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**SURA'S**



**Sigaram Thoduvom**

**TARGET**

**HIGHER SECONDARY FIRST YEAR**

**COMMERCE**

**1 Mark**

**Questions & Answers**

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- Complete 1 mark questions for all chapters. HOTS, Board Expected Questions (BEQ) & Answers.
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**COMMERCE****11th Standard****1 MARK****Unit - I****Fundamentals of Business****CHAPTER - 1****HISTORICAL BACKGROUND OF  
COMMERCE IN THE SUB-CONTINENT****Textual Questions****Choose the Correct Answer.**

- The place where the goods are sold is \_\_\_\_\_.  
 (a) Angadi (b) Market  
 (c) Nalangadi (d) Allangadi [Ans. (a) Angadi]
- Hindrance of place is removed by \_\_\_\_\_. [QY-2018]  
 (a) Transport (b) Warehouse  
 (c) Salesman (d) Insurance [Ans. (a) Transport]
- Who wrote "Arthasasthra"?  
 (a) Kautilya (b) Chanakya  
 (c) Thiruvalluvar (d) Elangovadigal  
 [Ans. (a) Kautilya]
- Trade and Commerce was common to \_\_\_\_\_ Dynasty.  
 [First Mid -2018, QY-2018]  
 (a) Pallava (b) Chola  
 (c) Pandiya (d) Chera [Ans. (c) Pandiya]
- \_\_\_\_\_ 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) Vascoda Gama  
 (c) Akbar (d) Alauddin Khilji  
 [Ans. (a) Balban]

**[1]**

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**Board Expected Questions & Answers**

1. **Barter system refers to \_\_\_\_\_ .**
  - (a) Exchange of goods against cash
  - (b) Exchange of cash against cash
  - (c) Exchange of goods against goods
  - (d) Exchange of service against cash

[Ans. (c) Exchange of goods against goods]
2. **Warehouse removes the hindrance of \_\_\_\_\_.**
  - (a) personal
  - (b) time
  - (c) place
  - (d) risk

[Ans. (b) time]
3. **Which one of the following is not correctly matched?**
  - (a) Barter system - Goods against goods
  - (b) Hindrance of risk - Insurance
  - (c) Hindrance of finance - Banks
  - (d) Hindrance of knowledge - Service

[Ans. (d) Hindrance of knowledge - Service]
4. **\_\_\_\_\_ is part and parcel of human life, whether it is a king or common man.**
  - (a) Commerce
  - (b) Industry
  - (c) Trade
  - (d) Business

[Ans. (a) Commerce]
5. **The word vaniyam or vanipam would have had a \_\_\_\_\_ origin.**
  - (a) Tamil
  - (b) Dravidian
  - (c) Greek
  - (d) None of these

[Ans. (b) Dravidian]
6. **Day market was called as \_\_\_\_\_.**
  - (a) Allangadi
  - (b) Nalangadi
  - (c) Market
  - (d) None of these

[Ans. (b) Nalangadi]
7. **Foreigners who transacted business were known as \_\_\_\_\_.**
  - (a) Jonagar
  - (b) Arabs
  - (c) Europe
  - (d) Yavanars

[Ans. (d) Yavanars]
8. **Arabs who traded with Tamil were called \_\_\_\_\_.**
  - (a) Yavanars
  - (b) Jonagar
  - (c) Both
  - (d) None of these

[Ans. (b) Jonagar]
9. **\_\_\_\_\_ focused on creation of wealth as the means to promote the well being of the state.**
  - (a) Thirukural
  - (b) Ilakiyam
  - (c) Arthasastra
  - (d) Tholkappiam

[Ans. (d) Tholkappiam]

10. Commerce serves as a valuable link between the \_\_\_\_\_ and the \_\_\_\_\_.  
 (a) producer, consumer (b) consumer, worker  
 (c) producer, worker (d) consumer, manager  
 [Ans. (a) producer, consumer]
11. The barter envisages mutual exchange of goods without \_\_\_\_\_ as a medium of exchange.  
 (a) Money (b) Services  
 (c) Both (d) None of these  
 [Ans. (a) Money]
12. Warehouse facilities create \_\_\_\_\_ utility.  
 (a) Service (b) Place  
 (c) Time (d) Form [Ans. (c) Time]
13. The growth of civilisation and standard of living of the people \_\_\_\_\_, activities were developed.  
 (a) commerce (b) trade  
 (c) industry (d) business [Ans. (d) business]

### Higher Order Thinking Skills - HOTS

1. \_\_\_\_\_ could remove all these difficulties of barter system.  
 (a) Labour and service (b) Introduction of money  
 (c) Introduction of labour (d) Introduction of power  
 [Ans: (b) Introduction of money]
2. Geographical distance separate producers and consumers are \_\_\_\_\_.  
 (a) Hindrance of persons (b) Hindrance of place  
 (c) Hindrance of time (d) Hindrance of risk  
 [Ans: (b) Hindrance of place]
3. \_\_\_\_\_ is overcome by means of advertisement and salesmanship.  
 (a) Hindrance of risk (b) Hindrance of knowledge  
 (c) Hindrance of finance (d) Hindrance of time  
 [Ans: (b) Hindrance of knowledge]
4. Which of the following does not characterise business activity?  
 (a) Production of goods and services  
 (b) Presence of risk  
 (c) Sale or exchange of goods and services  
 (d) Salary or wages [Ans. (d) Salary or wages]



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**CHAPTER - 2****OBJECTIVES OF BUSINESS****Textual Questions****Choose the Correct Answer.**

- The Primary objective of a business is** [QY-2018]  
 (a) Making Profit (b) Not making Profit  
 (c) Special Skill (d) None of the above  
**[Ans. (a) Making Profit]**
- Occupation of a Doctor is** [QY-2018]  
 (a) Employment (b) Business  
 (c) Profession (d) Sole Proprietor  
**[Ans. (c) Profession]**
- The following does not characterize business activity?**  
 (a) Production of goods and services [Govt. MQP-2018]  
 (b) Presence of risk  
 (c) Sale or exchange of goods and services  
 (d) Salary or wages **[Ans. (d) Salary or wages]**
- Activities undertaken out of love and affection or with social service motive are termed as :** [First Mid -2018]  
 (a) Economic activities  
 (b) Monetary activities  
 (c) Non-Economic activities  
 (d) Financial Activities **[Ans. (c) Non-Economic activities]**

**Board Expected Questions & Answers**

- Which one of the following is not an economic activity?**  
 (a) Production of goods (b) Distribution of goods  
 (c) Celebrating birthday (d) Selling by retailers  
**[Ans. (c) Celebrating birthday]**
- Which one of the following is not a non-economic activity?**  
 (a) Cooking food for family  
 (b) Medical advice rendered by physicians  
 (c) Celebrating festivals  
 (d) Doing meditation  
**[Ans. (b) Medical advice rendered by physicians]**

**[4]**



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**CHAPTER - 3****CLASSIFICATION OF BUSINESS ACTIVITIES****Textual Questions****Choose the Correct 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 [Ans. (c) Extraction Industries]
2. **Auxiliaries to trade is also called as** [QY-2018]  
 (a) Trade (b) Advertisement  
 (c) Warehousing (d) Aids to Trade  
 [Ans. (d) Aids to Trade]
3. **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  
 [Ans. (c) Processing Industry]
4. **Normally high level risk involved in** [Govt. MQP-2018, First Mid -2018, QY-2018]  
 (a) Industry (b) Commerce  
 (c) Trade (d) All of the above  
 [Ans. (a) Industry]
5. **Commerce is mainly concerned with**  
 (a) Connecting producer and consumer  
 (b) Pricing of goods  
 (c) Buying and Selling of goods  
 (d) Manufacturing of goods  
 [Ans. (a) Connecting producer and consumer]

## Higher Order Thinking Skills - HOTS

1. \_\_\_\_\_ industries extract to draw out products from natural sources.  
 (a) Extractive (b) Genetic  
 (c) Analytical (d) synthetical [Ans. (a) Extractive]
2. \_\_\_\_\_ is an essential part of commerce.  
 (a) Insurance (b) Banking  
 (c) Trade (d) Transporation [Ans. (c) Trade]
3. Warehouse facilities create \_\_\_\_\_ utility.  
 (a) service (b) place  
 (c) time (d) form [Ans. (c) time]
4. Textiles and vehicles are classified under \_\_\_\_\_.  
 (a) genetic industries (b) extractive industries  
 (c) constructive industries (d) assembling industries  
 [Ans. (a) genetic industries]
5. Hunting, fishing, mining are classified under \_\_\_\_\_.  
 (a) genetic industries (b) extractive industries  
 (c) manufacturing industries  
 (d) assembling industries [Ans. (b) extractive industries]
6. Fishery & Piggery come under \_\_\_\_\_.  
 (a) assembling industries (b) construction industries  
 (c) genetic industries (d) continuous industries  
 [Ans. (b) construction industries]
7. Specialised services have to be rendered by persons like lawyers, Engineers etc is called \_\_\_\_\_.  
 (a) business (b) industry  
 (c) employment (d) profession [Ans. (d) profession]
8. Which of the following cannot be classified as an auxiliary to trade?  
 (a) Mining (b) Insurance  
 (c) Warehousing (d) Transport [Ans. (a) Mining]
9. Which of the broad categories of industries covers oil refinery and sugar mills?  
 (a) Primary (b) Secondary  
 (c) Tertiary (d) None of these  
 [Ans. (b) Secondary]

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## Unit - II      Forms of Business Organisation

### CHAPTER - 4

## SOLE PROPRIETORSHIP

### Textual Questions

**Choose the Correct Answer.**

- Which is the oldest form of Business organisation? [QY-2018]  
 (a) Sole Proprietorship      (b) Partnership  
 (c) Co-operative Society      (d) Company

[Ans. (a) Sole Proprietorship]

- In which form the owner, establisher and manager is only one?  
 (a) Joint Enterprise  
 (b) Government Company  
 (c) Co-operative Society  
 (d) Sole Proprietor

[Ans. (d) Sole Proprietor]

- A major disadvantage of sole proprietorship is \_\_\_\_\_.

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

[Ans. (b) Unlimited liability]

- 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

[Ans. (b) Sole trading business]

### Board Expected Questions & Answers

- \_\_\_\_\_ is owned by Single person  
 (a) Sole proprietorship      (b) Joint Hindu Family  
 (c) Public Company      (d) Private Company
- A Sole proprietor concern is free from \_\_\_\_\_ regulation.  
 (a) Private      (b) Government  
 (c) Indian Contract Act      (d) Indian Law

[Ans. (b) Government]

[10]

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**CHAPTER - 5****HINDU UNDIVIDED FAMILY AND PARTNERSHIP****Textual Questions****Choose the Correct Answer.**

- The firm of Hindu Undivided Family is managed by whom?**  
 (a) Owner (b) Karta  
 (c) Manager (d) Partner [Ans. (b) Karta]
- 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 [First Mid - 2018]  
 [Ans. (b) By Birth]
- The Members in the joint hindu family are called \_\_\_\_\_.**  
 (a) Karta (b) Coparceners [QY-2018]  
 (c) Generations (d) Partners  
 [Ans. (b) Coparceners]
- '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  
 [Ans. (b) Mitakshara Law]
- A partnership is formed by \_\_\_\_\_.**  
 (a) agreement  
 (b) relationship among persons  
 (c) the direction of government  
 (d) friendship [Ans. (a) agreement]
- Registration of partnership is \_\_\_\_\_.** [QY-2018]  
 (a) compulsory (b) optional  
 (c) not necessary (d) none of the above  
 [Ans. (b) optional]
- A temporary partnership which is formed to complete a specific job doing a specified period of time is called \_\_\_\_\_.**  
 (a) Partnership-at-will (b) Particular partnership  
 (c) Limited Partnership (d) Joint Venture  
 [Ans. (a) Partnership-at-will]

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8. The partnership deed also called \_\_\_\_\_ .

[Govt. MQP-2018]

- (a) Articles of Association (b) Articles of Partnership  
(c) Partnership Act (d) Partnership

[Ans. (b) Articles of Partnership]

9. A partnership is registered with \_\_\_\_\_ .

- (a) Registrar of Companies  
(b) Registrar of Co-operatives  
(c) Registrar of Firms (d) District Collector

[Ans. (c) Registrar of Firms]

### Board Expected Questions & Answers

1. The Joint Hindu Family Business is a distinct form of organisation peculiar to \_\_\_\_\_ .

- (a) India (b) Italy  
(c) Germany (d) USA

[Ans. (a) India]

2. \_\_\_\_\_ is created by the operation of law.

- (a) Sole Proprietorship (b) Joint Hindu Family Firm  
(c) Co-operative Society (d) Partnership firm

[Ans. (b) Joint Hindu Family Firm]

3. In a Joint Hindu Family Firm even a new born baby can be a \_\_\_\_\_ .

- (a) Minor (b) Partner  
(c) Co-parcener (d) None of these

[Ans. (c) Co-parcener]

4. The 'Karta' in the Hindu undivided Family Business has \_\_\_\_\_ .

- (a) Joint Liability with other co-parceners  
(b) Limited Liability  
(c) Unlimited Liability  
(d) No Liability for the family's debts

[Ans. (c) Unlimited Liability]

5. The Head of the Joint Hindu Family business is called

- a) Proprietor b) Director  
c) Karta d) Manager

[Ans. (c) Karta]

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**CHAPTER - 6****JOINT STOCK COMPANY****Textual Questions****Choose the Correct Answer.**

- The relationship between outsiders and the company is defined in \_\_\_\_\_.  
 (a) Prospectus  
 (b) Articles of Association  
 (c) Memorandum of Association  
 (d) Certificate of Incorporation [Ans. (a) Prospectus]
- Table A of the Companies Act is a \_\_\_\_\_.  
 (a) Model minutes book (b) Model form of Balance Sheet  
 (c) Model of AOA (d) Model of MOA  
 [Ans. (c) Model of AOA]
- Which of the following is created by a Special Act of Parliament or in State Assemblies?  
 (a) Chartered company (b) Foreign company  
 (c) Government company (d) Statutory company  
 [Ans. (d) Statutory company]
- The Board of directors of a company is elected by \_\_\_\_\_.  
 [Govt. MQP-2018, First Mid -2018, QY-2018]  
 (a) Creditors (b) Debtors  
 (c) Debenture holders (d) Share holders (members)  
 [Ans. (d) Share holders (members)]
- Companies established as a result of a charter granted by the King or Queen of a country is called \_\_\_\_\_.  
 (a) Chartered companies (b) Statutory companies  
 (c) Registered companies (d) Foreign companies  
 [Ans. (a) Chartered companies]

**Board Expected Questions & Answers**

- A \_\_\_\_\_ is a distinct legal entity.  
 (a) Company (b) Organisation  
 (c) Business (d) None of these  
 [Ans. (a) Company]

**[18]**

9. Maximum of \_\_\_\_\_ persons can become shareholders in a Private Company.

- (a) 50 (b) 100  
(c) 200 (d) above 200 [Ans. (c) 200]

10. A Private Limited Company can be formed in \_\_\_\_\_ variations.

- (a) 2 (b) 3  
(c) 4 (d) 5 [Ans. (b) 3]

11. The features of Joint Stock Company are [Govt. MQP-2018]

- (I) No separate legal entity  
(II) Limited liability  
(III) No perpetual succession  
(IV) Common seal  
(a) (I) and (II) (b) (II) and (IV)  
(c) (I) and (IV) (d) (II) and (III)

[Ans. (b) (II) and (IV)]

12. Which of the following are stated in the object clause of the Memorandum of Association of a public limited company?

[Govt. MQP-2018]

- (i) General objectives (ii) Main objectives  
(iii) Ancillary objectives  
(iv) Incidental objectives (v) Other objectives

Select the correct answer using the codes given below:

- (a) (i), (ii) and (iv) (b) (ii), (iv) and (v)  
(c) (i), (ii) and (iii) (d) (ii), (iii) and (v)

[Ans. (d) (ii), (iii) and (v)]

### Higher Order Thinking Skills - HOTS

1. A Company, in which not less than fifty are percent of paid-up share capital is held by a State Government, is known as \_\_\_\_\_ Company.

- (a) Chartered (b) Foreign  
(c) Government (d) Statutory

[Ans. (c) Government]

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**CHAPTER - 7****CO-OPERATIVE ORGANISATION****Textual Questions****Choose the Correct Answer.**

- Membership in a Co-operative organization is :**  
 (a) Not open to all (b) Selective  
 (c) Open to all (d) None of them  
 [Ans. (c) Open to all]
- Co-operative fails because of \_\_\_\_\_.** [QY-2018]  
 (a) Unlimited membership (b) Cash trading  
 (c) Mismanagement (d) Loss-making  
 [Ans. (c) Mismanagement]
- All Co-operatives are established with**  
 (a) Philanthropic motive (b) Service Motive  
 (c) Profit motive (d) Reform motive  
 [Ans. (b) Service Motive]
- Consumers Co-operation was first successful in \_\_\_\_\_.**  
 (a) England (b) USA [QY-2018]  
 (c) Swiss (d) India [Ans. (a) England]
- Rochdale Society of equitable pioneers was started by \_\_\_\_\_.**  
 [First Mid -2018]  
 (a) Robert Owen (b) H.C. Calvert  
 (c) Talmaki (d) Lambert  
 [Ans. (a) Robert Owen]

**Board Expected Questions & Answers**

- Co-operative Society can be started**  
 (a) Only at villages (b) In towns and Villages  
 (c) Only in cities (d) Only in urban areas  
 [Ans. (b) In towns and Villages]
- The minimum number of members required to form a Co-operative Society is**  
 (a) 2 (b) 7  
 (c) 10 (d) 25 [Ans. (d) 25]

**[23]**



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3. **A Co-operative Super Market supplies**
  - (a) Credit
  - (b) Service
  - (c) Goods
  - (d) Cash [Ans. (c) Goods]
4. **Dividend is declared in a Co-operative store to its members**
  - (a) Share Capital
  - (b) Number of shares purchased
  - (c) Amount of Patronage given
  - (d) None of the above [Ans. (c) Amount of Patronage given]
5. **In a Co-operative Society, the shares of a member**
  - (a) Can be transferred
  - (b) Can be repaid
  - (c) Cannot be transferred
  - (d) None of the above [Ans. (b) Can be repaid]
6. **Maximum, Membership in a Co-operative Society is**
  - (a) 50
  - (b) 60
  - (c) 100
  - (d) unlimited [Ans. (d) unlimited]
7. **Consumers Co-operation was first successful in**
  - (a) England
  - (b) USA
  - (c) Swiss
  - (d) India [Ans. (a) England]
8. **Provision of residential accommodation to the members at reasonable rates is the objective of**
  - (a) producer's cooperative
  - (b) consumer's co-operative
  - (c) housing cooperative
  - (d) credit cooperative [Ans. (c) housing cooperative]

### **Higher Order Thinking Skills - HOTS**

1. **Minority interest can be protected in**
  - (a) Sole Trader
  - (b) Partnership
  - (c) Co-operative Societies
  - (d) Public Company [Ans. (c) Co-operative Societies]
2. **Central Co-operative Bank is established at**
  - (a) Villages
  - (b) Districts
  - (c) State head quarters
  - (d) Urban areas [Ans. (b) Districts]

**CHAPTER - 8****MULTINATIONAL CORPORATIONS (MNCs)****Textual Questions****Choose the Correct 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

[Ans. (c) owns companies in more than one country]

2. Centralised control in MNC's implies control exercised by
  - (a) Branches
  - (b) Subsidiaries
  - (c) Headquarters
  - (d) Parliament

[First Mid -2018]

[Ans. (c) Headquarters]

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

[Ans. (b) Multinational company]

4. Dispersal of decision making power to branches/affiliates/subsidiaries by head office represents \_\_\_\_\_ .

[Govt. MQP-2018]

- (a) Centralisation
- (b) Decentralisation
- (c) Power
- (d) Integration

[Ans. (b) Decentralisation]

5. Coca-Cola company is an example of \_\_\_\_\_ .

- (a) MNC
- (b) Government company
- (c) Joint Venture
- (d) Public company

[Ans. (a) MNC]

## Board Expected Questions & Answers

1. \_\_\_\_\_ is a market condition where there are very few sellers in the same product line.  
 (a) Oligopoly (b) Monopoly  
 (c) Market condition (d) Perfect competition  
[Ans. (a) Oligopoly]
2. MNCs carry the advantages of technical development \_\_\_\_\_ host countries.  
 (a) 5 (b) 10  
 (c) 15 (d) 20  
[Ans. (b) 10]
3. Domestic industries cannot face challenges posted by \_\_\_\_\_.  
 (a) Government Company  
 (b) MNCs  
 (c) Joint Venture  
 (d) Public Company  
[Ans. (b) MNCs]

## Higher Order Thinking Skills - HOTS

1. MNCs are powerful \_\_\_\_\_ entities.  
 (a) political (b) Scientific  
 (c) economic (d) none of these  
[Ans. (c) economic]
2. A multinational company is also known as \_\_\_\_\_.  
 (a) Global giant (b) Partnership  
 (c) Co-operative (d) Public Corporation  
[Ans. (a) Global giant]
3. Union carbide company is an example of \_\_\_\_\_ [QY-2018]  
 (a) MNC (b) Government company  
 (c) Joint venture (d) Public company  
[Ans. (a) MNC]

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This material only for sample

**Unit - III****Service Business - I****CHAPTER - 10****RESERVE BANK OF INDIA****Textual Questions****Choose the Correct Answer.****1. Which bank has the power to issue Bank notes?**

- (a) Central bank (b) Commercial bank  
(c) Co-operative banks (d) Foreign banks

**[Ans. (a) Central Bank]****2. The Central Bank of India is**

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

**[Ans. (d) RBI]****3. The Reserve Bank of India commenced its operations from April 1,****[QY-2018]**

- (a) 1936 (b) 1935  
(c) 1934 (d) 1933

**[Ans. (b) 1935]****4. Bankers are not only dealers of money but also leaders in**

- (a) Economic Development  
(b) Trade Development  
(c) Industry Development

(d) Service Development **[Ans. (a) Economic 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

**[Ans. (b) Deal with general public]****[31]**

**Board Expected Questions & Answers**

1. A bank, which occupies a central position in the monetary and Banking System of the country and has a superior financial authority, is \_\_\_\_\_.  
 (a) Central Bank (b) Commercial Bank  
 (c) Exchange Bank (d) Co-operative Bank

[Ans. (a) Central Bank]

2. Custodian of foreign exchange is \_\_\_\_\_.  
 (a) Bank of India (b) IDBI  
 (c) Reserve Bank of India (d) SBI

[Ans. (c) Reserve Bank of India]

3. Clearing house of banks is \_\_\_\_\_.  
 (a) Foreign Exchange bank  
 (b) Foreign Bank (c) Reserve Bank of India  
 (d) Co-operative Bank [Ans. (c) Reserve Bank of India]

4. The Apex bank of India is \_\_\_\_\_.  
 (a) Reserve Bank of India  
 (b) The Oriental Bank of India  
 (c) The State Bank of India  
 (d) Industrial Bank [Ans. (a) Reserve Bank of India]

5. \_\_\_\_\_ is the nerve center of industry and commerce.  
 (a) Banking (b) Transport  
 (c) Warehouse (d) None of these

[Ans. (a) Banking]

6. The traditional function of Reserve Bank of India does not include \_\_\_\_\_  
 [Govt. MQP-2018]

- (a) Clearing house services  
 (b) Government Banker  
 (c) Bankers bank  
 (d) Supports of co-operative sector

[Ans. (b) Government Banker]

7. The phrase "Lender of the last resort" refers to  
 (a) World Bank (b) Asian Bank [Govt. MQP-2018]  
 (c) Reserve Bank (d) State Bank

[Ans. (c) Reserve Bank]

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**CHAPTER - 11****TYPES OF BANKS****Textual Questions****Choose the Correct Answer.**

- Which bank is not a Industrial Bank? [Govt. MQP-2018]  
 (a) ICICI (b) HSBC  
 (c) SIDBI (d) IDBI [Ans. (b) HSBC]
- The Local Area Banks are promoting.  
 (a) Rural Savings (b) Business Savings  
 (c) Industrial development  
 (d) Agricultural development [Ans. (a) Rural Savings]
- Foreign banks are begun their operation since  
 (a) 1978 (b) 1979  
 (c) 1980 (d) 1981 [Ans. (c) 1980]
- State bank of india is [QY-2018]  
 (a) PNB (b) SBI  
 (c) ICICI (d) RBI [Ans. (b) SBI]

**Board Expected Questions & Answers**

- 14 major commercial banks were nationalised by the government of India in 1969 and 6 other banks were nationalised in \_\_\_\_\_.  
 (a) 1980 (b) 1970  
 (c) 1985 (d) 1982 [Ans. (a) 1980]
- This is a leading development bank established to promote agriculture and rural development  
 (a) IDBI (b) IFCI  
 (c) NABARD (d) ICICI [Ans. (c) NABARD]

**CHAPTER - 12****FUNCTIONS OF COMMERCIAL BANKS****Textual Questions****Choose the Correct Answer.**

1. Electronic banking can be done through

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

[Ans. (d) All of the above]

2. Minimum how much amount can be transferred through RTGS? [QY-2018]

- (a) Any Amount (b) 50,000  
(c) 2 Lakh (d) 5 Lakh

[Ans. (c) 2 Lakh]

3. The largest commercial bank of India.

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

[Ans. (b) SBI]

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

- (a) Saving deposit (b) Fixed deposit  
(c) Current deposit (d) Recurring deposit

[Ans. (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

[Ans. (a) Collection and Supplying Business information]

**Board Expected Questions & Answers**

1. When money is deposited for a Fixed period it is called  
(a) Fixed Deposit (b) Savings Deposit  
(c) Recurring Deposit (d) Current Deposit  
[Ans. (a) Fixed Deposit]
2. Overdraft facility is available for  
(a) Savings Bank Account (b) Fixed Deposit  
(c) Current Account (d) Recurring Deposit  
[Ans. (c) Current Account]
3. Time Deposits are also called as  
(a) Demand Deposits (b) Term Deposits  
(c) Government Deposits (d) Bank Deposits  
[Ans. (b) Term Deposits]
4. Which one of the following is not a primary function of Commercial Banks?  
(a) Accepting Deposits (b) Lending Money  
(c) Safety Locker Facilities (d) None of these  
[Ans. (c) Safety Locker Facilities]
5. Current Account is normally opened by  
(a) Salaried People (b) Business People  
(c) Students (d) All of these  
[Ans. (b) Business People]
6. A Credit card is a  
(a) Bill of Exchange (b) Promising note  
(c) a credit instrument (d) a cheque  
[Ans. (c) a credit instrument]

**Higher Order Thinking Skills - HOTS**

1. Bankers are called as manufacturers of  
(a) Money (b) Loans  
(c) Deposits (d) Overdrafts [Ans: (a) Money]



This material only for sample

**CHAPTER - 13****WAREHOUSING****Textual Questions****Choose the Correct Answer.**

- Warehouse removes the hindrance of \_\_\_\_\_.  
 (a) Person (b) Time  
 (c) Risk (d) Knowledge [Ans. (b) Time]
- A warehouse holds goods as a \_\_\_\_\_ centre.  
 (a) Marketing (b) Sorting  
 (c) Distribution (d) Selling [Ans. (c) Distribution]
- \_\_\_\_\_ can be given as a collateral security for getting financial assistance from bank. [Govt. MQP-2018]  
 (a) Dock warrant (b) Warehouse receipt  
 (c) Dock receipt (d) Warehouse warrant [Ans. (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 [Ans. (a) Bonded]
- \_\_\_\_\_ warehouses are used for storing perishable goods like fruits, vegetables etc.  
 (a) Bonded (b) Private  
 (c) Cold storage (d) Co-operative [Ans. (c) Cold storage]
- The document which authorizes to deliver the goods either in part or full is called \_\_\_\_\_.  
 (a) Warehouse warrant (b) Dock receipt  
 (c) Dock warrant (d) None of these [Ans. (a) Warehouse warrant]

### Higher Order Thinking Skills - HOTS

1. A goldsmith who makes Jewel creates \_\_\_\_\_.  
 (a) time utility (b) place utility  
 (c) form utility (d) profit motive  
 [Ans : (c) form utility]
2. The warehouse which is providing storage services to retailers, wholesalers, stockists and also to general public is called :  
 (a) Private warehouses (b) Public warehouses  
 (c) Bonded warehouses (d) Household warehouses  
 [Ans: (b) Public warehouses]
3. The warehousing document, which is not giving document of title to goods is :  
 (a) Warehouse keeper's receipt  
 (b) Warehouse warrant  
 (c) Delivery order  
 (d) Dock receipt [Ans: (a) Warehouse keeper's receipt]
4. Which one of the following is not correctly matched?  
 (a) Storage - Time utility  
 (b) TNWC - Cannot be transferred to others  
 (c) FCI - Food Grain storage  
 (d) Co-operative warehouses - Facilities to members  
 [Ans: (b) TNWC - Cannot be transferred to others]
5. \_\_\_\_\_ are formed by the State and Central Government for their exclusive uses.  
 (a) Food corporation of India  
 (b) Government warehouses  
 (c) Bank godowns  
 (d) None of these [Ans: (b) Government warehouses]
6. \_\_\_\_\_ is a document of title to goods issued by dock authorities.  
 (a) Dock receipt (b) Warehouse warrant  
 (c) Dock warrant (d) Delivery order  
 [Ans. (c) Dock warrant]

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**CHAPTER - 14****TRANSPORTATION****Textual Questions****Choose the Correct Answer.****1. Transport removes the hindrance of**

- (a) Time (b) Place  
(c) Person (d) Knowledge

**[Ans. (b) Place]****2. Air consignment note is prepared in \_\_\_\_\_ forms.**

- (a) One (b) Two  
(c) Three (d) Four

**[Ans. (c) Three]****3. \_\_\_\_\_ is a document acknowledging the receipt of goods by a carrier**

- (a) Way bill (b) Consignment note  
(c) Charter (d) Bill of lading

**[Ans. (a) Way bill]****4. Which is the fastest means of transport?****[QY-2018]**

- (a) Rail (b) Road  
(c) Sea (d) Air

**[Ans. (d) Air]****Board Expected Questions & Answers****1. Tram ways belongs to**

- (a) Inland water ways (b) Land transport  
(c) Sea transport (d) Airways

**[Ans. (b) Land transport]****2. Way bill is issued by**

- (a) Railways (b) Shipping company  
(c) Lorry (d) Airways

**[Ans. (c) Lorry]****[42]**

This material only for sample

## CHAPTER - 15

# INSURANCE

### Textual Questions

Choose the Correct Answer.

1. The basic principle of insurance is \_\_\_\_\_. [QY-2018]

- (a) Insurable Interest (b) Co-operation  
(c) Subrogation (d) Proximate cause

[Ans. (b) Co-operation]

2. \_\_\_\_\_ is not a type of general insurance.

- (a) Marine Insurance (b) Life Insurance  
(c) Fidelity Insurance (d) Fire Insurance

[Ans. (b) Life Insurance]

3. Which of the following is not a function of insurance?

- (a) Lending Funds (b) Risk Sharing  
(c) Capital formation (d) Protection of life

[Ans. (d) Protection of life]

4. Which of the following is not applicable in insurance contract?

- (a) Unilateral Contract (b) Conditional Contract  
(c) Indemnity Contract (d) Inter-personal contract

[Ans. (c) Indemnity Contract]

5. Which one of the following is a type of marine insurance?

- (a) Money back (b) Mediclaim  
(c) Hull insurance (d) Cargo insurance

[Ans. (d) Cargo insurance]

[45]

## Board Expected Questions & Answers

1. A person did not disclose the heart disease while taking a life insurance policy. Which principle of insurance he has violated?  
 (a) Utmost good faith (b) Insurable Interest  
 (c) Indemnity (d) Proximate cause

[Ans. (a) Utmost good faith]

2. On the basis of which principle of Insurance, insurer can take over the damaged goods after paying the compensation?  
 (a) Principle of contribution  
 (b) Principle of subrogation  
 (c) Principle of mitigation  
 (d) Principle of Insurable Interest

[Ans. (b) Principle of subrogation]

3. Which of the following is covered under Life Assurance policy?  
 (a) Annuity Policy (b) Health Policy  
 (c) Freight Policy (d) Crop Policy

[Ans. (a) Annuity Policy]

4. From the following which one is covered under Marine Insurance?  
 (a) Vehicle Insurance (b) Cattle Insurance  
 (c) Medical Insurance (d) Cargo Insurance

[Ans. (d) Cargo Insurance]

5. Which policy provides financial support to farmers?  
 (a) Cargo Insurance (b) Crop Insurance  
 (c) Cattle Insurance (d) Fire Insurance

[Ans. (b) Crop Insurance]

6. The year of Insurance Act is

- (a) 1932 (b) 1935  
 (c) 1938 (d) 1940

[Ans. (c) 1938]

7. When more than one Insurance policy is taken to cover the same subject matter is called as

- (a) Double Insurance (b) Single Insurance  
 (c) Re-Insurance (d) Spot Insurance

[Ans. (a) Double Insurance]

**Unit - IV****Service Business - II****CHAPTER - 16****EMERGING SERVICE BUSINESS IN INDIA****Textual Questions****Choose the Correct Answer.**

1. A continuing relationship which provides a license privileges to do a Business and provides Training, merchandising for a consideration is called \_\_\_\_.

(a) Franchising  
(b) Factoring  
(c) Supply Chain Management  
(d) Exchange

[Ans. (a) Franchising]

2. A condition where a factor agrees to provide complete set of services like financing, debt collection, consultancy is called \_\_\_\_

(a) Maturity Factoring (b) National Factoring  
(c) Full service Factoring (d) Recourse factoring

[Ans. (c) Full service Factoring]

3. Buying and Selling of goods through electronic network is known as \_\_\_\_

(a) E-commerce (b) Internet  
(c) Website (d) Trade

[Ans. (a) E-commerce]

4. An organization carrying out activities to move goods from Producer to Consumer is

(a) Transport (b) Logistics  
(c) Channels (d) Marketing

[Ans. (a) Transport]

5. The role of Government in logistics management is through

(a) Legislations (b) Governance  
(c) Transport (d) Distribution

[Ans. (d) Distribution]

6. The main benefit of Logistics is

(a) Productivity (b) Cost minimization  
(c) Profitability (d) Storage

[Ans. (b) Cost minimization]

[48]

**2. The Franchisor levies fees in the form of**

- (a) Rent (b) Commission  
(c) Royalty (d) Salary [Ans. (c) Royalty]

**3. The Factoring Regulation Act was passed in the year**

- (a) 2011 (b) 2012  
(c) 2015 (d) 2017 [Ans. (a) 2011]

**4. e-commerce does not include**

- (a) a business's interactions with its suppliers  
(b) a business's interactions with its customers  
(c) interactions among the various departments within the business  
(d) Interactions amount the geographically dispersed units of the business.  
[Ans. (c) interactions among the various departments within the business]

**Higher Order Thinking Skills - HOTS****1. Outsourcing**

- (a) restricts only to the contracting out of Information Technology Enabled Services (ITES)  
(b) restricts only to the contracting out of non-core business processes  
(c) includes contracting out of manufacturing and R and d as well as Service processes - both core and non-core but restricts only to domestic territory.  
(d) includes off-shoring.

[Ans. (d) includes off-shoring]

**2. A call centre handles**

- (a) only in-bound voice based business  
(b) only out-bound voice based business  
(c) both voice based and non-voice based business  
(d) both customer facing and back-end business

[Ans. (a) only in-bound voice based business]

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## **Unit - V      Social Responsibility of Business and Business Ethics**

### **CHAPTER - 17**

## **SOCIAL RESPONSIBILITY OF BUSINESS**

### **Textual Questions**

**Choose the Correct Answer.**

- Which type of responsibility gives the benefit to the society out of its profits earned?  
 (a) Legal (b) Ethical  
 (c) Moral (d) Economic [Ans. (c) Moral]
- The stakeholders of Socially Responsible business units are except  
 (a) Share Holders (b) Employees  
 (c) Government (d) Company [Ans. (d) Company]
- Assuming Social Responsibility of business helps the enterprise in \_\_\_\_\_.  
 (a) Increase Profit (b) Decrease Profit  
 (c) Sustainability (d) Equilibrium [Ans. (c) Sustainability]
- Socially Responsible business provides goods at  
 (a) high price (b) low price  
 (c) reasonable price (d) moderate price [Ans. (c) reasonable price]
- Social Responsibility towards employees represents the following except  
 (a) reasonable remuneration  
 (b) proper facilities  
 (c) social security  
 (d) exploitation [Ans. (d) exploitation]

[51]



## Board Expected Questions & Answers

1. **Social Responsibility is**
  - (a) Some as Legal responsibility
  - (b) Broader than Legal responsibility
  - (c) Narrower than Legal responsibility
  - (d) None of them [Ans. (b) Broader than Legal responsibility]
2. **Business people have the skill to solve**
  - (a) All Social problems
  - (b) Some Social problems
  - (c) No Social problems
  - (d) All Economic problems [Ans. (b) Some Social problems]
3. **That an Enterprise must behave as a good citizen is an Example of its responsibility towards**
  - (a) Owners
  - (b) Workers
  - (c) Consumers
  - (d) Community

[Ans. (d) Community]

## Higher Order Thinking Skills - HOTS

1. **If business is to operate in a society which is full of diverse and complicated problems, it may have**
  - (a) little chance of success
  - (b) great chance of success
  - (c) little chance of failure
  - (d) no relation with success or failure

[Ans. (a) little chance of success]
2. **Which of the following is capable of doing maximum good to society?**

(a) Business success	(b) Laws and regulations
(c) Ethics	(d) Professional management

[Ans. (c) Ethics]

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**CHAPTER - 18****BUSINESS ETHICS AND  
CORPORATE GOVERNANCE****Textual Questions****Choose the Correct Answer.**

1. Which of the following helps in maximising sale of goods to society?

- (a) Business success (b) Laws and regulations  
(c) Ethics (d) Professional management

[Ans. (c) Ethics]

2. Ethics is important for

- (a) Top management  
(b) Middle level managers  
(c) Non-managerial employees

(d) All of them

[Ans. (d) All of them]

3. 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 mechanisms  
(d) None of them

[Ans. (a) Publication of code]

4. The role of top management is to guide the entire organisation towards \_\_\_\_\_.

- (a) General behaviour  
(b) Organisational behaviour  
(c) Ethical upright behaviour  
(d) Individual behaviour

[Ans. (c) Ethical upright behaviour]

5. The ethical conduct of employees leading to standard practices results in

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

[Ans. (d) Correct decision making]

[53]

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**Unit - VI****Business Finance****CHAPTER - 19****SOURCES OF BUSINESS FINANCE****Textual Questions****Choose the Correct 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

**[Ans. (a) Finance]**

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 issue of shares  
(d) generated within the business

**[Ans. (d) generated within the business]**

3. Debenture holders are entitled to a fixed rate of \_\_\_\_\_.

(a) Dividend (b) Profits  
(c) Interest (d) Ratios

**[Ans. (c) Interest]**

4. Public deposits are the deposits which are raised directly from \_\_\_\_\_.

(a) The public (b) The directors  
(c) The auditors (d) The owners

**[Ans. (a) The public]**

5. Equity shareholders are the \_\_\_\_\_ of a company.

(a) Creditors (b) Owners  
(c) Debtors (d) Employees

**[Ans. (b) Owners]**

6. Funds required for purchasing current assets is an example for \_\_\_\_\_.

(a) Fixed Capital requirement  
(b) Ploughing back of profit  
(c) Working capital requirement

**[Ans. (c) Working capital requirement]**

### Higher Order Thinking Skills - HOTS

- The maturity period of commercial paper usually ranges from \_\_\_\_\_ .  
 (a) 20 to 40 days (b) 60 to 90 days  
 (c) 120 to 360 days (d) 90 to 365 days  
 [Ans. (d) 90 to 365 days]
- Under the factoring arrangement, the factor  
 (a) Produces and distributes the goods or services  
 (b) Makes the payment on behalf of the client  
 (c) Collects the client's debts or Accounts receivables  
 (d) Transfer the goods from one place to another place.  
 [Ans. (c) Collects the client's debts or Accounts receivables]
- Under the lease agreement, the lessee gets the right to  
 (a) Share profit earned by the lessor  
 (b) Participate in the management of the organisation  
 (c) Use the asset for a specified period  
 (d) Sell the assets  
 [Ans. (c) Use the Asset for a specified period]
- Disinvestments of PSEs implies  
 (a) sale of equity shares to private sector / public  
 (b) closing down operations  
 (c) investing in new areas  
 (d) buying shares PSEs  
 [Ans. (a) Sale of equity shares to private sector / public]
- The capital of a company is divided into number of parts each one of which are called  
 (a) Dividend (b) Profit  
 (c) Interest (d) Share [Ans. (d) Share]
- Which of the following cannot be classified as an objective of buisness?  
 (a) Investment (b) Productivity  
 (c) Innovation (d) Profit earning  
 [Ans. (a) Investment]

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**CHAPTER - 20****INTERNATIONAL FINANCE****Textual Questions****Choose the Correct Answer.**

1. An instrument representing ownership interest in securities of a foreign issuer is called \_\_\_\_\_.  
(a) an ownership certificate  
(b) a depositary receipt  
(c) an ownership receipt  
(d) None of the above [Ans. (b) a depositary receipt]
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  
[Ans. (a) International market]
3. ADRs are issued in \_\_\_\_\_.  
(a) Canada (b) China  
(c) India (d) The USA [Ans. (d) The USA]
4. Depositary receipts that are traded in an International market other than the United states are called  
(a) Global depositary Receipts  
(b) International Depositary Receipts  
(c) Open market depositary Receipts  
(d) Special Drawing Rights.  
[Ans. (a) Global depositary Receipts]
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

[Ans. (b) Foreign Currency Convertible Bond]



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## CHAPTER - 21

# MICRO, SMALL AND MEDIUM ENTERPRISES (MSMEs) AND SELF HELP GROUPS (SHGs)

### Textual Questions

**Choose the Correct Answer.**

1. MSME(d) \_\_\_\_\_ Act was enacted in the year  
(a) 2004 (b) 2007  
(c) 2006 (d) 2008 [Ans. (c) 2006]
2. MSMEs are important for the Nation's Economy because they significantly contribute to  
(a) industrial production (b) exports  
(c) employment (d) all the above [Ans. (d) all the above]
3. 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  
[Ans. (b) Groups corpus fund]
4. There are \_\_\_\_\_ distinct modes of Credit to self help groups.  
(a) 1 (b) 2  
(c) 3 (d) 4 [Ans. (c) 3]
5. Investment Limit of a Micro Enterprise under manufacturing sector does not exceed \_\_\_\_\_ lakhs.  
(a) 10 (b) 20  
(c) 25 (d) 50 [Ans. (c) 25]

[60]

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**Unit - VII****Trade****CHAPTER - 22****TYPES OF TRADE****Textual Questions****Choose the Correct Answer.**

- The purchase of goods from a Foreign Country is called \_\_\_\_\_.  
 (a) Import (b) Export  
 (c) Entrepot (d) Re-export [Ans. (a) Import]
- When goods are imported for the purpose of export it is called as \_\_\_\_\_.  
 (a) Foreign Trade (b) Home Trade  
 (c) Entrepot (d) Trade [Ans. (c) Entrepot]
- \_\_\_\_\_ acts as a connective link between the producer and the consumer.  
 (a) Trade (b) Industry  
 (c) Commerce (d) Business [Ans. (a) Trade]
- 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  
 [Ans. (b) To provide the essential goods and services economically]
- Internal trade can be classified in to \_\_\_\_\_ categories.  
 (a) Three (b) Four  
 (c) Two (d) Five [Ans. (c) Two]

**Board Expected Questions & Answers**

- Domestic Trade is otherwise called as \_\_\_\_\_.  
 (a) Home Trade (b) Foreign Trade  
 (c) International Trade (d) Entrepot Trade  
 [Ans. (a) Home Trade]



This material only for sample

**CHAPTER - 23****CHANNELS OF DISTRIBUTION****Textual Questions****Choose the Correct Answer.**

1. Trade middlemen who acts as a link wholesaler and customers refers to a \_\_\_\_\_.  
(a) Producer (b) Broker  
(c) Retailer (d) Customer [Ans. (c) Retailer]
2. Who is the First middlemen in the channel of distribution?  
(a) Wholesaler (b) Producer  
(c) Retailer (d) Customer  
[Ans. (a) Wholesaler]
3. \_\_\_\_\_ buy the goods from the producer and sell it to the retailers.  
(a) Manufacturer (b) Wholesaler  
(c) Retailer (d) Consumers  
[Ans. (b) Wholesaler]
4. \_\_\_\_\_ are agents who merely bring the buyer and the seller into contact.  
(a) Broker (b) Commission agent  
(c) Selling agent (d) Stockists [Ans. (a) Broker]
5. Merchant middlemen can be classified into \_\_\_\_\_ categories.  
(a) Three (b) Two  
(c) Five (d) Four [Ans. (b) Two]
6. Wholesalers deal in \_\_\_\_\_ quantity of goods.  
(a) Small (b) Large  
(c) Medium (d) Limited [Ans. (b) Large]
7. A \_\_\_\_\_ is a mercantile agent to whom goods are entrusted for sale by a principal and takes physical possession of the goods, but does not obtain ownership.  
(a) Broker (b) Factor  
(c) Warehouse Keeper (d) Commission Agent  
[Ans. (b) Factor]

**[64]**

## Board Expected Questions & Answers

1. The person who come in between the primary producer and the final consumer is called as \_\_\_\_\_ .

- (a) Trader (b) Middlemen  
(c) Agent (d) Auctioneer

[Ans. (b) Middlemen]

2. An agent is appointed by the \_\_\_\_\_ .

- (a) Wholesaler (b) Retailer  
(c) Customer (d) Principal [Ans. (d) Principal]

3. A wholesaler deals in \_\_\_\_\_ quantity of goods.

- (a) Same (b) Medium  
(c) Limited (d) Large [Ans. (b) Medium]

4. Commission agents play a vital role in \_\_\_\_\_ marketing.

- (a) Agricultural (b) Industrial  
(c) Financial (d) Telemarketing  
[Ans. (d) Telemarketing]

5. Which one of the following is not correctly matched?

- (a) Broker - Brokerage  
(b) Auctioneer - Profit  
(c) Delcredere Agent - Delcredere Commission  
(d) Commission Agent - Commission

[Ans. (b) Auctioneer - Profit]

## Higher Order Thinking Skills - HOTS

1. Match the following List A with List B

### List A

- I. Broker  
II. Wholesaler  
III. Retailer  
IV. Trader

### List B

1. Profit  
2. Different type of products  
3. Single Line of products  
4. Brokerage

Codes : I II III IV

- (a) 1 2 3 4  
(b) 4 3 2 1  
(c) 3 4 2 1  
(d) 1 2 4 3

[Ans. (b) 4 3 2 1]

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**CHAPTER - 24****RETAILING****Textual Questions****Choose the Correct Answer.**

- Retailers deal in \_\_\_\_\_ quantity of goods.**  
 (a) Small (b) Large  
 (c) Medium (d) Limited [Ans. (a) Small]
- Small scale fixed retailers include \_\_\_\_\_**  
 (a) General stores (b) Pedlars  
 (c) Cheap Jacks (d) Hawkers  
 [Ans. (a) General stores]
- 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  
 [Ans. (b) Single line stores]
- \_\_\_\_\_ are mobile traders who deal in low priced articles with no fixed place of business.**  
 (a) Shopping malls (b) Super Markets  
 (c) Street Stalls (d) Itinerant traders  
 [Ans. (d) Itinerant traders]

**Board Expected Questions & Answers**

- This retail business acts as a universal supplier of a wide variety of products**  
 (a) Multiple Shop (b) Tele shopping  
 (c) Departmental Store (d) Mail order business  
 [Ans. (c) Departmental Store]
- A number of identical retail shops situated at different localities in the city or in the different parts of the country is called**  
 (a) Consumer Co-operative store  
 (b) Multiple Shop  
 (c) Hire purchase System  
 (d) Internet Shopping [Ans. (b) Multiple Shop]

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## Unit - VIII

## International Business

### CHAPTER - 25

# INTERNATIONAL BUSINESS

### Textual Questions

Choose the Correct 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

[Ans. (a) International 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

[Ans. (c) Entrepot Trade]

3. Movement of goods, services among the countries

(a) International Trade (b) International Business  
(c) Enterepot Trade (d) Internal Trade

[Ans. (b) International Business]

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

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

[Ans. (c) Foreign Trade]

### Board Expected Questions & Answers

1. Which one of the following is not the disadvantages of international business?

(a) Economic dependence  
(b) Import of harmful goods  
(c) Misuse of natural resources

(d) International peace [Ans. (d) International peace]

[69]

**CHAPTER - 26****EXPORT AND IMPORT PROCEDURES****Textual Questions**

**Choose the Correct Answer.**

1. EPC stands for

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

[Ans. (b) Export Promotion Council]

2. STC is expansion for

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

[Ans. (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

[Ans. (b) Indent]

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

[Ans. (b) Bill of Lading]

5. The Exporters appoint the \_\_\_\_\_ agent to fulfill the customs formalities.

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

[Ans. (b) Forwarding Agent]

**Higher Order Thinking Skills - HOTS**

1. Which of the following documents is not required in connection with an import transaction?

- (a) Bill of lading (b) Shipping bill  
(c) Certificate of origin (d) Shipment device

[Ans. (b) Shipping bill]

2. Which of the following documents are not required for obtaining an export license?

- (a) IEC number  
(b) Letter of credit  
(c) Registration cum membership certificate

(d) Bank account number [Ans. (b) Letter of credit]

3. Which one of the following is not a document related to fulfil the customs formalities

- (a) Shipping bill (b) Export license  
(c) Letter of insurance (d) Proforma Invoice

[Ans. (b) Export license]

4. Which one of the following is not a part of export documents?

- (a) Commercial invoice (b) Certificate of origin  
(c) Bill of entry (d) Mate's receipt

[Ans. (c) Bill of entry]

5. Exports creat :

- a) Low wage employment  
b) High wage employment  
c) No increase or decrease in employment  
d) None of he above

[Ans. (b) High wage employment]

★★★

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## CHAPTER - 27

# FACILITATORS OF INTERNATIONAL BUSINESS

### Textual Questions

Choose the Correct 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

[Ans. (a) 30-October-1947]
2. WTO was established on
  - (a) 1-1-1996
  - (b) 1-1-1997
  - (c) 1-1-1995
  - (d) 1-1-1994

[Ans. (c) 1-1-1995]
3. The headquarter of WTO is located at
  - (a) New york
  - (b) London
  - (c) Geneva
  - (d) Brazil

[Ans. (c) Geneva]
4. The day to day administration of WTO is entrusted with
  - (a) Executive Council
  - (b) General Council
  - (c) Administrative Council
  - (d) General Body

[Ans. (b) General Council]
5. World bank is located at
  - (a) Washington DC
  - (b) New York
  - (c) Tokyo
  - (d) HongKong

[Ans. (a) Washington DC]

### Board Expected Questions & Answers

1. WTO is the only organisations dealing with the
  - (a) Global trade rules
  - (b) Home trade rules
  - (c) Entrepot trade rules
  - (d) Import trade rules

[Ans. (a) Global trade rules]

**Higher Order Thinking Skills - HOTS**

- Environmental protection can best be done by the efforts of**  
 (a) business people (b) government  
 (c) scientists (d) all the people  
 [Ans. (d) all the people]
- Which of the following does not belong to the world Bank Group?**  
 (a) IBRD (b) IDA  
 (c) MIGA (d) IMF [Ans. (d) IMF]
- SMEs stands for :**  
 (a) Small and Medium Entrepreneurs  
 (b) Small Managements of Enterprises  
 (c) Small and Medium sized Enterprises  
 (d) Societies for Managing Exports  
 [Ans. (c) Small and Medium sized Enterprises]
- \_\_\_\_\_ is the first step in the internationalization process.**  
 (a) License (b) Foreign investment  
 (c) Sales (d) Export [Ans. (a) License]
- The main promoter of trade liberalization was**  
 (a) GATT (b) NAFTA  
 (c) CEPTA (d) CISA [Ans. (a) GATT]
- The WTO was established to implement the final act of uruguay round agreement of \_\_\_\_\_**  
 (a) MFA (b) GATT  
 (c) TRIPs (d) UNO [Ans. (b) GATT]
- \_\_\_\_\_ is only a legal agreement and it is not an institution, but \_\_\_\_\_ is a permanent institution.**  
 (a) GATT, WTO (b) WTO, GATT  
 (c) WTO, IMF (d) IMF, GATT  
 [Ans. (a) GATT, WTO]
- Globalization refers to :**  
 (a) Lower incomes worldwide  
 (b) Less foreign trade and investment  
 (c) Global warming and their effects  
 (d) A more integrated and interdependent world  
 [Ans. (d) A more integrated and interdependent world]
- \_\_\_\_\_ is application of knowledge which redefine the boundaries of global business.**  
 (a) Cultural values (b) Society  
 (c) Technology (d) Economy [Ans. (c) Technology]

★★★



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## CHAPTER - 28

# BALANCE OF TRADE AND BALANCE OF PAYMENTS

### Textual Questions

**Choose the Correct Answer.**

1. **The Statement which discloses a record of transactions between the residents of one country and residents of foreign country**

(a) Balance of Payment      (b) Balance of Trade  
(c) Statement of Receipts and Payments  
(d) Accounting Statement      [Ans. (a) Balance of Payment]

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  
[Ans. (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  
[Ans. (b) Private 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  
[Ans. (c) Both A and B]

5. **Balance of Payments 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  
[Ans. (a) Exports are more than the Imports]

[77]

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## Unit - IX

## The Indian Contract Act

### CHAPTER - 29

## ELEMENTS OF CONTRACT

### Textual Questions

Choose the Correct Answer.

1. An Agreement enforceable by law is a
  - (a) Enforceable acceptance
  - (b) Accepted offer
  - (c) Approved promise
  - (d) Contract [Ans. (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 [Ans. (a) Agreement]
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 [Ans. (b) Agreement not enforceable by law]
4. Acceptance to be valid must
  - (a) Be absolute
  - (b) Be unqualified
  - (c) Both be absolute and unqualified
  - (d) Be conditional [Ans. (c) Both be absolute and unqualified]
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 [Ans. (b) Void contract]

[80]

**Board Expected Questions & Answers**

1. Which one of the following element is not necessary for a contract?

- (a) Competent parties
- (b) Reasonable terms and conditions
- (c) Free consent
- (d) Lawful concentration

[Ans. (d) Reasonable terms and conditions]

2. An agreement becomes a contract if :

- (a) It is by free consent of the parties
- (b) Parties are competent
- (c) It is enforceable by law.
- (d) None of the above

[Ans. (c) It is enforceable by law.]

3. In a standardized contract :

- (a) The individual has no choice but to accept and sign on the dotted line.
- (b) The individual must be protected in contract.
- (c) The agreement is without consideration.
- (d) None of the above

[Ans. (a) The individual has no choice but to accept and sign on the dotted line.]

4. The correct sequence in the formation of a contract is :

- (a) Offer, acceptance, agreement, consideration
- (b) Agreement, consideration, offer, acceptance
- (c) Offer, consideration, acceptance, agreement
- (d) Offer, acceptance, consideration, agreement

[Ans. (d) Offer, acceptance, consideration, agreement]

5. A petient in a lunatic Asylum who is at intervals of sound mind :

- (a) May not contract
- (b) May contract
- (c) May contract during those intervals when he is of sound mind.
- (d) May contract only after he becomes completely of sound mind.

[Ans. (c) May contact during those intervals when he is of sound mind.]

### Higher Order Thinking Skills - HOTS

1. Where both parties are under mistake as to matter of fact, the agreement will be :

- (a) Enforceable
- (b) Voidable
- (c) Not void
- (d) Void

[Ans. (c) Not void]

2. What will be the effect of mistakes as to law in force in India on the agreement?

- (a) Not voidable
- (b) Voidable
- (c) Void
- (d) Not void

[Ans. (a) Not voidable]

3. Which of the following statement is not correct?

- (a) Minor's agreement is void.
- (b) Wagering agreement is void.
- (c) Agreement caused by mutual mistake is void.
- (d) Contract without consideration is void.

[Ans. (c) Agreement caused by mutual mistake is void.]

4. A contract caused by one of the parties to it being under a mistake as to matter of fact is :

- (a) Void
- (b) Valid
- (c) Voidable at the option of either party.
- (d) Voidable at the option of the party who under mistake.

[Ans. (b) Valid]



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**CHAPTER - 30****PERFORMANCE OF CONTRACT****Textual Questions****Choose the Correct Answer.**

1. On the valid performance of the contractual obligations by the parties, the contract.

- (a) Is discharged (b) Become enforceable  
(c) Becomes void (d) Becomes legal

[Ans. (a) Is discharged]

2. Which of the following persons can perform the contract?

- (a) Promisor alone (b) Legal representatives of promisor  
(c) Agent of the promisor (d) All the above

[Ans. (d) All the above]

3. A, B, C jointly promised to pay Rs. 50,000 to D. Before performance of the contract, C dies. Here, the contract

- (a) Becomes void on C's death  
(b) Should be performed by A and B along with C's legal representatives.  
(c) Should be performed by A and B alone  
(d) Should be renewed between A, B and D

[Ans. (b) Should be performed by A and B along with C's legal representatives]

4. Which of these parties cannot demand performance of promise?

- (a) Promisee  
(b) Any of the joint promisees  
(c) On the death of a promisee, his legal representative  
(d) Stranger to the contract

[Ans. (d) Stranger to the contract]

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**CHAPTER - 31****DISCHARGE AND BREACH OF A CONTRACT****Textual Questions****Choose the Correct Answer.**

- On the valid performance of the contractual obligation by the parties, the contract**
  - Is discharged
  - Becomes enforceable
  - Becomes void
  - None of these

[Ans. (a) Is discharged]
- An Agreement to do an act impossible in itself under Section. 56 is**
  - Void
  - Valid
  - Voidable
  - Unenforceable

[Ans. (a) Void]
- Any agreement which becomes impossible to perform under various circumstances**
  - Voidable
  - Void
  - Valid
  - None of these

[Ans. (b) Void]
- Discharge by mutual agreement may involve**
  - Novation
  - Rescission
  - Alteration
  - All of the above

[Ans. (d) All of the above]
- The compensation given for breach of contract is**
  - Damage
  - Remuneration
  - Money
  - Cheque

[Ans. (a) Damage]

**Board Expected Questions & Answers**

- Quantum Merit means**
  - as much as merited
  - as much as earned
  - as much as possible
  - as much as not possible

[Ans. (b) as much as earned]
- Vindictive damage is also called as**
  - Nominal damage
  - Special damage
  - Exemplary damage
  - Ordinary damage

[Ans. (c) Exemplary damage]

**[86]**

3. **Subsequent impossibility is referred to as**  
 (a) Doctrine of ultra-vires (b) Doctrine of frustration  
 (c) Doctrine of policy (d) Doctrine of power  
**[Ans. (b) Doctrine of frustration]**
4. **The term rescission means**  
 (a) The cancellation of the contract  
 (b) Where the party commits a breach  
 (c) Putting an end to the contract  
 (d) All the above **[Ans. (a) The cancellation of the contract]**
5. **Nominal damages are awarded at the discretion of**  
 (a) The court (b) The contracting parties  
 (c) Third parties (d) None of these  
**[Ans. (a) The court]**
6. **Novation means**  
 (a) Substitution (b) Alteration  
 (c) Waiver (d) Rescission

**[Ans. (a) Substitution]**

### **Higher Order Thinking Skills - HOTS**

1. **A contract discharged by rescission means \_\_\_\_\_.**  
 (a) change in one or more terms of the contract.  
 (b) acceptance of lesser performance.  
 (c) abandonment of rights by a party.  
 (d) cancellation of the existing contract.  
**[Ans. (d) cancellation of the existing contract.]**
2. **A contract discharged by novation means**  
 (a) cancellation of the existing contract  
 (b) change in one or more terms of the contract  
 (c) substitution of existing contract for a new one  
 (d) none of these.  
**[Ans. (c) substitution of existing contract for a new one]**

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**Unit - X****Direct and Indirect Taxes****CHAPTER - 32****DIRECT TAXES****Textual Questions****Choose the Correct Answer.****1. Income Tax is**

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

**[Ans. (b) a direct tax]****2. Period of assessment year is**

- (a) 1<sup>st</sup> April to 31<sup>st</sup> March (b) 1<sup>st</sup> March to 28<sup>th</sup> February  
(c) 1<sup>st</sup> July to 30<sup>th</sup> June (d) 1<sup>st</sup> Jan. to 31<sup>st</sup> Dec.

**[Ans. (a) 1<sup>st</sup> April to 31<sup>st</sup> March]****3. The year in which income is earned is known as**

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

**[Ans. (b) Previous year]****4. The aggregate income under five heads is termed as**

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

**[Ans. (b) Total Income]****5. Agricultural income earned in India is**

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

**[Ans. (b) Fully Exempted]****Board Expected Questions & Answers****1. Income Tax is levied by**

- (a) Local Authority (b) State Government  
(c) Central Government (d) All of the above

**[Ans. (a) Local Authority]****[88]**



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**CHAPTER - 33****INDIRECT TAXATION****Textual Questions****Choose the Correct Answer.**

- Who is the chairman of the GST council?**  
 (a) RBI Governor (b) Finance Minister  
 (c) Prime Minister (d) President of India  
**[Ans. (b) Finance Minister]**
- GST stands for**  
 (a) Goods and Supply Tax (b) Government Sales tax  
 (c) Goods and Services Tax (d) General Sales Tax  
**[Ans. (C) Goods and Services Tax]**
- 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 organisations  
**[Ans. (b) Indirect Tax]**
- What is IGST?**  
 (a) Integrated Goods and Service Tax  
 (b) Indian Goods and Service Tax  
 (c) Initial Goods and Service Tax  
 (d) All the Above  
**[Ans. (a) Integrated Goods and Service Tax]**
- In India GST became effective from?**  
 (a) 1<sup>st</sup> April, 2017 (b) 1<sup>st</sup> January, 2017  
 (c) 1<sup>st</sup> July, 2017 (d) 1<sup>st</sup> March, 2017  
**[Ans. (d) 1<sup>st</sup> March, 2017]**

**Board Expected Questions & Answers**

- In case of non-payment of excise duty, interest is to be paid @ \_\_\_\_\_ on the amount of unpaid duty, or, \_\_\_\_\_ per day, whichever is higher.**  
 (a) 15%, Rs.1000 (b) 24%, Rs.1,000  
 (c) 24%, Rs.500 (d) 15%, Rs.500  
**[Ans. (b) 24%, Rs.1,000]**
- The time limit for sending back manufactured goods by job-worker to the principal manufacturer is \_\_\_\_\_ days.**  
 (a) 6 Months (b) 180 Days  
 (c) 1 Year (d) None of the above  
**[Ans. (b) 180 Days]**

**[91]**

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**SURA'S**



# **Sigaram Thoduvom TARGET**

**HIGHER SECONDARY FIRST YEAR**

**COMMERCE**

# **2 & 3 Marks**

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- Prepared as per the New Syllabus for the year 2018-19.
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- Questions from Govt. Model [Govt. MQP-2018], First Mid Term Test [First Mid-2018] and Quarterly Exam - 2018 [QY-2018] are incorporated at the respective chapters.
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## Unit - I

## Fundamentals of Business

### CHAPTER - 1

# HISTORICAL BACKGROUND OF COMMERCE IN THE SUB-CONTINENT

### Textual Questions

#### VERY SHORT ANSWER QUESTIONS

**2 MARKS**

#### 1. What is meant by Barter System?

- Ans.** (i) In olden days goods were exchanged for goods. It is called barter system.
- (ii) Before invention of money goods were exchanged for goods.

#### 2. What is meant by Nallangadi? [BEQ] [First Mid-2018; QY-2018]

- Ans.** (i) In Pandiyas period, the place where the goods were sold was called “Angadi”.
- (ii) The day market was called as “Nallangadi”.

#### 3. What is meant by Allangadi?

- Ans.** (i) In Pandiyas period, the place where the goods were sold was called “Angadi”.
- (ii) The Night market was called as Allangadi.

#### SHORT ANSWER QUESTIONS

**3 MARKS**

#### 1. Explain the meaning of the term “Vanigam”.

- Ans.** (i) The word “Vaniyam” or “Vanipam” would have had a Dravidian origin.
- (ii) The early Tamils produced their products and goods in their lands and bartered their surplus and that is how trade came into existence.

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**Board Expected Questions & Answers****VERY SHORT ANSWER QUESTIONS****2 MARKS****1. What is meant by hindrance of knowledge?**

**Ans.** (i) The Consumer may not buy the best products available in the market because they may not possess the knowledge of the market conditions.

(ii) Hence, it is known as hindrance of knowledge.

**2. What is hindrance of finance?**

**Ans.** (i) Producers and traders may not have the required funds at the time of their need.

(ii) The problem of finance affects the producer, trader and the consumer. This Hindrance is known as Hindrance of Finance.

**3. List out the important Hindrance of Business.**

**Ans.** (i) Hindrance of Person

(ii) Hindrance of Place

(iii) Hindrance of Time

(iv) Hindrance of Finance

(v) Hindrance of Knowledge

**SHORT ANSWER QUESTIONS****3 MARKS****1. Write a note on (i) Hindrance of finance, (ii) Hindrance of developing the exact product (iii) Hindrance of delivery at doorsteps.**

**Ans. (i) Hindrance of finance :**

(1) Producers and traders may not have the required funds at the time of their need.

(2) Banks and other financial institutions provide funds and help in transfer of funds to enable the functioning of business smoothly.

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(ii) **Hindrance of developing the exact product :**

Research and development helps in developing the exact product or service which can satisfy the specific wants of consumers and thus improve the standard of living of the people.

(iii) **Hindrance of both selection and delivery at doorsteps:**

E-Commerce enables the consumer to select the product in the website, place online orders and make payment after receiving the product at the door step.

**Higher Order Thinking Skills - HOTS**

**VERY SHORT ANSWER QUESTIONS**

**2 MARKS**

**1. What is meant by Yavanars?**

**Ans.** Foreigners who transacted business were known as Yavanars.

**2. What is meant by jonagar?**

**Ans.** Arabs who traded with Tamil were called 'Jonagar'.

**3. What are the important ancient trade centres in Tamil Nadu?**

- Ans.**
1. Alambarai
  2. Alagankulam
  3. Pumpuhar
  4. Marakkanam
  5. Vasavasamudram
  6. Mylapore

**4. Any four constraints in Barter system.**

- Ans.**
- (i) Lack of double coincidence of wants.
  - (ii) Non-existence of common measure of value.
  - (iii) Lack of direct contact between producer and consumers.
  - (iv) Lack of surplus stock.



**SHORT ANSWER QUESTIONS****3 MARKS****1. Write a short note on POOMPUHAR.**

**Ans.** The southern Coromandel Coast mostly within the territory of Tamilnadu state is thick with history. This history is not only of the European colonization but goes back to the ancient times when many places along the coast were centres of international trade. One such place which is said to have flourished from 200 BC onwards is Poompuhar. The seaside town which was once the second capital of the Chola Dynasty and a major centre of international trade with both eastern and western people. Silk appears to be a major item of exports from here. The ancient port as destroyed and is now found by the archaeologists submerged off the coast for up to 5 km. Erosion of land or a Tsunami was cited as possible causes.

**2. What are the conditions to be satisfied for the working of barter system?**

**Ans.** Goods were exchanged for goods prior to invention of money. Barter system worked on certain conditions mentioned below.

1. Each party to barter must have surplus stocks for the trade to take place.
2. Both the buyers and sellers should require the goods each other desperately i.e., double coincidence of wants
3. Buyer and seller should meet personally to effect the exchange.



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## CHAPTER - 2

# OBJECTIVES OF BUSINESS

### Textual Questions

#### VERY SHORT ANSWER QUESTIONS.

**2 MARKS**

##### 1. Define Economic Activities.

- Ans.** (i) Economic Activities refers to those activities which are undertaken with the object of earning money.
- (ii) For Example : Workers working in a factory, shopkeeper selling the goods in his Shop, Doctor attending the patient in his Clinic, etc.

##### 2. What do you mean by Business?

*[BEQ]*

- Ans.** Business refers 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.

##### 3. Define Profession.

*[BEQ] [First Mid-2018]*

- Ans.** (i) Professions are those occupations which involve rendering of personal services of a special and expert nature.
- (ii) It includes professional activities. People engaged in a profession are known as Professionals.
- (iii) For Example : Lawyers, Doctors, Engineers and Chartered Accountants.

##### 4. What do you mean by Employment?

- Ans.** (i) Employment refers to the occupation in which people work for others and get remuneration in the form of wages or salaries.
- (ii) The one who is employed by others are called employees, and the one who employs others is called employer.
- (iii) **For Example :** Managers, Clerks, Bank officials, Factory workers, etc.

**Board Expected Questions & Answers****VERY SHORT ANSWER QUESTIONS****2 MARKS**

- 1. Thirupathi is the famous cardiologist of his town. Identify the type of economic activity highlighted in the given case. Write the meaning of it.** [Govt. MQP-2018]

**Ans.** The type of economic activity is professions.

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. Those engaged in a profession are called professionals and they earn income by charging professional fee.

- 2. Define the term “Business” according to H. Haney.**

**Ans.** According to H. Haney “Business may be defined as a human activity directed towards producing or acquiring wealth through buying and selling of goods.

- 3. Name of economic activity which requires and knowledge and skills. Briefly explain.**

**Ans.** (i) Profession includes those activities, which require special knowledge and skill to be applied by individuals in their occupation to earn fees.

(ii) People engaged in Profession are known as professionals.

(iii) **For Example :** Lawyer, Doctor, Chartered Accountant, etc.

- 4. Name the activity which facilitates buying and selling. Explain briefly about it?**

**Ans.** (i) Business refers to those activities, which are connected with production, purchase and sale of goods or supply of services with the main object of earning profits.

(ii) People engaged in business are called businessman. They earn income in the form of Profits.

**CHAPTER - 3****CLASSIFICATION OF BUSINESS ACTIVITIES****Textual Questions****VERY SHORT ANSWER QUESTIONS.****2 MARKS****1. Define Commerce.***[BEQ]*

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

**2. What do mean by industry?***[First Mid-2018]*

**Ans.** (i) Industry refers to economic activities, which are connected with the conversion of resources into useful goods.

(ii) The production side of business activity is referred as industry.

**3. What is trade?***[BEQ]*

**Ans.** (i) Trade is an essential part of commerce. The term ‘Trade’ is used to denote buying and selling.

(ii) It helps in making the goods produced available to ultimate consumers or users.

(iii) Therefore, one who buys and sells is a trader. A trader is a middlemen between the producer and the consumer.

**4. Write a short note an transportation.**

**Ans.** (i) Selling all the goods produced at or near the production place is not possible.

(ii) Hence, goods are to be sent to different places where they are demanded.

(iii) The medium which moves men and materials from one place to another place is called transport.

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**Sura's + Commerce + Std. XI + 2 & 3 Marks****17****4. Narrate commerce with an example. [BEQ]**

- Ans.** (i) Commerce refers to all those activities which are necessary for bringing goods from the place of production to the place of their consumption.
- (ii) According to Evelyn Thomas “Commercial Operations deal with the buying and selling of goods, the exchange of commodities and the contribution of finished products”.
- (iii) Commerce includes not only trade but also services such as transport, warehousing, packaging, insurance, banking and sales promotion which are incidental or auxiliaries to trade.
- (iv) Nearly every business transaction is a form of commerce. purchasing food at a restaurant, buying stocks on the stock market, selling goods in a store, drilling for oil etc.
- (v) For example, international commerce takes place between countries, interstate commerce is done across state lines and electric commerce takes place via the Internet.

**Board Expected Questions & Answers****VERY SHORT ANSWER QUESTIONS****2 MARKS****1. Kumar owns a cattle breeding farm in Namakkal.**

- (i) Is this an example of extractive industry?
- (ii) Give the meaning of such industry. [Govt. MQP-2018]

- Ans.** (i) No. Cattle breeding is an example for genetic industries.
- (ii) Genetic industries remain engaged in breeding plants and animals for their use in further reproduction.

**2. Siva is a fisherman in Rameshwaram and owns five fishing vessels. Identify the form of industry in which he operates. Give the meaning of it. [Govt. MQP-2018]**

**Ans.** The form of industry is Extractive Industries.

**Meanings :**

Industries, which are engaged in the supply of commodities extracted from the earth, are called extractive industries

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(v) **Quaternary service :**

- (1) Professional or specialised skills and high technology are used to provide this type of service.
- (2) Eg : Software development, Auditing, Research and Development, etc.

(vi) **Quinary Service :**

- (1) New ideas are generated, new technologies are evolved, new policies are implemented by selected individual experts.
- (2) Their decisions influence nations, international institutions etc. i.e. Inventors.

**Higher Order Thinking Skills - HOTS****VERY SHORT ANSWER QUESTIONS****2 MARKS****1. What is Primary industry?**

**Ans.** (i) Primary Industry is concerned with the Production of goods with the help of nature.

(ii) It is a nature - oriented industry, which requires very little human effort.

(iii) **For Example :** Agriculture, farming, forestry, fishing, horticulture, etc.

**2. Name the auxiliary to trade that removes the hindrance of time.**

**Ans.** Storage or warehousing is the auxiliary to trade that removes the hindrance of time.

**3. Classify the following into primary, secondary and tertiary industries.**(i) **Farming**(ii) **Banking**(iii) **Sugar industry**(iv) **Warehousing**

**Ans.** (i) Farming is a primary industry

(ii) Banking is a tertiary industry

(iii) Sugar industry is a secondary industry

(iv) Warehousing is a tertiary industry

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## Unit - II      Forms of Business Organisation

### CHAPTER - 4

## SOLE PROPRIETORSHIP

### Textual Questions

#### VERY SHORT ANSWER QUESTIONS.

**2 MARKS**

**1. Who is called a Sole Trader?**

[BEQ]

**Ans.** The person who invests capital and manages the business himself is called as sole trader or sole proprietor.

**2. What are the Non-corporate enterprises?**

**Ans.** (i) In a non-corporate form, the enterprise and its owners are considered as having the same entity i.e., the ownership and business are not separated.

(ii) Non-corporate business may be organised either as a sole proprietorship or as a partnership or as a joint hindu family business.

**3. What are the Corporate enterprises?**

**Ans.** In the corporate form, the legal entity of enterprise is distinct form that of its owners. i.e., the ownership is separated form its management and the owners cannot take direct control over the business.

**4. For which of the following types of business do you think a sole proprietorship form of organisation would be more suitable, and why?**

[BEQ] [First Mid-2018]

- |                   |                       |
|-------------------|-----------------------|
| (a) Grocery store | (b) Medical store     |
| (c) Craft centre  | (d) Legal consultancy |
| (e) Internet cafe |                       |

**Ans.** Sole proprietorship form of business organisation will be more suitable for grocery store, medical store, craft centre and internet cafe because these business require less capital and limited managerial talent. These business also require personalised services and risk is low in these business.

[22]

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24

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**5. Define Sole trading business.**

**Ans.** According to Wheeler, "Sole proprietorship is that form of business organisation which is owned and controlled by a single individual. He receives all the profits and risks all of his property in the success or failure of the enterprise".

**Board Expected Questions & Answers****VERY SHORT ANSWER QUESTIONS****2 MARKS**

1. The business assets of an organisation amounts to Rs. 1,00,000 but the debts that remain unpaid Rs. 1,40,000. Name the liability and what course of action can be taken by the creditor if: [Govt. MQP-2018]

- (I) The organisation is a sole proprietorship business.
- (II) The organisation is a partnership firm with A and B as partners with equal shares.

**Ans.** (I) The organisation is a sole proprietorship business is unlimited. When his business assets are not sufficient to pay off the business debts he has to pay from his personal property.

- (II) Limited liability

2. Name the type of organisation in which there are no legal formalities required to start? State its meaning.

[Govt. MQP-2018]

**Ans.** No legal formalities are required to initiate a sole trading concern.

**Meaning :**

Sole Proprietorship is a form of business organisation in which an individual introduces his own capital, uses his own skill and intelligence in the management of its affairs and is solely responsible for the results of its operations. It is also known as individual entrepreneurship.

3. State the various kinds of Non-corporate enterprises.

**Ans.** The various kinds of non-corporate enterprises are :

- (i) Sole Proprietorship
- (ii) Partnership
- (iii) Joint Hindu Family Business



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Sura's + Commerce + Std. XI + 2 &amp; 3 Marks

25

**4. Why do sole traders lose the economies of large scale production?**

**Ans.** Because of limited capital and skill, the sole traders have to work on a small scale basis. thus he is deprived of economics of large scale operation.

**SHORT ANSWER QUESTIONS****3 MARKS****1. Sudhakar belongs to a middle class family. In order to increase his family income, he wants to start a provisional store. As per your judgement, which form of organisation would be best suited for him? Explain any two advantages of it.***[Govt. MQP-2018]*

**Ans.** Sole proprietorship form of organisation would be best suited for him.

**Advantages****(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.

**2. Write about 'flexibility' in the business management of a sole trader. Think and explain.**

- Ans.**
- (i) It is a highly flexible type of organisation.
  - (ii) A sole proprietorship concern is generally run on a small scale basis.
  - (iii) A change in operation is possible without involving much expenditure.
  - (iv) The proprietor can adapt and adjust to the changing trends and market conditions because the sole trader is the sole owner of his business.

**Higher Order Thinking Skills - HOTS****VERY SHORT ANSWER QUESTIONS****2 MARKS**

**1. How does a sole trader business enterprise help provide self-employment?**

- Ans.** (i) Sole Proprietorship provides self-employment opportunity to many persons with small resources.
- (ii) It offers a way of life for securing the means of livelihood to those who do not want to serve under others.
- (iii) It makes people self dependent by providing self-employment.

**2. Why is it said that sole proprietor is a sole risk bearer and profit recipient?**

- Ans.** A sole trading concern is owned by an individual. The sole trader takes all decisions and manages and controls the affairs of business. He provides his own capital to the business. Thus, he is entitled to receive all profits and has to bear risks of the business.

**SHORT ANSWER QUESTIONS****3 MARKS**

**1. Can a sole trader business enterprise obtain the benefits of specialisation?**

- Ans.** (i) The sole trader has to undertake all the work relating to business himself such as buying, selling, accounting, financing, advertising etc.
- (ii) It would be difficult to avail the services of experts in his business because of small resources.
- (iii) So, the benefits of division of labour and specialisation cannot be obtained in this type of business.

**2. Name the business which are suitable to sole proprietorship form of organisation.**

- Ans.** Sole proprietorship is suitable for the following business.

- (i) It is the most suitable form for small business such as local grocery shop and small-scale retailers selling clothes, shoes etc.

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## CHAPTER - 5

# HINDU UNDIVIDED FAMILY AND PARTNERSHIP

### Textual Questions

#### VERY SHORT ANSWER QUESTIONS.

**2 MARKS**

**1. Who is called KARTA?**

**Ans.** All the affairs of a Joint Hindu Family are controlled and managed by one person who is known as 'Karta' or 'Manager'. The Karta is the senior most male member of the family.

**2. What are the two schools of Hindu law?**

**Ans.** There are two schools of Hindu Law-one is Dayabhaga which is prevalent in Bengal and Assam and the other is Mitakshara prevalent in the rest of the-country.

**3. Who is called a Partner?**

**Ans.** The Person who enter into partnership are individually called Partners and collectively known as 'Firm'.

**4. Who is a Sleeping Partner?**

**Ans.** The Partners who merely contribute capital and do not take active interest in the conduct of the business of the firm are called sleeping or dormant or financing partners.

**5. Who is a Minor?**

**Ans.** Under the Indian Majority Act, person who has not completed 18 years of age is a minor. However, he will continue to be a minor till he completes 21 years if a guardian has been appointed to the minor.

**6. How many types of Dissolution?**

**Ans.** Dissolution of Partnership firm means putting an end to the relationship among the Partners. This may be of two types. They are :

- (a) Dissolution of Firm
- (b) Dissolution of Partnership

[28]

## Board Expected Questions & Answers

### VERY SHORT ANSWER QUESTIONS

**2 MARKS**

**1. What are the two sections of Hindus law?**

[QY-2018]

**Ans.** Dayabhaga, Mitakshara.

**2. What is the relationship that exists among partners?**

- Ans.** (i) There must be an agent and principal relationship that exists among the partners.
- (ii) Every partner is a proprietor as well as an agent of the firm.
- (iii) Therefore, the partnership is described as an extension of the 'principle of Agency'.

**3. Define implied authority of a partner.**

- Ans.** (i) An implied authority is a right vested with a partner to be used in emergency situations to protect the interest of the firm.
- (ii) Where, there is no partnership agreement or where the agreement is silent, "the act of a partner which is done to carry on, in the usual way, business of the kind carried on by the firm, binds the firm." sec. 19(1).
- (iii) The authority of a partner to bind the firm is called implied authority."

**4. What is partnership-at-will?**

- Ans.** (i) Partnership-at-will is a partnership which is formed to carry on business without specifying any period of time.
- (ii) The life of such partnership continues as long as the partners are willing to continue it as such.
- (iii) The partnership can be terminated if any partner notifies his desire to quit.

**5. Who is a nominal partner?**

- Ans.** (i) Nominal partner is a partner who neither contributes capital nor takes any part in the management of the firm.
- (ii) He lends his name to be used as a partner in the business to increase the reputation of the firm.
- (iii) He is also known as Ostensible partner.

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35

9. Bring out the differences between dissolution of partnership and dissolution of partnership firm.

**Ans.**

Sl. No.	Dissolution of partnership	Dissolution of partnership firm
1.	Only one or more of the partners terminate their connections with the firm.	All the partners terminate their connections with the firm.
2.	It may or may not bring the business of the firm to an end.	It brings the business of the firm to an end.
3.	The business will continue even after dissolution.	The business cannot be continued in the dissolution of firm.

### Higher Order Thinking Skills - HOTS

#### VERY SHORT ANSWER QUESTIONS

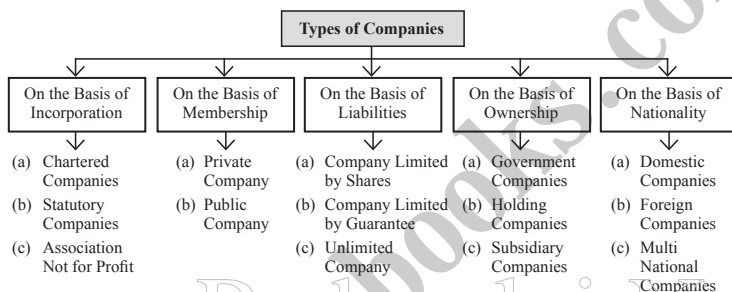
**2 MARKS**

1. "Male and female members of the Joint Hindu Family business have equal rights". Do you agree with the statement?

**Ans.** Yes, with the introduction of the Hindu succession (Amendment) Bill, 2004 in parliament on 20<sup>th</sup> December, 2004 and with its approval in the form of the Hindu Succession Amendment Act, 2005, both the male and female members in HUF business have equal rights.

2. The existence of the Joint Hindu Family business is permanent. Do you agree?

**Ans.** Yes, its existence continues even after the death of the karta, as the next eldest member takes up the position of a karta. However, it can be terminated with the mutual consent of members.

**CHAPTER - 6****JOINT STOCK COMPANY****Textual Questions****VERY SHORT ANSWER QUESTIONS.****2 MARKS****1. What are the different types of companies? [First Mid-2018]****Ans.****2. Define a Company.****[BEQ]**

**Ans.** According to James Stephenson, “A company is an association of many persons who contribute money or money’s worth to a common stock and employ it in some trade or business, and who share the profit and loss (as the case may be) arising there from.”

**3. What is meant by Limited liability?**

- Ans.** (i) The liability of the members of the company is limited to contribution to the assets of the company upto the face value of shares held by him.
- (ii) A member is liable to pay only the uncalled money due on shares held by him.
- (iii) If the assets of the company are not sufficient to pay liabilities, the personal properties of the shareholders are not held responsible.

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- (ii) It is an important document which needs to be filed with the Registrar of Companies.
- (iii) In the Companies Act, Table A Prescribes model for the articles of the companies. Table A is a document containing rules and regulations for the internal management of a company.

#### 4. What do you understand by Holding and subsidiary companies?

**Ans. Holding and Subsidiary Companies :**

A Company becomes a holding company of another,

- (i) if it can appoint or remove all or majority of the directors of the latter company or
- (ii) if it holds more than 50% of the equity share capital of the latter, or
- (iii) if it can exercise more than 50% of the total voting power of the latter.
- (iv) The other company which is so controlled is called subsidiary company.

**Example:** A Ltd., holds more than 50% of the share capital of B Ltd. Here A Ltd., is called holding company and B Ltd., is called subsidiary company.

### Higher Order Thinking Skills - HOTS

#### VERY SHORT ANSWER QUESTIONS

**2 MARKS**

#### 1. What is the significance of the common seal of the Company?

- Ans.** (i) Though the separate personality of the Company is legally recognised, it needs human agency to act.
- (ii) Obviously it cannot sign.
  - (iii) Any contract entered into by a Company, to be valid, must bear the official seal of the Company.

#### 2. What is a guarantee company?

- Ans.** (i) In a company limited by guarantee the liability of a shareholder is **limited** to the amount he has voluntarily undertaken to contribute to meet any deficiency at the time of its **winding up**.

**CHAPTER - 7****CO-OPERATIVE ORGANISATION****Textual Questions****VERY SHORT ANSWER QUESTIONS.****2 MARKS****1. What do you mean by Co-operative organization?**

- Ans.** (i) A cooperative is a private business organisation that is owned and controlled by the people who use its products, supplies or services.
- (ii) Co-operatives are formed by individuals who coordinate among themselves (horizontal coordination) to achieve vertical integration in their business activities.

**2. Define Co-operatives.**

**Ans.** According to H. Calvert Co-operation is a form of organization in which persons voluntarily associate together as human beings on the basis of equality for the promotion of the Economic interests of themselves.

**3. What is Credit Co-operatives?**

- Ans.** (i) Co-operative credit societies are those formed for the purpose of providing short-term financial help to their members.
- (ii) Agriculturists, artisans, industrial workers, salaried employees, etc., form these credit societies.

**4. In how taxes possible in Co-operative Society?**

- Ans.** (i) A When various farmers in a village pool their land together and agree to treat the pooled piece of land as one big farm for the purpose of cultivation, purchase the necessary inputs for the cultivation, and market the crops jointly, they are assumed to have formed a cooperative farming society.
- (ii) The office bearers look after the proper cultivation of new farm that emerges after the land of various farmers has been pooled.



This material only for sample

Sura's + Commerce + Std. XI + 2 &amp; 3 Marks

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(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 the affairs of the enterprise.

**Higher Order Thinking Skills - HOTS****VERY SHORT ANSWER QUESTIONS****2 MARKS****1. What are the aims of Co-operative Societies?**

**Ans.** (i) The aim of Co-operative Society is service to weaker sections.

(ii) Service is the Primary objective while profit is secondary.

**2. What is the significance of self help and mutual help?**

**Ans.** (i) The main principle of co-operative organisation is the self help and mutual help.

(ii) Every member of the society is expected to help himself and also to help every other members.

**SHORT ANSWER QUESTIONS****3 MARKS****1. Give example of co-operative supermarkets in Tamil Nadu.**

**Ans.** Example of co-operative super markets in Tamil Nadu are :

(i) Kamadhenu super market in Chennai.

(ii) Chinthamani super market in Trichy and Coimbatore.

(iii) Karpagam supermarket in Vellore and Villupuram districts; and

(iv) Ponni co-operative super market in Salem.

**2. Co-operative societies are suitable for certain specific business. Enumerate them.**

**Ans.** Co-operative societies are suitable for the business specified below.

(i) Building housing societies for low and middle income groups.

(ii) To provide credit facilities to the rural poor.

(iii) For marketing of agricultural and industrial output of small scale units.

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This material only for sample

**CHAPTER - 8****MULTINATIONAL CORPORATIONS (MNCs)****Textual Questions****VERY SHORT ANSWER QUESTIONS.****2 MARKS****1. Define Multinational Company.***[QY-2018]*

**Ans.** According to, Neil H. Jacoby, “A multinational corporation owns and manages business in two or more countries”.

**2. Write any two advantages of MNC.**

**Ans.** (i) Low Cost Labour  
(ii) Quality Products

**3. Give two examples of MNC.**

**Ans.** (i) Bata India  
(ii) Colgate India  
(iii) Maruthi Suzuki

**4. Name the type of business enterprise which operates in more than one country.**

**Ans.** (i) Microsoft corporation  
(ii) Nokia corporation  
(iii) Coca - cola  
(iv) Sony corporation

**SHORT ANSWER QUESTIONS****3 MARKS****1. What are the advantages of MNC's?***[First Mid-2018]*

**Ans. (i) Low Cost Labour :**

- (1) MNC set up their facilities in low cost countries and produce goods/service at lower cost.
- (2) It gains cost advantage and sells its products and services of good quality at low cost.

**(ii) 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.

**[50]**

(iii) **Proper Use of Idle Resources :**

Because of their advanced technical knowledge, MNCs are in a position to properly utilise idle physical and human resources of the host country.

**2. What are the disadvantages of MNC's?****Ans. (i) Danger for Domestic Industries :**

- (1) MNCs, because of their vast economic power, pose a danger to domestic industries; which are still in the process of development.
- (2) Domestic industries cannot face challenges posed by MNCs.

(ii) **Transfer of Outdated Technology :**

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

(iii) **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.

**Board Expected Questions & Answers****VERY SHORT ANSWER QUESTIONS****2 MARKS****1. How are MNCs helpful in managerial development?**

**Ans.** In order to integrate and manage worldwide operations, an MNC hires those individuals who have good professional skills and specialised knowledge.

It invests huge amount on the training and development of employees. This would help managers in handling advanced technology and managing international business operations.

**SHORT ANSWER QUESTIONS****3 MARKS****1. Being a manager, what suggestions can you give in context to the establishment of MNCs in developing and underdeveloped countries?**

**Ans.** Following suggestions can be given.

- (i) Part of the profit earned by MNCs should be invested in the development of underdeveloped and developing countries.

This material only for sample

**CHAPTER - 9****GOVERNMENT ORGANISATION****Textual Questions****VERY SHORT ANSWER QUESTIONS.****2 MARKS****1. State the different types of public sectors enterprises.**

- Ans.** (i) Departmental undertakings  
 (ii) Statutory corporations  
 (iii) Government company

**2. What is the basic feature of a Departmental undertaking?**

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

**3. Give two examples for each of the following:**

- (i) **Private sector enterprises**  
 (ii) **Global enterprises**  
 (iii) **Public enterprises**

**Ans. (i) Private sector enterprises :**

- (1) Reliance Industries Ltd  
 (2) Wipro Ltd

**(ii) Global enterprises**

- (1) Unilever Limited  
 (2) Coca - cola corporation

**(iii) Public enterprises**

- (1) Air India  
 (2) Indian Railways

**4. State the form of public enterprises which is most suitable for projects related to National Security.**

- Ans.** (i) Security Companies  
 (ii) Rescue and evacuation networks  
 (iii) Armed forces  
 (iv) Border patrols

**3. Infrastructure development is the key responsibility of government what steps were taken by the government in this context?**

**Ans.** It was only the government which made huge capital investments to develop infrastructure. The projects like transport, communication, irrigation, power, etc take large gestation periods and relatively lesser return on investments. Thus, development of infrastructure was taken up as the responsibility of the public sector. The government also entered into partnership with private sector to develop infrastructure.

### **Higher Order Thinking Skills - HOTS**

#### **SHORT ANSWER QUESTIONS**

**3 MARKS**

**1. The Government of India had introduced four major reforms in the public sector in its New Industrial Policy, 1991. What were their main elements?**

**Ans.** The Government of India had introduced four major reforms in the public sector in its New Industrial Policy, 1991. their main elements are as follows.

- (i) Restructure and revive potentially viable public sector units.
- (ii) Close down public sector units which cannot be revived.
- (iii) Bring down governments equity in all non-strategic public sector units to 26 per cent or lower, if necessary.
- (iv) Full protect the interest of workers.

**2. What are the important features of public sector enterprises?**

**Ans.** The important features of public sector enterprises are

- (i) The management and control of such enterprises rest in the hands of government.
- (ii) Public welfare is the main objective of such enterprises.
- (iii) These enterprises are set up to fulfill various social objectives of the government.



This material only for sample

## Unit - III

## Service Business - I

### CHAPTER - 10

# RESERVE BANK OF INDIA

### Textual Questions

#### VERY SHORT ANSWER QUESTIONS.

**2 MARKS**

**1. What are the services included in Service businesses?**

**Ans.** Business services are of various types. The important types of them are as follows :

- (i) Banking Service
- (ii) Insurance Service
- (iii) Transportation Service
- (iv) Communication Service
- (v) Warehousing Service
- (vi) Advertising Service

**2. Write the meaning of 'Bank'.**

**Ans.** "Banking means the accepting for the purpose of lending or investment of deposits of money from the public, repayable on demand or otherwise and withdrawable by cheque, draft, pay order or otherwise".

**3. Briefly explain about Central Bank.**

[QY-2018]

**Ans.** (i) Every nation has one central bank. It is owned by the government of the country.  
(ii) The control over the entire banking system of a country is vested with this apex bank.  
(iii) Central Banks are known by different names in different countries. In India, Reserve Bank is the Central Bank.

#### SHORT ANSWER QUESTIONS

**3 MARKS**

**1. Mention the importance of banking services.**

**Ans.** (i) Banking Service is the nerve centre of industry and commerce in a country.

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## Board Expected Questions & Answers

### VERY SHORT ANSWER QUESTIONS

**2 MARKS**

**1. Define Central bank.**

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

**2. List out the functions of RBI.**

**Ans.** The functions of RBI can be grouped under three heads.

- (i) Leadership and supervisory functions.
- (ii) Traditional functions and
- (iii) Promotional functions

### SHORT ANSWER QUESTIONS

**3 MARKS**

**1. Explain the clearing house services of RBI.**

**Ans.** (i) RBI acts as clearing house and maintains a clearing system for all commercial banks in India.

(ii) The aggregate amount of cheques presented by a bank on other banks represents the claim by that bank on other banks.

(iii) Similar claims are made by all the banks on every other bank in the clearing. A net settlement is arrived at the clearing house and accordingly the debit or credit entry is made in their current accounts.

(iv) The cash reserves kept by the banks with RBI is utilised for this purpose. Clearing system saves time and eliminates paperwork and other difficult (otherwise tasks) tasks involved in inter-bank settlement.

**2. Explain the qualitative credit control methods of RBI.**

**Ans.** The Qualitative credit control methods influence the volume of money in selected or particular sectors of the economy. These measures are as follows :

**(i) Rationing of credit :**

Maximum limit is fixed for lending to certain sectors or specific purposes

**(ii) Marginal Requirement :**

It refers to the percentage of the value of securities submitted before issue of loans.

**(iii) Direct Action :**

The RBI takes corrective actions on any bank or banks that does not follow its guidelines. It is called direct action.

**(iv) Moral Suasion :**

The RBI puts pressure on the banks towards liberal or restricted lending during certain periods.

**Higher Order Thinking Skills - HOTS****VERY SHORT ANSWER QUESTIONS****2 MARKS****1. List out the quantitative credit control measures of RBI.**

- Ans.** (i) Bank Rate policy  
(ii) Cash Reserve Ratio  
(iii) Statutory Liquidity Ratio  
(iv) Open Market operations

**2. List out the qualitative credit control measures of RBI.**

- Ans.** (i) Rationing of Credit  
(ii) Marginal requirement  
(iii) Direct Action  
(iv) Moral Suasion

**SHORT ANSWER QUESTIONS****3 MARKS****1. Explain the various Quantitative methods of credit control of RBI.**

- Ans.** (i) The methods which influence the total volume of credit in Indian economy are called quantitative or general methods.
- (ii) An increase in the first three measures will reduce the volume of money in circulation in India and vice versa.
- (1) Bank Rate Policy :**  
Bank rate refers to the rate at which the RBI rediscounts the bills given by the Scheduled banks.
- (2) Cash Reserve Ratio (CRR) :**  
It is the ratio of cash reserves with the RBI kept by Scheduled banks in proportion to the total Time and Demand Liabilities with them.
- (3) Statutory Liquidity Ratio (SLR) :**  
It is the ratio of money and money equivalents kept within the bank in proportion to the Time and Demand Liabilities with them.
- (4) Open Market Operations :**  
The RBI directly buys or sells the securities and bills in the money market either to decrease or to increase the total volume of money.

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**CHAPTER - 11****TYPES OF BANKS****Textual Questions****VERY SHORT ANSWER QUESTIONS.****2 MARKS****1. Give the meaning of Commercial banks.**

- Ans.** (i) Banks which accept deposits from the public and grant loans to traders, individuals, agriculture, industries, transport, etc., in order to earn profit.
- (ii) Their lending is in comparatively small amounts and mostly for short and medium period.
- (iii) **Examples :** State Bank of India, Karur Vysa Bank, Standard Chartered Bank

**2. What do you mean by Industrial Banks?**

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

**3. Briefly explain about Correspondent Banks.**

- Ans.** (i) Banking correspondents are retail agents engaged by banks for providing banking services at low cost in locations other than a bank branch/ATM.
- (ii) They are not separate banks recognised by RBI.
- (iii) Banking correspondents model was introduced by the RBI in 2006 to provide services at door steps.
- (iv) A bank in a country can appoint another bank in foreign country to act as correspondent bank.

**4. What are Foreign Banks?***[QY-2018]*

- Ans.** (i) Banks which have registered office in a foreign country and branches in India are called foreign banks.
- (ii) These banks open their offices in big cities and port towns only.
- (iii) Examples :
- (1) Bank of America - The USA
  - (2) Barclays Bank - The UK
  - (3) Deutsche Bank - Germany

**[62]**

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**Sura's + Commerce + Std. XI + 2 & 3 Marks****65**

- (ii) The objective of development banks is not profit. Their aim is to develop the country and create employment opportunities.
- (iii) Finance is provided by them for medium and long terms ranging from five to twenty years.
- (iv) Development banks do not accept deposits from the public. They subscribe the shares and debentures of the industries.
- (v) **Examples :**
  - (1) IFCI - Industrial Finance Corporation of India
  - (2) SIDBI - Small Industries Development Bank of India
  - (3) MUDRA bank (for the development of micro industries).

## **2. Explain the types of banks based on the status given by the RBI.**

**Ans.** Under this type, the banks are classified into scheduled banks and non-scheduled banks.

- (i) All banks which satisfied the norms and included in the second schedule to the RBI Act, 1934 are called scheduled banks.
- (ii) Such banks are given financial accommodation and remittance facilities at concessional rates by the RBI.
- (iii) There is no non-scheduled commercial bank in India.
- (iv) There are five urban cooperative banks and three local area banks which function as non-scheduled banks in India.
- (v) Small Finance Banks and Payments Banks have not been licenses under Section 22 of the Banking Regulation Act, 1949.

## **Higher Order Thinking Skills - HOTS**

### **VERY SHORT ANSWER QUESTIONS**

**2 MARKS**

#### **1. What are the types of banks?**

**Ans.** Banks can be classified as follows.

- (a) Based on the functions of banks
- (b) Based on the status given by the RBI - Reserve Bank of India
- (c) Based on the ownership pattern

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## CHAPTER - 12

# FUNCTIONS OF COMMERCIAL BANKS

### Textual Questions

#### VERY SHORT ANSWER QUESTIONS.

**2 MARKS**

##### 1. What is Mobile Banking?

- Ans.** (i) Mobile Banking refers to conduct of banking operations through mobile or cell phones.
- (ii) Most of the commercial banks have designed computer programs called apps which can be downloaded in smart phones.
- (iii) With this app in the smart phone a customer can operate his account transactions from anywhere. This service is known as mobile banking.

##### 2. Briefly explain the need for Debit Card.

**Ans.** ATM card is also called debit card. This card is more useful in purchase of goods and services anywhere in India, if the shop maintains a swiping machine facility. VISA card and Maestro card services are offered by Visa Corporation and Mastercard both from the USA. RuPay cards services were launched in March 2012 by the National Payments Corporation of India.

##### 3. Briefly explain the term - Credit Card.

- Ans.** (i) A Credit card is an Instrument which provides Credit facilities to its holder to purchase goods or services from Business establishments.
- (ii) Bank issue Credit cards to customers and other eligible persons.

##### 4. What do you mean by ATM?

*[QY-2018]*

- Ans.** (i) An Automatic Teller Machine, is popularly called as ATM.
- (ii) ATM is an Electronic Device, installed by the commercial banks and operated by the customer him self, to withdraw money and to make other financial transactions.

## Board Expected Questions & Answers

### VERY SHORT ANSWER QUESTIONS

**2 MARKS**

**1. List the various types of Deposits accepted by the banks.**

- Ans.** (i) Savings Deposits  
 (ii) Current Deposits  
 (iii) Fixed Deposits  
 (iv) Recurring Deposits

**2. List the various types of advanced given by the Banks.**

- Ans.** (i) Overdraft  
 (ii) Cash Credit  
 (iii) Discounting of Bills

**3. What are types of loans granted by the Bank?**

- Ans.** (i) Housing Loans  
 (ii) Consumer Loans  
 (iii) Vehicle Loans  
 (iv) Educational Loans  
 (v) Jewel Loans

### SHORT ANSWER QUESTIONS

**3 MARKS**

**1. Bharath Sanchar Nigam Limited, Chennai division has decided to transfer the salary of their employees through NEFT.**

*[Govt. MQP-2018]*

- (i) What do you understand by NEFT?  
 (ii) Differentiate with RTGS.

**Ans.** (i) Under this electronic funds transfer system, bulk transfer of transactions are settled in batches during specific timings across India. Individuals and institutions which maintain accounts with a NEFT enabled bank branch are eligible for using NEFT.

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.

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(ii)

Sl. No.	NEFT	RTGS
1.	It was launched by the RBI in 2005.	It was launched by the RBI in 2013.
2.	Transactions do not occur under real time basis.	The transactions are settled on real time basis.
3.	Once in every half hour from 8.00 am to 7.30 pm. 23 settlements are allowed in a day.	RTGS facility is available between 9.00 am to 4.30 pm on weekdays and up to 2.00 pm on Saturdays.

2. Nirmala participated in a slogan competition organised by the Government of Tamilnadu on Independence Day. She won the competition and was awarded a cash price of Rs. 50,000. She deposited that amount in a bank account for a period of five years, so as to be able to provide for higher education of her daughter. [Govt. MQP-2018]

(i) Identify the bank account in which she has deposited that amount.

(ii) State any two features of such an account

**Ans.** (i) She has deposited of Rs.50,000 in recurring deposits account.

(ii) (1) Interest rate is more than savings deposits and almost equal to fixed deposits.

(2) Premature closing is allowed with a charge or deduction.

### Higher Order Thinking Skills - HOTS

#### VERY SHORT ANSWER QUESTIONS

**2 MARKS**

#### 1. What is Merchant Banking?

**Ans.** (i) Merchant banks do not provide regular Banking services.

(ii) A commercial bank or its subsidiary merchant bank may offer services like project counselling, underwriting, etc. required for starting a company. It is called as merchant banking.

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## CHAPTER - 13

# WAREHOUSING

### Textual Questions

#### VERY SHORT ANSWER QUESTIONS.

**2 MARKS**

**1. What is warehouse?**

**Ans.** “A warehouse is a commercial building for storage of goods. Stored goods can include any raw materials, packing materials, spare parts, component or finished goods associated with agriculture, manufacturing and production”.

**2. List the various types of Warehouses.**

**Ans.** Warehouses are classified as follows :

**(i) On the basis of ownership :**

- (1) Private Warehouses
- (2) Government Warehouses
- (3) Public Warehouses
- (4) Co-operative Warehouses
- (5) Bonded Warehouses
- (6) Institutional Warehouses
- (7) Distribution Centre Warehouses

**(ii) On the Basis of Commodities Stored :**

- (1) General Warehouses
- (2) Special Commodity Warehouses
- (3) Cold Storages or Refrigerated Warehouses
- (4) Climate Controlled Warehouses

**3. Give any three functions of warehouses.**

**Ans.** (i) Storage  
(ii) Price stabilisation  
(iii) Equalisation of demand and supply

**2. Write a short note on Bonded warehouse.****Ans. Bonded Warehouses**

Bonded warehouses are those warehouses, which are licensed by the government to accept storage of imported goods which are not cleared due to non-payment of customs duty by the importer. Branding can be undertaken in the warehouse itself.

**3. What is Dock receipt?**

**Ans.** Dock receipt is an acknowledgement of receipt of goods issued by dock authorities to the owner of the goods. It is not a document of title of goods. Therefore, the right of taking of delivery of goods cannot be transferred.

**SHORT ANSWER QUESTIONS****3 MARKS****1. Explain the functions of central warehousing corporation. (Any three).**

- Ans.**
1. To provide agency services for scientific storage of agricultural produce, seeds, manures fertilizers, agricultural implements and other notified commodities.
  2. To issue a negotiable warehouse receipt for procuring credit to the owners of goods.
  3. To preserve the produce deposited with care and protect against insects and various pests and deterioration due to moisture and dampness.

**2. What are the objectives of food policy.**

- Ans.**
- (i) Distribution of food grains throughout the country for public distribution system.
  - (ii) Effective price support operations for safeguarding the interests of farmers.
  - (iii) Maintaining satisfactory level of operational and buffer stocks of food grains to ensure National food security.

**3. Any three drawbacks of warehousing.**

- Ans.** Warehousing is not effective because of the following reasons:
1. There are no adequate transport facilities between the place of production and warehouses.
  2. Lack of sufficient storage facilities for different commodities such as perishable and non-perishable commodities.
  3. Complicated formalities are to be fulfilled at the warehouses. The illiterate and innocent farmers are not able to cope with these procedures.



This material only for sample

**Unit - III****Service Business - I****CHAPTER - 14****TRANSPORTATION****Textual Questions****VERY SHORT ANSWER QUESTIONS.****2 MARKS****1. Define transport.**

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

**2. State any two services rendered by transport.**

**Ans.** (i) It increases the efficiency of production.  
 (ii) It stimulates wants by increasing quantity and the variety of consumer goods.

**3. Write any two advantages of water transport.**

**Ans.** (i) It is considered as the cheapest mode of transport.  
 (ii) It is most suitable for heavy loads.

**SHORT ANSWER QUESTIONS****3 MARKS****1. What is bill of lading?**

**Ans.** Bill of Lading 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 on board the ship. It is a document of title of goods. The person named in the Bill of Lading is entitled to the possession of the goods. It can be transferred by endorsement and delivery. Its main contents are:

- (i) The Name of the Exporter,
- (ii) The Name of the Ship,
- (iii) The place of loading,
- (iv) The particulars of goods shipped,
- (v) The port of destination,
- (vi) The Freight paid or to be paid
- (vii) The person to whom the delivery of goods is to be made.
- (viii) The date. etc.



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**6. State any two disadvantages of Inland Water ways.**

- Ans.** (i) It is the slowest means of transport.  
 (ii) Floods caused during rainy season, lack of flow of water during summer season affect to ply boats and steamers.

**SHORT ANSWER QUESTIONS****3 MARKS****1. Explain "Liner".**

- Ans.** (i) An ocean liner is a passenger ship primarily used as a form of transportation across seas or oceans. Liners may also carry cargo or mail.  
 (ii) They sail to schedule, whether they have a full load or not. They follow defined routes with fixed places and times of call.  
 (iii) Regularity of service, god speed and luxurious facilities to passengers are the specialities of liners. There are two types of liners namely, passenger liners and cargo liners.

**Higher Order Thinking Skills - HOTS****VERY SHORT ANSWER QUESTIONS****2 MARKS****1. What is Land Transport?**

- Ans.** Transport of people and goods by land vehicles is known as surface transport. It is also called as 'Land Transport'.

**SHORT ANSWER QUESTIONS****3 MARKS****1. Explain the term common carrier.**

- Ans.** (i) A common carrier is a person who is engaged in the business of carrying goods for hire indiscriminately for all persons.  
 (ii) There are organizations transporting goods on designated routes according to a fixed regular schedule, offering to transport goods for hire for all people without discrimination.  
 (iii) Railways and Sea transport do not come under common carrier because they are covered by separate Acts. The liability of common carrier is governed by Carriers Act 1865.

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**CHAPTER - 15****INSURANCE****Textual Questions****VERY SHORT ANSWER QUESTIONS.****2 MARKS****1. List any five import types of policies.**

- Ans.** (i) Whole Life Policy  
(ii) Endowment Life Assurance Policy  
(iii) Joint-Life Policy  
(iv) Annuity Policy  
(v) Children's Endowment Policy

**2. What is health insurance?***[QY-2018]*

- Ans.** (i) 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 (premium).  
(ii) Health insurance is taken as safeguard against rising medical costs.  
(iii) It provides risk coverage against unforeseen health expenditure that may result in financial hardship.

**SHORT ANSWER QUESTIONS****3 MARKS****1. Define Insurance.**

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

**2. Give the meaning of Crop Insurance.**

- Ans.** (i) Crop Insurance policy is to provide financial support to farmers in case of a crop failure due to drought or flood.  
(ii) It generally covers all risks of loss or damages relating to production of rice, wheat, millets, oil seeds and pulses etc.

This material only for sample

Sura's + Commerce + Std. XI + 2 &amp; 3 Marks

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**3. Write a note on IRDAI.**

[QY-2018]

- Ans.** (i) Insurance Regulatory Development and Authority of India is the statutory, independent and apex body that governs, regulates and supervises the Insurance Industry in India.
- (ii) It was constituted in the year 2000 by Parliament of India Act called IRDAI Act, 1999. At Present the Head quarter of IRDAI is in Hyderabad.

**Organisational Setup :**

IRDAI consists of Ten Members :

- One Chairman (5 years and the Maximum age of 60 years)
- Five whole-time Members (Not more than five years and Maximum Age – 62)
- Four part-time Members (Not more than 5 years)
- The chairman and other members of IRDAI are appointed by the Government of India.

**Board Expected Questions & Answers****VERY SHORT ANSWER QUESTIONS****2 MARKS**

- 1. Every business is exposed to different types of risks such as fire, theft, accident, etc. some of the risk can be transferred to a specialised institution known as Insurance Companies. What do you mean by Insurance?** [Govt. MQP-2018]

**Ans.** Insurance is a means of providing monetary coverage against loss caused by natural or man-made factors

- 2. A businessman insured his factory against fire for Rs. 10 lakhs with the Oriental insurance company, and Rs. 5 lakhs with New India insurance company. The factory is destroyed by fire and the actual loss is Rs. 9 lakhs. What is the amount of contribution made by each company?** [Govt. MQP-2018]

**Ans.** As the ratio is 2 : 1

Oriental insurance company	-	6,00,000
New India insurance company	-	3,00,000

**2. What is Fire Insurance? What are its features.**

- Ans.** (i) 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.
- (ii) A claim for loss by fire must satisfy the following two conditions :
- (1) There must be actual loss; and
  - (2) Fire must be accidental and non-intentional.
- (iii) The Essential elements of Fire Insurance Contract are :
- (1) The insured must have insurable interest both at the time of insurance and at the time of loss.
  - (2) The contract is based on utmost good faith.
  - (3) It is based on the principle of strict indemnity.
  - (4) Fire must be the proximate cause of damage or loss.

**3. What is Life Insurance? What are its importance?**

- Ans.** (i) 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.
- (ii) The premium may be paid in one lump sum or monthly, quarterly, half yearly or yearly.
- (iii) The Insurance company in consideration promises to pay a certain sum of money either on the death of the assured or on expiry of certain period.

**Importance of Life Insurance :**

- Life insurance provides protection to the family at premature death of an individual.
- It gives adequate amount at an old age when earning capacities are reduced.
- Life insurance is not only a protection but is a sort of investment because a certain sum of money is returnable to the assured at the time of death or at the expiry of a certain period.



**Unit - IV****Service Business - II****CHAPTER - 16****EMERGING SERVICE BUSINESS IN INDIA**

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**Textual Questions****VERY SHORT ANSWER QUESTIONS.****2 MARKS****1. Who is a franchisee?**

**Ans.** 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.**

**Ans. (i) Franchising fees :**

The initial franchising fee and the subsequent renewal fees can be very high in case of successful businesses. From the franchisees point of view, this may be deterrent.

**(ii) Fixed Royalty Payment :**

The franchisee has to make payment of royalty to the franchiser on a regular basis. This considerably reduces the income of the franchisee.

**3. Who is a factor?**

**Ans.** The Factor is an agent who buys the accounts receivables (Debtors and Bills receivables) of a firm and provides finance to a firm to meet its working capital requirements.

**4. Define outsourcing.**

**Ans.** The term 'outsourcing' means having an external vendor, who provides such services on regular basis that would normally be performed within the organisation. It involves delegation of one or more business processes to an external service provider, who then manages the selected business process based on defined measures of performance.

**(iv) International factoring :**

When the claims of an exporter are assigned to a financial institution and the finance is advanced on the basis of export invoice it is called as International factoring.

**3. What are the Advantages of Franchising? [QY-2018]****Ans. (i) Reduced risk :**

The franchisee will acquire the right of running an already established business, thus eliminating the risk of starting a new business.

**(ii) Business expansion :**

Franchising provides an opportunity to expand business at regional, national and global levels without incurring additional expenditure. Thus rapid growth of franchisor's business is facilitated.

**(iii) Cost of advertising:**

(1) The cost of advertising for the franchisor will be reduced since this cost will be shared by the franchisee.

(2) Moreover, it enables the franchisor to reap the benefits of increased visibility across regional and national boundaries.

**(iv) Operational support :**

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

**Higher Order Thinking Skills - HOTS****VERY SHORT ANSWER QUESTIONS****2 MARKS****1. What is KPO?**

**Ans.** KPO refer to outsourcing of Knowledge based Process. It means obtaining high end knowledge work from outside the organisation in order to run the business successfully and in cost effective manner. In short KPO firms get knowledge related, information related, work done from outside firm and it involves high value work carried highly skilled staff.

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**2. State the main Advantage of Factoring?**

**Ans.** The main advantage of factoring is that the small or big Business firm receives short term finance (working capital) to meet day-to-day payments.

**3. What do you mean by Core and Non-core activities of outsourcing?**

- Ans.** (i) Companies can benefit in the long run provided they are keen on their core (main) activities rather than non core (less important) activities.
- (ii) A core activity involves experience, expertise, efficiency and even investment in the field of specialization.
- (iii) Non core activities can be outsourced to outsiders who are specialists in their area of operation.

**4. What is BPO?**

- Ans.** (i) BPO (Business Process outsourcing) means getting contractual services of external companies or group of companies to complete special work or process of a company.
- (ii) **For example :** Call Centres, data entry etc. This reduces the expenditure by using cheap labour available in developing countries like Indian, China, etc.

**SHORT ANSWER QUESTIONS****3 MARKS****1. What is BPO?**

- Ans.** 1. To focus on key function
2. Benefit of specialization / efficiency
3. Cost cutting
4. Economic growth and development
5. Increasing profit
6. Catering to the dynamic demand

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## **Unit - V      Social Responsibility of Business and Business Ethics**

### **CHAPTER - 17**

## **SOCIAL RESPONSIBILITY OF BUSINESS**

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### **Textual Questions**

#### **VERY SHORT ANSWER QUESTIONS.**

**2 MARKS**

#### **1. What do you mean by Social Responsibility?**

- Ans.** (i) Every businessman earns prosperity from the business and should give back the benefit of this property to society. This is voluntary. This benefit is the moral responsibility of business.
- (ii) As this benefit is supposed to be passed on to society, it can be said to be social responsibility of business.

#### **2. Give the meaning of Social Power.**

- Ans.** (i) Business have considerable social power. Their decisions and actions affect the lives and fortunes of the society.
- (ii) They collectively determine for the nation such important matters as level of employment, rate of economic progress and distribution of income among various groups.
- (iii) Businessmen should assume social obligations commensurate with their social power.

#### **3. What is a free enterprise?**

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

For Example : The government has passed the Consumer Protection Act to prevent businessmen from indulging in adulteration, black marketing and other anti-social practices.

#### **4. Who are called Stakeholders?**

- Ans.** The business generally interacts with owners, investors, employees, suppliers, customers, competitors, government and society. They are called as interest groups or stakeholders.

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- (iv) Again every business depends on the society for marketing its goods and services. Therefore every business has a moral responsibility to contribute for the welfare of the society.
- (v) By serving the social needs voluntarily, a Business can improve its public image. Good public image is an essential element for the success of any business.
- (vi) So, it is in the interest of a business to serve the needs of the society voluntarily and improve its public image.

### 5. List the kinds of Social Responsibility.

**Ans.** Social responsibility of business can be broadly divided into four categories, which are as follows:

- (i) Economic Responsibility
- (ii) Legal Responsibility
- (iii) Ethical Responsibility
- (iv) Discretionary Responsibility

## Board Expected Questions & Answers

### VERY SHORT ANSWER QUESTIONS

**2 MARKS**

#### 1. Define Social Responsibility.

**Ans.** According to Peter F. Drucker “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”.

#### 2. Identify the kind of Social Responsibility in the following cases.

- (i) Contribution to earthquake victims
- (ii) Produce goods and to sell them at a profit.
- (iii) Business Enterprise should follow rules and regulations.
- (iv) Respecting the religions sentiments of all groups while promoting a Product.

**Ans.** (i) Discretionary Responsibility  
 (ii) Economic Responsibility  
 (iii) Legal Responsibility  
 (iv) Ethical Responsibility

## Higher Order Thinking Skills - HOTS

### VERY SHORT ANSWER QUESTIONS

**2 MARKS**

- 1. In addition to earning profits a businessman has to fulfil certain social obligations also. list them.**

**Ans.** The social obligations required to be fulfilled by a businessman are

- (i) Keep customers satisfied.
- (ii) Keep employees happy.
- (iii) Maintain law and order.
- (iv) Uphold the trust of investors.

### SHORT ANSWER QUESTIONS

**3 MARKS**

- 1. Dinesh is working in CSR Department and his work is to convince businessmen to conduct fair practices. In context to this, list two arguments that he can give to convince businessmen.**

**Ans.** The two arguments to convince a businessman for undertaking social responsibility are

- (i) Social responsibility should be adopted if you want to expand your business.
- (ii) No business can operate in isolation from society. Therefore, fair practices should be adopted to cultivate a good image in the eyes of public.

- 2. Sarathy is a consumer. List certain responsibilities that he will expect from a businessman.**

**Ans.** Certain responsibilities that sarathy will expect from a businessman are

- (i) To supply useful products at reasonable price.
- (ii) To ensure regular and adequate supply of products of necessities.
- (iii) To provide goods of standard quality.
- (iv) To provide prompt and courteous services.
- (v) To handle consumer's complaint and grievances quickly.
- (vi) To avoid unfair trade practices.

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## CHAPTER - 18

# BUSINESS ETHICS AND CORPORATE GOVERNANCE

### Textual Questions

#### VERY SHORT ANSWER QUESTIONS.

**2 MARKS**

##### 1. What is ethics?

- Ans.** (i) The word 'ethics' is derived from the Greek word 'ethos' which means a person's fundamental orientation towards life.
- (ii) It governs the behaviour derived from the moral standards which help to determine right or wrong, good or evil.

##### 2. What do you mean by code?

- Ans.** (i) The code of ethics can define the principles of the principles of ethical conduct for the enterprise.
- (ii) The code of ethics may cover issues, such as product safety, product quality, employment practices, fair marketing practices, safety and health in work place, conflict of interest, financial reporting, etc.
- (iii) A written code of ethical conduct is an essential element of business ethics.

##### 3. State two ways by which ethics influences behaviour.

- Ans.** (i) The morality and behaviour are set by the society will also influence business ethics.
- (ii) It governs the behaviour, derived from the moral standards, which help to determine right or wrong, good or evil.

##### 4. What is the need for Corporate Governance?

- Ans.** (i) Corporate Governance is the system by which business are directed and controlled in the best interest of all stakeholders.

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- (iv) The country where the head quarter is located is called the home country whereas, the other countries with operational branches are called the host countries.

### Board Expected Questions & Answers

#### VERY SHORT ANSWER QUESTIONS

**2 MARKS**

1. Name the concept which defines the right or wrong behaviour in the world of business?

**Ans.** Business Ethics

2. Definition of Corporate Governance.

**Ans.** "Corporate governance is about promoting fairness, transparency and accountability."

-World Bank

(or)

"Corporate governance is defined as the system by which companies are directed and controlled."

- Cadbury committee

3. What is Benchmarking?

**Ans.** Benchmarking is comparing one's business processes and performance metrics to industry bests and best practices from other companies.

#### SHORT ANSWER QUESTIONS

**3 MARKS**

1. What are the main features of MNCs?

**Ans.** The following are the main features or elements of MNCs :

- (i) Considers opportunities throughout the globe though they do the Business in a few countries.
- (ii) To invest considerable portion of their assets internationally.
- (iii) They are huge industrial / Business organisation.
- (iv) It engages in international production and operates plants in a number of countries.
- (v) They take managerial decisions on a global perspective.

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**2. State the Basic elements of Business Ethics?**

- Ans.** (i) Top Management Commitment  
 (ii) Publication of a code  
 (iii) Establishment of compliance mechanism  
 (iv) Involving Employees at all levels  
 (v) Measuring results.

**Higher Order Thinking Skills - HOTS****VERY SHORT ANSWER QUESTIONS****2 MARKS****1. How can you justify that ethics are important for every business?**

**Ans.** Business ethics helps in enhancing the reputation of the business and earn the confidence and trust of various stakeholders. Thus, it is important for every business.

**2. Name the formal written document of the principle, values and standards that guide a firm's action.**

**Ans.** Code of ethics is the formal written document of the principle, values and standards that guide a firm's action.

**3. "Promoting the rights of an employee in an organisation" Identify whether the quoted line is showing an ethical or unethical behaviour.**

**Ans.** It is an example of ethical behaviour.

**SHORT ANSWER QUESTIONS****3 MARKS****1. Why is business ethics considered important?**

**Ans.** Ethical behaviour can bring significant benefits to a business in the form of

- (i) Attracting customers to the firm's products which leads to boosting sales and profits.
- (ii) Making employees wanting to stay with the business, there by, reducing labour turnovers and increasing productivity.
- (iii) Attracting investors.

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## Unit - VI

## Business Finance

### CHAPTER - 19

# SOURCES OF BUSINESS FINANCE

### Textual Questions

#### VERY SHORT ANSWER QUESTIONS.

**2 MARKS**

#### 1. Write a short notes on debentures.

- Ans.** (i) Debentures are an important instrument for raising long term debt capital. A company can raise funds through issue of debentures which bear a fixed rate of interest.
- (ii) The individual or a person subscribing to debenture is called debenture holder.

#### 2. What do you mean by public deposits?

- Ans.** (i) Public deposits are the deposits raised organisations directly from the public. Under this method, companies invite public deposits by giving advertisement in the media.
- (ii) It offers deposit schemes for a longer tenure. The interest rates offered by companies on public deposits are relatively higher than the bank.

#### 3. Name any two sources of funds classified under borrowed funds.

- Ans.** The term 'borrowed funds' denotes the funds raised through loans or borrowings.

For Example : debentures, loans from banks and financial institutions, public deposits, trade credit, lease financing, commercial papers, etc.

#### 4. Name any two internal sources of business finance.

- Ans.** This includes all those sources generated from within the business enterprises. For instance, retained earnings, collection from receivables (trade debtors and bills receivable) surplus from disposal of old Assets and so on.

(ii) **Sources of Long term Finance :**

There are many sources of long-term Finance. They are equity shares, preference shares, ploughing back of profits, or re-investment of profits, debentures, long term loans from Financial institutions and banks, long term public deposits instalment credit, lease financing, etc.

**4. For which purpose fixed capital is needed in business?**

**Ans.** Fixed Capital is required for the following purposes:

- (i) For the acquisition of Fixed Assets such as land, buildings, plant and machinery, motor vehicles, furniture and fixtures, etc.
- (ii) For the acquisition of Intangible Assets, such as goodwill, patents, trade marks, and copy rights, etc.
- (iii) For meeting promotion or preliminary expenses.
- (iv) For meeting cost of raising finance like brokerage, underwriting commission, etc.
- (v) For meeting the cost of setting up the organisation.
- (vi) For meeting the cost of establishing the business.

**5. What do you mean by working capital requirement of business?**

- Ans.**
- (i) Short-term finance, usually, refers to Finance required by a firm for a period of one year or less.
  - (ii) Short-term finance is also called as working capital finance, as it is required for investment in working capital or current assets like cash and bank balances, inventories, accounts receivable and market securities.
  - (iii) Working capital is required for purchase of raw materials, payment of salary, and wages, incurring operating expenses like telephone bills, carriage inwards, and outwards, electricity charges, premium, stationery, etc.

**Board Expected Questions & Answers****VERY SHORT ANSWER QUESTIONS****2 MARKS****1. What is Trade Credit?**

- Ans.**
- (i) Trade credit is the credit extended by one trader to another for the purpose of purchasing goods and services.
  - (ii) It facilitate the purchase of supplies without immediate payment. It is also known as 'Mercantile Credit'.

## Higher Order Thinking Skills - HOTS

### VERY SHORT ANSWER QUESTIONS

**2 MARKS**

**1. What is Bank overdraft?**

**Ans.** Bank overdraft refers to an arrangement whereby the bank allows the customers to overdraw the required amount from its current deposit account within a specified limit. Interest is charged only on the amount actually overdrawn.

**2. Write a short note on clean loan.**

**Ans.** Banks provide clean loan to certain customer of outstanding credit worthiness on the basis of their character, capacity and capability. It simply grants loan without any physical security.

**3. What is Lessor and Lessee?**

**Ans.** The firm which owns the asset is called 'Lessor' and the business enterprise which hires the asset is called 'Lessee'. The contract is called 'Lease'.

**4. What is shares?**

**Ans.** Corporate enterprises generally obtain capital mainly from share capital which is divided into small units called shares. Each share has a nominal value.

### SHORT ANSWER QUESTIONS

**3 MARKS**

**1. What are the sources of medium term finance?**

**Ans. 1. Loans from Banks**

When the bank lends for a period ranging from more than one year to less than five years, it is called medium term loan. All aspects of bank finance have been discussed under the head long term sources of finance.

**2. Loan from Financial Institutions**

Where the financial institutions lends for a period ranging from more than one year to less than five years, it is called medium term loan. All aspects of institutional finance have been discussed under the head long term sources of finance.

**3. Lease Financing**

Lease financing denotes procurement of assets through lease. For many small and medium enterprises, acquisition of plant and equipment and other permanent assets will be difficult in the initial stages.

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## CHAPTER - 20

# INTERNATIONAL FINANCE

### Textual Questions

#### VERY SHORT ANSWER QUESTIONS.

**2 MARKS**

#### 1. Who are Foreign Institutional Investors?

- Ans.** (i) FII can be defined as investment made by a Non-resident in equity of domestic company without intention of acquiring management control.
- (ii) In other words the investment made by an individual investor or an investment fund, into the financial markets of another nation. Organisations like hedge funds, insurance companies, pension funds and mutual funds can be called as institutional investors.

#### 2. What is a Depository Receipt?

- Ans.** (i) A depository receipt is a negotiable financial instrument issued by a bank to represent a foreign company's equity shares or securities.
- (ii) They are issued to attract a greater amount of investment from other countries.
- (iii) Any Foreign investor can invest in a foreign stock directly without worrying about differences in currency, accounting practices, or language barriers, etc.

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

- Ans.** GDR (Global Depository Receipt) 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)?

- Ans.** ADR (American Depository Receipts) is a dollar denominated negotiable certificate representing a non-US company in US Market which allows the US citizens to invest in overseas securities.

**Board Expected Questions & Answers****VERY SHORT ANSWER QUESTIONS****2 MARKS****1. What is international finance?**

**Ans.** International finance is a branch of financial economics that deals with the monetary interactions that occur between two or more countries. This section is concerned with topics that include foreign direct investment and currency exchange rates. It also involves issues pertaining to financial management, such as political and foreign exchange risk that comes with managing multinational corporations.

**SHORT ANSWER QUESTIONS****3 MARKS****1. What are the procedure for issuing GDRs?**

- Ans.** (i) First of all, the company issuing GDRs hands over its shares to one Domestic Custodian Bank (DCB).
- (ii) The DCB requests the Overseas Depository Bank (ODB) situated in the foreign country for issuing the shares as GDR.
- (iii) The ODB converts the shares shown in rupees into GDR which are denominated in US dollars.
- (iv) Finally, ODB issues them to the intending investors.

**2. Explain any three advantages of FDI.**

- Ans.** 1. **Help in Addressing BOP Crisis :** FDI provides inflow of foreign exchange resources into a country. This helps the country to solve adverse balance of payment position.
2. **Faster Economic Development :** FDI brings technology, management and marketing skills along with it. These are crucial for achieving faster economic development of developing countries.
3. **Generating Employment Opportunities :** FDI generates a lot of employment opportunities in developing countries, especially in high skill areas.

**Higher Order Thinking Skills - HOTS****VERY SHORT ANSWER QUESTIONS****2 MARKS****1. What is FDI?**

**Ans.** Foreign direct investment (FDI) is an investment made by a company or an individual in one country with business interests in another country, in the form of either establishing business operations or acquiring business assets in the other country, such as ownership or controlling interest in a foreign company.

**SHORT ANSWER QUESTIONS****3 MARKS****1. Explain the process of issuing ADRs (American Depository Receipts).**

**Ans.** 1. First of all, a company hands over the shares to a Domestic Custodian Bank (DCB)  
 2. Then DCB requests the American Depository Bank (ADB) to issue the shares in the form of ADRs  
 3. ADB converts the issue which are in rupees into US dollars  
 4. Finally, ADB issues them to the intending investors.

**2. What is the difference between GDR and ADR? Explain.**

**Ans.** The following differences are observed between the two stated instruments.

- (i) American Depository Receipts (ADR) can be bought and sold only in America, whereas Global Depository Receipts (GDR) can be bought and sold in many international markets.
- (ii) Issue of ADRs require strict disclosure requirements, whereas issue of GDRs do not require strict disclosure requirements.
- (iii) ADRs are more liquid, whereas GDRs are less liquid.
- (iv) Maintenance costs of ADRs are more than that of GDRs.



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## CHAPTER - 21

# MICRO, SMALL AND MEDIUM ENTERPRISES (MSMEs) AND SELF HELP GROUPS (SHGs)

### Textual Questions

#### VERY SHORT ANSWER QUESTIONS.

**2 MARKS**

#### 1. What do you understand by the manufacturing enterprises?

**Ans.** (i) They refer to the Enterprises engaged in the manufacturing or production of goods pertaining to any industry specified in the first schedule to the Industries Development and Regulation Act, 1951.

(ii) The manufacturing enterprises are defined in terms of investment in plant and machinery.

#### 2. Give some examples for micro enterprises.

**Ans.** Micro Enterprises are engaged in low scale activities such as clay plot making, fruits and vegetable vendors, transport (three wheeler tempos and autos) cottage industries, small industries, handloom, handicraft works, etc.

#### 3. What is the aim of NEEDS?

**Ans.** (i) Government of Tamil Nadu launched “New Entrepreneur - cum - Enterprise Development Scheme” called NEEDS with a view to encouraging the educated youth to become the first generation entrepreneurs.

(ii) The scheme envisages providing entrepreneurship development training to educated your entrepreneurs, preparing business plans and helping them to tie up with financial institutions to set up new business ventures, besides linking them with major industrial clients.

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- (ii) **Low Production Cost :** MSMEs do not require skilled labourers or professionals to run the organisation. It employs cheap labour and thus minimizes the overhead.
- (iii) **Low Investment :** MSMEs do not require a huge capital to start the unit. It can employ locally available resources within the reach of the owner. They help to perfect and promote traditional family skills and handicrafts. These industries facilitate the growth of local entrepreneurs and self employed professionals in small towns and villages.

**4. Explain any three features of Self Help Group.**

- Ans.** (i) The motto of every group members should be “**save first” - credit latter**”
- (ii) Self Help Group is homogeneous in terms of economic status.
  - (iii) The ideal size of a Self Help Group ranges between 10 to 20 members.

**5. What are the different ways in which banks fund Self Help Groups?**

- Ans.** (i) There are three distinct modes of credit to SHGs.
- (ii) Under the first mode, banks lend directly to the SHGs.
  - (iii) In the second mode, banks provide loans to NGOs for onward lending to the SHGs and ultimately to micro entrepreneurs.
  - (iv) Under the third mode, banks extend credit to SHGs with the NGOs serving as facilitators.
  - (v) Out of these three methods, the last method of direct lending by bank with NGOs facilitations is widely practised.

**Board Expected Questions & Answers****VERY SHORT ANSWER QUESTIONS****2 MARKS****1. What support is provided by the Ministry for promotion of Information & Communication Tools (ICT) in MSMEs sector?**

- Ans.** The Ministry implements the Information and Communication Technology (ICT) scheme to encourage and assist Indian MSMEs to adopt ICT tools and applications in their production and business processes, and thereby improve their productivity and competitiveness in national and international market.

**SHORT ANSWER QUESTIONS :****3 MARKS****1. What are the functions of self help groups.**

- Ans.** (i) Developing and enhancing the decision making capacity of members.
- (ii) Increasing general awareness on literacy among members.
- (iii) Equipping the poor with basic skills for understanding monetary transactions.
- (iv) Maintaining books and registers to ensure proper accounts.
- (v) Submitting the accounts for annual audit by a qualified auditor.
- (vi) Providing necessary training in the chosen field.

**Higher Order Thinking Skills - HOTS****VERY SHORT ANSWER QUESTIONS****2 MARKS****1. Why is credit rating of the micro small borrowers important?**

- Ans.** With a view to facilitating credit flow to the MSME sector and enhancing the comfort-level of the lending institutions, the credit rating of MSME units done by reputed credit rating agencies and it should be encouraged. Banks are advised to consider these ratings as per availability and wherever appropriate structure their rates of interest depending on the ratings assigned to the borrowing SME units.

**SHORT ANSWER QUESTIONS****3 MARKS****1. Explain the contributions of MSMEs to Indian Economy.**

- Ans.** The MSME Sector contributes about 8% to Gross Domestic Product (GDP) besides 45% to the total manufacturing output and 40% to the exports from the country on the production of more than 6000 products. This Sector consists of 36 million units and provides employment to over 8 crore people.

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**Unit - VII****Trade****CHAPTER - 22****TYPES OF TRADE****Textual Questions****VERY SHORT ANSWER QUESTIONS.****2 MARKS****1. Give the meaning of Trade.**

**Ans.** The buying and selling of goods and services consists of trade. Trade is conducted in order to earn profit. Trade acts as an intermediary in the exchange of commodities between the producer and consumer.

**2. What is Internal trade?**

**Ans.** (i) Buying and Selling of goods and Services within the boundaries of a nation are called Internal trade.  
(ii) It takes place between buyers and sellers in the same locality, village, town or city or in different states. Internal trade is also called as domestic trade or home trade.

**3. Mr. Vikram who runs a textile industry regularly procures cotton from Germany. Name the type of the trade he is engaged in.**

**Ans.** Here the type of the trade he is engaged is import trade. Import trade means buying goods from foreign country for domestic use.

**4. When Vikram of India sells cotton shirts to Amal of England, what type of trade he is engaged in?**

**Ans.** Export Trade.

**5. How do you classify Trade?**

**Ans.** Trade can be classified into two types. They are:

- 1) Internal Trade
- 2) External Trade

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**Board Expected Questions & Answers****VERY SHORT ANSWER QUESTIONS****2 MARKS****1. What do you mean by foreign trade?**

**Ans.** Foreign trade 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.

**SHORT ANSWER QUESTIONS****3 MARKS****1. Any 3 features of Internal trade?**

**Ans.** The following 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.

**2. How can you say that wholesale and retail trade are the part of internal trade?**

- Ans.**
- Most of the producers are not in a position to sell their goods directly to the consumers.
  - A chain is required which acts as a connecting link between producer and consumers that directs the flow of goods from centres of production to centres of consumption.
  - In this context, wholesalers purchase goods from the producers and sell them to retailers and retailers sell the goods to the consumers.
  - In this way, wholesale trade and retail trade become the part of internal trade.





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## CHAPTER - 23

# CHANNELS OF DISTRIBUTION

### Textual Questions

#### VERY SHORT ANSWER QUESTIONS.

**2 MARKS**

#### 1. Who is a middleman?

- Ans.** (i) 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 services.
- (ii) Any wholesaler, merchant, broker or agent who is concerned with distribution of goods are called "middlemen".

#### 2. Define Wholesaler.

- Ans.** According to Cundiff and Still "Wholesaler buys from the producer and sell merchandise to the retailers and other merchants and not to the consumers".

(or)

According to Evelyn Thomas "a true wholesaler is himself neither a manufacturer nor a retailer but act as link between the two".

#### 3. Define Retailer.

- Ans.** According to Evelyn Thomas "The retailer is the last of the many link in the economic chain whereby the consumers wants are satisfied smoothly and efficiently by retailers".

(or)

According to Cundiff and still "a retailer is a merchant or occasionally an agent whose main business is selling directly to the ultimate consumers".

#### 4. Who is a Broker?

- Ans.** (i) A broker is one who bargains for another and receives commission for his service. He is paid 'brokerage' for his services.

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**4. Explain any three characteristics of wholesalers.****Ans.** The following are the characteristics of wholesalers :

- (i) Wholesalers buy goods directly from producers or manufacturers.
- (ii) Wholesalers buy goods in large quantities and sell in relatively smaller quantities.
- (iii) Wholesalers sell different varieties of a particular variety of product.

**5. What are the services rendered by wholesaler to the manufacturers?****Ans.** (i) **Economics in Largescale :**

A Wholesaler buys goods in bulk and, thereby enables the producers to produce goods on a large scale.

(ii) **Assistance in Distribution :**

Wholesalers collect orders from a large number of retailers scattered over a wide area and buy goods in bulk from producers.

(iii) **Warehousing Facility :**

A wholesaler holds large stock of goods in his private warehouse or in a rented warehouse.

(iv) **Publicity of goods :**

Often wholesalers launch advertising campaign to boost the demand for the goods.

(v) **Financial Assistance :**

A Wholesaler often makes advance payments to producers. He buys the goods as soon as they are produced.

(vi) **Link :**

A wholesaler serves as a useful intermediary between the producers and the retailers.

**Board Expected Questions & Answers****VERY SHORT ANSWER QUESTIONS****2 MARKS****1. Name the different types of Channel of distribution.****Ans.** (i) Channels based on middlemen

(ii) Channels based on the type of goods and services.

(iii) Channels based on national and international markets.

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- (v) For his services, the auctioneer is entitled to receive a commission, which is a certain percentage of the sale proceeds.

### Higher Order Thinking Skills - HOTS

#### VERY SHORT ANSWER QUESTIONS

**2 MARKS**

##### 1. Definition of channel of distribution.

**Ans.** According to Cundiff E.W and Still, a channel of distribution may be defined as “a path traced in the direct or indirect transfer of title to a product as it moves from the producer to ultimate consumers”.

##### 2. Explain any three characteristics of retailers?

**Ans.** Following are the characteristics of retail traders

1. Retail trade is normally carried on in or near the main market area.
2. Generally, retailers involve buying on credit from wholesalers and selling for cash to consumers.
3. A retailer has indirect relation with the manufacturer (through wholesalers) but a direct link with the consumers.

#### SHORT ANSWER QUESTIONS

**3 MARKS**

##### 1. Distinguish between wholesalers and retailers. (Any 3).

**Ans.**

Sl. No.	Wholesalers	Retailers
1.	They purchase goods from manufacturers and sell them to retailers.	They purchase goods from wholesalers and sell them to ultimate consumers.
2.	They buy and sell goods in large quantities.	They buy and sell goods in small quantities.
3.	They require a large amount of capital.	They require comparatively less capital.

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**CHAPTER - 24****RETAILING****Textual Questions****VERY SHORT ANSWER QUESTIONS.****2 MARKS****1. What is Retailing?**

**Ans.** Retailing is the process of selling the goods and services directly to the ultimate consumers in small quantities.

**2. State the meaning of multiple shops.**

**Ans.** A number of identical retail shops with similar appearance normally deal in standardised and branded consumer products established in different localities owned and operated by manufacturers or intermediaries are called as chain stores or multiple shops.

**3. Mention any two benefits of Vending machines.**

**Ans.** (i) **Any Time Shopping :** Vending machines provide the facility of  $24 \times 7$  shopping at all the major locations.

(ii) **Fast Service :** These machines provide quick service to the customers.

**4. What are speciality stores?**

**Ans.** Speciality stores deal in particular type of product under one product line only. For example, Sweet shops specialised in Tirunelveli Halwa, Bengali Sweets etc.

**SHORT ANSWER QUESTIONS****3 MARKS****1. Explain the features of General stores.**

**Ans.** (i) General stores sell a wide variety of products under one roof.

(ii) General stores are mostly found in a local market and residential areas.

(iii) These stores remain open for long hours at convenient timings.

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**4. What is meant by 'Mail order retailing'?**

- Ans.** (i) The mail order houses are retail outlets that sell their merchandise through mail.
- (ii) They receive orders from the public through post. They deliver the articles by post.
- (iii) So, mail order business is selling and buying of goods through post.

**Board Expected Questions & Answers****VERY SHORT ANSWER QUESTIONS****2 MARKS****1. Enumerate the types of Retailers.**

**Ans.** Retailers can be are classified into the following categories.

- (i) Itinerant or Mobile Traders
- (ii) Fixed shop small retailers
- (iii) Fixed shop large scale retailers.

**2. What is departmental store?**

**Ans.** A departmental store is a large retail establishment offering a wide variety of products, classified into well defined departments, under one roof. Each department specialise in one particular line of product.

**3. What is Super Market?**

- Ans.** (i) A Super Market is a large retail store selling a wide variety of consumer goods on the basis of low price appeal, wide variety and assortment, self service and heavy emphasis on merchandising appeal.
- (ii) The goods traded are generally food products and other low priced, branded, and widely used consumer products such as grocery, utensils, clothes, household goods, electronic appliances and medicines.

**4. What is Instalment System?**

- Ans.** (i) Instalment system is a type of purchase in which the price amount of the product is not paid initially but in instalments. It is also called as deferred payment system.
- (ii) Under this system, title or ownership of articles as well as possession is passed on to the buyer as soon as the first instalment is paid.

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- (iii) Because of absence of middlemen, showroom expenses, etc. products are available at cheaper price in comparison to local market.

### Higher Order Thinking Skills - HOTS

#### VERY SHORT ANSWER QUESTIONS

**2 MARKS**

##### 1. What is fixed shop retailers?

**Ans.** 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.

##### 2. What do you mean by Itinerant Traders?

**Ans.** (i) The traders who have no fixed place of sale are called Itinerants. They move from one place to another place in search of customers.

- (ii) They are also known as Mobile traders. These traders deal in low priced goods, and daily usable items such as fruits, fish, vegetables, clothing, books, etc.

##### 3. How do you differentiate street vendors and street stalls?

**Ans.** (i) Street vendors are itinerant retailers who sit on the foot path of the road or at the end of the road and sell their goods.

- (ii) Whereas street stalls are fixed shop retailers who set up their shops at the crossing or in the busy streets.

#### SHORT ANSWER QUESTIONS

**3 MARKS**

##### 1. Write a short note on peddlers and Hawkers.

**Ans.** Peddlers are individuals who sell their goods by carrying on their head or shoulders moving from place to place on foot. Hawkers are petty retailers who sell their goods at various places such as bus stop, railway station, Public Park and gardens, residential areas and other public places using a convenient vehicle to carry goods from place to place.

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## Unit - VIII

## International Business

### CHAPTER - 25

# INTERNATIONAL BUSINESS

### Textual Questions

#### VERY SHORT ANSWER QUESTIONS.

**2 MARKS**

#### 1. What do you mean by international business?

- Ans.** (i) International business denotes all those business activities which take place beyond the geographical limits of the country.
- (ii) It involves not only the international movement of goods and services, but also of capital, personnel, technology and intellectual property like patents, trademarks, know-how and copy rights.

#### 2. What is meant by Export Trade?

- Ans.** (i) When the firm of a country sells goods and services to a firm of another country it is called as export trade.
- (ii) Export Trade indicates selling of goods and services from the home country to a foreign country.

For Example : The sale of handicrafts, leather products, electronic goods, herbal products, etc. by Indian company to other countries is known as export trade.

#### 3. What is meant by Import Trade?

- Ans.** (i) When the business firm of a country purchases goods from the firm of another country it is called as Import Trade.
- (ii) Importing means purchase of foreign products and bringing them into one's home country.

For Example : When Indian enterprises purchases petroleum products, electrical goods, machinery and medical equipments etc. from other countries. It is termed as Import Trade.

**2. What is the necessity for entrepot trade?**

**Ans.** A country cannot import goods directly from the others because of the following reasons.

- (i) The country may not have any accessible trade routes connecting the importing country.
- (ii) The goods are imported may require further processing or finishing before exporting and these facilities may be lacking in the exporting or importing country.
- (iii) There may not have any bilateral trade agreement between both the country.
- (iv) Importer and the exporter may not share good economic relation with each other.

**3. What are the limitations of international business?**

- Ans.**
- (i) As a result the importing country may become economically slave to exporting country and end up becoming colony of the exporting country.
  - (ii) International business may discourage the growth of indigenous industry.
  - (iii) International business may lead to import of luxurious goods, spurious goods, dangerous goods, etc.
  - (iv) International business may create economic dependence among the countries which may threaten their political independence.
  - (v) Acute competition for exports may lead to rivalry among the nations.
  - (vi) International business may result in invasion of country's culture. This will ruin the conventional lifestyle of the society.

**Board Expected Questions & Answers****VERY SHORT ANSWER QUESTIONS****2 MARKS****1. What are the three important divisions of foreign trade?**

**Ans.** On the basis of sale and purchase of goods and services, international trade can be divided into three kinds. They are export trade, import trade and entrepot trade.



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- (ii) **For Example :** In India, Coimbatore specialises in cotton textiles and producing textiles and machinery. Tripur specialises in manufacturing hosiery products. This specialisation paves the way for large scale production of specialised items.

### **3. How does international business helps for international peace?**

- Ans.** (i) International business makes countries across the world become inter dependent while they are independent in their functioning.
- (ii) This facilitates the exchange of culture ideas, and mutual understanding. It develops and strengthening cultural and social relations among the people of different countries. All these collectively contribute to maintain internal peace.

### **Higher Order Thinking Skills - HOTS**

#### **VERY SHORT ANSWER QUESTIONS**

**2 MARKS**

#### **1. What is global village?**

- Ans.** Due to advancement of technology the national economies are increasingly becoming borderless and getting progressively integrated into the world economy. The contemporary world is called as 'global village'.

#### **2. What is FDI?**

- Ans.** FDI means investment made by a company or individual in one country in the business interest in another country in the form of either establishing new business operations or acquiring business assets in the other country

#### **3. How does international business help to rise standard of living of a nation?**

- Ans.** (i) On account of international business, the citizens of the country can buy more varieties of goods and services which cannot be produced cost effectively within the home country.

**CHAPTER - 26****EXPORT AND IMPORT PROCEDURES****Textual Questions****VERY SHORT ANSWER QUESTIONS.****2 MARKS****1. What is meant by Indent?**

- Ans.** (i) An indent is an order placed by an importer with an exporter for the supply of certain goods.
- (ii) It contains full details regarding the goods to be imported, the terms and conditions regarding price, shipment, delivery, the method of payment etc.

**2. Write any two export promotion institutions.**

- Ans.** (i) Export Promotion Council
- (ii) State Trading Corporation

**3. Mention the types of Indent.**

There are three types of indent namely,

- (i) Open indent
- (ii) Closed indent
- (iii) Confirmatory indent.

**4. What is the Letter of credit?**

- Ans.** (i) Letter of credit is an undertaking by its issuer (importer's bank) that bills of exchange drawn by the foreign dealer on the importer will be honoured upon its presentation by exporter's bank upto a specified amount.
- (ii) Letter of credit is opened only for well established and reputed importer. It is beneficial both to the exporter and importer.

**SHORT ANSWER QUESTIONS****3 MARKS****1. What are the contents of Indent.**

- Ans.** (i) Quantity of goods sent
- (ii) Design of goods

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- (iii) Where the Mate is satisfied with packing he/she issues clean receipt. If he/she is not satisfied with the packing, he/she issues a foul receipt.
- (iv) Forwarding agent should seek to get clean receipt.

**5. What is Bill of Lading?**

**Ans.** Bill of Lading, refers to a document signed by the ship owner or to his agent mentioning that goods specified have been received and it would be delivered to the importer or his agent at the port of destination if good condition subject to terms and conditions mentioned there in.

**Board Expected Questions & Answers****VERY SHORT ANSWER QUESTIONS****2 MARKS****1. Who are Commission Agent?**

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

**2. What do you mean by Export Trading House?**

- Ans.** (i) Export Trading house has been established to increase the export, strengthen the global market capacity, and get necessary facilities for increasing export performance of our country.
- (ii) It consists of merchants, exporters, trading companies, export oriented units, units located in export processing zones, electronic hardware technology park etc.

**3. What is Export - Import Bank?**

**Ans.** Export and Import Bank is one of the specialised financial institutions wholly owned by Government of India was set up in the year 1982 for financing, facilitating and promoting foreign trade of India. It is popularly called as EXIM Bank.

**4. What is shipping Bill?**

**Ans.** A shipping bill is a document prepared by an exporter or his forwarding agent stating there in the various details of the goods exporter. It is handed over to the customs office, to calculate export duty.

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- (2) This type of export finance is granted right from the date of shipment of the goods to date of realisation collection of export proceeds for the purpose of meeting capital need, paying insurance charges.

### 3. What are the objectives of Export Trade?

**Ans.** The important objectives of export trade are :

- (i) Facilitating selling of goods to countries which desperately need such goods.
- (ii) Expanding the market for goods by producing them on a large scale.
- (iii) Earning foreign exchange through exports.
- (iv) Helping a country increase the national income.
- (v) Generating revenue for the government in the form of customs and excise duties.
- (vi) Promoting mutual understanding and co-operation among the nations.
- (vii) Achieving optimum utilisation of resources by large scale production of goods.

### 4. What are the contents of Bills of Lading?

**Ans.** Contents of the Bill of Lading :

- (i) Name of the ship
- (ii) Date of shipment
- (iii) Place of boarding
- (iv) Port of destination
- (v) Name and address of exporter
- (vi) Name and address of importer
- (vii) Description of goods
- (viii) Number of packages
- (ix) Distinctive mark on good's package
- (x) Amount of freight.

## Higher Order Thinking Skills - HOTS

### VERY SHORT ANSWER QUESTIONS

**2 MARKS**

#### 1. What is meant by shipping Order?

**Ans.** The clearing and forwarding agent approaches the shipping company or its agent to book space in the ship. On booking a space in ship, shipping company issues a document called 'Shipping Order'.

**CHAPTER - 27****FACILITATORS OF INTERNATIONAL BUSINESS****Textual Questions****VERY SHORT ANSWER QUESTIONS.****2 MARKS****1. What is WTO?**

- Ans.** (i) The world Trade organisation is shortly called as WTO. It was established on 1st January, 1995.
- (ii) GATT was renamed as WTO. It was setup to have a permanent institution to promote free and fair trade among member countries.
- (iii) WTO is the only international organisation, which deals with the global rules of trade between nations.

**2. What do you mean by World Bank?**

- Ans.** (i) International Bank for Reconstruction and Development is commonly known as World Bank.
- (ii) It was set up in 1944 in order to reconstruct and rehabilitate first world war affected countries of Europe and assist in the development of developing countries.
- (iii) It is located at Washington DC. It has its offices at all over the world.

**3. What is Special Drawing Rights?**

- Ans.** SDR was created by the IMF in the year 1969 as supplementary international reserve asset. It is described as paper gold. IMF allocates SDR to member countries in proportion to their quota.

**4. What is SAARC?**

- Ans.** (i) South Asian Association for Regional Co-operation is popularly called as SAARC.
- (ii) It is the regional inter governmental organisation and geo-political union of nations in South Asia.
- (iii) The member countries include Afghanistan, Bangladesh, Bhutan, India, Nepal, Srilanka, Pakistan and Maldives.
- (iv) It was established on 8th December, 1985. It is located at Dhaka in Bangladesh.

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**Board Expected Questions & Answers****VERY SHORT ANSWER QUESTIONS****2 MARKS****1. Give any two differences between GATT and WTO.****Ans.**

GATT	WTO
The GATT is the predecessor of the WTO.	The WTO is the success or of the GATT.
The GATT was just a set of rules and multinational agreement with no institutional foundation.	The WTO is a permanent institution.
The GATT deals with international agreement on trade in goods.	The WTO deals with international agreements on trade in services and trade-related aspects of intellectual property rights.

**SHORT ANSWER QUESTIONS****3 MARKS****1. What are objectives of SAARC?****Ans.** The following are the objectives of SAARC.

- (i) Promoting the welfare of people of Asia.
- (ii) Achieving economic growth, social programme and cultural development in member countries.
- (iii) Strengthening self reliance among the members.
- (iv) Strengthening co-operation among the members as well as with other developing countries and international and regional organisation.
- (v) Maintaining peace among the member of nations in the region.

**Higher Order Thinking Skills - HOTS****SHORT ANSWER QUESTIONS****3 MARKS****1. What are the objectives of WTO? (Any 5).**

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

**2. What are the objectives of IBRD?**

**Ans.** Objectives of IBRD are briefly mentioned here under.

1. Providing long term capital to member countries to reconstruct and develop their war-affected economy
2. Promoting capital investment in member countries
3. Providing guarantees for loans granted to small and large units and other projects of member countries
4. Ensuring implementation of development projects so as to transform the war-affected economy into peace economy
5. Providing long term capital for ensuring balance of payment equilibrium and balanced development of international trade



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## CHAPTER - 28

# BALANCE OF TRADE AND BALANCE OF PAYMENTS

### Textual Questions

#### VERY SHORT ANSWER QUESTIONS.

**2 MARKS**

#### 1. What do you mean by Balance of Payments?

**Ans.** 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?

**Ans.** (i) Balance of Trade denotes the difference between the value of import and the value of export during the year.  
(ii) If the export of a country exceeds its imports, it shows favourable balance of trade.  
(iii) If the import exceeds the exports, it shows unfavourable balance of trade.

#### 3. Define Balance of Payments.

**Ans.** According to International Monetary Fund “The balance of payments for given period is a systematic record of all economic transactions taken place during the period between residents of the reporting countries”.

#### 4. What is the composition of Private Capital?

**Ans.** Private Capital consists of foreign investments, long term loan, and foreign currency deposits.

#### 5. Mention the components of Banking Capital.

**Ans.** Banking Capital includes movement into external financial asset and liabilities, commercial and co-operative banks, authorised to dealing in foreign exchange.

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- (3) Insurance services sold abroad
- (4) Income received on loan and investment made in foreign countries.
- (5) Expenses incurred by foreign tourists in India.

#### 4. State the Components of capital account.

**Ans.** The Capital Account consists of three components :

- (i) Private Capital
- (ii) Banking Capital
- (iii) Official Capital
- (i) **Private Capital :**

Private Capital consists of foreign investments, long term loan and foreign currency deposits.

- (ii) **Banking Capital :**

Banking Capital includes movement into external financial asset and liabilities, commercial and co-operative banks authorised to dealing in foreign exchange.

- (iii) **Official Capital :**

It includes RBI's holdings of foreign currency and special drawing rights (SDR) held by the Government.

### Board Expected Questions & Answers

#### VERY SHORT ANSWER QUESTIONS

**2 MARKS**

##### 1. What is favourable Balance of Trade?

**Ans.** When the money value of export is greater than the money value of imports it is called favourable balance of trade.

##### 2. What is unfavourable Balance of Trade?

**Ans.** When the money value of imports is greater than the money value of exports, it is called unfavourable balance of Trade.

##### 3. What are visible exports and imports?

**Ans.** The visible exports and imports are those which are actually recorded in the port. It gives rise to international payments.

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**SHORT ANSWER QUESTIONS****3 MARKS****1. What are the Debit items shown in Current Accounts?****Ans.** The following are the debit items of Current Account.

- (i) Goods Import
- (ii) Invisible Imports
  - (1) Transport services purchased from foreign countries.
  - (2) Banking services purchased from foreign countries.
  - (3) Insurance services purchased from foreign countries.
  - (4) Visit our tourists to foreign countries.
  - (5) Other services purchased from foreign countries.
  - (6) Interest paid on loan in home country.

**Higher Order Thinking Skills - HOTS****VERY SHORT ANSWER QUESTIONS****2 MARKS****1. What are invisible items?**

- Ans.** (i) The invisible items are those which are not recorded at the ports.
- (ii) These items include, shipping, insurance, debt repayment, payment of interest, expenditure by tourists, etc.

**2. What are the four components of Balance of Payments?**

- Ans.** (i) Current Account
- (ii) Capital Account
- (iii) Unilateral Payment Account
- (iv) Official Reserves Assets Account

**SHORT ANSWER QUESTIONS****3 MARKS****1. Any 3 features of Balance of payments.**

- Ans.** 1. It is prepared for a period of three months or twelve months, i.e., usually 12 months
2. It contains all receipts and payments both visible and invisible
3. It includes all economic transactions both recorded on current account and capital account

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## Unit - IX

## The Indian Contract Act

### CHAPTER - 29

## ELEMENTS OF CONTRACT

### Textual Questions

#### VERY SHORT ANSWER QUESTIONS.

**2 MARKS**

**1. What is law?**

**Ans.** Law means a 'set of rules' which governs our behaviour and relating in a civilised society. So, there is no need of law in a uncivilised society.

**2. Why should one know law?**

**Ans.** One should know the law to which he is subjected to because ignorance of law is no excuse.

**3. Can a minor enter into a contract?**

**Ans.** Persons legally capable of making an agreement only can enter into a contract. Legally a minor cannot enter into a contract.

**4. Who can enter into a contract?**

**Ans.** (i) The parties to a contract must have the capacity (legal ability) to make valid contract.

(ii) A person who

(a) is of the age of majority according to the law to which he is subject.

(b) is of sound mind.

(c) is not disqualified from contracting by any law to which he is subject.

**5. Define contract**

**Ans.** As per the Indian contract Act, 1872 a 'contract' is an agreement enforceable by law. The agreement not enforceable by law are not contracts.

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**4. What do you mean by Revocation?**

**Ans.** Revocation of an offer means withdrawal of his offer by the offeror. An offer can be revoked :

- (i) Expressly - by words spoken or written.
- (ii) Impliedly - by his conduct an offer may be revoked at any time before the offeree puts his acceptance in the course of transmission so as to be out of his power.
- (iii) The communication of revocation (of an offer or an acceptance) is complete.
  - (1) as against the person who makes it, when it is put into a course of transmission to the person to whom it is made, so as to be out of the power of the person who makes it.
  - (2) As against the person to whom it is made, when it comes to his knowledge.

**5. Who is a promisor, promisee?**

**Ans. Promisor :** The person who has become obliged through a promise towards another.

**Promisee :** According to section 41, if a promisee accepts the performance of the promise by a third person he cannot afterwards enforce it against the promisor.

**Board Expected Questions & Answers****VERY SHORT ANSWER QUESTIONS****2 MARKS****1. What are the types of agreement?**

**Ans.** The agreements may be classified into two categories:

**Agreement not enforceable by law** - Any essential of a valid contract is not available.

**Agreement enforceable by law** - All essentials of a valid contract are available.

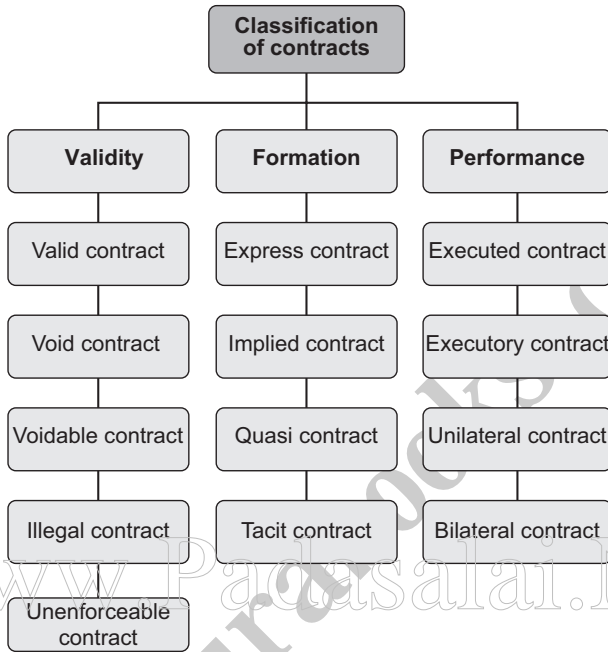
**2. What do you mean by Bilateral contract?**

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

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**3. What are the types of contract?****Ans. Types of contracts :****Higher Order Thinking Skills - HOTS****VERY SHORT ANSWER QUESTIONS****2 MARKS****1. Define consideration.****Ans. Consideration 2(d) :**

When at the desire of the promisor, the promisee or any other person has done or abstained from doing something or does or abstains from doing something or promises to do or abstain from doing something, such act or abstinence or promise is called a consideration for the promise.

**CHAPTER - 30****PERFORMANCE OF CONTRACT****Textual Questions****VERY SHORT ANSWER QUESTIONS.****2 MARKS****1. State the ways of performing a contract?**

**Ans.** There are mainly two ways of performing a contract such as :

- (i) Actual performance
- (ii) Attempted performance

**2. Who is a Legal Representative?**

**Ans.** (i) If the promisor dies, the legal representative of the deceased promisor is bound to perform the contract (section 37).

- (ii) Generally the contract should be performed by the promisor himself or his legal representative.

**3. Who is an Agent?**

**Ans.** (i) An Agent is defined as a person employed to do any act for another or to represent another in dealings with the third person.

- (ii) According to para 2 of section 40, the promisor may employ a competent person to perform the promise.

**4. Define Reciprocal promise.**

**Ans.** (i) Promises which form consideration or part of consideration for each other are called 'reciprocal promise'.

- (ii) In other words where a party gives a promise in consideration of other party's promise, both such promises are called the reciprocal promises.

**For Example :** If A and B Promise to marry each other.

**5. By whom must contract be performed?**

**Ans.** The contract may be performed by the following persons :

- (i) The Promisor
- (ii) The Agent

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**5. Who is a Joint Promisors?**

**Ans.** Where two or more persons have made a joint promise, a release of one of such joint promisors by the promisee does not discharge the other joint promisor or joint promisors, neither does it free the joint promisor so released from responsibility to the other joint promisor or joint promisors.

**Board Expected Questions & Answers****VERY SHORT ANSWER QUESTIONS****2 MARKS****1. What do you mean by offer to perform?**

**Ans.** When the party offers to perform his obligation, it is not accepted by the promisee. So, it is also called offer to performance or tender. Hence, a valid tender of performance is considered to be the performance of a promise.

**2. What are the different kinds of reciprocal promises?**

**Ans.** Reciprocal promises are of three types. They are :

- (i) Mutual and Independent
- (ii) Mutual and Dependent
- (iii) Conditional and Concurrent

**3. A, B, and C are under a joint promise to pay D ₹ 3000. C is unable to pay anything. D sues A for the entire sum of ₹ 3000. What are A's liability?**

**Ans.** (i) Section 43 of the Indian contract Act, 1872 provides that when two or more persons make a joint promise, the promisee may, in the absence of a contract to the contrary, compel any one or more of such joint promisors to perform the whole of the promise.

- (ii) Thus, A shall be liable to pay the entire sum of ₹ 3000 to D.

**SHORT ANSWER QUESTIONS****3 MARKS****1. State the provisions relating to manner and time for performance of contract?**

**Ans.** (i) According to section 50, where the manner and time for performance are fixed by the promisee, the promise should be performed in the manner and at the time prescribed by the promisee.

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- (ii) **Example (1) :** T owes S Rs, 2,00,000 to accept T's car value of Rs. 1,00,000 in reduction of the reduction of the debt. The delivery of the car will amount to a part payment of the debt.
- (iii) **Example (2) :** A and B were mutually indebted that A owed ₹ 2,00,000 to B and B owed ₹ 2,50,000 to A. B paid the difference of ₹ 50,000 to A and the account was settled by setting off one debt against another.

### Higher Order Thinking Skills - HOTS

#### SHORT ANSWER QUESTIONS

**3 MARKS**

**1. What are the essential requirements of a Valid Tender? (Any 5).**

**Ans.** A tender, to be valid, must satisfy the following essential requirements

- (i) It must be unconditional
- (ii) It must be at the proper time and place.
- (iii) It must be in proper form.
- (iv) It must be made to a proper person i.e. to the promisee or his authorized agent.
- (v) It may be made to one of the several joint promisees.

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**CHAPTER - 31****DISCHARGE AND BREACH OF A CONTRACT****Textual Questions****VERY SHORT ANSWER QUESTIONS.****2 MARKS****1. What are the kinds of consent?****Ans.** The consent may be of two types :

- (i) Express Consent
- (ii) Implied Consent

**2. What are the types of impossibility of performance?****Ans.** The impossibility of performance may be of two types : namely,

- (i) Impossibility existing at the time of agreement
- (ii) Impossibility arising subsequent to the formation of contract.

**3. What is Quantum merit?****Ans.** Literally, the term “Quantum Merit” means “as much as earned”. In Legal sense, it means “payments in proportion to the work done”.**SHORT ANSWER QUESTIONS.****3 MARKS****1. What are the different modes of discharged by implied consent?****Ans.** The different modes of discharged by implied consent are mentioned below:

- (i) Novation
- (ii) Alteration
- (iii) Recession
- (iv) Remission
- (v) Waiver
- (vi) Merger
- (vii) Accord and Satisfaction

**2. Define discharge by performance.****Ans.** Performance implies carrying out the obligation of the contract. Performance must be completed according to the real intentions of the agreement. Performance must be done according to time and manner prescribed.

Performance of contract may be of two types namely

- (i) Actual performance
- (ii) Attempted performance

### 3. What are the reasons for impossibility arising after the formation of contract?

**Ans.** A contract may be discharged if its performance becomes impossible. The rule of impossibility of performance is based on the following maxims

- (i) The law does not recognize what is impossible and
- (ii) What is impossible does not create an obligation.

According to the Section 56 of the Act, all acts to do impossible acts are void. There are two types of impossibility of performance such as.

- (i) Impossibility existing as the time of agreement.
- (ii) Impossibility arising subsequent to the formation of contract.

### 4. What are the various rules regarding damages?

**Ans.** (i) The term "Damages" means a monetary compensation payable by defaulting party to the aggrieved party in the event of the breach of contract for the loss suffered by him.

- (ii) Therefore, the aggrieved party may bring an action for damages against the party who is guilty of the breach of contract.
- (iii) The party who is guilty of breach is liable to pay damages to the aggrieved party.
- (iv) The main purpose of awarding damages is to put the injured person in as good a position as he would have been if performance had been rendered as promised.
- (v) Therefore the aggrieved party can recover the actual damages and nothing more.

## Board Expected Questions & Answers

### VERY SHORT ANSWER QUESTIONS

**2 MARKS**

#### 1. State the reasons for discharge by supervening impossibility?

**Ans.** Supervening impossibility may be :

- (i) By some event beyond the control of the parties; or
- (ii) By some act either of the promisor or of the promisee.

**3. When a contract is discharged by the operation of law ?**

**Ans.** A contract can be discharged by the operation of law. The operation of law by which the contract can be discharged are as follows :

**(i) By Death :**

If the contracts depend on the personal skill or ability, then such contract may be discharged on the death of the promisor.

**(ii) By Merger :**

Merger will take place when an inferior right accruing to the same party either under the same or another contract.

**(iii) By Insolvency :**

An insolvent is discharged from all liabilities incurred prior to his adjudication.

**(iv) Unauthorised Alteration of the Terms of a Contract :**

If one party makes any material alteration in the contract without the consent of other party, then the other party can avoid the contract.

**(v) Rights and liabilities vesting in the same person :**

Where the rights and liabilities become vested in the same person, the other parties are discharged.

**Higher Order Thinking Skills - HOTS****VERY SHORT ANSWER QUESTIONS****2 MARKS****1. What is Injunction?**

**Ans.** Injunction can be defined as a mode of securing the specific performance of the negative terms of a contract.

Injunction is an order which is granted by the court restraining the person to do what he had promised not to do.

**2. What do you mean by doctrine of restitution?**

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

The main purpose of awarding the damages is to make good the loss suffered by him. It is known as doctrine of restitution.

**3. What re the types of damages?**

**Ans.** There are mainly four types of damages, such as-

- (i) Ordinary damages
- (ii) Special damages
- (iii) Vindictive or exemplary damages and
- (iv) Nominal damages.

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**Unit - X****Direct and Indirect Taxes****CHAPTER - 32****DIRECT TAXES****Textual Questions****VERY SHORT ANSWER QUESTIONS.****2 MARKS****1. What is Income Tax?**

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

**2. What is meant by previous year?**

**Ans.** (i) The year in which income is earned is called previous year.

(ii) It is normally consisting of a period of 12 months, commencing on 1<sup>st</sup> April every year and ending on 31<sup>st</sup> March of the following year. It is also called as financial year.

**3. Define the term person.**

**Ans.** The term person includes the following :

- (i) an individual
- (ii) a Hindu Undivided Family
- (iii) a Company
- (iv) a Firm
- (v) an Association of Persons or a Body of Individual, whether incorporated or not
- (vi) a local authority, and
- (vii) every artificial, juridical person E.g. an idol or deity

**4. Define the term assessee.**

**Ans.** (i) Assessee means a person by whom any tax or any other sum of money is payable under the income-tax act.

(ii) It includes every person in respect of whom any proceeding has been taken for the assessment of his income or assessment of fringe benefits.

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**4. What do you mean by Total Income?**

- Ans.** (i) From Gross Total income, Income Tax Act 1961 allows certain deductions under section 80.
- (ii) After allowing these deductions the figure which we arrive at is called 'Total Income', and on this figure tax liability is computed at the prescribed rates.

Gross Total Income	xxx
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Less : Deductions (sec 80C to 80U)	xxx
------------------------------------	-----

Total Income (T.I)	xxx
--------------------	-----

**5. Write short notes on :**

- Direct Tax**
- Indirect Tax.**

**Ans. (i) Direct Tax :**

- (1) If a tax levied on the income or wealth of a person and is paid by that person (or his office) directly to the Government, it is called direct tax.
- (2) E.g.: Income Tax, Wealth Tax, Capital Gain Tax, etc.

**(ii) Indirect Tax :**

- (1) Indirect tax is levied on the goods or services of a person.
- (2) It is collected from the buyers and is paid by seller to the Government. It is called indirect tax.
- (3) E.g. : GST, Excise Duty.

**Board Expected Questions & Answers****VERY SHORT ANSWER QUESTIONS****2 MARKS****1. Why Income tax is called as direct tax?**

- Ans.** (i) Income tax is a direct tax because the liability to deposit and ultimate burden are on same person.
- (ii) The person earning income is liable to pay income tax out of his own pocket and cannot pass on the burden of tax to another person.

**Higher Order Thinking Skills - HOTS****VERY SHORT ANSWER QUESTIONS****2 MARKS****1. What is the meaning of Tax?**

**Ans.** Tax is a compulsory contribution to state revenue by the Government. It is levied on the income or profits from business of individuals and institutions. It may be added to the price of goods, services or transactions. Tax is the basic source of revenue to the Government.

**SHORT ANSWER QUESTIONS****3 MARKS****1. What are the Benefits of direct taxation?**

- Ans. 1. Equitable :** The burden of direct taxes cannot be shifted and an equitable sacrifice of income and wealth can be achieved from all sections of society through progressive taxation.
- 2. Economical :** Income tax and most other forms of direct taxation are done at source with the help of TDS (Tax Deduction at source) and are hence not a problem for the government to collect.
- 3. Certainty :** There is a sense of certainty from the taxpayer and the government, as each know how much to pay and how much to expect to collect respectively.
- 4. Productivity :** Direct taxes are very productive in the sense that as the working population and community grows, so do the returns from direct taxation.

**2. What are the rules relating to taxation of gifts?**

**Ans.** Gifts exceeding over ₹50,000 are taxable unless received from:

- (i) A relative
- (ii) On occasion of marriage
- (iii) Under will or by inheritance or in contemplation of the death of the payer.



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## CHAPTER - 33

# INDIRECT TAXATION

### Textual Questions

#### VERY SHORT ANSWER QUESTIONS.

**2 MARKS**

#### 1. Define Indirect Tax

- Ans.** (i) Indirect Tax is levied on the goods and services.  
(ii) It is collected from the buyers by the sellers and paid by the sellers to the Government.  
(iii) Since, it is indirectly imposed on the buyers, it is called indirect tax E.g. GST –Goods and Services Tax, Excise Duty.

#### 2. List out any four types of indirect taxes levied in India.

- Ans.** (i) Goods and Services Tax  
(ii) Central Excise Duty  
(iii) Customs Duty  
(iv) VAT - Value Added Tax

#### 3. What do you mean by Goods and Services Tax?

- Ans.** (i) Goods and Services Tax (GST) is the tax imposed on the supply (consumption) of goods and services.  
(ii) It is a destination based consumption tax and collected on value-added at each stage of the supply chain.  
(iii) GST is applicable to all goods and services except alcohol and specified petroleum products.

#### 4. Write a note on SGST.

- Ans.** (i) SGST means state Goods and Services Tax. It replace the existing tax like Sales Tax, Luxury Tax, Entry Tax, etc.

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**5. Write any three demerits of GST.**

- Ans.** (i) Several Economists says that GST in Indian would impact negatively on the real estate market.
- (ii) Another criticism is that CGST, SGST are nothing but new names for Central Excise / Service Tax, VAT, and CST.
- (iii) A number of retail products currently have only four percent tax on them. After GST garments and clothes, could become more expensive.

**Board Expected Questions & Answers****VERY SHORT ANSWER QUESTIONS****2 MARKS****1. What are the kinds of GST?****Ans.** GST is of three kinds

- (i) CGST - Central Goods and Service Tax
- (ii) SGST - State Goods and Services Tax
- (iii) UGST - Union Territory Goods and Services Tax

**2. What are the benefits of GST in consumer?**

- Ans.** 1. Input tax credit allowed will lower the prices to the consumers.
2. All small retailers will get exemption and purchases from them will cost less for the consumers.

**SHORT ANSWER QUESTIONS****3 MARKS****1. What are the benefits of GST in society and country? (Any 3).**

- Ans.** 1. It will boost manufacturing, export, GDP leading to economic growth through increase in economic activity.
2. Creation of more employment opportunities which will result in poverty eradication.
3. It will bring more tax compliance (more tax payers) and increase revenue to the Governments.

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