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COMMERCE
12TH Std 2marks

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Chapter 1

1. What is Management?

- Management is goal oriented and it is an art of getting things done with and through others.
- The practice of management helps to achieve the organizational mission and determines the future of the business enterprises.

2. List out the management tools.

- Tools of management have been developed such as, accounting, business law, psychology, statistics, econometrics, data processing, etc..

3. Who is a manager?

- According to P. Drucker, the manager has to balance and integrate three major jobs of a business enterprise as mentioned below

- ✓ Managing a business
- ✓ Managing manager and
- ✓ Managing workers and work.

- A manager is a dynamic and life-giving element in every business.

4. State the meaning of Authority.

- Authority means the right of a superior to give the order to his subordinates

5. What do you mean by Span of management?

- The Span of Management refers to the number of subordinates who can be managed efficiently by a superior.

Chapter 2

1. Write a short note about Planning.

- ✓ Planning is the primary function of management. Nothing can be performed without planning.
- ✓ Planning refers to deciding in advance. Planning should take place before doing.

2. What is meant by Motivation?

- ✓ It is the process of stimulating people to actions to accomplish the goal.
- ✓ Motivation includes increasing the speed of performance of a work and developing a willingness on the part of workers.

3. What is meant by Controlling?

- ✓ It is the control function which facilitates synchronization of actual performance with predetermined standards.
- ✓ Controlling is performed to evaluate the performance of employees and deciding increments and promotion decisions.

4. How do you coordinate your classroom with peace?

Peace starts with each individual, and the way you act affects the world around you." Allow the children to respond. Express your interest in getting to know each student and your willingness to be there for them if they have a problem. You might say something like:

5. What is meant by Innovation?

- ✓ Innovation refers to the preparation of personnel and organisation to face the changes made in the business world.

Chapter 3

1. Define - MBO

Prof. Reddin defines MBO as, “the establishment of effective standards for managerial positions and the periodic conversion of those into measurable time bound objectives linked vertically and horizontally and with future planning.

2. What are the objectives of MBO?

- ✓ To measure and judge performance
- ✓ To relate individual performance to organisational goals

3. Bring out the meaning of MBE.

- ✓ Management by exception is a style of business management that focuses on identifying and handling cases that deviate from the norm.

4. Mention any two advantages of MBO?

- ✓ MBO process helps the managers to understand their role in the total organisation..
- ✓ Systematic evaluation of performance is made with the help of MBO

5. Write any two importance of MBE.

- ✓ It saves the time of managers because they deal only with exceptional matters. Routine problems are left to subordinates.
- ✓ It focuses managerial attention on major problems. As a result, there is better utilisation of managerial talents and energy.

6. What is known as KRA?

- ✓ Key result areas are fixed on the basis of organisational objectives premises.
- ✓ KRA indicates the strength of an organisation.
- ✓ The examples of KRA are profitability, market standing, innovation etc.,

Chapter 4**1. What are the components of organized sectors?**

- i.Regulators ii. Financial Institutions iii. Financial Markets and Financial Services

2. Write a note on financial market.

A market wherein financial instruments such as financial claims, assets and securities are traded is known as a ‘financial market.

3. What is equity market?

- ✓ It is the financial market for trading in Equity Shares of Companies
- ✓ An equity market is a market in which shares are issued and traded, either through exchanges or over- the-counter markets.

4. What is debt market?

- ✓ It is the financial market for trading in Debt Instrument (i.e. Government Bonds or Securities, Corporate Debentures or Bonds)

5. How is prize decided in a secondary market?

- ✓ Prices in the secondary market are determined by the basic forces of supply and demand.
- ✓ Prize based on buying and selling in a secondary market

Chapter 5**1. What is Capital Market?**

- Capital market is a market where buyers and sellers engage in trade of financial securities like bonds, and stocks.
- The buying/selling is undertaken by participants such as individuals and institutions.

2. Write a note on OTCEI.

Over the counter exchange of india.

- The OTCEI was set up by a premier financial institution to allow the trading of securities across the electronic counters throughout the country.

3. What is Mutual Fund?

- Financial institutions that provide facilities for channeling savings of small investors into avenues of productive investments are called ‘Mutual Funds’.

4. Who are the participants in a Capital Market?

There are many players in the capital market. The participants of the capital market include individuals, corporate sectors, Govt., banks and other financial institutions.

5. How is price determined in a Capital Market?

After a company goes public and starts trading on the exchange, its price is determined by supply and demand for its shares and security in the market.

Chapter 6

1. Define the term "Money Market".

According to Crowther, "the money market is the collective name given to the various firms and institutions that deal in the various grades of near money".

2. What is commercial bill market?

- The market for buying and selling of Commercial Bills of Exchange is known as a Commercial Bill Market
- A bill of exchange issued by a commercial organization to raise money for short-term needs. These bills are of 30 days, 60 days and 90 days maturity.

3. What is a CD market?

- ✓ Certificate of Deposits are short-term deposit instruments issued by banks and financial institutions to raise large sums of money.
- ✓ Certificate of Deposits are issued in the form of promissory notes.

4. What is Government Securities Market?

A market whereby the Government or gilt-edged securities can be bought and sold is called 'Government Securities Market'.

5. What are the Instruments of Money Market?

- ✓ Treasury Bills
- ✓ Commercial Bills
- ✓ Certificate of Deposits
- ✓ Government Securities

6. Explain the two oldest money markets.

Treasury bill:

A market for the purchase and sale of Treasury Bills is known as a "Treasury Bills Market"

Commercial Bills:

A bill of exchange issued by a commercial organization to raise money for short-term needs. These bills are of 30 days, 60 days and 90 days maturity.

7. What do you mean by Auctioning?

A method of trading whereby merchants bid against one another and where the securities are sold to the highest bidder is known as 'auctioning'.

8. What do you mean by Switching?

The purchase of one security against the sale of another security carried out by the RBI in the secondary market as part of its open market operations is described as 'Switching'.

Chapter 7

1. What is meant Stock Exchange?

- Stock Exchange is an organized market for the purchase and sale of industrial and financial security.
- It is an investment intermediary and facilitates economic and industrial development of a country.

2. Define Stock Exchange.

According to Husband and Dockerary, "Stock exchanges are privately organized markets which are used to facilitate trading in securities."

3. Write any 5 Stock Exchanges in India.

- ✓ The Bombay Stock Exchange
- ✓ The National Stock Exchange of India (NSE) Ltd.
- ✓ The Coimbatore Stock Exchange Ltd.
- ✓ The Madras Stock Exchange Ltd
- ✓ Bangalore Stock Exchange Ltd.

4. What is meant by Remisier?

He acts as an agent of a member of a stock exchange. He obtains business for his principal i.e., the member and gets a commission for that service.

5. Who is called a Broker?

- ✓ Brokers are commission agents, who act as intermediaries between buyers and sellers of securities.
- ✓ Brokers charge a commission from both the parties for their service.

6. What are the types of Speculator?

- ✓ Bull
- ✓ Bear
- ✓ Stag
- ✓ Lame Duck

7. What is meant by Commodity Exchange?

A commodity exchange is an exchange where commodities are traded. Tradable commodities fall into the following categories.

- Metals (e.g. gold, silver, copper)
- Energy (e.g. crude oil, natural gas)
- Agricultural (e.g. rice, wheat, cocoa)
- Livestock and meat (e.g. live cattle, lean hog)

8. Mention the Recent Development in Stock Exchange?

1. National Stock Exchange of India Limited (NSE)
2. Securities Trading Corporation of India (STCI)
3. National Securities Depository Limited (NSDL)

9. What is the stock trading time in India?

- The timing of both BSE & NSE is the same.
- Stock market in India is closed on weekends (Saturday and Sunday)
- It is also closed on the national holidays.
- The normal trading time for equity market is between 9:15 a.m to 03:30 p.m, (Monday to Friday).

10. Explain Dalal Street.

- Dalal Street is an area in downtown Mumbai, India, that houses the Bombay Stock—Exchange (BSE) – the largest stock exchange in India – and other reputable financial institutions.

Chapter 8**1. Write a short notes on SEBI.**

Securities and exchange board of India(SEBI) is an apex body that maintains and regulates our capital market. It was established in 1988 by Indian government but got the statutory powers in 1992.

2. Write any two objectives of SEBI.

- Regulation of Stock Exchanges
- Protection to the Investors

3. What is Demat account?

- ❖ A demat account holds all the shares that are purchased in electronic or dematerialized form.
- ❖ Like the bank account, a demat account holds the certificates of financial instruments like shares, bonds, government securities, mutual funds and exchange traded funds .

4. Mention the headquarters of SEBI.

SEBI has its headquarters at the business district of BandraKurla Complex in Mumbai, and has Northern, Eastern, Southern and Western Regional Offices in New Delhi, Kolkata, Chennai and Ahmedabad respectively.

5. What are the various ID proofs?

PAN card, voter's ID, passport, driver's license, bank attestation, IT returns, electricity bill, telephone bill, ID cards with applicant's photo issued by the central or state government and its departments, statutory or regulatory authorities, etc.,

Chapter 9

1. Give the meaning of Human Resource.

According to Peter.F.Drucker “Man, of all resources available to him, can grow and develop”.

2. What is Human Resource Management ?

Human Resource Management is a function of management concerned with hiring, motivating and maintaining people in an organisation. It focuses on people in an organisation.

3. State two features of HRM.

i. Universally relevant ii. Goal oriented iii. A systematic approach iv. It is all pervasive.

4. Mention two characteristics of Human Resource.

- ✓ Human resource is the only factor of production that lives
- ✓ Human resource created all other resources

5. List the functions of HRM

I. Managerial function - Planning, Organising, Directing, Controlling.

II. Operative function – Procurement, Development, Compensation, Retention, Integration, Maintenance.

Chapter 10

1. Give the meaning of Recruitment.

- Recruitment is the process of finding suitable candidates for the various posts in an organisation.
- It is a process of attracting potential people to apply for a job in an organisation.

2. What is promotion?

It's based on seniority and merits of the employees they are given opportunity to move up in the organisational hierarchy

3. State two benefits of internal source of recruitment.

- ✓ Reduce time to hire
- ✓ Cost less

4. Mention any two features of campus recruitment.

- ✓ We can identify new talents
- ✓ It's a costless method of recruitment

5. List the benefits of external source of recruitment.

- Fresher skill and input
- Qualified candidate
- Better competition
- Generation of creative idea
- Lesser internal politics

Chapter 11

1. What is selection?

- Selection is the process of choosing the most suitable person for the vacant position in the organization.
- The main aim of selection process is to find out the suitable candidate for specific job.

2. What is an interview?

- An interview is a purpose full exchange of ideas, the answering of questions and communication between two or more persons.
- Face to face interaction between the interviewer and interviewee

3. What is intelligence test?

- Intelligence tests are one of the psychological tests, that is designed to measure a variety of mental ability, individual capacity of a candidate.
- The main aim of these tests is to obtain an idea of the person's intellectual potential.

4. What do you mean by test?

Several tests are conducted in the selection process to ensure whether the candidate

possesses the necessary qualification to fit into various positions in the organization.

5. What do you understand about bio data?

It contains the information about the job seeker date of birth, gender, religion, nationality, residence, marital status, family background, educational qualification, co-curricular activities, work experience, exposure to related activities, scale of pay drawn, academic distinction, area of expertise and so on.

6. What do you mean by placement?

- Placement is a process of assigning a specific job to each and every candidate selected.
- The process of placing the right man on the right job is called 'Placement'.

Chapter 12

1. What is meant by training?

- ✓ Training is the act of increasing / enhancing the new skill of problem solving activity and technical knowledge of an employee for doing the jobs them self.
- ✓ Training enables the employees to guide their behaviour.

2. What is Mentoring training method?

- ✓ Mentoring is the process of sharing knowledge and experience of an employee.
- ✓ Mentoring is always done by senior person, it is also one-to-one interaction , like coaching.
- ✓ The focus in this training is on the development of attitude of trainees.

3. What is Role play?

Under this method trainees are explained the situation and assigned roles. They have to act out the roles assigned to them without any rehearsal. There are no pre-prepared dialogues.

4. State e-learning method?

- ✓ E learning is also often referred to us online learning or web based training.
- ✓ Under this type of web based training is anywhere and any time information can pass over the internet.

Chapter 13

1. What is Market?

- It is a medium or place to interact and exchange goods and services.
- In simple words, the meeting place of buyers and sellers in an area is called Market.

2. Define Marketer.

“A person whose duties include the identification of the goods and services desired by a set of consumers, as well as the marketing of those goods and services on behalf of a company”.

- Business Dictionary

3. What is mean by Regulated Market?

- These are types of markets which are organised, controlled and regulated by statutory measures. Example: Stock Exchanges of Mumbai, Chennai, Kolkata etc.

4. Mention any four differences between Wholesale Market and Retail market?

BASIS	WHOLESALE MARKET	RETAIL MARKET
Meaning	Wholesale is a business in which goods are sold in large quantities to the retailers	When the goods are sold to the final consumer in small lots
Creates link between	Manufacturer and Retailer	Wholesaler and Customer
Volume of transaction	Large	Small
Need capital	Large capital	Small capita

5. What is meant by Commodity Market?

➤ A commodity market is a place where produced goods or consumption goods are bought and sold. Is called as commodity market.

Chapter 14

1. Define Marketing Mix.

“Marketing mix is a pack of four sets of variables namely product variable, price variable, promotion variable, and place variable”.

- Mr. Jerome McCarthy

2. Give any two internal factors affecting the price of product / service.

Marketing Mix Strategy
Costs

Organizational considerations
Organization Objectives

3. Define Product.

“A product is anything that can be offered to a market for attention, acquisition, use or consumption that might satisfy a want or a need”,

- Philip Kotler.

Chapter 15

1. What is E business?

- If all the business transaction carried out through internet and other online tools is called E-business.
- Electronic business (e-business) via, web, internet, intranets, extranets or some combination thereof to conduct business.

2. What is green marketing?

Green marketing involves developing and promoting products and services which satisfy customers' wants and needs for quality, performance, affordable pricing and convenience – all without causing a detrimental impact on the environment.

3. What is service marketing?

A service is any activity or benefit that one party can offer to another which is essentially intangible and which does not result in the ownership of anything like business and professional services insurance, legal service, medical service etc.

4. Define E-Marketing.

“E-Marketing is achieving marketing objectives through use of digital technologies like Internet, word wide web, email, wireless media, and management of digital customer data and electronic customer management systems (E-CRM)”

-Judy Strauss

5. What is E-Tailing?

- E-tailing or electronic retailing refers to selling of goods and services through a shopping website (internet) or through virtual store to the ultimate consumer.
- The customer receives the product at their preferred address through courier service.

6. What is Social marketing?

- Social marketing is a new marketing tool. It is the systematic application of marketing philosophy and techniques to achieve specific behavioural goals which ensure social good.

Chapter 16

1. Who is a consumer?

A consumer is one who consumes goods manufactured and sold by others or created (air, water, natural resources) by nature and sold by others. One, who avails services such as banking, transport, insurance, etc., is also called a consumer.

2. Define Consumerism.

“Consumerism is an attempt to enhance the rights and powers by buyers in relation to sellers”

3. Give two examples of adulteration.

- Mixing of stones with grains
- Papayas seed is added to black pepper

4. What is Caveat Emptor?

- 'Caveat emptor' is a Latin term that means "**let the buyer beware.**"
- the principle of caveat emptor serves as a warning to the buyers that they have no recourse with the seller if the product does not meet their expectations

5. What is Caveat Venditor?

- The principle of caveat venditor, which means "**let the seller beware,**" by which goods are covered by an implied warranty of merchantability.
- Sellers assume much more responsibility for the integrity of their goods in the present day.

6. Write a short notes on Consumer Protection Act, 1986.

- The Act is referred in short as 'COPRA'.
- The Consumer Protection Act 1986 seeks to protect and promote the interests of consumers.

Chapter 17**1. Write short notes on: "Right to be informed."**

- ✓ Consumers should be given all the relevant facts about the product so that they can take intelligent decisions on purchasing the product.
- ✓ The package should contain the full details about the name of the product, composition, dosage, date of manufacturing, date of expiry, batch number, warnings, antidote etc.

2. What do you understand about "Right to Safety"?

- The consumers are entitled to protection of their health and safety from the goods and services they buy.
- They should not be supplied goods or services which are hazardous to their health and safety.

3. What are the rights of consumer according to John F. Kennedy?

The former president of U.S.A Mr. John F. Kennedy defined the basic consumer rights as "The Right of Safety, the Right to be informed, the Right to choose and the Right to be heard."

4. Which is the supreme objective of business?

- ✓ The modern marketing concept recognises that the consumer is the pivotal point around which the business moves.
- ✓ Satisfaction of consumer needs/requirements is stated to be supreme objective of a business.

5. What are the important aspects to be kept in mind by consumer while purchasing goods related to the quality of goods?

- ✓ It is the responsibility of a consumer to purchase a product after gaining a thorough knowledge of its price, quality and other terms and conditions.
- ✓ The consumer should enquire about the price from certain shops and if possible from government stores to get an idea of its price.

Chapter 18**1. What do you meant by Redressal Mechanism?**

- Grievance Redressal is a management and governance related process used commonly in India.
- While the term "Grievance Redressal" primarily covers the receipt and processing of complaints from citizens and consumers

2. What do you know about National Commission?

- National Commission is a quasi-judicial commission in India which was set up in 1988 under the Consumer Protection Act of 1986.
- Its head office is in New Delhi. The Commission is headed by a serving or retired judge of the Supreme Court of India.

3. State the meaning of the term State Commission.

- A consumer has to be protected against defects, deficiencies and unfair and restrictive trade practices.

- The State Consumer Protection Council is also called State Commission.
- The State Commission is to be appointed by the State Government function as state level.

4. What is a term District Forum?

- As per the Consumer Protection Act of 1986 the establishment of a District Forum by the State Government in each district is necessary today to protect the interest of aggrieved consumers in that district.
- The State Government can establish more than one District Forum in a district if it deems fit to do so.

5. How to register the complaints?

1. Complaint can be registered within 2 years from the date on which the cause of action has arisen, to the date on which the completion from the deficiency in service.
2. Stamp paper is not required for declaration
3. Complaint can be registered, in person, by the complainant or through his authorised agent or by post addressed to the Redressal Agency.

Chapter 19

1. Define Business environment

According to Bayard O 'Wheeler Business environment is "the total of all things external to firms and industries which affect their organisation and operations".

2. What is internal environment?

- Internal environment refers to those factors within an organisation e.g. Policies and programmes, organisational structure, employees, financial and physical resources.
- These factors can be changed or altered and hence are known as controllable factors.

3. Give the meaning of corporate governance.

- Corporate governance is a set of rules and policies which governs a company.
- It provides a frame work for managing a company and achieving its objectives.

4. What is GST?

- GST is the indirect tax levied on goods and services across the country.
- It is a comprehensive, multi-stage, destination-based tax that is levied on every value addition.(one nation- one market- one taxation)
- Types of taxes: CGST,SGST,IGST

5. Expand VUCA.

- VUCA – Volatility, Uncertainty, Complexity and Ambiguity,

6. What is mixed economy?

- The nature of economic system the economic systems can be classified as Capitalistic, Socialistic and Mixed economy.
- Mixed economy is a combination of both state owned and private sector ownership.

Chapter 20

1. State the branches of New Economic Policy.

There are three dimensions of New Economic Policy

Liberalization, Privatization, And Globalization

2. What is Privatization?

Privatization is the incidence or process of transferring ownership of a business enterprise, agency or public service from the government to the private sector.

3. Mention any three disadvantages of Liberalization.

- ✓ Increase in unemployment
- ✓ Loss to domestic units
- ✓ Increased dependence on foreign nations

4. Name the industries which are reserved for public sector.

Currently only Atomic Energy, Defence and Railways are Government monopoly industries

i.e., Public sector industries in the country.

5. Give any three advantages of Globalisation.

- ✓ Expansion of market
- ✓ Technological development
- ✓ Reduction in brain drain

Chapter 21

1. What is a contract of sale of goods?

Contract of sale of goods is a contract whereby the seller transfers or agrees to transfer the property (ownership) of the goods to the buyer for a price.

2. List down the essential elements of a contract of sale.

- (1) Two Parties
- (2) Transfer of Property
- (3) Goods
- (4) Price
- (5) Includes both 'Sale' and 'Agreement to Sell'

3. What is meant by goods?

- The subject matter of contract of sale must be goods.
- The term 'goods' includes every kind of movable property, stocks and shares, growing crops etc.
- Goodwill, trademarks, copy rights, patent rights etc., are all also regarded as goods.

4. What is a Contingent Goods?

- Contingent goods are the goods, the acquisition of which by the seller depends upon a contingency (an event which may or may not happen).
- Contingent goods are a part of future goods.

5. What do you understand by warranty?

- ✓ Warranty represents a requirement which is collateral to the main purpose of the contract. It is of secondary importance to the contract.
- ✓ The violation of warranty entitles the affected party to claim damages or compensation from the other party. But he cannot cancel the contract altogether.

Chapter 22

1. What is meant by Negotiable Instrument?

According to Negotiable instruments Act 1881, a negotiable instrument means a promissory note, bill of exchange or cheque payable either to order or to bearer.

2. Define Bill of Exchange

According to section 5 of the Negotiable Instruments Act, "a bill of exchange is an instrument in writing containing an unconditional order, signed by the maker, directing a certain person to pay a certain sum of money only to, or to the order of a certain person or to the bearer of the instrument".

3. List three characteristics of a Promissory Note.

- ✓ A promissory note must be in writing.
- ✓ The promise to pay must be unconditional
- ✓ It must be signed by the maker.

4. What is meant by a cheque?

According to section 6 of the Negotiable Instruments Act, 1881 defines a cheque as "a bill of exchange drawn on a specified banker and not expressed to be payable otherwise than on demand".

5. Define Endorsement

"When the maker or holder of a negotiable instrument signs the name, otherwise that as such maker for the purpose of negotiation, on the back or face thereof, or on a slip of paper annexed thereto or so signs for the same purpose a stamped paper intended to be completed as a negotiable instrument, he is said to endorse the same and is called the endorsee". - Section 15 of the Negotiable instruments Act 1881

Chapter 23

1. Mention any two features of entrepreneurs.

- Entrepreneur as a Risk Bearer
- Entrepreneur as an Innovator

2. List down the managerial functions of entrepreneurs.

Planning	Organising	
Directing	Controlling	Co ordination

3. List down the promotional functions of entrepreneurs.

- Choice of form of enterprise
- Fulfilment of the formalities
- Preparation of Business Plan
- Mobilisation of funds

4. Define Intrapreneur

Intrapreneurs as "dreamers who do. Those who take hands-on responsibility for creating innovation of any kind, within a business". Pinchot

5. List the problems faced by the women entrepreneurs

- Problem of Finance
- Limited Mobility
- Lack of Education
- Lack of Network Support

Chapter 24

1. What is the other name of business entrepreneur?

- He/she is the one who conceives an idea for a new product/service and establishes a business enterprise to translate his idea into reality. Business entrepreneur is called solo entrepreneur.

2. Mention the other name for corporate entrepreneur.

- He/she takes initiative necessary to start an entity under corporate format.
- He/she arranges to fulfil the formalities to start a corporate entity under Company law. Corporate entrepreneur is called promoter.

3. Who are agricultural entrepreneur?

- Agricultural entrepreneurs are those entrepreneurs who raise farm products and market them.
- Those who raise allied products like poultry, meat, fish, honey, skin, agricultural implements, flower, silk, fruits, prawn etc., are called agricultural entrepreneur.

4. State the name of the following ventures:

a. Started by individuals for profit motive	:	Motivated Entrepreneur
b. Started by Government	:	State Entrepreneur
c. Started by individuals and Government together	:	Joint Entrepreneur
d. Started as a family business	:	Classical Entrepreneur

5. Give some examples of pure entrepreneurs

- Pure entrepreneurs are individuals who are pushed to enter into venture by psychological and economic motives. Example Dhirubai Ambani, Jamshadji Tata

Chapter 25

1. Name any four Governmental Entrepreneurial schemes.

- Startup India
- Make in India
- Stand-Up India
- National Skill Development Mission

2. Give a note on 'Digital India'.

- The Digital India initiative has been launched to modernize the Indian economy to make all government services available electronically.
- The initiative aims at transforming India into a digitally-empowered society and knowledge economy with universal access to goods and services.

3. State any three entrepreneurial development schemes of Government of Tamil Nadu.

- New entrepreneur - cum - enterprise development scheme (NEEDS)
- AMMA Skill Training and Employment Scheme.
- Dairy Entrepreneurship Development Scheme

4. List down the two types of finance.

- Entrepreneur requires two types of finance namely **long term and short term**.
- While long-term requirements are needed for acquiring fixed assets,
- Short-term requirement are meant for meeting working capital needs.

5. Mention the time period of Provision Registration Certificate.

- Entrepreneur has to apply for Provisional Registration certificate.
- It will be issued to entrepreneur after the fulfilment of certain conditions for a period of one year subject to renewal of two periods of six months duration.

Chapter 26**1. Who is called as Promoters?**

Promotion stage begins when the idea to form a company comes in the mind of a person. The person who envisages the idea is called a 'promoter'.

2. What is Share?

- ✓ A part or portion of a larger amount which is divided among a number of people, or to which a number of people contribute to capital is called as shares..

3. What do you mean by Equity Share?

- ✓ Those shares which are not called as preference share are known as Equity share
- ✓ The share of a company which do not have any preferential rights with regard to dividend and repayment of share capital company owners of the shares is known as equity shares.

4. What do you understand by Preference Share?

The term 'preference shares' mean that part of the share capital the holders of which have a preferential right over payment of dividend (fixed amount or rate) and repayment of share capital in the event of winding up of the company.

5. What is Sweat Equity Shares?

- ✓ Sweat Equity Shares can be issued at Discount.
- ✓ Sweat Equity Shares means issue of shares to employees or directors at a lower price for cash or other than Cash, in lieu of providing know-how or making available rights in the nature of intellectual property rights or any value additions.

6. What is Bonus Shares?

Bonus share means to utilize the company's reserves and surpluses, issue of shares to existing shareholders without taking any consideration is known as Bonus Shares.

7. What is Right Shares?

- ✓ Right shares are the shares which are issued by the company, with the aim of increasing the subscribed share capital of the company by further issue, if it is authorized by its Articles.
- ✓ The right shares are primarily issued to the existing equity shareholders through a letter of an issue, on pro rata basis.

8. What is Private placement?

- ✓ Private placement means offer of securities or invitation to subscribe to securities to a select group of persons through private placement offer letter.
- ✓ The number of subscribers under private placement should not exceed 50 members or such numbers prescribed.

9. Define Share Warrant.

A Share Warrant is a document issued by the company under its common seal, stating that its bearer is entitled to the shares or stock specified therein. Share warrants are negotiable instruments. They are transferable by mere delivery without registration of transfer.

10. What is Debentures?

When a company needs funds for extension and development purpose without increasing its long term share capital, it can borrow from the general public by issuing certificates for a fixed period of time and at a fixed rate of interest.

Chapter 27

1. Define Director.

The Companies Act 2013 section 2 (34) defines a director appointed to the board of a Company is "A Person who is appointed or elected member of the Board of Directors of a company and has the responsibility of determining and implementing policies along with others in the board. It is not necessary to, hold any shares in the company or be an employee. Directors act on the basis of resolutions made in the Board of Directors meeting according to their powers stated in the Articles of Association of the company."

2. Name the companies required to appoint KMP.

- Every Listed Company
- Every Public Company

3. Who is whole time Director?

A Director is one who devotes whole of his time of working hours to the company and has a significant personal interest in the company as the source of his income.

4. Who is called as Managing Director?

A Director is one who is employed by the company and has substantial powers of management over the affairs of the company subject to superintendence, direction and control of the board.

5. Who can be Executive Director?

An executive director is a Chief Executive Officer (CEO) or Managing Director of an organization, company, or corporation, who is responsible for making decisions to complete the mission and for the success of the organisation.

Chapter 28

1. Who is a Secretary?

- The word secretary has originated in Latin. The Latin word 'Secretarius' which means secret.
- The person who is responsible for the general performance of an organization is called company secretary.

2. Define Meeting?

A company meeting must be organized and held in perfect compliance with the various provisions of the Act and the rules framed thereunder. It is essential that the business dealt with at the meetings, should be validly transacted and not liable to be questioned later due to any irregularity.

3. What is Resolution?

- As per the Companies Act 2013, for taking any decision or executing any transaction, the consent of the shareholders, the Board of Directors and other specified is required.
- The decisions taken at a meeting are called resolutions.

4. Write short note on 'Proxy'?

- A proxy is a person who is designated by another to represent that individual at a meeting or before a public body.
- It also refers to the written authorization allowing **one person to act on behalf of another.**

5. What is Vote?

- The word 'Vote' originated in Latin word 'Votum' indicating one's wishes or desire.
- By casting his vote one formally declaring his opinion or wish in favour of or against a proposal or a candidate to be elected for an office.

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