v) Kumari

4. What do you mean by human activities? <sup>5</sup> Explain.

**I. Economic Activities**

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

*Examples:* i) Production of goods by manufacturers ii) Distribution of goods by wholesalers  
iii) Selling by retailers

**II. Non-Economic Activities**

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

*Examples:* i) Cooking food for family ii) Celebrating festivals iii) Doing meditation

5. 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.

6. 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.

7. 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.

8. 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.

9. 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]

♣ Income from ‘Other Sources’ [Sections 56-59]



10. 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.
- ♣ Example: GST - Goods and Services Tax, Excise duty.

11. Who are all included in the term persons?

- |  |                              |                       |
|--|------------------------------|-----------------------|
| i) An Individual                       | ii) A Hindu Undivided Family | iii) A Company        |
| iv) A Firm                             | v) An Association Of Persons | vi) A Local Authority |
| vii) Every Artificial Juridical Person |                              |                       |

12. What are the objectives of GST? (Any 3)

- ♣ 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.

13. 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.

14. What are the types of Franchising?

**i) 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.

**ii) 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.

15. List the steps in factoring process. (Any 3)

- ♣ 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.

16. What is the impact of e-commerce on buyers? (Any 3)

- ♣ 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.

17. Explain the types of Internal trade?

**i) Retail Trade**

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

**ii) Wholesale Trade**

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

**18. Give three examples of India's Import and Export items.****i) Import items:-**

a) Mineral fuels including oil    b) Gem, precious metals    c) Electrical machinery and equipments

**ii) Export items:-**

a) Petroleum products                      b) Jewelry                                      c) Automobile

**19. Explain the types of mercantile agents.****i) Broker:**

A Broker is one who bargains for another and receives commission for 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.

**20. 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.

**21. Explain the characteristics of Super markets. (Any 3)**

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

**22. Explain the demerits of Multiple shops? (Any 3)****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.

**23. 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.

**24. What are the functions of RBI. (Any 3)****i) Promotion of small scale industries**

Micro small and medium enterprises are included in the priority sector. All scheduled banks are required to open separate branches to specialise the financing of these industries.

**ii) Facilitates Foreign trade**

The RBI has simplified the rules for credit to exporters through which they can now get long term advance from banks.

**iii) Maintenance of foreign exchange rate** <sup>8</sup>

The RBI manages the exchange value of the rupee in order to facilitate India's foreign trade and payments.

**25. 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.

**26. Write short notes on Local Area banks. Give two examples.**

- ♣ Local Area banks scheme was introduced by RBI in August 1996.
- ♣ These are established in rural and Semi- urban Areas
- ♣ Main objective is to mobilize rural savings and invest them in the same areas.
- ♣ Now only 3 local area bank functioning.
- ♣ Example – Coastal local Area bank, Andhra pradesh, Subhadra Local Area bank, Maharashtra

**27. What are the objectives involved in Regional Rural Banks?**

- ♣ To develop rural economy
- ♣ To play supplementary role to Co-operative societies
- ♣ To provide finance to rural Artisans, small entrepreneur and farmers
- ♣ Try to avoid their dependency on money lenders.

**28. What is E-Banking?**

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

**29. 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.

**30. 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.

**31. Differentiate the warehouse warrant from the warehouse receipt. (Any 3)**

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

**32. 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.
33. **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.
34. **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 charters.
  - ♣ The charter becomes responsible to the third parties for the acts of the master and crew of the ship.
35. **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**
36. **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.
37. **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.

**The Above 37 Three Mark Questions Read and Get it  
Minimum 12 to 15 Marks**

**Long Answer Questions (5 Marks)**

1. **What are the hindrances of Commerce?**
- 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<sup>10</sup> 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 ‘Pattinapakkam’ 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.

**4. Explain the characteristics of Business. (Any 5)**

**i. Production or Procurement of Goods:**

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

**ii. Sale, Transfer or Exchange:**

♣ There must be sale or exchange of goods or services.

♣ When a person weaves cloth for his personal consumption, it is not business because there is no transfer or sale.

**iii. Dealing in Goods and Services:**

♣ Goods produced 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.

5. **Compare business with profession and employment? (Any 5)**

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

6. **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.

7. **Compare Industry, Commerce and Trade. (Any 5)**

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

8. **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, dairy, 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.

**9. Elucidate any five features of Income Tax.****i. Levied as Per the Constitution**

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

**ii. Levied by Central Government**

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

**iii. Direct Tax**

- ♣ Income tax is direct tax.
- ♣ It is because the liability to deposit and ultimate burden are on same person.
- ♣ 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 'assesseees'.

**10. Distinguish between Direct taxes and Indirect taxes. (Any 5)**

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

**11. 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.

**ii) SGST:-**

State Goods and Services Tax - imposed and collected by the State Governments under State GST Act.

**iii) UGST:-**

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

**iv) IGST:-**

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

**12. What are the features of Internal trade? (Any 5)**

- ♣ The buying and selling of goods takes place within the boundaries of the same country.

- ♣ Payment for goods and services is made in<sup>13</sup> 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.

**13. 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'.
- ♣ Example: Indian diamond merchants in Surat import uncut raw diamonds from South Africa.

**14. 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.

**15. What are the functions of Wholesalers? (Any 5)**

**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.

**16. What are functions of Retailers? (Any 5)**

**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<sup>14</sup> 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.

**17. 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, free 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.

**18. Explain the different types of Retailers. (Any 5)**

**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.
  - i) Peddlers And Hawkers
  - ii) Street Traders
  - iii) Market Traders
  - iv) 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:**

- i) Street Stalls
- ii) General Stores
- iii) Single Line Stores
- iv) Specialty Stores
- v) Second Shops

**b. Fixed Shop Large Retailers:**

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

- i) Departmental Stores
- ii) Multiple Stores
- iii) Super Markets
- iv) Consumer Cooperative stores
- v) Shopping Malls
- vi) Mail order houses
- vii) Online Shopping

19. Explain the different types of warehouses. (Any 5)

**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.

20. Explain the advantages of warehousing.

**(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.

21. Explain different types of transport. (Any 5)

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.

**i) Surface Transport**

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

It is also called as 'Land Transport'.

- Pack Animals
- Bullock Carts
- Road Transport
- Motor Lorries and Buses
- Tramways
- Railway Transport

## ii) Water Transport

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

## iii) 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.

## 22. Discuss the advantages of Railway transport. (Any 5)

- ♣ Railways are well suited for carrying heavy and bulky goods over long distances.
- ♣ It can provide long distance travel throughout the day and night with unbroken services.
- ♣ It can provide better production and safety to the goods than motor transport.
- ♣ Operating expenses will be very low in railways and it will prove a cheaper mode of transport.
- ♣ It has regular schedule of timing and is available throughout the year.

## 23. Explain the principles of insurance. (Any 5)

### 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.

24. Explain the various types of Insurance. (Any 5)

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
  - Annuity Policy
  - Joint Life Policy (JLP)

ii) Non – Life Insurance:-

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

a) 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.

b) 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.

c) 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'.

d) Miscellaneous Insurance

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

25. Enumerate the advantages of Franchising. (Any 5)

i) Reduced risk:

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

ii) Business expansion:

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

iii) Cost of advertising:

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

vi) 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.

26. 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.

**27. Distinguish between GDR and ADR. (Any 5)**

S.No	Basis	Global Depository Receipts	American Depository Funds
1	<b>Denomination</b>	It is denominated in terms of any freely convertible currency.	It is denominated only in US dollars.
2	<b>To whom it is Issued</b>	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	<b>Listed in</b>	Non-US Stock Exchange	American stock exchange
4	<b>Approval</b>	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	<b>Negotiation</b>	It is negotiable all over the World.	It is negotiable only in America

**28. Distinguish between Bill of Lading and Charter Party.**

S.No	Basis	Bill of Lading	Charter Party
1	<b>Transferable</b>	It can be transferred to third party	It cannot be transferred to third Party
2	<b>Loan</b>	Loan can be raised against it	Loan cannot be raised against it
3	<b>Crew</b>	Master and crew remain the agent of ship owner	Master and crew become the agent of exporter for a temporary period
4	<b>Lease</b>	It is not a lease of ship	It is a lease of ship

**29. Distinguish between internal and international trade (Any 5)**

S.No.	Basis	Internal Trade	International Trade
1	<b>Participants in the business</b>	With in the country people	Outside of the country people
2	<b>Mode of transport</b>	It is mainly transported by roadways and railways.	It is mainly transported by water and airways
3	<b>Currency used</b>	Local currency of a country.	Foreign currencies.
4	<b>Risk Exposure</b>	The risks are relatively less.	This risks are high
5	<b>Scope of market</b>	The scope of market is Limited	The scope of market is unlimited

**30. Distinguish between balance of payment and balance of trade. (Any 5)**

S. No	Basis	Balance of Payment	Balance of Trade
1	<b>Meaning</b>	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 import of a country
2	<b>Nature of Transactions recorded</b>	It records both the transactions relating to goods and services	It records only transactions relating to goods transactions



3	<b>Capital Transactions</b>	It records capital transactions	It does not record capital Transactions
4	<b>Net position</b>	It always remains balanced in th sense that receipt side is made equal to payment side	It may be at favorable or unfavorable in equilibrium state
5	<b>Indicator Economic Status</b>	It is true indicator of economic performance of an economy	It is not true indicator of economic relations of country.

31. **Difference between Contract and Agreement.**

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

**The Above 31 Five Mark Questions Read and Get it**

**Minimum 15 to 25 Marks**

**The Above 1, 2, 3 & 5 Marks Questions Read  
Get Minimum (Approx) 45 to 55 Marks**

*Congratulations*

**Regards...**

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