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MYDEEN MATRIC. HR. SEC. SCHOOL, MELACAUVERY - KUMBAKONAM**+1 COMMERCE -2019-20****5 MARKS QUESTIONS****UNIT – 1 (Full)****1. What are the hindrances of business?****i. Hindrance of place**

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

ii. Hindrance of time

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

iii. Hindrance of risk of loss

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

iv. Hindrance of knowledge

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

v. Hindrance of finance

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

2. State the constraints in barter system.**i). Lack of double coincidence of Wants**

- Unless two persons who have surplus have the demand for the goods possessed by each other, barter could not materialize.

ii). Non – existence of common measure of value

- Barter system could not determine the value of commodities to be exchanged as they lacked commonly acceptable measures to evaluate each and every commodity.
- It was difficult to compare the values of all articles in the absence of an acceptable medium of exchange.

iii). Lack of direct contact between producer and consumers

- It was not possible for buyers and sellers to meet face to face in many contexts for exchanging the commodities for commodities.
- This hindered the process of barter in all practical sense.

iv). Lack of surplus stock

- Absence of surplus stock was one of the impediments in barter system. If the buyers and sellers do not have surplus then no barter was possible.

3. Explain the development of Commerce and Trade in North India.

- Balban was the first sultan who paved the way in the dense forest and helped traders to move from one market place to others.
- Moorish traveler described the teeming market of big cities in the Genetic plains, Malwar, Gujarat and South India.
- The important trade centers were Delhi, Mumbai, Ahmadabad, Sonar, Sonar goon, Jaunpur, Lahore.
- India's handicraft commanded a good foreign market.
- India imported horses, dry fruits, precious stones, glassware, raw silk, corals, etc.. from Kabul, Arabia, Europe, West Asia and China.

4. Briefly explain the coastal trade in ancient Tamilnadu.

- The 'Maruvurappakam' and 'Pattinapakkam' had market and bazaars.
- Where many merchants met one another for the purpose of selling or buying different kinds of commodities.
- Port towns like Tondi, Korkai, Puhar and Muziri were always seen as busy markets with imports and exports.
- Coastal region people engaged in coastal trade and developed their intercontinental trade contacts.
- Boats like 'Padagu', 'Thimil', 'Thoni', 'Ambu' 'Odampunai' etc... were used to cross rivers.

5. What do you know about the overseas trading partners of ancient Tamilnadu?

- Foreigners who transacted business were known as Yavanars.
- Arabs who traded with Tamil were called 'Jonagar'.
- Pattinappalai praised Kaveripumpattinam as a city where various foreigners of high civilization.
- Many such ports were developed during the Sangam period.
- Kaveripumpattinam was the chief port of the Kingdom of Cholas.

6. Explain the characteristics of Business (or) Commerce.*** Production or Procurement of Goods:**

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

*** Sale, Transfer or Exchange:**

- There must be sale or exchange of goods or services.
- When a person weaves cloth for his personal consumption, it is not business because there is no transfer or sale.

*** Dealing in Goods and Services:**

- Goods produced or procured may be consumer goods like cloth, pen, brush, bag etc., or producer-goods like plant and machinery.
- Services refer to activities like supply of electricity, gas or water, transportation, banking, insurance

*** Regularity of Dealings:**

- An isolated dealing in buying and selling does not constitute business.
- The transactions must be regular.
- The buying and selling must be recurrent to constitute business.

*** Profit Motive**

- An important feature of business is profit motive. Business is an economic activity by which human beings make their living.
- It is in fact, the attraction of profit which spurs people to do business.

7. Compare business with profession and employment?

S.no	Transactions	Business	Profession	Employment
1	Nature of Work	Goods and services provided to the public	Personalized service of expert nature	Performing work assigned by the employer
2	Qualifications	No qualification is essential	Education and training in specialized field	Minimum qualification is essential
3	Capital	Capital required as per size of the firm	Limited capital necessary for establishment	No capital required
5	Risk	Profits are uncertain and irregular	Fee is regular and certain, never negative	Fixed and regular pay, no risk
5	Transfer of Interest	Possible	Not possible	Not transferable

8. Discuss any five objectives of business?

*** Economic Objectives:**

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

*** Social Objectives:**

- ▲ It's desired to be achieved for the benefit of the society.
- ▲ Since business operates in a society by utilizing its scarce resources,
- ▲ No activity of the business should be aimed at giving any kind of trouble to the society.

*** Organizational Objectives:**

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

*** Human Objectives:**

- ▲ It's aimed at the well-being as well as fulfillment of expectations of employees as also of people who are disabled, handicapped and deprived of proper education and training.

*** National Objectives:**

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

9. Distinguish between economic and non economic activity.

S.no	Transactions	Economic Activity	Non-Economic Activity
1	Definition	Those activities which are undertaken to earn money or financial gain for livelihood.	Those activities which are undertaken for the sake of pleasure, performed out of love, sympathy, sentiments etc.
2	Money Measurement	It can be valued in monetary terms	It cannot be valued in monetary terms
3	Relationship	To creation of wealth.	Do not create wealth.
4	Duration	It's repetitive.	It's not repetitive.
5	Source of Initiation	It's initiated to satisfy human needs and wants	It's initiated to the satisfy emotional pleasures.

10. Explain the various kinds of industries on the basis of size.**1) Micro Industries :**

- * A Unit where in investment in plant and machinery is upto Rs. 25 lakhs in case of manufacturing and upto Rs. 10 lakhs in case of service enterprises.

2) Small Industries :

- * A manufacturing unit wherein investment in plant and machinery is more than 25 lakhs but does not exceed Rs. 5 crores.
- * In case of service enterprises these limits are Rs. 10 lakhs and Rs. 2 crores respectively

3) Medium Industries :

- * A manufacturing unit wherein investment in plant and machinery is more than 5 crores but does not exceed Rs. 10 crores.
- * In case of service enterprises these limits are Rs. 2 crores and Rs. 5 core respectively

4) Large Industries :

- * A manufacturing unit wherein investment in plant and machinery is exceeds Rs. 10 core.
- * In case of service unit investment in equipment exceeds Rs. 5 crores.

11. Compare Industry, Commerce and Trade.

S.no	Transactions	Industry	Commerce	Trade
1	Meaning	Extraction, reproduction, conversion, processing and construction of useful products	Activities involving distribution of goods and services	Purchase and sale of goods and service
2	Capital	Large Capital	Medium of capital	Small Capital
3	Risk	High Risk	Low Risk	No Risk

4	Side	It represents Supply Side	It represents Demand Side	It represents both supply and demand
5	Utility Creation	It creates form utility	It creates place utility	It creates possession utility

12. What are the characteristics of commerce?

i). Economic Activity:

- ⬆ It consists of activities which are undertaken for earning profits.
- ⬆ A trader buys goods with the aim of selling them at a profit.

ii). Exchange of Goods and Service:

- ⬆ It involves exchange and distribution of goods and service.
- ⬆ Goods may be purchased for sale.
- ⬆ Commerce comprises trade and aids of trade.

iii). Profit Motive:

- ⬆ The motive of commercial activities is to earn profit.
- ⬆ Any activity which does not have the aim of profit will not be a part of commerce

iv). Regularity of Transaction:

- ⬆ An isolated transaction does not imply commerce.

v). Creation of Utilities:

- ⬆ Commerce Creates Place utility, time utility for help to increase the volume of trade.

13. Write short notes on:

a. Analytical industry:

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

b. Genetic Industry:

These industries remain engaged in breeding plants and animals for their use in further reproduction.

Example: The seeds, nursery companies, poultry, dairy, piggery, hatcheries, nursery, fisheries, apiary etc

c. Construction Industry:

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

14. Briefly explain the auxiliaries to trade.

i) Trade:

- ⬆ Trade is an essential part of commerce.
- ⬆ The term 'trade' is used to denote buying and selling.
- ⬆ It helps in making the goods produced available to ultimate consumers.
- ⬆ Trade may be classified into internal trade and external trade, wholesale trade or retail trade.

ii. Transportation:

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

iii. Banking:

- ⬆ To start the business or to run it smoothly we require money.
- ⬆ Banks supply money.
- ⬆ Necessary funds can be obtained from bank.
- ⬆ Thus, banking helps business activities to overcome the problem of finance.

iv. Insurance:

- ⬆ Business involves various types of risks.
- ⬆ Factory building, machinery, furniture etc, must be protected against fire, theft and other risks.
- ⬆ Employees are also required to be protected against the risks of accident and occupational hazards.
- ⬆ Insurance provides protection in all such cases.

v. Warehousing:

- ⬆ Warehousing helps business firms to overcome the problem of storage and facilitates the availability of goods when needed.
- ⬆ Prices are thereby maintained at a reasonable level through continuous supply of goods.

UNIT - 4 (Full)**15. Enumerate the characteristics of franchising.**

- * Franchise relationship is based on an agreement which lays down terms and conditions of this relationship.
- * The term of franchise may be for 5 years or more.
- * The franchise agreement may be renewed with the mutual consent of the parties.
- * The franchiser virtually sets up the business for the franchisee.
- * Franchisee is supposed to follow parent company's policies regarding mode of business operations, as per clauses in the franchise agreement.
- * Franchiser may give training to personnel working in the franchisee's organization.

16. lucidate the features of factoring.**i) Maintenance of book-debts**

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

ii) Credit coverage

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

iii) Cash advances

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

iv) Collection service

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

v) Advice to clients

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

17. Describe the benefits of Outsourcing.**i). Focusing on Core Activities**

- * Companies can focus on their core competence, a few areas where the company has distinct capability.
- * The rest of the activities can be outsource to outside agencies.

ii). To Fill up Economic Development

- * Outsourcing stimulates entrepreneurship, encourages employment opportunities, expands exports, enables tremendous growth of the economy.

iii). Encourages Employment Opportunities

- * Companies that are outsourcing their non core activities provide chances for other small business units to take up the activities.
- * This paves way for more job opportunities and new employment avenues.

iv). Reduction in Investment

- * Companies through outsourcing avail's the services of outsiders which in turn reduces the investment requirements.
- * The amount so available can be utilized productively and this increases the profits.

v). Quest for Excellence

- * Outsourcing enables the firms to pursue excellence in two ways namely excelling themselves in the activities they do and excel outsiders by extending their capabilities through contracting out.

18. Explain the points of differences between BPO and KPO.

S.no	BPO	KPO
1	It focus is on process experience.	It focus is on knowledge.
2	It does not require highly skilled people.	It requires highly skilled people.
3	Business process outsourcing.	Knowledge process outsourcing.
4	BPO is more about size, volume and efficiency.	KPO derives its strength from the depth of Knowledge, Experience and Judgment factor.
5	It includes call centre, data entry, etc.,	It includes Research and Development, Data analysis, Learning Solutions, Animation and Design, Medical Services etc.,

19. Write a note on e-commerce models.**i). Business to Customers (B 2 C)**

- ✓ This is fastest growing segment in e – commerce space.
- ✓ Under this model, business concern sells directly to consumers

ii). Business to Business (B 2 B)

- ✓ Under the model, business concerns transact with one another through internet.
- ✓ For instance, Snapdeal, Flipkart, Alibaba, Indiamart, Trade India. Com etc.

iii). Consumer to Consumer (C 2 C)

- ✓ Under this model, customers sell directly to other customers through online classified advertisement or through auction or through mobile or through market places.

iv). Customer to Business (C 2 B)

- ✓ This model is reverse to auction model.
- ✓ Products like automobile, electronic items furniture.
- ✓ Ex.: Naukri.com, and Monster.com are examples of Indian companies operating in this domain

v). Business to Government (B 2 G)

- ✓ This model envisages selling products and services by business consumer to Government organization.
- ✓ For instance TCS operates the passport application process for the Government of India as part off - line process.

UNIT – 5 (Full)**20. Explain in detail the concept and need for Social Responsibility?****Meaning:**

- ✓ Every businessman earns prosperity from business and should give back the benefit of this prosperity to society.
- ✓ This benefit is the moral responsibility of business.

Need for Social Responsibility:**i). Creation of Society**

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

ii). Social Power:

- * Businessmen have considerable social power.
- * Their decisions and actions affect the lives and fortunes of the society.
- * Businessmen should assume social obligations commensurate with their social power.

iii). Free Enterprise:

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

iv). Image in the Society

- * A business can improve its image in public by assuming social obligations.
- * Good relations with workers, consumers and suppliers help in the success of business.

v). Law and Order

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

21. Illustrate with examples the arguments for Social Responsibility?**i). Protection of Stakeholders Interest**

- * A business organisation is a coalition of several interest groups or stakeholders.
- * Example – shareholders, customers, employees, suppliers, etc.
- * Business should, therefore, work for the interest of all of them rather than for the benefit of shareholders.

ii). Promotion of Society

- * Business is a sub-system of society.
- * It draws support and sustenance from society in the form of inputs.
- * Socially responsible behavior is essential to sustain this relationship between business and society.

iii). Assessment of Social Impact

- * During the course of its functioning, a business enterprise makes several decisions and actions.
- * Its activities exercise a strong influence on the interests and values of society.
- * Business must fulfill social obligations as a compensation for undermining the legitimate interests of society.

iv). Organized Social Power

- * Large corporations have acquired tremendous social power through their multifarious operations.
- * Social power may be misused in the absence of social responsibility.
- * There should be a equilibrium between social power and social responsibility.

v). Public Opinion

- * Adoption of social responsibility as an objective will help to improve the public opinion of business.
- * A good public image is a valuable asset for business.
- * For example maintaining parks, traffic islands and organizing awareness camps etc.,

22. What are the arguments against Social Responsibility?**i). Dilution of Economic Goals**

- * By accepting social responsibility, business will compromise with economic goals.
- * Business is an economic institution and its only responsibility is to make maximum possible profits for its owners.

ii). Lack of Social Skill

- * Business organizations and their managers are not familiar with social affairs.
- * There are special social service organizations such as Government and Non-Governmental Agencies which can better deal with social problems.

iii). Burden on Consumers

- * If business deals with social problems, cost of doing business would increase.
- * These costs will be passed on to consumers in the form of higher prices.
- * This would lead to taxation without representation.

iv). Responsibility without Power

- * Business organizations possess only economic power and not social power.
- * It is unjust to impose social responsibilities with social power.
- * If business is allowed to intervene in social affairs it may perpetuate its own value system.

v). Misuse of Responsibilities

- * Acceptance of social responsibilities will involve diversion of precious managerial time and talent on social action programmes.
- * It may result in dilution of valuable corporate resources.

23. Discuss the different groups benefited out of Social Responsibility of business?**i). Responsibility towards Owners**

- * Run the business efficiently.
- * Proper utilization of capital and other resources.
- * Growth and appreciation of capital.
- * Regular and fair return on capital invested.

ii). Responsibility towards Investors

- * Ensuring safety of their investment,
- * Regular payment of interest,
- * Timely repayment of principal amount.

iii). Responsibility towards Employees

- * Timely and regular payment of wages and salaries.
- * Proper working conditions and welfare amenities.
- * Opportunity for better career prospects.
- * Timely training and development.

iv). Responsibility towards Suppliers

- * Dealing on fair terms and conditions.
- * Availing reasonable credit period.
- * Timely payment of dues.

v). Responsibility towards Customers

- * Products and services must be able to take care of the needs of the customers.
- * Products and services must be qualitative
- * There must be regularity in supply of goods and services

24. How do you classify Social Responsibility?**i). Economic Responsibility**

- * A business enterprise is basically an economic entity.
- * Its primary social responsibility is economic produce goods and services that society wants and sells them at a profit.
- * There is little discretion in performing this responsibility.

ii). Legal Responsibility

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

iii). Ethical Responsibility

- * This includes the behavior of the firm that is expected by society but not codified in law.
- * Example: respecting the religious sentiments and dignity of people while advertising for a product.
- * There is an element of voluntary action in performing this responsibility.

iv). Discretionary Responsibility

- * This refers to purely voluntary obligation that an enterprise assumes, for instance, providing charitable contributions to educational institutions or helping the affected people during floods or earthquakes.

25. Explain the different key elements of business ethics.**i). Top Management Commitment**

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

ii). Publication of a “Code”

- Generally organisations formulate their own ethical codes for the conduct of the enterprise; It

should followed by the employees of the organisation.

- The organisation principles are defined in the written document called code.

iii). Establishment of Compliance Mechanism

- To make sure that actual decisions match with a firm's ethical standards, suitable mechanism should be established.
- Any organisation following ethical codes in training, recruitment, selection etc., is sure to be profitable.

iv). Involving Employees at All Levels

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

v). Measuring Results

- The organisations from time to time keep a check on ethical practice followed.
- Although it is difficult to accurately measure the end results of ethics programmes.
- The firms can certainly audit to monitor compliance with ethical standards.

26. Describe the code of business ethics.

The code of business ethics can include the following:

- * To offer goods at fair prices.
- * To supply quality goods and not to deal in spurious and sub standard products.
- * To listen to consumer's complaints and to reduce them.
- * To pay fair wages to its employees and not to exploit them.
- * To provide congenial work atmosphere.
- * To keep proper books of accounts and records.
- * To pay taxes regularly.

27. Explain the significance of Corporate Governance from the point of Stakeholders.

- * Good corporate governance enables corporate success and economic development.
- * Ensures stable growth of organizations.
- * Aligns the interests of various stakeholders.
- * Improves investors' confidence and enables raising of capital.
- * Reduces the cost of capital for companies.
- * Eliminates wastages, corruption, risks and mismanagement.

28. Discuss the role of International Benchmarking on the working of Companies in India

i). ASIA:

- Independent Directors are a requirement for listed companies in all Asian economies.
- The 2012 Singapore corporate governance code recommends a majority of Independent Directors.
- Committees of Boards such as audit, remuneration and Board nomination are required in all Asian economies except Vietnam.
- In China, the Audit Committee is to be composed of Independent Directors only.

The USA

- The Council of Institutional Investors, Corporate Governance Policies state that at least 2/3rd of the directors should be independent.
- The Nominating and Corporate Governance Committee is one of the three standing committees, along with Audit Committee and Compensation Committee, required by NYSE, to be composed entirely of Independent Directors.
- Formulation of various Committees:
 - Audit Committee,
 - Advisory Committee,
 - Stakeholder Relationship Committee

JAPAN

- In early 2014, Japanese Prime Minister announced the goal of increasing the percentage of women in executive positions at Japanese companies to 30% by 2020.

The UK

- UK businesses had voluntary targets first set in 2011 i.e. to have 25% women on FTSE100 Boards by 2015.

The Canada

- At the federal level, two bills are currently being tabled which will impose a 40% quota for female Board members of public companies and other regulated entities such as bank and insurance companies.

29. Describe the benefits of increasing the number of MNCs.

1. Considers opportunities throughout the globe though they do the business in a few countries.
2. To invest considerable portion of their assets internationally.
3. They are huge business organisation.
4. It engages in international production and operates plants in a number of countries.
5. They take managerial decisions on a global perspective.
6. They produce in one or a few countries and sell them in most of the countries.

UNIT – 9 (Full)**30. Explain the essentials of a Valid Contract****i). Offer and Acceptance**

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

ii). Legal Relationship

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

iii). Lawful Consideration

- As per Contract Act under Sec.2 (d) Consideration means something in return.
- A contract without consideration becomes invalid.
- It may be in cash or kind or in any form as specified in the act.

iv). Lawful Object (Section 23)

- The object of agreement should be lawful and legal.
- It must not be immoral, illegal or opposed to public policy.
- Two persons cannot enter into an agreement to do a criminal act.

v). Free Consent (Section 13 & 14)

- Consent of the parties must be free and genuine. Consent means agreeing upon same thing in the same sense at the same time i.e. there should be consensus – ad – idem.
- Consent is said to be free when it is not caused by coercion, undue influence, fraud, misrepresentation or mistake.

31. Difference between Contract and Agreement.

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

32. Explain the classification of Contract on the basis of the Validity.**i). Valid Contract**

- An agreement which fulfils all the essentials prescribed by law on the basis of its creation.

For example S offers to sell his car for Rs.2,00,000 to T. T agrees to buy it valid contract

ii). Void Contract (2(j))

- A contract which ceases to be enforceable by law.
- A contract which does not satisfy any of the essential elements of a valid contract is said to be Void.
- For example A contract between drug dealers to buy and sell drugs is a void contract.

iii). Voidable Contract 2(i)

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

iv). Illegal Contract

- It is a contract which is forbidden by law.
- All illegal agreements are Void but all void agreements or contracts are not necessarily illegal.
- Contract that is immoral or opposed to public policy are illegal in nature.

v). Unenforceable Contract

- Where a contract is unenforceable because of some technical defect i.e. absence in writing barred by imitation etc.
- If the parties perform the contract it will be valid, but the court will not compel them if they do not

33. Explain the classification of Contract on the basis of the Formation.**i). Express Contract**

- A contract made by word spoken or written.
- According to Section. 9, in so far as the proposal or acceptance of any promise is made in words, the promise is said to be express.

ii). Implied Contract

- The implied contract is one, which is not expressly written but understood by the conduct of parties.
- Where the proposal or acceptance of any promise is made otherwise than in words, the promise is said to be implied.

iii). Quasi Contract

- It is a contract created by law. Actually, there is no contract.
- It is based on the principle that “a person shall not be allowed to enrich himself unjustly at the expenses of the other.

iv). Tacit Contract

- A contract is said to be tacit when it has to be inferred from the conduct of the parties.
- For example obtaining cash through automatic teller machine, sale by fall of hammer of an auction sale.

34. Explain the classification of Contract on the basis of the Performance.**i). Executed Contract**

- A contract in which both the parties have fulfilled their obligations under the contract.
- For example X contracts to buy a car from Y by paying cash, Y instantly delivers his car.

ii). Executory Contract

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

iii). Unilateral Contract

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

iv). Bilateral Contract

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

35. Explain rules relating to place of performance of promise

- It is only the promisee for whom the contract is performed.

- Only the promisee can demand the performance of the promise under a contract.
- For Example: X promises Y to pay Z ₹ 10,000/-. X does not pay the sum to Z.
- Here Z cannot bind X for the payment.
- It is only promisee Y who can enforce the promise against the promisor X.
- Of course, there are certain special cases, where a third party can enforce a promise though he is not a party to the contract.
- For example in respect of trust, marriage settlement etc.
- In case of death of promisee, the representative appointed by him can ask for the performance of the promise under a contract.

36.. Elucidate the provision regarding time factor in performance.

i). Under Section 46, performance within a reasonable time:

- According to Section 46, a promisor is to perform his promise within a reasonable time.
- On the other hand, reasonable time will depend upon the circumstance of the case, the usage of trade or on the intention of the parties entering into the contract.

ii). Under Section 47, specified time and place for performance:

- If the promise is to be performed on a certain day, the promisor may undertake to perform it without application of the promisee.
- According to the Section 47, In such a case the promisor may perform the promise at any time during the usual hours of business on such day and at the place at which the promise ought to be performed.

37. How do you think appropriation of payments takes place?

Appropriation means application of payments – The question of appropriation of payments arises when a debtor owes several debts to the same creditor and makes a payment that is not sufficient to discharge the whole indebtedness.

i). Appropriation of Payments

- Sometimes, a debtor owes several distinct debts to the same creditor and he makes a payment which is insufficient to satisfy all the debts.
- In such a case, a question arises as to which particular debt the payment is to be appropriated. Section 59 to 61 of the Act lay down following rules as to appropriation of payments which provide an answer to this question.

ii). Application of payment where debt to be discharge is not indicated [60]

- If section 60 is attracted, the creditor shall have the discretion to apply such payment for any lawful debt which is due to him from the person making the payment.

iii). Application of payment where neither party appropriates [61]

- The payment shall be applied in discharge of the debts in order of time whether they are or are not based by the limitation Act 1963.
- If the debts are of equal standing the payment shall be applied in discharge of each of these debts proportionately.

38. Explain the ways of discharge of Contract?

i). Discharge by Performance

- Performance implies carrying out the obligation of the contract.
- Performance must be completed according to the real intentions of the agreement.
- Performance of contract may be of two types namely:
 - * Actual performance|
 - * Attempted performance|

ii). By Agreement on Consent:

- Agreement between the parties comes to an end by mutually agreeing for it.|
- Any contract is created by an agreement, hence in the same way.|
- The consent may be of the following types|
 - (i) **Express:** Express consent may be given at the time of formation of the contract to its formation
 - (ii) **Implied:** The contracts are also discharged by implied consent, different modes of discharge by implied consent are mentioned below
 - (a) Novation, (b) Alteration, (c) Recession, (d) Remission,
 - (e) Accord and Satisfaction, (f) Waiver and (g) Merger

iii). By Impossibility of performance:

- A contract may be discharged if its performance becomes impossible. The rule of impossibility of performance is based on the following maxims
- The law does not recognize what is impossible and
- What is impossible does not create an obligation.|

iv). By Lapse of Time

- According to the Limitation Act, 1963 a contract must be performed within a specified time.
- If it is not performed within this specified time limit.
- Then the promisee is deprived of his remedy at law. In such cases, the contract is discharged.

v). By Operation of Law:

- A contract can be discharged by the operation of law.
- The operation of law by which contract can be discharged are as follows:
 - * By Death
 - * By Merger
 - * By Insolvency
 - * Unauthorized Alteration of the Terms of a Contract
 - * Rights and liabilities vesting in the same person

39. Write about the various remedies for breach of contract

(i) Rescission of Contract

- In case of breach of contract by one party, then the other parties may rescind the contract and thereby the party is absolved from his all obligations under the contract.

(ii) Claim for Specific Performance

- In some specific cases if the damages are not the adequate remedy, then the court can direct the party in breach for the specific performance of the contract.
- In such case, the promise is carried out as per terms and conditions of the contract.

(iii) Claim for Injunction

- Injunction is an order passed by a competent court restraining a person from doing some act.
- Injunction can be defined as a mode of securing the specific performance of the negative terms of a contract.

(iv) Claim for Quantum Merit

- The claim for quantum merit may arise if a contract performed by one party has become discharged by breach of the other party.
- The meaning of the phrase quantum merit is 'as much as earned'.
- The claim is not for the original contract that has been discharged or void, but on an implied promise by the other party to pay for what he has done.

(v). Claim for damages:

- 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.
- There are mainly four types of damages, such as
 - ✱ Ordinary damages
 - ✱ Special damages
 - ✱ Exemplary damages
 - ✱ Nominal damages.

40. Discuss the different types of damages awarded to the injured party.

- Damages are a monetary compensation awarded by the court to the injured party for the loss or injury suffered by him.
- As per contract, one party can claim damages if other party breach the contract.
- The main purpose of awarding the damages is to make good the loss suffered by him.
- It is known as doctrine of restitution. ↑
- The Section 73 of the Indian Contract Act, 1872 deals with the compensation for loss or damages caused by a party for breach of contract.
- There are mainly four types of damages, such as
 - * Ordinary damages
 - * Special damages
 - * Exemplary damages.

UNIT – 10 (Full)**41. Elucidate any five features of Income Tax.****i. Levied as Per the Constitution**

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

ii. Levied by Central Government

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

iii. Direct Tax

- * Income tax is direct tax.
- * It is because the liability to deposit and ultimate burden are on same person.
- * The person earning income is liable to pay income tax out of his own pocket.
- * It cannot pass on the burden of tax to another person.

iv. Annual Tax

- * Income tax is an annual tax because it is the income of a particular year which is chargeable to tax.

v. Tax on Person

- * It is a tax on income earned by a person.
- * The term 'person' has been defined under the Income tax Act.
- * It includes individual, Hindu Undivided Family, Firm, Company, local authority, Association of person or body of Individual or any other artificial juridical persons.
- * The persons who are covered under Income tax Act are called 'assessee's'

42. Define Tax. Explain the term direct tax and indirect tax with an example.**Tax:**

- * 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.

Types of Taxes

- * There are two types of taxes – direct taxes and indirect taxes.

a). Direct Tax:

- * Income tax is direct tax.
- * It is because the liability to deposit and ultimate burden are on same person.
- * The person earning income is liable to pay income tax out of his own pocket.
- * It cannot pass on the burden of tax to another person.

b). Indirect Tax

- * Indirect Tax is levied on the goods and services.
- * It is collected from the buyers by the sellers and paid by the sellers to the Government.
- * Since it is indirectly imposed on the buyers it is called indirect tax.
- * Ex. GST - Goods and Services Tax, Excise duty.

43. List out any ten kinds of incomes chargeable under the head income tax.

- * Profits and gains of business or profession.
- * Dividend.
- * Voluntary contribution received by a charitable / religious trust or university/ education institution or hospital/ electoral trust.
- * Export incentives, like duty drawback, cash compensatory support, sale of licenses, etc.,
- * Interest, salary, bonus, commission or remuneration earned by a partner of a firm from such firm.
- * Capital gain chargeable u/s 45.
- * Profits and gains from the business of banking carried on by a co- operative society with its members.
- * Deemed income u/s 41 or 59.
- * Amount received under key man insurance policy including bonus thereon.
- * Gift as defined u/s 56 (2)(vi), and others.

44. Discuss the various kinds of assesses.

- * Assessee means a person by whom any tax or any other sum of money is payable under this Act.
- * It includes every person in respect of whom any proceeding has been taken for the assessment of his income or assessment of fringe benefits.
- * The term 'person' includes the following an individual,
 - a Hindu Undivided Family (HUF),
 - a company,
 - a firm,
 - an Association Of Persons or a Body
 - Of Individual, whether incorporated or not,
 - a local authority.

45. Distinguish between direct taxes and indirect taxes.

S.No	Basis	Direct Tax	Indirect Tax
1	Incidence and Impact	Falls on the same person. Imposed on the income of a person and paid by the same person.	Falls on different persons. Imposed on the sellers but collected from the consumers and paid by sellers.
2	Burden	Tax burden is progressive on people	Tax burden is regressive.
3	Evasion	Tax evasion is possible	Tax evasion is more difficult
4	Inflation	Direct tax helps in reducing the inflation	Indirect tax contributes to inflation
5	Shiftability	Cannot be shifted to others	Can be shifted to others

46. Discuss the different kinds of GST.

GST is of three kinds: CGST, SGST/UGST, and IGST.

i). CGST

- Central Goods and Services Tax - imposed and collected by the Central Government on all supply of goods within a state (intra-state) under CGST Act 2017

ii). SGST

- State Goods and Services Tax - imposed and collected by the State Governments under State
- GST Act. (Tamil Nadu GST Act 2017 passed by Tamil Nadu Govt.)

iii). UGST

- Union Territory Goods and Services Tax - imposed and collected by the five Union Territory Administrations in India under UGST Act 2017.

iv). IGST

- Inter-State Goods and Services Tax - imposed and collected by the Central Government and the revenue shared with States under IGST Act 2017.

v). IGST on exports

- All exports are treated as Inter-State supply under GST. Since exports are zero rated, GST is not imposed on all goods and services exported from India.
- Any input credit paid already on exports will be refunded.

47. Elucidate the merits of GST.**A. To the Society and country**

- * It will boost manufacturing, export, GDP leading to economic growth through increase in economic activity.
- * Creation of more employment opportunities which will result in poverty eradication.
- * It will bring more tax compliance (more tax payers) and increase revenue to the Governments.
- * It is transparent and will improve India's ranking in the 'Ease of Doing Business' in the world.
- * Uniform rates of tax will reduce tax evasion and rate arbitrage between States.

B. To Business Community

- * Simpler Tax System with fewer exemptions. 17 taxes were abolished and one tax exists today.
- * Common procedures, common classification of goods and services and timelines will lend greater certainty to taxation system.
- * GSTN facility will reduce multiple record keeping, lesser investment in manpower and resources and improve efficiency.
- * All interactions will be through common GSTN portal and will ensure corruption free administration.
- * Uniform prices throughout the country. Expansion of business to all states is made easy.

C. To Consumers

- * Input tax credit allowed will lower the prices to the consumers.
- * All small retailers will get exemption and purchases from them will cost less for the consumers.

48. Compare CGST, SGST and IGST.

S.no	Basis	CGST	SGST	IGST
1	Meaning	CGST means Central goods and service tax to replace the existing tax like service tax, excise, etc.	SGST means State goods and service tax, replace the existing tax like sales tax, luxury tax, entry tax, etc.	IGST refers to it is a combined form of CGST and IGST and it is levied by central government.
2	Collection of tax	Central government	State government	Central government
3	Applicability	Intra-state supply	Intra-state supply	Inter-state supply
4	Registration	No registration till the turnover crosses 20 lakhs	No registration till the turnover crosses 20 lakhs	Registration is mandatory
5	Composition	The dealer can use the benefit up to 75 lakhs under the composition scheme.	The dealer can use the benefit up to 75 lakhs under the composition scheme.	The composition scheme is not applicable in interstate supply.

Padasalai

UNIT – 2 (Importance Only)**49. What are the advantages of Sole trading business?****i. Easy Formation:**

- ⬆ No legal formalities are required to initiate a sole trading concern.
- ⬆ Any person capable of entering into a contract can start it, provided he has the necessary resources for it.

ii. Incentive to Work hard:

- ⬆ There is a direct relationship between effort and reward.
- ⬆ The fact that the entire profit can be taken by himself without sharing with anybody else induces him to work ceaselessly.

iii. Small Capital:

- ⬆ Small capital is an important as well as specific advantage of sole proprietorship.
- ⬆ Sole proprietor can start business with small capital.

iv. Credit Standing:

- ⬆ Since his private properties are held liable for satisfying business debts.
- ⬆ He can get more financial assistance from others

v. Flexibility:

- ⬆ The sole trader can easily adjust himself to the changing requirements of his business.

50. Can a minor is admitted in the Joint Hindu Family business – Why?

- ⬆ In a partnership minor cannot become co-partner though he may be admitted to the benefit of partnership.
- ⬆ In a joint hindu family firm even a new born baby can be a partner.
- ⬆ The member ship of the family can be acquired only by birth.
- ⬆ As soon as the male child is born in the family that child become a member.

51. What are the contents of Partnership Deed?

- ⬆ Name of the Firm
- ⬆ Nature of the proposed business
- ⬆ Duration of partnership
- ⬆ Capital contribution
- ⬆ Withdrawal from the firm
- ⬆ Interest on capital
- ⬆ Loan from partners
- ⬆ Retirement
- ⬆ Goodwill valuation

52. Explain the types of dissolution of partnership firm.

a. Without the order of the court and b. By order of the court.

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

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

ii. By insolvency of all the partners but one:

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

iii. When the objective becomes illegal:

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

iv. By notice of dissolution:

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

b. Dissolution through court:

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

1. When a partner becomes insane
2. Permanent incapacity of any partner
3. Misconduct of any partner
4. Transfer of interest to third person
5. Continued loss
6. When the court finds that it is just and equitable to dissolve the firm.

53. What are the principles of cooperatives? (Any 5)**i. Voluntary and Open Membership:**

- Cooperatives are voluntary organizations, open to all people able to use its services without gender, social, racial, political or religious discrimination.

ii. Democratic Member:

- Control Cooperatives are democratic organizations controlled by their members.
- Those who buy the goods or use the services of the cooperative.
- Who actively participate in setting policies and making decisions.

iii. Member's Economic Participation:

- Members contribute equally to, and democratically control, the capital of the cooperative.
- This benefits members in proportion to the business they conduct with the cooperative rather than on the capital invested.

iv. Autonomy and Independence:

- ❖ Cooperatives are autonomous, self-help organizations controlled by their members.
- ❖ If the co-operative organization enters into agreements with other organizations or raises capital from external sources.

v. Education, Training, and Information”

- Cooperatives provide education and training for members, elected representatives, managers and employees so they can contribute effectively to the development of their cooperative.
- Members also inform the general public about the nature and benefits of cooperatives.

54. What are the types of Cooperative society?**i). Consumers Cooperatives:**

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

ii). Producers Cooperatives:

- Producer cooperatives are established and operated by producers.
- Producers can decide to work together or as separate entities to help increase marketing possibilities and production efficiency.

iii). Marketing Cooperatives:

- It's are associations of small producers formed for the purpose of marketing their produce.
- It's perform certain marketing functions such as grading, warehousing, advertising etc.,
- They secure better prices for their members by transporting goods even to distant markets.

iv). Credit Cooperatives:

- It's formed for the purpose of providing short-term financial help to their members.
- Agriculturists, artisans, industrial workers, salaried employees, etc., form these credit societies.
- Credit societies may be agricultural credit societies or non-agricultural credit societies.

v). Housing Cooperatives:

- It means to provide residential accommodation to their members on ownership basis or on rent.
- People who intend to build houses of their own join together and form housing societies.
- These societies advance loans to members, repayable over a period of 15 to 20 years.

UNIT – 3 (Importance Only)**55. Explain the organizational structure of RBI.**

- The head office of the RBI is situated in Mumbai. This central office has 33 departments in 2017.
- It has four zonal offices in Mumbai, Delhi, Calcutta and Chennai functioning under local boards with deputy governors as their heads.
- It also has 19 regional offices and 11 sub-offices (2017).
- The RBI is governed by a Central Board of Directors.
- The 21 member board is appointed by the Government of India. It consists of;
 1. One governor and four deputy governors appointed for a period of four years,
 2. Ten directors from various fields
 3. Two Government officials
 4. Four directors - one each from local boards.

56. Explain the different types of warehouses.**a. Private Warehouses**

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

b. Government Warehouses

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

c. Public Warehouse

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

d. Co-operative Warehouses

- There are warehouses owned and managed by the marketing co-operative societies or agricultural co-operative societies.
- They are set up to provide warehousing facilities to their members.

e. General Warehouses

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

57. Explain the principles of insurance.**i). Utmost Good Faith**

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

ii). Insurable Interest

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

iii). Indemnity

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

iv). Causa Proxima

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

v). Contribution

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

UNIT – 6 (Importance Only)**58. Explain any four personal investment avenues.****i). Public Provident Fund (PPF)**

- It is the safest long-term investment option for the investors in India.
- It is totally tax free.
- PPF account can be opened in bank or post office.
- The money deposited cannot be withdrawn before 15 years.

ii). Mutual Funds

- An individual investor who wants to invest in equities and bond with a balance of risk and return generally can invest in mutual funds.
- Nowadays people invest in stock markets through a mutual fund.
- Systematic investment plan is one of the best investment options in India.

iii). Real Estate Investment

- Real estate is one of the fastest growing sectors in India.
- Buying a flat or plot is supposed to be the best decision amongst the investment options.
- The value of the real asset may increase substantially depending upon the area of location and other support facilities available therein.

iv). Unit Linked Insurance Plans (ULIP)

- ULIP is a life insurance linked product, which provides risk cover for the policy holder along with investment options.

59. Describe the importance of international finance?

- International finance helps in calculating exchange rates of various currencies of nations and the relative worth of each and every nation in terms thereof.
- It helps in comparing the inflation rates and getting an idea about investing in international debt securities.
- It helps in ascertaining the economic status of the various countries and in judging the foreign market.
- International Financial Reporting System facilitates comparison of financial statements made by various countries.
- It helps in understanding the basics of international organisations and maintaining the balance among them.

60. Distinguish between GDR and ADR.

Sl.No.	Global Depositary Receipts	American Depositary Funds
1	Denomination It is denominated in terms of any freely convertible currency.	It is denominated only in US dollars.
2	To whom it is Issued It is issued to investors in one or across more markets simultaneously.	It is issued only to investors, who are residents of the United States of America.
3	Listed in Non-US Stock Exchange	American stock exchange
4	Approval Issue of GDR does not require foreign regulatory clearances.	Issue of ADR requires approval from the Securities Exchange Commission of United States of America.
5	Negotiation It is negotiable all over the World	It is negotiable only in America

61. State any five features of FCCB.

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

62. Explain any five advantages of FDI.**i). Achieving Higher Growth in National Income:**

- Developing countries get much needed capital through FDI to achieve higher rate of growth in national income.

ii). 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.

iii). Faster Economic Development

- FDI brings technology, management and marketing skills along with it.
- These are crucial for achieving faster economic development of developing countries.

iv). Generating Employment Opportunities

- FDI generates a lot of employment opportunities in developing countries, especially in high skill areas.

v). Encouraging Competition in Host Countries

- Entry of FDI into developing country promotes healthy competition therein.
- This leads to enterprise in developing countries operating efficiently and effectively in the market.
- Consumers get a variety of products of good quality at market determined price which usually

63. What is the definition of MSME?**Meaning:**

- In India MSMED Act 2006 was established for developing and enhancing the competitiveness of Micro, Small and Medium enterprises in India, small business is defined on the basis of investments in plant and machinery.

a). Classification of Manufacturing Enterprises:**i). Micro Enterprises:**

- If the investment in plant and machinery does not Rs. 25 lakhs.

ii). Small Enterprises

- If investment in Plant and Machinery is more than Rs. 25 lakhs but not exceed Rs. 5 crores.

iii). Medium Enterprises:

- If investment in Plant and Machinery is more than Rs. 5 crores but not exceed Rs. 10 crores.

b). Classification of Service Enterprises:**i). Micro Enterprises:**

- If the investment in equipment does not Rs. 10 lakhs.

ii). Small Enterprises

- If investment in equipment is more than Rs. 10 lakhs but not exceed Rs. 2 crores.

iii). Medium Enterprises:

- If investment in equipment is more than Rs.2 crores but not exceed Rs. 5 crores.

64. Explain the advantages of MSMEs?**i). Employment Potential**

- MSMEs generate more employment opportunities than large business concerns.
- They are mostly labour intensive, thus they provide more employment opportunities to a larger number of people in India.

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.
- These units are more cost efficient than large scale units, thus facilitates production of goods at low cost.

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.

iv). Quick Decision Making

- MSMEs need not hire professional managers to run the management on a day to day basis.
- In most cases, owner himself manages the enterprises.
- Hence, timely decision making becomes easy and effective.

v). Supplementary Role

- MSMEs play a complementary role to serve as a feeder to large scale industries.
- They supply accessories, spare parts and components to large scale industries.

65. What are the objectives of SHGs?

- Focusing on empowerment of women.
- Saving people from the clutches of money lenders
- Building capacity of women and to enable them to participate in generating activities.
- Creating the habit of saving in the minds of the people who are economically backward.
- Promoting entrepreneurship skills among women.

UNIT – 7 (Importance Only)**66. What are the features of Internal trade?**

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

67. Explain briefly the different types of Foreign trade?**i). Import Trade**

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

ii). Export Trade

- Export trade means the sale of domestic goods to foreign countries.
Examples: i). Export of Iron ore from India to Japan
ii). Selling of Tea from India to England.

iii). Entrepot Trade

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

68. What are the characteristics of retailers?

- Retailer generally involves dealing in a variety of items.
- A retailer makes purchases from producers or wholesalers in bulk for sale to the end consumers in small quantities.
- Retail trade is normally carried on in or near the main market area.
- Generally, retailers involve buying on credit from wholesalers and selling for cash to consumers.
- A retailer has indirect relation with the manufacturer but a direct link with the consumers.

69. What are the functions of Wholesalers?**a. Collection of Goods:**

- Wholesaler collects the goods from manufacturers or producers in bulk.

b. Storage of Goods:

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

c. Distribution:

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

d. Financing:

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

e. Risk Taking:

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

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

- A retailer buys a wide variety of goods from different wholesalers after estimating customer's demand.
- He selects the best merchandise from each wholesaler and brings all the goods under one roof.
- So, he performs the twin functions of buying and assembling of goods.

ii). Storage:

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

iii). Selling:

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

iv). Grading and Packing:

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

v). Risk-bearing:

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

71. Explain the services rendered by wholesalers to retailers.**i). Financial Assistance:**

- Wholesalers provide financial assistance to retailers by selling goods on credit.
- This is done by allowing credit to retailers purchasing goods from them.
- This helps retailers to manage their business with small amount of working capital.

ii). Meeting the Requirements:

- Due to limited capital and lack of space in his facility a retailer cannot hold large variety of products.
- The wholesaler removes this difficulty by selling goods as and when the retailer requires.

iii). Introduction of New Products:

- Wholesalers bring new products and their uses to the notice of retailers.
- Thus retailers get knowledge about innovated products and innovated features.

iv). Price Stability:

- Wholesalers reduce price fluctuations by adjusting supply and demand and save the retailers from loss arising from price fluctuations.

v). Economy in Transport:

- A wholesaler often delivers goods at the door steps of retailers and save their time and cost of transport.

72. What are the services rendered by retailers to wholesalers?**i). Help in Distribution:**

- Retailers relieve the manufacturers and wholesalers of the burden of collecting and executing a large number of small orders from various consumers.

ii). Market Information:

- Retailer supply valuable information to wholesalers about changes in tastes, preferences, fashion etc. of consumers.

iii). Large Scale Operation

- The manufacturers and wholesalers are freed from the trouble of making individual sales to consumers in small quantities.
- This enables them to operate on, at relatively large scale and thereby fully concentrate on their other activities

iv). Help in Promotion

- Retailers participate in the promotional activities carried by manufacturers and wholesalers such as short time offers, coupons, free gifts, sales contests, etc.
- Retailers help in promoting the sale of the products.

v). Personal Attention:

- The retailer is able to provide more personal attention to his customers than the wholesaler is, He gives special services on the spot when the articles require minor repairs.

73. Explain the services rendered to consumers by Retailers.**i). Regular Supply of Goods:**

- Retailers maintain a ready stock of various products of different manufacturers for sale to consumers.
- This enables the buyers to buy products as and when needed.

ii). New Products Information:

- The retailers provide important information about the new arrival of products through their personal. Selling efforts and effective display of products.

iii). Credit Facilities:

- Sometimes retailers provide credit facilities to their customers.
- It enable them to increase their level of consumption.

iv). Wide Selection:

- Retailers generally keep stock of a variety of products of different manufacturers.
- This enables the consumers to make their choice out of a wide selection of goods.

v). Miscellaneous Services

- Retailers provide free door delivery services to the customers.
- They provide after sale service to customers.
- They allow cash discounts on their sales.

74. What are the factors affecting a channel of distribution?**i). Market Characteristics**

- The size of the market for the goods is a major factor while selecting the route for distribution of products.
- Distribution in large geographical area requires more middlemen.
- Middlemen are not required to distribute products in a limited area.

ii). Number of Consumers

- Large purchases made by few consumers require centralized distribution.
- Large number of consumers making purchases in small quantities requires more middlemen.

iii). Cost and Time Involved in the Channel of Distribution

- The channel cost should go along with the quality of service provided by middlemen.
- Ordinary goods are routed through economical channel even though the time taken by the channel for delivery is more.

iv). Services Required along with the Product

- Machinery or equipment which need to be installed and demonstrated should be sold with shorter channel.
- Technical services can be provided by manufacturers or by their trained technicians.
- Therefore a shorter channel is preferred for sales.

v). Life Cycle of the Product

- An established product can select an ordinary channel.
- But a new product entering into the market should be carefully promoted by experienced

75. State the features of Departmental stores.**i). Large Size:**

- A department is a large scale retail showroom requiring a large capital investment by forming a joint stock company managed by a board of directors.
- There is a Managing Director assisted by a general manager and several department managers.

ii). Wide Choice:

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

iii). Departmentally organized

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

iv). Facilities provided:

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

v). Centralized purchasing

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

76. What is meant by Consumer Cooperative Store? Explain its merits in brief.***Meaning:***

- A consumer's cooperative store is a retail organisation owned, managed and controlled by the consumers themselves to obtain products of daily use at reasonable low prices.

Merits:

- The capital of a cooperative store is raised by issuing shares to members.
- The management of the store is democratic and entrusted to an elected managing committee, where one man one vote is the rule.
- The cooperative stores are very famous in Tamilnadu.
For example, Kamadhenu and Chinthamani cooperative supermarkets in Chennai, Karpagam in Vellore, etc.

77. Describe the role of chambers of commerce in promotion of internal trade.**Meaning**

- The Chamber of Commerce and Industry is an association of business and industrial houses like merchants, financiers, manufacturers, etc. in a locality, region, or state.
- The main objective of these associations is to promote and protect the interest and goals of Indian commerce and industry.

Functions:

- They act as national guardians of trade, commerce and industry.
- They act as a catalyst in strengthening the internal trade of the country.
- Interact with Government with regard to formulation and implementation of related policies.

Association or Chambers in India

- Confederation of Indian Industry (CII)
- Madras Chamber of Commerce, Chennai.
- Tamil Nadu Traders Associations.

Role of Association or Chambers:**i). Transportation or inter-state movement of goods**

- The Chambers facilitate registration of vehicles, surface transport policies, construction of highways and roads in promoting interstate movement of goods.

ii). Harmonization CGST and SGST structure.**iii). Marketing of agro products and related issues**

- The associations of agriculturists and other federations interact with farming cooperatives to streamline local subsidies and formulate marketing policies for selling agro products.

iv). Weights and measures and prevention of duplication of brands

- They help the Government in formulation and implementation of uniform policies in weights and measures and prevention of duplication of brands.

v). Promoting sound infrastructure**78. Distinguish between internal and international trade**

S.No	Basis	Internal Trade	International Trade
1	Meaning	It refers to business transactions transacted within the geographical boundaries of a country	It refers to the business transactions transacted in beyond the boundaries of a country
2	Participants in the business	Within the country people	Outside of the country people
3	Mode of transport	It is mainly transported by roadways and railways.	It is mainly transported by water and airways
4	Currency used	The risks are relatively less	This risks are high
5	Scope of market	The scope of market is Limited	The scope of market is unlimited

79. Explain the various functions of Export Trading Houses.

- Identifying potential market for a product
- Finding buyers and their agent and eliciting their response for export proposal.
- Preparing the goods for delivery at destination
- Determining buyer's creditworthiness
- Negotiating the transactions
- Financing the transactions and paying for goods and service received.
- Preparing document for international trade

80. Point out the objectives of WTO

- Improving the standard of living of people in member countries.
- Making optimum utilization of world's resources for sustainable development of member countries.
- Promoting an integrated more viable and durable trading system in the sphere of international business
- Expansion of trade in goods and services
- Ensuring full employment and large steady growth volume of real income and effective demand
- Protecting the environment.

81. Write down the functions of WTO.

- It is a forum for negotiation and formalization of trade agreement among the member countries.
- It settles disputes and grievances relating to trade among the member countries.
- It frames commonly acceptable code of conduct in order to reduce trade barriers.
- It supervises the operations of agreement relating to General Agreement on Tariffs and Trade (GATT) and Trade-Related Intellectual Properties Rights (TRIPS)
- It regulates trade between participating countries.

82. Describe the benefits of WTO

- WTO is promoting international peace and creating a conducting international trade.
- It settles the trade disputes amicably among the member countries.
- It promotes the standard of living of people by increasing their income level from free trades.
- WTO has removed quantitative restrictions and non-tariff barriers.
- WTO gives people across the world a wider choice of goods and broader range of qualities of goods.

83. Write down the structure of capital account

Capital account consists of three components

1. Private Capital 2. Banking Capital 3. 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 authorized 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.

84. Distinguish balance of payment and balance of trade

It is a systematic record of all economic transactions between one country and certain other countries of the world

S. No	Basis	Balance of Payment	Balance of Trade
1	Meaning	It is a systematic record of all economic transactions happened between the resident of one country and resident of foreign countries during a particular period.	Balance of trade is statement showing the net effect of export and import of a country
2	Nature of Transactions recorded	It records both the transactions relating to goods and services	It records only transactions relating to merchandise, i.e. goods transactions
3	Capital Transactions	It records capital transactions	It does not record capital transactions

4	Net position	It always remains balanced in the sense that receipt side is made equal to payment side	It may be at favorable or unfavorable or in equilibrium state.
5	Indicator Economic Status	It is true indicator of economic performance of an economy .	It is not true indicator of economic prosperity or economic relations of country.

85. Highlight the features of balance of trade.

- It is prepared for a period of three months or twelve months, i.e., usually 12 months
- It contains all receipts and payments both visible and invisible
- It includes all economic transactions both recorded on current account and capital account
- Economic transactions are recorded according to double entry principle of book keeping
- Accordingly receipts are recorded on credit side and payments are recorded on debit side

***** All the Best *****

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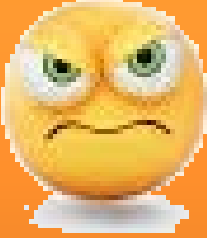


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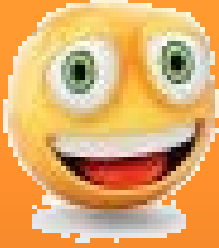


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