

**CLASS-XI**  
**COMMERCE**



**Work Book Cum**  
**Question Bank with Answers**  
**BUSINESS STUDIES**  
**AND MANAGEMENT**



**SCHEDULED CASTES & SCHEDULED TRIBES**  
**RESEARCH & TRAINING INSTITUTE (SCSTRI)**  
**ST & SC DEVELOPMENT DEPARTMENT**  
**BHUBANESWAR**

**WORK BOOK CUM  
QUESTION BANK WITH ANSWERS**

**BUSINESS STUDIES & MANAGEMENT**  
**CLASS - XI**  
**(COMMERCE)**

*Compiled by :*

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**SCHEDULED CASTES & SCHEDULED TRIBES  
RESEARCH AND TRAINING INSTITUTE  
BHUBANESWAR - 751003**

**2020**



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## SYLLABUS (1<sup>ST</sup> YEAR)

### Unit-I :

- **Nature and Purpose of Business**

Meaning, Characteristics, objectives, Requisites of successful business, Classification of Business activities- Industry & Commerce, Trade and Aids to trade and Business Risk Concept.

- **Forms of Business Organizations**

*Sole Proprietorship* : Concept, Importance and Limitations.

*Partnership* : Concept, Types, Importance and Limitations of partnership, Registration of a Partnership Firm, Concept of Partnership Deed and its contents.

### Unit - II

- **Company (As per Companies Act 2013)** : Concept, Merits and Limitations; Types, private and Public concept, Distinction between a Public and Private Company, Formation of Company - Stages, Important Documents (Memorandum of Association, Articles of Association, Certificate of Incorporation and Commencement).

- **Co-operative Society** : Meaning, Characteristics, Advantages, and Disadvantages

- **Public, Private & Global Enterprises** : Concept of Public & Private Sector enterprises, Changing Role of Public Sector enterprises, Forms of Public Sector Enterprises (Departmental Undertakings, Statutory Corporation and Government Company), Concept of Global Enterprise, Joint Ventures and Public Private Partnership (PPP).

### Unit - III :

#### Internal Trade

- **Wholesalers** : Meaning, Characteristics, Functions & Types

- **Retailors** : Meaning, Characteristics, Functions, Types - Itinirants, Small independent retailers, large scale retail organisations (Departmental stores, multiple shops, Mail order business, super market, Network marketing, E-marketing, Services to wholesaler and consumers.

### Unit - IV :

- **International Trade** : Meaning, Nature, Importance, Limitations, Distinction between International and Internal Trade.

Export Procedure

Import Procedure

- **Warehousing** : Meaning & Functions.

- **Transportation** : Importance of Railway, Air & Water Transport.

## QUESTION PATTERN OF CHSE

Theory	:	80 marks
Project Work	:	<u>20 marks</u>
<b>Total</b>	:	<b>100 marks</b>

### Group - A (Objective type - Compulsory)

1. Multiple choice Questions 1 x 12 = 12 marks  
(12 bits questions of 1 mark each)
2. Do as directed questions  
a) Express in one word/term  
b) Correct the underlined portion  
c) Fill in the blanks  
d) Answer in one sentence  
(12 bit questions of 1 mark each) 1 x 12 = 12 marks

### Group B (Short type Answer)

3. To be answered within 30 words  
(10 bit questions to be answered out of  
13 given, each carrying 2 marks) 2 x 10 = 20 marks
4. To be answered within 50 words  
(4 bit questions to be answered out  
of 6 given, each carrying 3 marks) 3 x 4 = 12 marks

### Group C (Long Answer type)

- 5.to (3 questions to be answered out of 5,  
9. each carrying 8 marks) 8 x 3 = 24 marks

**TOTAL**

**80 marks**

N.B. : Questions have been framed as per the syllabus and pattern of question set in the Annual H.S. Examination conducted of CHSE, Odisha.

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# UNIT-I

## KEY CONCEPTS

### NATURE AND PURPOSE OF BUSINESS, SOLE PROPRIETORSHIP AND PARTNERSHIP

#### NATURE AND PURPOSE OF BUSINESS :

- **Human Activities :** (1) Economic Activities, (2) Non-economic Activities.

*Economic Activities :* (1) Business, (2) Profession, (3) Employment

*Business :* Conducted on regular basis to earn profit through the production and distribution of goods and services.

*Profession :* Earning a living through use of own special knowledge and skill.

*Employment :* Working in lieu of a remuneration.

- **Utilities created by Business :** Form, place, time, ownership.
- **Business Objectives - Types** (1) Economic, (2) Social, (3) Human, (4) National, (5) Global, (6) Organic.
- **Business Activities :** Industry and Commerce

*Industry :* Primary, Secondary and Tertiary

*Primary Industry :* Genetic, Extractive

*Secondary Industry :* Manufacturing, Construction

*Commerce :* Trade, Aids to trade

*Trade :* Home Trade, Foreign Trade

*Home Trade :* Wholesale, Retail

*Foreign Trade :* Import, Export, Entrepot

*Aids to Trade :* Transport, Banking, Insurance, Advertising, Warehousing (These are also called tertiary / service industries)

- **Hindrances of :** Persons, place, time, risk, finance, information.

#### SOLE PROPRIETORSHIP :

Concept, Importance and limitations.

- **Meaning :** It refers to that form of business organisation which is owned and managed by a single individual. He alone receives all the profits and losses of the business.

- **Features :** (1) Formation & Closure, (2) Ownership, (3) Liability, (4) Sole risk bearer and profit recipient, (5) Control, (6) No separate legal entity, (7) Secrecy, (8) Lack of business continuity.
- **Advantages :** (1) Quick Decision Making, (2) Confidentiality of Information, (3) Direct Incentive, (4) Sense of Accomplishment, (5) Ease of Formation and Closure, (6) Personal Contract, (7) Inexpensive Management.
- **Disadvantages :** (1) Limited Resources, (2) Limited Managerial Ability, (3) Unlimited Liability, (4) Limited life of business concern, (5) Undivided risk, (6) Unsuitability for big business, (7) Suspicion.
- **Suitability :** (1) For small scale business in local market, (2) When personal contact with customers is necessary, (3) Where prompt decisions are essential like encase of speculative businesses, (4) Production of non-standardised products, (5) Business requiring special personal skill, (6) Perishable goods.

## **PARTNERSHIP :**

Concept, Types, Importance, limitation, Registration, Deed.

- **Definition :** "The relation between persons who have agreed to share the profits of a business carried on by all or any of them acting for all."
- **Features :** (1) Two or more persons, (2) Agreement, (3) lawful business, (4) Joint risk bearing and sharing of profit, (5) Natural agency, (6) Unlimited liability, (7) Restriction on transfer of interest, (8) No separate legal entity, (9) Utmost good faith, (10) Registration.
- **Importance :** (1) Easy formation, (2) More capital resources, (3) Combined abilities, (4) Flexibility, (5) Division of work, (6) Sharing of risk, (7) Business secrecy, (8) Incentive to work, (9) Personal touch.
- **Disadvantages :** (1) Unlimited liability, (2) Lack of harmony, (3) Risk of implied agency, (4) Instability, (5) Non-transferability of interest, (6) Lack of public confidence, (7) No separate legal entity.
- **Kinds of Partners :** (1) Active, (2) Sleeping, (3) Nominal, (4) General, (5) Limited, (6) Secret partners, (7) Partners in profit only, (8) Partner of holding out of partner by estoppel, (9) Minor partner, (10) Sub-partners.
- **Kinds of Partnership :** General Partnership Limited Partnership  
*General Partnership :* (1) Partnership at will, (2) Particular partnership.
- **Registration :** Procedure of Registration, Consequences of non-registration, effect of registration, Benefit of registration.
- **Partnership deed :** Partnership deed is the written agreement between the partners.

**UNIT - I****GROUP - A : OBJECTIVE TYPE QUESTIONS****1. Multiple Choice Questions**

1. By Economic Activities we mean :
  - (a) Business and Profession
  - (b) Business and Employment
  - (c) Profession and Employment
  - (d) Business, Profession and Employment
2. Which of the following is not an economic activity
  - (a) Business
  - (b) Profession
  - (c) Employment
  - (d) Patriotism
3. Which of the following is not non-economic activity
  - (a) Love
  - (b) Profession
  - (c) Patriotism
  - (d) Social welfare
4. Economic activities are those human activities which are performed
  - (a) out of love
  - (b) to earn livelihood
  - (c) out of sympathy
  - (d) out of patriotism
5. The economic activity in which people work for others and get remuneration in return
  - (a) Business
  - (b) Profession
  - (c) Employment
  - (d) None of the above
6. The economic activity that requires special knowledge and skill to be applied by individuals for earning their living
  - (a) Business
  - (b) Profession
  - (c) Employment
  - (d) None of the above
7. The economic activity which is concerned with production, purchase, sale or distribution of goods or supply of services with main aim of earning profit
  - (a) Business
  - (b) Profession
  - (c) Employment
  - (d) None of the above
8. Which of the following is the characteristic of Economic activities
  - (a) Production of wealth
  - (b) Satisfaction of human wants
  - (c) Money income
  - (d) All of the above
9. Which of the following is an economic activity
  - (a) Teacher teaching his son
  - (b) Doctor treating a patient in the hospital
  - (c) Mother going to temple
  - (d) A girl helping a blind man cross the road
10. The economic activity which does not require capital
  - (a) Employment
  - (b) Profession
  - (c) Business
  - (d) Both a & b
11. Which of the following is not a characteristic of business activity?
  - (a) Exchange of goods and service
  - (b) Regularity in dealing
  - (c) Profit
  - (d) Remuneration in lieu of service

12. When a doctor works in a government hospital in which category is it included ?  
(a) Business (b) Profession  
(c) Employment (d) None of the above
13. When a doctor runs his own practice, what shall we call it ?  
(a) Business (b) Profession  
(c) Employment (d) None of the above
14. In which of the following activities a man can be called a servant ?  
(a) Business  
(b) Profession  
(c) Employment  
(d) Profession & Employment
15. Giving priority to service instead of economic self-interest is the characteristic of :  
(a) Profession  
(b) Employment  
(c) Profession & Employment  
(d) Non-economic activity
16. Which activity does not aim at earning money?  
(a) Business  
(b) Profession  
(c) Employment  
(d) Non-economic activity
17. Profit is required for :  
(a) Survival (b) Growth  
(c) Efficiency (d) All of the above
18. Which of the following has no risk  
(a) Business  
(b) Profession  
(c) Employment  
(d) None of the above
19. Which of the following representative associations is related with the legal profession in India.  
(a) Bar Council of India  
(b) Medical Council of India  
(c) Institute of Chartered Accountants  
(d) All of the above
20. Which of the following representative associations is related with medical profession in India.  
(a) Bar Council of India  
(b) Medical Council of India  
(c) Institute of Chartered Accountants  
(d) All of the above
21. Which of the following representative associations is related with Accounts and audit profession in India.  
(a) Bar Council of India  
(b) Medical Council of India  
(c) Institute of Chartered Accountants  
(d) All of the above
22. In which of the following activities transfer of interest is not possible ?  
(a) Business  
(b) Profession  
(c) Employment  
(d) Profession and Employment
23. 'Creation of Customer' comes under which objective of business ?  
(a) Economic (b) Social  
(c) Human (d) National
24. 'Efficient use of resources' comes under which objective of business ?  
(a) Economic (b) Social  
(c) Human (d) National

25. 'Job satisfaction' comes under which objective of business ?  
(a) Economic (b) Social  
(c) Human (d) National
26. 'Production according to national priorities' comes under which objective of business ?  
(a) Economic (b) Social  
(c) Human (d) National
27. Which one of the following is the organic objective of business.  
(a) Growth  
(b) Survival  
(c) Respectful position in the society  
(d) All of the above
28. Which one of the following is not a requisite of successful business ?  
(a) Clear objectives  
(b) Dynamic environment  
(c) Dynamic management  
(d) Employee development
29. Which one of the following is a requisite of successful business ?  
(a) Government interference  
(b) Demanding customer  
(c) Effective marketing network  
(d) Dynamic society
30. X Ltd. is involved in fishing. Mention the type of industry in which the company is involved.  
(a) Extractive (b) Assembling  
(c) Processing (d) Genetic
31. Y Ltd. operates fish hatcheries. Mention the type of industry in which the company is involved.  
(a) Extractive (b) Assembly  
(c) Processing (d) Genetic
32. On the basis of goods produced industries can be classified into :  
(a) Primary and Secondary Industries  
(b) Small Scale and Large Scale Industries  
(c) Heavy and Light Industries  
(d) All of the above
33. On the basis of size of investment industries can be classified into :  
(a) Primary and Secondary Industries  
(b) Small Scale and Large Scale Industries  
(c) Heavy and Light Industries  
(d) All of the above
34. On the basis of technology employed the industry can be classified into :  
(a) Primary and Secondary Industries  
(b) Small Scale and Large Scale Industries  
(c) Heavy and Light Industries  
(d) All of the above
35. Which of the following is manufacturing industry?  
(a) Analytical Industry  
(b) Synthetic Industry  
(c) Processing Industry  
(d) All of the above
36. Which of the following is genetic industry ?  
(a) Hunting (b) Fishing  
(c) Farming (d) Cattle breeding
37. Which of the following is extractive industry?  
(a) Lumbering (b) Mining  
(c) Fishing (d) All of the above
38. Which of the following is aids to trade ?  
(a) Producing raw materials  
(b) Processing raw materials  
(c) Manufacturing from raw materials  
(d) Transporting raw materials

39. What is included in Commerce  
(a) Business and industry  
(b) Trade and business  
(c) Trade and aids to trade  
(d) None of the above
40. Which hindrance of business is removed by the advertising industry?  
(a) Finance (b) Risk  
(c) Information (d) Time
41. Through which medium 'the hindrance of person' is removed?  
(a) Through middlemen  
(b) Through warehousing  
(c) Through Insurance  
(d) All of the above
42. How is the 'hindrance of time' overcome?  
(a) Through Insurance  
(b) Through Communication  
(c) Through Warehousing  
(d) All of the above
43. Which of the following creates 'ownership utility'?  
(a) Trade (b) Industry  
(c) Aids trade (d) None of the above
44. Who happens to be the middlemen in this chain of 'Producer-Wholesaler - Retailer - Consumer'?  
(a) Wholesaler (b) Retailer  
(c) Both 'a' and 'b' (d) None of the above
45. Which of the following is not a characteristic of sole proprietorship  
(a) Individual ownership  
(b) Limited Liability  
(c) Secrecy  
(d) Individual risk
46. Which of the following is not an advantage of sole proprietorship?  
(a) Easy to establish (b) Unlimited liability  
(c) Quick decision (d) Personal Contact
47. Which of the following is a limitation of sole proprietorship?  
(a) Unlimited liability  
(b) Limited Capital resources  
(c) Limited Managerial ability  
(d) All of the above
48. Which of the following is an advantage of sole proprietorship?  
(a) Secrecy  
(b) Suspicion  
(c) Uncertain existence  
(d) Unlimited liability
49. "Control by a single individual is the best form of business, if that person is capable of managing all the affairs by himself". This statement refers to which of the following?  
(a) Sole proprietorship  
(b) Partnership  
(c) Company  
(d) All of the above
50. 'He enjoys all gains and bears all losses'. To which of the following is this statement connected?  
(a) Sole proprietorship  
(b) Partnership  
(c) Joint Hindu family business  
(d) Co-operative Organisation

51. For which of the following, sole proprietorship is appropriate form of business organisation.
- (a) Bakery (b) Beauty Parlour  
(c) Tailoring (d) All of the above
52. 'In case of excessive loss in business the sole proprietor also loses his household goods'. Which limitation of sole proprietorship is brought out by this statement
- (a) Improper management  
(b) Limited source of capital  
(c) Unlimited liability  
(d) Unstable existence
53. 'There is regular uncertainty over continuance of business : which limitation of sole proprietorship is brought out by this statement
- (a) Improper management  
(b) Limited source of capital  
(c) Unlimited liability  
(d) Unstable existence
54. Name the business that is owned, managed and controlled by a single individual :
- (a) Sole proprietorship  
(b) Partnership  
(c) Co-operatives  
(d) Company
55. Which of the following condition is suitable for sole proprietorship business :
- (a) In case of local market  
(b) When Personal contact with customer is necessary  
(c) In case of speculative business  
(d) All of the above
56. The Indian Partnership Act was passed in the year :
- (a) 1912 (b) 1932  
(c) 1948 (d) 1956
57. Which of the following is not correct ?
- (a) Partnership agreement may be written or oral  
(b) Partnership deed is a document  
(c) A written partnership agreement is known as partnership deed  
(d) Partnership deed may be oral
58. Which of the following statement is incorrect?
- (a) Partnership comes into existence through an agreement  
(b) Minimum three persons are required to start a partnership business  
(c) Partners are jointly and severally liable  
(d) An agency relationship exists among the partners
59. Which of the following can be a partner ?
- (a) Firm (b) Company  
(c) Individual (d) All of the above
60. Which of the following is not a feature of partnership
- (a) More than one person  
(b) Agreement among the partners  
(c) Principal agent relationship  
(d) Limited liability
61. Which of the following is an advantage of partnership ?
- (a) More capital resources  
(b) Easy formation  
(c) Division of risk  
(d) All of the above

62. Which of the following is a demerit of partnership
- (a) less speculation chances
  - (b) less incidence of tax
  - (c) non transferability of interest
  - (d) All of the above
63. At least how many partners with unlimited liability should be there in a limited partnership
- (a) One
  - (b) Two
  - (c) Ten
  - (d) None of the above
64. Under which of the following conditions a partnership is considered illegal
- (a) If the objective of the partnership is illegal
  - (b) If the business happens to be against public policy
  - (c) If a person from some enemy country is made partner
  - (d) All of the above
65. What do we call a partner when relation with the firm is unknown to general public though he has all features like rest of the partners.
- (a) Nominal partner
  - (b) Secret partner
  - (c) Sleeping partner
  - (d) Limited partner
66. The document that contains all the terms and conditions of running the partnership is called :
- (a) Partnership deed
  - (b) Articles of partnership
  - (c) Both (a) and (b)
  - (d) Neither (a) nor (b)
67. Registration of partnership is :
- (a) Compulsory
  - (b) Voluntary
  - (c) Not allowed at all
  - (d) None of the above
68. Which of the following is not included in partnership deed.
- (a) Advantages and disadvantages of partnership
  - (b) The ratio of sharing profit & loss
  - (c) The commission and salaries of partner
  - (d) The names and addresses of the partners
69. Which of the following is benefit of registration
- (a) Firm gets the right to file case against external party
  - (b) A partner can file a case against another partner in case of conflict
  - (c) Both (a) and (b)
  - (d) Neither (a) nor (b)
70. Which of the following is the effect of non-registration of a partnership firm.
- (a) No partner can take legal action against other partner
  - (b) No partner can take legal action against the partnership firm
  - (c) Firm can not take legal action against other parties
  - (d) All of the above

## 2. Do as Directed Questions

### 2. (a) Express in one word / term

1. Human Activity undertaken to earn money.
2. Human activity undertaken with the objective of getting psychological satisfaction.
3. Economic activity conducted on regular basis to earn profit through production and sale of goods and services.
4. Economic activity conducted by a person having some special knowledge and skill which is used impartially to serve various sections of the society.
5. Economic activity under which people work for others in lieu of remuneration.
6. Importing goods for the purpose of exporting.
7. That part of business which relates to production of goods and services.
8. Industry which is concerned with extraction of natural resources and reproduction and development of living organisms, plants etc. to provide raw materials to other industries.
9. Industry under which the breed of animals and plants are improved and made more useful.
10. Industry under which something is extracted out of the earth, water or air.
11. Industry which uses the produce of primary industry and changes them in to finished goods.
12. Industry which produces services,
13. It refers to the sum total of all those activities which are engaged in the removal of hinderness of Persons, Place, Time, Risk, Finance and Information in the exchange of commodities.
14. It refers to purchase and sale of goods or services in the profit motive.
15. It refers to those activities which help overcome the hurdles appearing in the way of trade.
16. Business liability is paid out of private assets if business assets can not pay.
17. A form of business organisation which underlines that one man control is the best in the world.
18. A business organisation in which two or more persons agree to share the profit of business carried on by all or any of them acting for all.
19. The relation between persons who have agreed to share the profits of a business carried on by all or any of them acting for all.
20. Partnership which has at least one partner with unlimited liability and others with limited liability.
21. Person less than eighteen years of age.
22. Written agreement among the partners.
23. Partnership constituted to undertake a specific venture or project and comes to an end after completion of the same.
24. Partnership which comes to an end on the notice of any partner to dissolve the partnership.
25. A partner who not only invests his capital in the business but also participates actively in management of the business.
26. A partner who contributes capital but does not take active part in management.

27. A partner who neither contributes capital nor takes active part in management of business nor takes share in the profits of the firm but known as a partner to outsiders.
28. A partner whose liability is limited upto the extent of capital contributed by him.
29. Becoming partner either through one's conduct or words.
30. A person joining an existing partnership with the consent of all the partners.
31. A partner leaving the partnership without dissolution of the firm.

## 2. (b) Correct the underlined portion

1. Preaching religion is an economic activity.
2. Buying and selling falls under profession.
3. Efficiency of a profession is tested on the basis of profit earned.
4. When a doctor runs his own clinic, his activity is known as business.
5. When a doctor treats patients in a government hospital his activity comes under profession.
6. When a doctor treats his son when he falls ill, his activity comes under profession.
7. Earning profit is one of the global objectives of business.
8. Community service is one of the economic objectives of business.
9. Plant and machinery are intermediate goods.
10. Aluminium is categorised as consumer goods.
11. Poultry farming is extractive industry.
12. Lumbering comes under genetic industry.
13. Manufacturing industry produces immovable assets.
14. Hindrance of person is removed by Insurance.
15. Sole proprietorship business continues even after the death of the sole proprietor.
16. Sole proprietorship is suitable for a business requiring huge capital.
17. To form a partnership at least seven persons are needed.
18. Registration of partnership is compulsory.
19. A partner can easily transfer his share in the partnership.
20. A partner who does not take part in the day to day working of the firm but share in the profit and losses of the business is known as nominal partner.
21. A partner who neither takes part in the day to day working of the firm nor shares in the profits of the business in known as sleeping partner.
22. A partner by holding out is also known as a partner by default.
23. Mutual agency is an advantage of partnership.

**2. (c) Fill in the blanks**

1. \_\_\_\_\_ activities are those human activities which are performed to earn livelihood.
2. \_\_\_\_\_ activities are those human activities which are performed out of love sympathy, sentiment, patriotism etc.
3. \_\_\_\_\_ is an economic activity that requires special knowledge.
4. Main aim of every business is to \_\_\_\_\_.
5. \_\_\_\_\_ is an economic activity in which people work for others for a remuneration.
6. \_\_\_\_\_ is an economic activity in which regular production and distribution of goods and services take place with an intention to earn profit.
7. Preaching religion is not an \_\_\_\_\_ activity.
8. \_\_\_\_\_ utility is created by warehousing.
9. \_\_\_\_\_ utility is created by manufacturing industries.
10. \_\_\_\_\_ utility is created by buying and selling.
11. \_\_\_\_\_ utility is created through transportation.
12. Creation of customer is one of the \_\_\_\_\_ objectives of the business.
13. Quality goods at fair prices is one of the \_\_\_\_\_ objectives of the business.
14. Business activities comprises of \_\_\_\_\_ and commerce.
15. Commerce is classified into \_\_\_\_\_ and aids to trade.
16. Extractive industry and genetic industry are under \_\_\_\_\_ industry.
17. Manufacturing industry and construction industry are under \_\_\_\_\_ industry.
18. Banking removes the hindrance of \_\_\_\_\_.
19. Hindrance of risk can be overcome by \_\_\_\_\_.
20. Home trade comprises of \_\_\_\_\_ and retail trade.
21. External trade has import, export and \_\_\_\_\_.
22. The liability of sole proprietor is \_\_\_\_\_.
23. The oldest form of business organisation is \_\_\_\_\_.
24. Decision making process in sole proprietorship business is \_\_\_\_\_.
25. A sole proprietorship business helps in dispersal of \_\_\_\_\_.
26. Formation of sole proprietorship business is \_\_\_\_\_.
27. There must be \_\_\_\_\_ or more persons to form a partnership.
28. A partnership firm has \_\_\_\_\_ liability.
29. Partners are jointly and \_\_\_\_\_ liable for all debts and obligations of the firm.
30. A partnership firm formed to carry on business without specifying any period of time is known as partnership \_\_\_\_\_.
31. A partner who contributes capital, takes part in the management of business and shares profits and losses but not known to the outsiders is known as \_\_\_\_\_.
32. \_\_\_\_\_ is a document which contains partnership agreement.

**2. (d) Answer in one sentence**

1. In which economic activity the teaching of a teacher in school falls ?
2. In which economic activity the activity of a teacher falls if she provides private tuition to students ?
3. In which human activity does the teaching own son by a teacher fall ?
4. In which economic activity there is no need of capital ?
5. In which economic activity there is master and servant relationship ?
6. In which economic activity there is a need to have a representative professional association ?
7. Give the name of the representative professional association for lawyers.
8. Give the name of the representative professional association for doctors.
9. Give the name of the representative professional association for Chartered Accountants.
10. What distinguishes an economic activity from non-economic activity.
11. Mention any two human objectives of business.
12. Give an example of genetic industry.
13. Give an example of Extractive Industry.
14. Give an example of Analytical Industry.
15. Give an example of Synthetic Industry.
16. Give an example of Processing Industry.
17. Give an example of Assembling Industry.
18. Which industry involves engineering and architectural skills ?
19. List the activities included under commerce.
20. What do you mean by aids to trade ?
21. How is hindrance of person is removed by Commerce ?
22. How is hindrance of place is overcome by Commerce ?
23. How is hindrance of time is overcome by Commerce ?
24. How is hindrance of Risk is overcome by Commerce ?
25. How is hindrance of finance is overcome by Commerce ?
26. How is hindrance of information is removed by Commerce ?
27. Which form of business organization is easiest to form and shutdown ?
28. Which form of business organization gives the benefit of personal contact ?
29. 'He enjoys all gains and bears all losses'. To which form of business organization is the statement related ?
30. 'Control by a single individual is the best in the world if that person is so capable of managing all affairs himself'. This statement refers to which type of business organisation ?

31. Nominal partner neither contributes any capital to the business nor takes any share in the profits of the business, can he be liable to third parties for the debts of the firm ?
32. What is the extent of liability of a minor partner ?
33. What is the nature of liability of a sleeping partner ?
34. What is the nature of liability of secret partner ?
35. What do you mean by partner by holding out ?
36. When a minor be admitted as a partner of a partnership firm ?
37. "A minor is admitted to a partnership for the benefit of the partnership firm". What does this statement imply ?
38. What would happen if a minor fails to give a public notice within a period of six months on attaining majority ?
39. What is the partnership called which is formed for completing a particular project ?
40. What are the types of particular partnership ?
41. Is the registration of limited partnership is compulsory ?
42. Define partnership deed.
43. What is Registration of firm ?
44. Can an unregistered firm file a suit against third party ?
45. Can an unregistered firm file a suit against the partners ?
46. Can a partner of unregistered firm file a suit against the firm or other partners ?
47. Who can be partners in a partnership firm?

**UNIT - I****GROUP - A : ANSWERS****1. Multiple Choice Questions**

1. (d) Business, Profession and Employment
2. (d) Patriotism
3. (b) Profession
4. (b) to earn livelihood
5. (c) Employment
6. (b) Profession
7. (a) Business
8. (d) All of the above
9. (b) Doctor treating a patient in the hospital
10. (a) Employment
11. (d) Remuneration in lieu of service
12. (c) Employment
13. (b) Profession
14. (c) Employment
15. (a) Profession
16. (d) Non-economic activity
17. (d) All of the above
18. (c) Employment
19. (a) Bar Council of India
20. (b) Medical Council of India
21. (c) Institute of Chartered Accountants
22. (d) Profession and Employment
23. (a) Economic
24. (b) Social
25. (c) Human
26. (d) National
27. (d) All of the above
28. (b) Dynamic environment
29. (c) Effective marketing network
30. (a) Extractive
31. (d) Genetic
32. (a) Primary and Secondary Industries
33. (b) Small Scale and Large Scale Industries
34. (c) Heavy and Light Industries
35. (d) All of the above
36. (d) Cattle breeding
37. (d) All of the above
38. (d) Transporting raw materials
39. (c) Trade and aids to trade
40. (c) Information
41. (a) Through middlemen
42. (c) Through Warehousing
43. (a) Trade
44. (c) Both 'a' and 'b'
45. (b) Limited Liability
46. (b) Unlimited liability
47. (d) All of the above
48. (a) Secrecy
49. (a) Sole proprietorship
50. (a) Sole proprietorship

- 
- |  |   |
|--|---|
| 51. (d) All of the above   | 61. (d) All of the above                            |
| 52. (c) Unlimited liability  | 62. (c) non transferability of interest             |
| 53. (d) Unstable existence   | 63. (a) One   |
| 54. (a) Sole proprietorship  | 64. (d) All of the above                            |
| 55. (d) All of the above   | 65. (b) Secret partner                              |
| 56. (b) 1932   | 66. (a) Partnership deed                            |
| 57. (d) Partnership deed may be oral                                       | 67. (b) Voluntary                                   |
| 58. (b) Minimum three persons are required to start a partnership business | 68. (a) Advantages and disadvantages of partnership |
| 59. (c) Individual   | 69. (c) Both (a) and (b)                            |
| 60. (d) Limited liability  | 70. (d) All of the above                            |

## 2. Do as Directed Questions

### 2. (a) Express in one word / term

- |                          |                              |
|--------------------------|------------------------------|
| 1. Economic activity     | 16. Unlimited liability      |
| 2. Non-economic activity | 17. Sole proprietorship      |
| 3. Business              | 18. Partnership firm         |
| 4. Profession            | 19. Partnership              |
| 5. Employment            | 20. Limited partnership      |
| 6. Entrepot              | 21. Minor                    |
| 7. Industry              | 22. Partnership deed         |
| 8. Primary industry      | 23. Particular partnership   |
| 9. Genetic industry      | 24. Partnership at will      |
| 10. Extractive industry  | 25. Active/working partner   |
| 11. Secondary industry   | 26. Sleeping/dormant partner |
| 12. Tertiary industry    | 27. Nominal partner          |
| 13. Commerce             | 28. Limited partner          |
| 14. Trade                | 29. Partner by holding out   |
| 15. Aids to trade        | 30. Incoming partner         |
|                          | 31. Retiring partner         |

**2. (b) Correct the underlined portion**

- |                                  |                                  |
|----------------------------------|----------------------------------|
| 1. non economic activity         | 13. Construction                 |
| 2. Business                      | 14. Traders of goods / middlemen |
| 3. social service rendered by it | 15. Stops / is closed            |
| 4. Profession                    | 16. Small                        |
| 5. Employment                    | 17. Two                          |
| 6. non-economic activity         | 18. Optional                     |
| 7. Economic                      | 19. not                          |
| 8. Social                        | 20. sleeping                     |
| 9. Producers/Capital             | 21. Nominal                      |
| 10. Secondary                    | 22. estoppel                     |
| 11. Genetic                      | 23. a feature                    |
| 12. Extractive                   |                                  |

**2. (c) Fill in the blanks**

- |                 |                         |
|-----------------|-------------------------|
| 1. Economic     | 17. Secondary           |
| 2. Non-economic | 18. Finance             |
| 3. Profession   | 19. Insurance           |
| 4. Earn profit  | 20. Wholesale           |
| 5. Employment   | 21. Entrepot            |
| 6. Business     | 22. Unlimited           |
| 7. Economic     | 23. Sole proprietorship |
| 8. Time         | 24. Quck/fast           |
| 9. Form         | 25. Wealth              |
| 10. Ownership   | 26. Easy                |
| 11. Place       | 27. Two                 |
| 12. Economic    | 28. Unlimited           |
| 13. Social      | 29. Severally           |
| 14. Industry    | 30. Atwill              |
| 15. Trade       | 31. Secret partner      |
| 16. Primary     | 32. Partnership deed    |

**2. (d) Answer in one sentence**

1. It falls under employment.
2. It falls under profession.
3. It falls under non-economic activity.
4. In employment there is no need of capital.
5. In employment there is master and servant relationship.
6. Profession must have a representative professional association.
7. The representative professionals association for lawyers is Bar Council of India.
8. The representative professional association for Doctors is Medical Council of India.
9. The representative professional association for Chartered Accountants is Institute of Chartered Accountants.
10. The desire for money income distinguishes an economic activity from non-economic activity.
11. Any two of the following : Human treatment, Job satisfaction, Workers participation in management, Development of human resources, Recognition and Prestige.
12. Dairy Farm is an example of Genetic Industry.
13. Lumbering is an example of Extractive Industry.
14. Oil Refinery is an example of Analytical Industry.
15. Cement is an example of Synthetic Industry.
16. Textile Industry is the example of Processing Industry.
17. Car Industry is an example of Assembling Industry.
18. In construction industries engineering and architectural skills are used.
19. Commerce includes trade and aid to trade.
20. Aids to trade relates to the activities which facilitate purchase and sale of goods.
21. Hindrance of person is removed by commerce through trading by middlemen in the channel of distribution.
22. Hindrance of place is overcome by commerce through transport and communication.
23. Hindrance of time is overcome by commerce through warehousing.
24. Hindrance of risk is overcome by commerce through insurance.
25. Hindrance of finance is overcome by commerce through banking.
26. Hindrance of information is removed by commerce through advertising.
27. Sole proprietorship
28. Sole proprietorship
29. Sole proprietorship
30. Sole proprietorship
31. Yes, he is liable to third parties for the debts of the firm.
32. Liability of minor partner is limited to the extent of capital contributed by him to the firm.

33. Unlimited
34. Unlimited
35. On the basis of his behavior/conduct or word third parties believe him to be a partner though he is really not a partner.
36. With the consent of all partners and for the benefits of a firm a minor can be admitted as a partner.
37. Minor will share only the profits not losses of the partnership firm.
38. He would be considered as a full fledged partner of the firm since his joining in the firm.
39. Particular partnership.
40. Partnership for a fixed period and partnership for a fixed purpose.
41. Yes, registration of limited partnership is compulsory.
42. A written agreement among the partners containing terms and conditions of the partnership firm.
43. Getting the firm's name registered with the Registrar of firms.
44. No
45. No
46. No
47. Only individuals

**UNIT - I****GROUP - B : SHORT TYPE QUESTIONS****3. Short Questions to be answered within 30 words**

1. What is the meaning of Economic Activity ?
2. What do you mean by the term business ?
3. What do you mean by the term profession ?
4. What do you mean by the term employment ?
5. What is the meaning of non-economic activity ?
6. What do you mean by 'form utility' and how is it created by the business ?
7. What do you mean by 'place utility' and how is it created by the business ?
8. What do you mean by time utility and how is it created by the business ?
9. What do you mean by 'ownership utility' and how is it created by the business ?
10. Give any two economic objectives of business.
11. Give any two social objectives of business.
12. Give any two National objectives of business.
13. What are producer goods ?
14. What are consumer goods ?
15. What are intermediary goods ?
16. What do you mean by Industry ?
17. Define genetic industry.
18. Define extractive industry.
19. Define analytical industry.
20. Define synthetic industry.
21. Define Assembling Industry.
22. Define Processing Industry.
23. Explain hindrance of persons.
24. Explain hindrance of place.
25. Explain the hindrance of Time.
26. Explain the hindrance of finance.
27. Explain the hindrance of Information.
28. Explain the hindrance of Risk.
29. Give any two features of Sole Proprietorship business.
30. Give any two advantages of Sole proprietorship business.
31. Give any two limitations of sole proprietorship business.
32. Write any two conditions in which sole trading business is suitable.
33. Explain unlimited liability.
34. How sole proprietorship business helps in dispersal of wealth ?
35. Explain how secrecy is an advantage to the sole trading business concern.
36. 'Sole proprietorship business has no separate legal entity'. Explain.
37. Define partnership.
38. 'Partnership is a contractual relationship'. Explain
39. 'There is a principal - agent relationship among partners'. Explain.
40. What do you mean by the statement 'Every partner is liable jointly and severally' ?

41. Why 'utmost good faith' is an important characteristic of partnership ?
42. What do you mean by a general partner and general partnership.
43. Why a partner by holding out is also known as a partner by estoppels ?
44. What is the distinction between a silent partner and secret partner ?
45. Give any two features of partnership.
46. Give any two advantages of partnership.
47. Give any two limitations of partnership.
48. Why there is lack of public faith on partnerships ?
49. What do you mean by a partner in profits only ?
50. Explain the term 'Sub-partner'.

#### 4. *Short Questions to be answered within 50 words*

1. Explain how business helps in creation of various utilities.
2. 'Regularity in dealing is essential for a business' - explain.
3. 'Exchange of goods and services is essential for business' - explain.
4. Can the transactions continuously resulting in losses be treated as business ?
5. Give the meaning and important features of employment.
6. What is organic objective of business ?
7. Explain the global objectives of a business.
8. What are the national objectives of business ?
9. How do you differentiate between synthetic industry and assembling industry ?
10. Are fish hatchery and fishing included under same industry ? If not, why ?
11. Why manufacturing industries and construction industries are known as 'Secondary Industry' ?
12. Give any three features of sole proprietorship business.
13. Give any three advantages of sole proprietorship business.
14. Give any three disadvantages of sole proprietorship.
15. State the condition in which sole proprietorship business is suitable.
16. Explain how sole proprietorship business helps in solving the unemployment problem.
17. Can 'unlimited liability' be an advantage for the sole proprietorship business ? If yes, give your logic.
18. What do you mean by illegal partnership and when did a partnership become illegal ?
19. Explain the term; implied authority of a partner'.
20. 'Existence of partnership is uncertain'. Explain.
21. Can a minor become a partner ? If yes, what are the conditions relating to his admission into partnership ?
22. What do you mean by a partner by holding out ?
23. Describe limited partnership.
24. What are the effects of non-registration of a partnership firm ?
25. State three features of partnership.
26. State three advantages of partnership.
27. State three demerits of partnership.
28. Discuss various kind of partnership.
29. Outline the procedure of registration of a partnership.
30. If registration is optional, why do partnership firm willingly go through this legal formality and get themselves registered ?

**UNIT - I****GROUP - B : ANSWERS****3. Short Questions to be answered within 30 words**

1. Economic activities are those human activities which aim at earning money like business, profession or employment.
2. Business refers to that economic activity which is conducted on regular basis to earn profit through the production and sale of goods and services.
3. Profession refers to that economic activity which is conducted by a person having some special knowledge and skill and which he uses impartially to serve the different sections of society.
4. Employment is an economic activity in which people work for others and get remuneration in return.
5. The human activities which are performed out of love, sympathy, sentiments, patriotism etc. for mental satisfaction are known as non-economic activities.
6. This is the utility created by business changing the form of the product. Iron ore cannot be used but when it is converted into iron it can be used. Thus, Business helps in creation of form utility.
7. Place utility is created by the business making the product available at a place convenient to its users/customers. This is done by transporting goods from the place of production to place of use/consumption.
8. Time utility is created by the business storing the goods from the time it is produced till it is finally consumed. For example, Food grains are produced seasonally and needs consumed throughout the year.
9. A person becomes owner of goods only after purchasing them. Thus ownership utility is created by business through sale and purchase of goods.
10. Mention any two of the following : Earning adequate profit, creation of customers, making innovations, production of goods, growth and expansion.
11. Mention any two of the following : High quality goods at fair prices, contribution to community development, fair wages to employees, efficient resource utilisation.
12. Mention any two of the following : Production according to national priorities, Achieve self reliance, Development of small scale enterprises, Development of skilled personnel.
13. Goods which are used in other industries for the purpose of production such as machinery, plant and implements. They are also known as capital goods.
14. Goods which are used by ultimate consumers such as bread, cloth, medicines etc.
15. Goods which are further processed in some other industries to produce some need based goods, such as plastic, rubber aluminium etc.
16. Industry refers to those business activities which are concerned with raising, extraction, conversion, production, processing or fabricating resources into useful goods.
17. Genetic industry is concerned with breeding plant and animals such as animal husbandry, poultry, plantation etc.

18. Extractive industry refers to those industries in which something is extracted out of the earth, water or air.
19. Analytical industries are industries concerned with analysing and separating different components from the same material.
20. Synthetic Industry are the industries concerned with producing useful products out of many raw materials.
21. Assembling industries are the industries in which component parts manufactured by different industries are assembled to produce new and useful product.
22. Processing industries are the industries in which raw material passes through various production processes to turn into finished product.
23. Producer and consumer of certain goods are two separate persons. This creates the hindrance of person as the purpose of producing goods is not served unless the goods come to the possession of consumers from producers.
24. Producers and consumers are placed at different locations. Producers choose locations helpful to production and consumers are spread throughout the globe. This leads to the hindrance of place. Goods need to be transported from the place of production to the place of consumption.
25. There is a time lag between production and use of goods leading to hindrance of time. Thus goods produced should be preserved safely until they are finally used or consumed.
26. Both producer and consumer need finance. Producer needs finance to produce goods and consumer needs finance to purchase goods. As they may not have adequate finance to go for production or purchase, it leads to hindrance of finance.
27. Even if goods are available to satisfy various needs of the consumers, they may not know it leading to hindrance of information. Producers should make the features of their product and make it available to the prospective consumers.
28. From production, until the goods reach the ultimate consumer, element of risk is always there. It may be in any form. It may be damage in transit, theft or natural calamities. Similarly, consumers also have risk when they purchase costly consumer durables. This leads to hindrance of risk in the business.
29. Any two, say - Unlimited liability, sole ownership & management.
30. Any two, say - Easy formation and closure, Incentive for hard work.
31. Any two, say - limited capital, limited managerial ability.
32. Any two, say small business, business requiring personal attention and skill.
33. Unlimited liability implies that liability of business is not limited to the business assets only. If business assets are not sufficient, private assets of business man are utilised to pay the business liabilities.
34. Formation of sole proprietorship business is easy. Anyone can float it and earn money. Thus, it does not allow wealth to be concentrated in few hands.
35. The reason for which the business is successful in the market is known only to the sole proprietor. He maintains this secrecy to enjoy supremacy in the market and earn more profit.

36. It implies that business and businessman (owner of the business) are not separate entities. Hence, the sole proprietor is responsible for all the activities of the business. Business cannot trade with sole proprietor as one never trades with itself.
37. Partnership is a relation between persons who have agreed to share the profits of a business carried on by all or any of them acting for all.
38. Partnership comes into existence only on the basis of a contract between the partners. Persons incapable of entering into a contract cannot be partners. For example, minors, mentally unsound persons and persons declared ineligible by law etc.
39. As a principal is responsible for all the acts of its agent which the agent performs within the limits of authority granted to him, all the partners are responsible for the act of any partner of the partnership.
40. Liability of every partner is unlimited. In case of dissolution of the firm, if the liabilities of the firm exceed its assets, the creditors have the right to get their credit recovered from all the partners collectively or from any partner individually.
41. As we know, a partner is responsible for all the acts of other partners. So, a partnership is feasible if there is good faith among the partners. Therefore, absolute faith among the partners is the foundation of any partnership.
42. General partner is a partner in limited partnership. His liability is unlimited. In general partnership the liability of all the partners is unlimited.
43. Though a holding out partner is not a real partner of the firm, he is liable to third parties if they make contract with the firm and/or extend credits believing him as the partner and suffer loss. In such a situation holding out partner is legally stopped from denying his liability. So, a holding partner is also known as a partner by estoppels.
44. Both are sleeping partners. Silent partners, do not have a voice in the management of the firm where as secret partners, though have voice in management, keep their identity secret from outsiders. Otherwise, they are like other partners.
45. State any two features from the key concepts given earlier.
46. State any two advantages of partnership from the key concepts given earlier.
47. State any two limitations from the key concepts given earlier.
48. As the annual accounts of a partnership business are not presented to the public, the real position of the business is not known to the public. This is the reason for which it lacks public faith.
49. "Partners in profits only" share only profits and do not share losses of the partnership firm. Unlike minor partner, they are liable to third parties along with other partners to an unlimited extent.
50. When a partner agrees to share his share of profit in a partnership with an outsider, such outsider is called a sub-partner. Sub-partner has no rights against the firm nor he is liable for the debts of the firm.

#### 4. *Short Questions to be answered within 50 words*

1. In order to make the product more useful for the society their utility is enhanced by the efforts of the businessman. They are utility of place, form, time and ownership. They are created in the following manner:  
  
Place utility - Carrying goods from place of production to place of consumption.  
  
Form utility - Converting raw materials into finished product.  
  
Time utility - Storing the goods till it can be consumed.  
  
Ownership utility - By purchase of goods one becomes its owner.
2. The economic activity to be considered as business must be conducted regularly. If purchase and sale is a regular feature then it can be termed as business. If someone sells his old house and purchases a new house, there is no regularity in transaction as he will not do it time and again. But sale and purchase of houses by a real estate business man is business.
3. The activity to be considered as business there must be exchange of goods and services. It implies that if a person buy goods to sell them it is business. If goods are purchased for domestic use it cannot be treated as business.
4. Yes. In order to consider any transaction (Purchase and Sale) as business it is essential that the purpose behind such transactions should be to earn profit. But, it may result in losses. The essential condition is that there should be a profit motive irrespective of the result.
5. Employment is that economic activity under which people work for others in lieu of remuneration. The important features are :
  - (a) Service is rendered for others
  - (b) Service is rendered by the employee himself
  - (c) Employment is created through a contract
  - (d) There is a master and servant relationship between employer and employee
  - (e) No capital is needed by the employee to start employment
  - (f) From the point of view of the employee there is no risk involved
  - (g) Employer can be government or private organisation.
6. The term 'organic' relates to the characteristic of living organisms. A living organism grows and fights for own survival. Thus organic objective with reference to business relates to its growth and survival. As a living organism, like individuals, who live in a society, need to have a respectful position in the society so also a business tries to build a respectful position in the minds of the people.
7. The objectives set by a business to face the completion in the global market is known as global objectives of the business. Day by day international trade barriers are being lifted and businesses now have become more global either by having a branch in a foreign country or being exposed to the competition from foreign business houses. Thus, to survive in the business it has to have some policies or objectives to effectively handle the situation.

8. Following are the national objectives of business
  - (a) Production according to national priorities
  - (b) Achieve self-reliance
  - (c) Development of Small Scale Enterprises
  - (d) Development of skilled personnel.
9. Both synthetic industry and Assembling industry create one product out of many input items. But, the distinguishing feature between them is that in case of synthetic industry two or more raw materials are mixed together to create a new product like soap, cement, fertiliser etc. but in case of assembling industry various component parts produced in other industries are assembled together to create a new product like motor car, T.V. etc.
10. Fish hatchery is included under genetic industry whereas fishing is included under extractive industry. The genetic industry includes activities which involves breeding of plants and animals for their use in further reproduction. As fish hatchery involves hatching of fish eggs under controlled conditions it is included in genetic industry. Extractive industry involves extracting goods from land, water and air. As fishing is extraction of fish from water it is included under extractive industry.
11. Secondary industry means the industries which use goods that are already produced by primary industries. As manufacturing industries and construction industries use goods already produced by primary industry they are grouped under secondary industry. For example production of cotton is primary industry where as 'manufacturing cloth' out of cotton is secondary industry.
12. Hints : State any three from the book with explanation of each in one sentence.
13. Hints : State any three explaining each in brief.
14. Hints : State any three explaining each in brief.
15. Hints : State all the conditions given in the book.
16. No formal education or bank finance is required to start a sole trading business. A person with average intelligence without running after jobs can start a business of his/her own to earn a living. Besides his/her self employment he/she can create jobs for others in his/her small business. In this way a sole proprietorship business helps in solving unemployment problem.
17. No doubt, unlimited liability which attaches the private assets of the sole trader to the business liability is a disadvantage for this type of business. But, if we look at this from a different angle it may prove to be a boon for the business. For example, the sole trader who has invested a small amount in the business when goes to bank to obtain a loan for expansion of the business, the bank considers not only the assets of the business but also the credit worthiness of the sole trader taking into account his all assets including private assets. Bank grants loan to the sole trader if private assets are sufficient to cover the loan. Thus, unlimited liability turns out to be an advantage for the business.
18. Although it is not essential for the partnership to get itself registered, yet it has to act in accordance with the law. Otherwise it is called illegal. In the following conditions a partnership becomes illegal.
  - (i) If the purpose of business is illegal and against public policy

- (ii) If the number of partners reduces to one
- (iii) If there is any partner from an enemy country.
19. It is the authority of a partner to act on behalf of the firm even if it is not mentioned in the partnership deed. These are
- (i) To sell goods of the firm
  - (ii) To make payment on behalf of the firm
  - (iii) To receive payments on behalf of the firm
  - (iv) To appoint employees for the jobs in the firm
  - (v) To borrow funds for the firm
  - (vi) To file a suit or defend the court cases on behalf of the firm.
20. In the partnerships with two partners only the partnership comes to an end when a partner dies, declared bankrupt or becomes insane. Further, a notice from the partner can close the partnership firm. The partnership is based on utmost good faith and mutual understanding. If partners fail to maintain this the partnership comes to an end at anytime. Thus the existence of partnership is uncertain.
21. Yes, a minor can be admitted to the benefits of the partnership with the consent of all partners. His liability is limited to the extent of his share in the profits and properties of the firm. Within six months of attaining majority he must give a public notice as to whether or not he decides to become a partner. Failing which, he is deemed to have become a partner of the firm.
22. If a person who is not a partner but holds himself out either through his conduct or by his words as if he is a partner and does not deny it publicly, he is known as a partner by holding out. Though such a partner neither contributes any capital nor takes part in the business he remains liable to such third parties for the loss sustained by them in dealing with the firm believing him as the partner.
23. Limited partnership is characterised by presence of limited partners whose liability is limited. Such limited partners though entitled to their share of the profit they neither take part in the management of the firm nor bind the firm by their own act. However, a limited partnership must have at least one general partner who looks after the management of the business and has unlimited liability. Registration of such firms is compulsory.
24. It is not compulsory that a partnership firm should get itself registered with the Registrar of firms. But an unregistered firm suffers from following disabilities.
- (i) Firm cannot sue third parties
  - (ii) Firm cannot sue any of its partners
  - (iii) A partner cannot sue any third party or the firm or any of the other partners.
25. Hints : See books
26. Hints : See books
27. Hints : See books
28. Hints : Discuss partnership at will and particular partnership under general partnership and limited partnership.
29. Hints : See books.
30. Hints : Explain the benefits of registration.

**UNIT - I****GROUP - C : LONG TYPE QUESTIONS**

1. Define business and give its characteristic.
2. Define Profession and explain its characteristics.
3. Differentiate between Business, Profession and Employment.
4. 'Businesses have become more human these days' explain.
5. Briefly describe the social objectives of business.
6. What are the objectives of the business ?
7. What are the requisites of a successful business ?
8. What do you mean by industry ? What are the types of industries ? Explain them with examples.
9. What are the hindrances ? How commerce overcomes them ?
10. Differentiate between
  - (a) Industry and Commerce
  - (b) Trade and aids to trade
11. Define Trade. Explain briefly different types of trade.
12. What do you understand by 'Sole Proprietorship' ? Outline its features.
13. Explain the advantages of sole trading business.
14. Explain the limitations of sole proprietorship business.
15. "One man control is the best in the world, if that man is big enough to manage the whole show". Comment.
16. Despite Limitations of size and resource, many people continue to prefer sole proprietorship over other forms of organisation. Why ?
17. What do you understand by sole proprietorship business ? Explain its merits and demerits.
18. Define partnership and explain its features.
19. Discuss the merits of partnership.
20. Discuss the limitations of partnership.
21. Explain the various kinds of partners.
22. Explain various kinds of partnerships.
23. Distinguish between general partnership and limited partnership.
24. What is a partnership deed ? Describe its contents.
25. Is it necessary to get partnership registered ?
26. Write short notes on
  - (a) Partner by holding out
  - (b) Minor partner
27. Write shot notes on
  - (a) Particular Partnership
  - (b) Limited Partnership
28. Write shot notes on
  - (a) Principal agent relationship
  - (b) Utmost good faith
  - (c) Implied authority
  - (d) Unlimited liability

**UNIT - I****GROUP - C : ANSWER**

1. Hints : Give meaning, definition and elaborate on following characteristics :
  - (a) An economic activity
  - (b) Exchange of goods and services
  - (c) Regularity in dealing
  - (d) Profit motive
  - (e) Element of risk
  - (f) Creation of utility
  - (g) Consumer satisfaction
2. Hints : Give the definition and explain the following characteristics :
  - (a) Body of specialised knowledge
  - (b) Formalised methods of acquiring training and experience
  - (c) Establishment of Representative Professional Association
  - (d) Code of Conduct
  - (e) Priority of service over economic consideration
3. Hints : Differentiate between Business, Profession and Employment on the following 9 points :
  - (a) Commencement
  - (b) Nature of work
  - (c) Investment
  - (d) Risk
  - (e) Qualification
  - (f) Objective
  - (g) Transfer of interest
  - (h) Test of efficiency
  - (i) Code of conduct
4. Hints : Being human implies coming up to the expectation of the persons engaged in the business. They join the business with some expectations in their mind. As the success of a business largely depends on efficient handling of the human resource, the business houses have to pay due attention to their expectation. Though profit is the primary aim of the business, it is important to see to what extent employees are turned to in achieve the said objective. So business has the following objectives to tune its employees.

Discuss the human objectives -

  - (a) Human treatment
  - (b) Job satisfaction
  - (c) Workers participation in management
  - (d) Development of human resources
  - (e) Recognition and prestige
5. Hints : Touch upon the following points.
  - (a) Supply of goods which the society needs
  - (b) Avoid unfair trade practices
  - (c) Providing employment opportunities
  - (d) Paying fair wages and salaries to employees
  - (e) Efficient use of resources

- (f) Social welfare
- (g) Prevent pollution
- (h) Maintain ethical norms
- (i) Act as a good citizen
- (j) Research
6. Hints : Keeping in mind the time constraint touch upon all the objectives in brief.
7. Hints : Describe in brief the following
- (a) Well defined objectives
- (b) Proper planning
- (c) Proper location, layout and size
- (d) Sound organisation
- (e) Efficient management
- (f) Adequate finance
- (g) High employee morale
- (h) Best marketing system
- (i) Satisfied customers
- (j) Innovation
- (k) Risk bearing capacity
- (l) Reputation
8. Hints :
- Give the meaning of industry
  - Explain the Primary, Secondary and Tertiary industries with examples.
9. Hints : State the hindrances of person place, time, finance, information and risk and explain how trading by middlemen, transportation, warehousing, banking, advertising and insurance overcome them respectively.
10. Hints :
- (a) Distinguish between Industry and Commerce on following heads.
- (i) Meaning
- (ii) Type of utility,
- (iii) Component
- (iv) Demand and supply
- (v) Place of operation
- (vi) Branch of activity
- (b) Distinguish between Trade and aids trade giving their different composition, activity and objective.
11. Hints :
- Give definition
  - Types - Home Trade, Foreign Trade
  - Describe each briefly
12. Hints :
- Give meaning and definition
  - Explain features
13. Hints : Refer books to explain the advantages.
14. Hints : Refer book
15. Hints : Explain the advantages of sole proprietorship.
16. Hints : Discuss the advantages and suitability.
17. Hints :
- Give the meaning
  - Touch upon advantages and disadvantages in brief.

18. Hints:
- Give the definition
  - Explain the meaning
  - Explain its features
19. Hints : See books
20. Hints : See books
21. Hints : Discuss in brief the following kinds of partners.
- (a) Active partner
  - (b) Sleeping partner
  - (c) Secret partner
  - (d) Nominal partner
  - (e) Partner in profits only
  - (f) Sub-partner
  - (g) General partner
  - (h) Limited partner
  - (i) Partner by holding out
  - (j) Minor partner
  - (k) Incoming partner
  - (l) Outgoing partner
22. Hints : Explain general partnership : partnership at will and particular partnership. While discussing particular partnership also touch upon partnership for fixed period and partnership for fixed purpose.  
Then explain limited partnership.
23. Hints : Distinguish on following points :
- (a) Liability
  - (b) Registration
  - (c) Participation in management
  - (d) Representation
  - (e) Stability
  - (f) Withdrawal of capital
  - (g) Credit worthiness
  - (h) Capital in cash
24. Hints :
- Give the meaning of the partnership deed.
  - Give the details of a deed mentioning what it usually contains.
25. Hints :
- Explain the necessity of registration emphasising consequences of non registration.
  - Discuss the procedure
  - Discuss the benefits of registration to the firm, partners and outsiders.
26. Hints : Refer books.
27. Hints : Refer books.
28. Hints : Refer books.

## UNIT-II

### KEY CONCEPTS

#### COMPANY, CO-OPERATIVE SOCIETY, PUBLIC, PRIVATE AND GLOBAL ENTERPRISES

**COMPANY :** Concept, Merits and Limitations, Types, Formation and Important documents.

- **Definition :** Company is an artificial person created by law having separate legal entity, with a perpetual succession and common seal.
- **Features :** (1) Incorporated association of persons (2) Artificial legal person, (3) Separate legal entity, (4) Perpetual succession, (5) Limited liability, (6) Common seal, (7) Transferability of shares, (8) Separation of ownership and management, (9) Diffused Risk, (10) Statutory Regulations.
- **Merits :** (1) Huge capital, (2) Limited liability, (3) Perpetual existence, (4) Free transferability of shares, (6) Scope for growth and expansion, (6) Efficient management, (7) Greater public confidence, (8) Benefits of large scale operations, (9) Diffused Risk, (10) Corporate Social Responsibility, (11) Tax advantage.
- **Limitation :** (1) Difficulty in formation, (2) Oligarchic management, (3) Lack of prompt decision and action, (4) Lack of personal contact, (5) Excessive government control, (6) Lack of secrecy, (7) Lack of motivation, (8) Conflict of interest, (9) Speculation by directors, (10) Social abuses.
- **Types :**
  - On the basis of formation - (1) Registered, (2) Statutory, (3) Chartered
  - On the basis of liability - (1) Limited by shares, (2) Limited by guarantee, (3) Unlimited
  - On the basis of ownership - (1) Holding, (2) Subsidiary, (3) Government
  - On the basis of transferability of shares - (1) Private, (2) Public
  - On the basis of Nationality - (1) Indian, (2) Foreign, (3) Multinational
  - Other Companies - Defunct, Dormant, Investment, Finance, FERA, Not for profit, One person, Small, Producers Company.
- **Formation :** (1) Promotion, (2) Registration, (3) Capital Subscription, (4) Commencement of Business.
  - (1) **Promotion :** (a) Discovery of idea, (b) Preliminary Investigation, (c) Detailed Investigation, (d) Assembling, (e) Financing.
  - (2) **Registration :** (a) Memo, (b) Article, (c) Written Consent of Directions, (d) Address of Registered office, (3) Statutory Declaration of Payment of fees.

- (3) **Capital Subscription** : (a) Compliance of SEBI guidelines, (b) Issue of prospectus, (c) Minimum Subscription, (d) Allotment of Shares.
- (4) **Commencement of Business** : (a) Copy of the prospectus, (b) Return of allotment of shares, (c) Declarations.
- **Important Documents** : (1) Memorandum of Association, (2) Articles of Association, (3) Prospectus, (4) Statement in lieu of Prospectus.
    - (1) **Memorandum of Association** : (a) Name clause, (b) Situation clause, (c) Object clause, (d) liability clause, (e) Capital clause, (f) Association clause.
    - (2) **Articles of Association** : (a) Meaning, (b) Features, (c) Form, (d) Contents.
    - (3) **Prospectus** : (a) Meaning, (b) Features, (c) Object, (d) Contents
    - (4) **Statement of lieu of Prospectus** : (a) Meaning, (b) Situation leading to issue of it, (c) Contents.

#### **CO-OPERATIVE SOCIETY : Meaning, Characteristics, Advantage and Disadvantages.**

- **Meaning** : Co-operatives society is a form of organisation wherein persons associate together voluntarily on equal basis to further their common economic interests.
- **Features** : (1) Voluntary Association, (2) Separate legal entity, (3) Limited liability, (4) Service motive, (5) Democratic Management, (6) Capital, (7) Distribution of surplus, (8) State Control, (9) Cash Trading, (10) Transfer of Share, (11) Unity.
- **Advantages** : (1) Easy formation, (2) Democratic management, (3) Ploughing back of profit, (4) Elimination of middlemen, (5) Saving in expenses, (6) Limited liability, (7) Continuity, (8) Mutual benefit, (9) Reducing inequalities, (10) Tax advantage, (11) State assistance.
- **Disadvantages** : (1) Limited capital, (2) Lack of managerial talent, (3) Excessive government intervention, (4) Lack of secrecy, (5) Lack of public confidence, (6) Lack of motivation, (7) Difference of Opinion, (8) Misuse of funds, (9) No Quick Decisions, (10) Cash Trading.

#### **PUBLIC, PRIVATE AND GLOBAL ENTERPRISES :**

Concept of Public & Private Sector enterprises, changing role of public sector enterprises and forms, concept of global enterprises, joint ventures and public private partnerships.

- **Meaning of Public Enterprises** : Business organisations which are owned and controlled by government. For this purpose an enterprise may not be wholly owned by the government. If government owns 51% of the paid up share capital of an enterprise, such an enterprise is also known as public enterprise. Collectively these enterprises constitute the Public Sector.

- **Features :** (1) State ownership, (2) State Control, (3) Government financing, (4) Service motive, (5) Public Accountability, (6) Autonomous or semi autonomous bodies, (7) Monopolistic enterprise.
- **Objective :** (1) Economic, (2) Social, (3) Political.
- **Advantages :** (1) Achievement of national goal, (2) Development of Backward regions, (3) Generation of Surplus, (4) Import substitution and exports, (5) Employment generation, (6) Development of Ancillary industries, (7) Prevention of concentration of economic power, (8) Public Welfare, (9) Fair deal to worker, (10) Ethical business activity.
- **Disadvantages :** (1) Lack of systematic criteria for investment, (2) Political interference, (3) Under utilisation of capacity, (4) Shortage of devoted persons, (5) Lack of incentive, (6) Delay in decision making, (7) Problem of organisation structure, (8) Long gestation period, (9) Defective pricing policy, (10) Inefficient management, (11) Lack of co-ordination.
- **Forms :** (1) Departmental undertaking, (2) Public Corporations, (3) Government Companies.
- **Meaning of Private Enterprises :** Business organisations which are owned and controlled by private entrepreneurs and not government.
- **Features :** (1) Private ownership, (2) Private management, (3) Private financing, (4) Profit motive, (5) Private accountability, (6) Less political interference.
- **Global Enterprises :** Business organisations which are involved in trade relations with other countries.
- **Joint ventures :** It is a temporary partnership between two or more persons who agree to carry on a business together for a about while or for a common purpose and mutual benefit.
- **Public Private Partnership (PPT) :** It refers to the involvement of private sector in the government projects with the object of public benefit.
- **Forms of Private Enterprises :** (1) Sole Proprietorship, (2) Joint Hindu Family Business, (3) Partnership, (4) Joint Venture, (5) Company, (6) Co-operative Societies.



13. Board of Directors is selected by  
(a) Public (b) Shareholders  
(c) Employees (d) Government
14. Stability of existence is found in  
(a) Sole Proprietorship (b) Partnership  
(c) Company (d) All of the above
15. In which of the following form of business organisation the advantage of more financial resources is there ?  
(a) Sole Proprietorship (b) Partnership  
(c) Company (d) Co-operatives
16. What is the cause of lack of secrecy in a company form of business.  
(a) Presence of more owners  
(b) Presence of more managers  
(c) Publication of Accounts  
(d) None of the above
17. A company in India is incorporated under Indian Companies Act  
(a) 1912 (b) 1932  
(c) 1956 (d) None of the above
18. The representatives elected by the shareholders to run the company are  
(a) Directors  
(b) Managers  
(c) Chief Executive Officer  
(d) General Manager
19. The formation of a company is  
(a) Time Consuming (b) Expensive  
(c) Complex (d) All of the above
20. Companies registered under Indian Companies Act are known as  
(a) Registered Companies  
(b) Statutory Companies  
(c) Chartered Companies  
(d) All of the above
21. The companies in which the liability of a member is limited to the amount which he undertaken to contribute in the event of winding up is known as  
(a) Company limited by shares  
(b) Company limited by guarantee  
(c) Unlimited companies  
(d) All of the above
22. The company which holds more than 50 percent of the nominal value of equity share capital and constitutes the majority of directors of another company is known as  
(a) Holding Company  
(b) Subsidiary Company  
(c) Government Company  
(d) All of the above
23. State Bank of India is an example of  
(a) Registered Company  
(b) Statutory Company  
(c) Chartered Company  
(d) None of the above
24. When a company does not have significant accounting transactions during a year but holds its asset for its use at a later stage is known as  
(a) Defunct Company  
(b) Dormant Company  
(c) FERA Company  
(d) Illegal Association
25. The company which has ceased its operation but appears in the register of companies maintained by Registrar of Companies  
(a) Defunct Company  
(b) Dormant Company  
(c) FERA Company  
(d) Illegal Association

26. Which of the following is not an advantage of company form of business organisation.
- (a) Difficulty in formation
  - (b) Continuity
  - (c) Efficient management
  - (d) Limited liability
27. Which of the following is an advantage of company form of business organisation.
- (a) Limited liability
  - (b) Oligarelic management
  - (c) Legal regulations
  - (d) Difficulty in formation
28. Which of the following is proper order in stages of promotion of a Public Company
- (a) Commencement of business, Incorporation, Capital subscription
  - (b) Incorporation, Capital Subscription, Commencement of business
  - (c) Capital Subscription, Incorporation, Commencement of business
  - (d) Capital Subscription, Commencement, Incorporation
29. Which of the following is not to be counted as a privilege enjoyed by Private Companies?
- (a) Only two persons can form a Private Company
  - (b) Shares are not transferable
  - (c) Can start business immediately after obtaining certificate of incorporation
  - (d) It need not have to issue a prospectus and file the same with the Registrar of Companies
30. Which of the following documents is not filed for the purpose of incorporation of a company ?
- (a) Memorandum of Association
  - (b) Articles of Association
  - (c) Written consent of Directors
  - (d) Prospectus
31. Which of the following documents is not filed for the purpose of commencement of business ?
- (a) Articles of Association
  - (b) Prospectus or statement in lieu of prospectus
  - (c) Declaration that amount of minimum subscription has been subscribed for
  - (d) Return of allotment containing the names, addresses of shareholders and number of shares allotted to each shareholder
32. Which one of the following is the Principal document of a Company ?
- (a) Memorandum of Association
  - (b) Articles of Association
  - (c) Prospectus
  - (d) Statement in lieu of prospectus
33. Which one of the following is the purpose of Memorandum of Association ?
- (a) Sets out Company's scope, object and the limits
  - (b) Set out the internal rules of the company
  - (c) To define the powers, limitation & rights of company officers
  - (d) None of the above
34. Which of the following is the purpose of Articles of Association.
- (a) Set out company's scope, object and the limits
  - (b) Set out rules and regulations relating to management of internal affairs of a company
  - (c) Both (a) and (b)
  - (d) Neither (a) nor (b)
35. Which of the following is a document inviting offers from the public for subscription of shares in a company ?
- (a) Memorandum of Association
  - (b) Articles of Association
  - (c) Prospectus
  - (d) Statement in lieu of prospectus

36. Comparative Societies are governed by the Cooperative Societies Act :
- (a) 1912                      (b) 1956  
(c) 1932                      (d) 1922
37. The basic aim of Corporate Society is
- (a) Members welfare  
(b) Employment generation  
(c) Profit making  
(d) More production
38. Self help and mutual help is the primary objective of
- (a) Company  
(b) Sole proprietorship  
(c) Partnership  
(d) Co-operatives
39. Which of the following is not a feature of cooperatives
- (a) Limited liability  
(b) Voluntary membership  
(c) Separate legal entity  
(d) Profit maximisation
40. Maximum limit of members in a Co-operative Society other than Co-operative Credit Societies is
- (a) 10                              (b) 50  
(c) 200                            (d) Not fixed
41. Which of the following is not an advantage of Co-operative Societies ?
- (a) Continuity  
(b) Democratic management  
(c) Cash Trading  
(d) Limited Liability
42. Which of the following is a disadvantage of Co-operatives Societies ?
- (a) Limited resources  
(b) In-efficiency in management  
(c) Lack of secrecy  
(d) All of the above
43. How is the financial arrangement of a Co-operative Society is made ?
- (a) Capital Contribution of Members  
(b) Grants from government  
(c) Loans from government  
(d) All of the above
44. 'Each for all and all for each' is the basic principle of
- (a) Company                      (b) Business  
(c) Cooperation                (d) Competition
45. 'One person, one vote' principle is adopted in
- (a) Company  
(b) Partnership  
(c) Co-operative Societies  
(d) None of the above
46. Minimum number of members required to form a Co-operative Society.
- (a) 2                                (b) 7  
(c) 10                               (d) 20
47. Which one of the following is not a form of private enterprise ?
- (a) Sole Proprietorship  
(b) Partnership  
(c) Departmental Undertaking  
(d) Company

48. Indian Railways is an example of  
(a) Public Corporation  
(b) Departmental Undertaking  
(c) Govt. Company  
(d) PPP Project
49. A public enterprise is owned and controlled by  
(a) Shareholder  
(b) Government  
(c) Financial Institutions  
(d) NGO
50. Public Enterprises are accountable to  
(a) Legislature (b) Community  
(c) Financial Institution (d) None
51. Government Companies are created through  
(a) Registration under Companies Act  
(b) Royal Charter  
(c) Special Act of Parliament  
(d) Special Act of Legislative Assembly
52. PPP stands for  
(a) Public Private Partnership  
(b) Public Private Project  
(c) Public Private Process  
(d) Public Private Plan
53. PPP projects are undertaken in the form  
(a) Build-Operate-Transfer  
(b) Build-learn-Transfer  
(c) Design-Build-Operate-Transfer  
(d) All of the above
54. A Public Company is related with  
(a) Private Sector  
(b) Public Sector  
(c) Government Undertaking  
(d) All of the above
55. The units of Public Sector are known as  
(a) Public enterprises  
(b) State enterprises  
(c) Public Sector Undertaking  
(d) All of the above
56. Government Company is a company in which the paid up capital hold by the government is not less than  
(a) 49% (b) 51%  
(c) 50% (d) 25%
57. Which one of the following is not a feature of PPP  
(a) Contractual relationship  
(b) Specific Project  
(c) Control over private sector  
(d) Right to levy charges on users of the facility created
58. Which one of the following is not a feature of public enterprise  
(a) State ownership  
(b) Profitability  
(c) Government financing  
(d) Public accountability
59. Which one of the following is not an objective of Public enterprise  
(a) Have monopolistic business empire  
(b) Creation of sound industrial base  
(c) Creating a source of income for the government  
(d) Regional Development
60. Which one of the following is not an advantage of Public Enterprise  
(a) Import substitution and export  
(b) Employment generation  
(c) Long gestation period  
(d) Development of Ancillary Industries

## 2. Do as Directed Questions

### 2. (a) Express in one word / term

1. A company whose shares can not be sold to the public.
2. Life of company is independent of the life of its members.
3. Existence of a company is separate and free from its members.
4. A person created by law.
5. A company in which 51% of Share Capital is held by Government.
6. A company created by a special Act of Legislature.
7. A company doing business in more than one country.
8. A document called as the constitution of a company.
9. Owners of a company.
10. A company whose shares can be freely traded in market.
11. A company in which the number of members cannot exceed 200.
12. Sum total of activities necessary for bringing the company into existence.
13. A person or group of persons who conceive the idea of a company and perform all those activities necessary to bring it into existence.
14. Shares, the directors need to buy to ensure their stake.
15. The certificate issued after registration of a company.
16. The certificate required by a public company to start its business.
17. The Document that contains rules governing internal management of company.
18. Document which invites the public to apply for shares and debentures in a company.
19. The document which is filed with the Registrar of companies instead of a prospectus.
20. The minimum amount of shares that need to be subscribed by the public for obtaining certificate of commencement of business.
21. Form of business organisation wherein persons associate together voluntarily on equal basis to protect and further their common economic interests.
22. A business undertaking owned and controlled by the state.
23. A body corporate setup under a special Act passed in the legislative.
24. Companies found through registration under Companies Act 1956.
25. The sector of business where both private and public enterprises are partners.
26. Public Enterprises that provide necessary services to the society.
27. Two or more persons joining hands for a short while to accomplish a common business purpose.
28. A partnership between public sector and private sector organisations.

## 2. (b) Correct the underlined portion

1. In India a company has to be incorporated under Indian Companies Act 1965.
2. In a company the liability of shareholders is unlimited.
3. The liability of shareholders is limited up to the paid up value of the shares subscribed.
4. For obtaining certificate of incorporation filing of memo and prospectus is necessary.
5. A company is artificial person created by promoters.
6. Minimum of two persons can form a public limited company.
7. A company comes to an end by death of its members.
8. Common seal bears the name of the chief executive officer.
9. The shares of private company can be freely transported.
10. The government appoints the Board of Directors to manage the company's business.
11. Formation of a company is easy.
12. In reality the management of company is democratic.
13. All the efforts made to establish a new company are collectively called commencement of business.
14. A person or group of persons who perform all those activities necessary to establish a company is/are known as owner(s) of the company.
15. The Certificate of Commencement of business is issued after incorporation of the company.
16. A public company which can obtain capital without public subscription files a prospectus with the Registrar at least three days before 1st allotment of shares
17. It is necessary for a private company to issue prospectus.
18. Articles of Association is called the constitution of company.
19. Each for all and all for each is the basic principle of partnership.
20. The liability of members of co-operative society is unlimited.
21. The principle of 'one person, one vote' applies in company form of business.
22. The maximum number of members of a co-operative society is ten adult persons.
23. Co-operative societies have oligarchic management.
24. In co-operative societies trading is done on credit basis.
25. Membership of co-operative society is compulsory.
26. LIC of India is an example of Government Company.
27. Post and Telegraphs is an example of joint venture.
28. Departmental undertaking, Public Corporation and Public Company are the three major forms of Public Enterprises.
29. In a government company government hold 50% or more of its paid up share capital.
30. The full form of BOT is Build - Own - Transfer.
31. PPP is a Private Sector design.
32. Joint venture is a permanent partnership.
33. Joint venture is a partnership between individuals without firm name.
34. The parties in a joint venture are called partners.
35. Global enterprises sell different products in different markets of the globe.
36. MNCs sell same products in different countries.
37. Initially 21 industries were reserved for public sector.
38. Industrial Policy 1991 reduced the number of industries reserved for public sector to 10.
39. Now four industries are reserved for Public Sector.

**2. (c) Fill in the blanks**

1. As per Indian Companies Act 1956 the registration of a company is \_\_\_\_\_.
2. \_\_\_\_\_ is an incorporated Association of persons.
3. It is not necessary to call \_\_\_\_\_ meeting in a Private Company.
4. In the absence of \_\_\_\_\_ Table 'A' applies for a Public Company Limited by shares.
5. Article of Association is \_\_\_\_\_ to the memorandum of Association.
6. \_\_\_\_\_ clause states the state in which the registered office of the company is to be situated.
7. \_\_\_\_\_ is treated as the signature of the company.
8. There must be atleast \_\_\_\_\_ members to form a Private Company.
9. According to Companies Act, 2013 the \_\_\_\_\_ company can be formed only with one person as its member.
10. The Registrar of Company issues the certificate of \_\_\_\_\_ Indicating registration of the company.
11. \_\_\_\_\_ of Association is a document which defines the objects of a joint stock company.
12. \_\_\_\_\_ is a document which provides relevant information for inviting public to subscribe to the shares of a public company.
13. \_\_\_\_\_ of Association is a document which specifies rules and regulations for conducting internal affairs of a company.
14. The management of a company is intended to be democratic but it is actually \_\_\_\_\_.
15. \_\_\_\_\_ is a document needed to be submitted by a public company to the Registrar of Companies, if it decides not to approach the public for raising necessary capital by issuing a prospectus.
16. The minimum subscription should be \_\_\_\_\_ percent of the size of issue.
17. \_\_\_\_\_ is the form of organisation wherein persons associate together voluntarily on equal basis to further their common economic interest.
18. The members of Co-operative society have \_\_\_\_\_ liability.
19. Co-operative society has \_\_\_\_\_ legal entity.
20. The registration of cooperative societies is done under the Co-operative Societies Act \_\_\_\_\_.
21. \_\_\_\_\_ of total surplus of a Co-operative Society is transferred to the general reserve.
22. Formation of Co-operative Society is based on \_\_\_\_\_ motive.
23. Membership of a Cooperative Society is \_\_\_\_\_.
24. A Government Company is registered under \_\_\_\_\_ Act.
25. Basic aim of public enterprise is to \_\_\_\_\_.
26. A Government Company can raise upto \_\_\_\_\_% of share capital from the public.
27. FCI is an example of \_\_\_\_\_ Corporation.
28. A Public Company is a \_\_\_\_\_ sector organisation.
29. The full form of BLT is Build-lease \_\_\_\_\_.
30. The full form of BOT is Build \_\_\_\_\_ Transfer.
31. In PPP the share of the Private partner in equity share capital is less than \_\_\_\_\_%.
32. A joint venture is a \_\_\_\_\_ partnership.
33. Indian economy is a \_\_\_\_\_ economy.
34. Disinvestment means \_\_\_\_\_ of equity shares of Public enterprises.

**2. (d) Answer in one sentence**

1. Which form of business organization is known as artificial person ?
2. Who are the owners of a company ?
3. Companies are registered under which Indian Act ?
4. Is it compulsory for a company to get itself registered ?
5. Why is formation of a company is complex ?
6. Which feature of a company states that the existence of a company is not affected by coming and going of its members.
7. Which is the official signature of a company ?
8. What is oligarchic management?
9. Which form of business organisation is suitable for large scale businesses ?
10. Why is it not possible to maintain secrecy in case of company form of business organization.
11. What is the negative impact of separation of ownership and management in case of company form of business organisation.
12. Why is it not possible for the owners to have personal contract with the employees, customers and creditors ?
13. Name the type of company that doesn't allow its members to transfer its shares easily.
14. Does a private company allow public to subscribe for its share capital ?
15. Is it necessary for a private company to use the words, 'private limited' after its name ?
16. Does a private company need to issue prospectus ?
17. Which type of company can start its business after receiving the certificate of incorporation ?
18. What is the minimum number of directors required in a Private Company.
19. What is the minimum number of directors required in Public Company ?
20. Which certificate is required by a Public Company to start its operation ?
21. What is the first stage of formation of a Company ?
22. Who is a promoter ?
23. Who are the first Directors of the company ?
24. Name the statement containing the names and addresses of shareholders and the number of shares allotted to them.
25. Which certificate is known as the Birth Certificate of the company ?
26. When does a Private Company commence business ?
27. In how many days from the date of the issue of prospectus the minimum subscription should be received ?
28. What would a company do if it debit receive applications to cover the minimum subscription amount ?
29. In which clause of Memorandum of Association liability of the members of the company is stated ?
30. For the protection of investors which guidelines of SEBI has to be complied with.
31. Name the form of business organisation which aims at providing service to its members.

32. "A Co-operative Society has voluntary membership". What does it imply ?
33. With whom the right of ultimate control in a Co-operative Society lies ?
34. "In a Co-operative Society, there is lack of Secrecy". Why?
35. Is it compulsory for cooperative societies to get themselves registered ?
36. Name the legislation which governs the functioning of co-operative societies.
37. How many persons are required to form a co-operative society ?
38. Why does the joining and leaving of the members does not affect the existence of a co-operative society ?
39. What is the nature of liability of the members of a Co-operative Society ?
40. Does the death, insolvency or insanity of a member of co-operative society affect its existence ?
41. Why is there inefficiency in the management of Co-operatives ?
42. Does government interfere in the working of a Co-operative Society ? If yes, how ?
43. Differentiate partnership and co-operatives on the basis of liability of its members.
44. What do you mean by a mixed economy ?
45. What type of economy does India have ?
46. Name the sector which comprises of business organizations, owned and managed by private individuals.
47. Name the sector which comprises of enterprises owned and managed by government.
48. Mention different types of public sector enterprises.
49. What is the main aim of Public Enterprises ?
50. What is the main aim of private sector enterprises ?
51. How is departmental undertaking established ?
52. How statutory corporations created ?
53. What is the main source of finance for departmental undertakings ?
54. What is the difference between Public Co-operations and statutory corporations ?
55. What are the main sources of finance of the Public Corporations ?
56. Can a government company raise capital from the public ?
57. Why basic, core and infrastructure industries were setup under public sector after independence?
58. Why were public sector enterprises established in backward areas ?
59. Which sector of economy can check concentration of economic power and monopolistic practices among the private enterprises ?
60. What is the main aim behind disinvestment ?
61. To whom the sick public sector enterprises are reformed to ?
62. Why was the system of MoU introduced ?

**UNIT - II****GROUP - A : ANSWERS****1. Multiple Choice Questions**

1. (d) Unlimited liability
2. (a) 2
3. (b) 7
4. (c) 200
5. (d) No upper limit
6. (d) Incorporation
7. (c) Amount unpaid by the shareholders
8. (b) 3
9. (a) 2
10. (b) Private Company
11. (d) The Company
12. (d) Operation of law
13. (b) Shareholders
14. (c) Company
15. (c) Company
16. (c) Publication of Accounts
17. (c) 1956
18. (a) Directors
19. (d) All of the above
20. (a) Registered Companies
21. (b) Company limited by guarantee
22. (a) Holding Company
23. (b) Statutory Company
24. (b) Dormant Company
25. (a) Defunct Company
26. (a) Difficulty in formation
27. (a) Limited liability
28. (b) Incorporation, Capital Subscription, Commencement of business
29. (b) Shares are not transferable
30. (d) Prospectus
31. (a) Articles of Association
32. (a) Memorandum of Association
33. (a) Sets out Company's scope, object and the limits
34. (b) Set out rules and regulations relating to management of internal affairs of a company
35. (c) Prospectus
36. (a) 1912
37. (a) Members welfare
38. (d) Co-operatives
39. (d) Profit maximisation
40. (d) Not fixed
41. (c) Cash Trading
42. (d) All of the above
43. (d) All of the above
44. (c) Cooperation

- 
- |  |   |
|--|---|
| 45. (c) Co-operative Societies           | 53. (d) All of the above                  |
| 46. (c) 10                               | 54. (a) Private Sector                    |
| 47. (c) Departmental Undertaking         | 55. (d) All of the above                  |
| 48. (b) Departmental Undertaking         | 56. (b) 51%                               |
| 49. (b) Government                       | 57. (c) Control over private sector       |
| 50. (a) Legislature                      | 58. (b) Profitability                     |
| 51. (a) Registration under Companies Act | 59. (a) Have monopolistic business empire |
| 52. (a) Public Private Partnership       | 60. (c) Long gestation period             |

## ***2. Do as Directed Questions***

### ***2. (a) Express in one word / term***

- |                              |   |
|------------------------------|---|
| 1. Private Company           | 15. Certificate of incorporation            |
| 2. Perpetual Succession      | 16. Certificate of commencement of business |
| 3. Separate legal entity     | 17. Articles of Association                 |
| 4. Artificial legal persons  | 18. Prospectus                              |
| 5. Government company        | 19. Statement in lieu of Prospectus         |
| 6. Statutory company         | 20. Minimum Subscription                    |
| 7. MNC                       | 21. Cooperative Society                     |
| 8. Memorandum of Association | 22. Public Enterprise                       |
| 9. Shareholders              | 23. Public Corporation                      |
| 10. Public Company           | 24. Registered Companies                    |
| 11. Private Company          | 25. Joint Sector                            |
| 12. Company Promotion        | 26. Public Utility                          |
| 13. Promoter(s)              | 27. Joint venture                           |
| 14. Qualification shares     | 28. PPP                                     |

## 2. (b) Correct the underlined portion

- |   |                              |
|---|------------------------------|
| 1. 1956                                   | 21. Co-operative Societies   |
| 2. limited                                | 22. Minimum                  |
| 3. face                                   | 23. Democratic               |
| 4. Articles of Association                | 24. Cash                     |
| 5. law                                    | 25. Voluntary                |
| 6. Private                                | 26. Public Corporation       |
| 7. law                                    | 27. Departmental undertaking |
| 8. Company                                | 28. Government Company       |
| 9. Public                                 | 29. 51%                      |
| 10. Shareholders appoint                  | 30. Operate                  |
| 11. Difficult                             | 31. Joint                    |
| 12. Oligarchic                            | 32. Temporary                |
| 13. Promotion                             | 33. Persons / Entities       |
| 14. Promoter(s)                           | 34. Co-ventures              |
| 15. Certificate of incorporation          | 35. Same                     |
| 16. Statement in lieu of prospectus       | 36. Different                |
| 17. Public                                | 37. 17                       |
| 18. Memorandum of Association             | 38. 8                        |
| 19. Co-operation / Co-operative Societies | 39. three                    |
| 20. limited                               |                              |

## 2. (c) Fill in the blanks

- |   |                                     |                      |
|---|-------------------------------------|----------------------|
| 1. Compulsory                               | 12. Prespectus                      | 23. Open (voluntary) |
| 2. Company                                  | 13. Articles                        | 24. Comapnies        |
| 3. Statutory                                | 14. Oligarchic                      | 25. Render service   |
| 4. Articles of Association                  | 15. Statement in lieu of Prospectus | 26. 49               |
| 5. Subordinate                              | 16. 90                              | 27. Public           |
| 6. Situation/Domicile/<br>Registered Office | 17. Co-operative Society            | 28. Private          |
| 7. Common Seal                              | 18. Limited                         | 29. Transfer         |
| 8. Two                                      | 19. Separate                        | 30. Operate          |
| 9. One Person                               | 20. 1912                            | 31. 60               |
| 10. Incorporation                           | 21. 25%                             | 32. Temporary        |
| 11. Memorandum                              | 22. Service                         | 33. Mixed            |
|   |                                     | 34. Sale             |

**2. (d) Answer in one sentence**

1. Company form of business organization is known as artificial persons.
2. Shareholders are the owners of a company.
3. Indian Companies Act 1956.
4. Yes, it is compulsory.
5. Because, it involves preparation of several documents and fulfillment of many legal formalities.
6. Perpetual succession.
7. Common seal is the official signature of a company.
8. Management by a few people.
9. Company form of business organization is suitable for large scale businesses.
10. Because it has to provide information to public as per the Companies Act.
11. Lack of motivation on the part of the managers as they do not enjoy the fruit of their effort i.e profit of the business.
12. Because owners do not manage business.
13. Private Company does not allow its members to transfer shares.
14. No, Private Companies do not offer shares for public subscription.
15. Yes, they have add "Private Ltd." to their name.
16. No, as private companies do not offer their shares for public subscription, there is no need of issuing prospectus.
17. Private Company can start its operation after obtaining certificate of incorporation.
18. Minimum 2 direction are required in private companies.
19. Minimum Three directors are necessary in case of Public Companies.
20. After obtaining Certificate of Commencement of business Public Company can start its operation.
21. Promotion is the first stage of formation of a compnay.
22. Any person or group of persons, who discover(s) a business opportunity and take appropriate steps to form a company is / are known as promoter(s).
23. The members signing the Memorandum of Association of the proposed company are its first directors.
24. Return of Allotment.
25. Certificate of Incorporation
26. Immediately after obtaining Certificate of Incorporation.
27. 120 days
28. It will not proceed with allotment of shares and shall return the application money received.
29. Liability clause
30. "Guidelines for disclosure & investor protection, 2000.
31. Co-operative Societies
32. It implies that no individual can be compelled to be member of the co-operative society. Anybody eligible can be its member when he desires and leave its membership after giving information to this effect.

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33. The right of ultimate control in a co-operative society lies with its members.
  34. It is because co-operative society is required to share all information with its members.
  35. Yes, it is compulsory.
  36. Co-operative Societies Act 1912
  37. Ten adult persons
  38. Because, registration gives the society a separate legal entity different from its members.
  39. Limited liability
  40. No, it enjoys separate legal entity distinct from its members.
  41. It is unable to appoint professional managers because of limited resources.
  42. Yes, by imposing rules and regulations
  43. Liability of partners is unlimited where as liability of members of Co-operative society is limited.
  44. Where public and private sector co-exists.
  45. Mixed economy
  46. Private sector
  47. Public sector
  48. Departmental undertaking, statutory corporation, government company.
  49. To render services to the public.
  50. To earn maximum profit.
  51. It is established as one of the departments of the ministry.
  52. These are created through special Act of legislatures.
  53. Annual budget of the government.
  54. They are same.
  55. Own revenue and borrowing from the government.
  56. Yes, by issuing shares to the extent of 49% of its capital.
  57. Because they needed heavy investment and had long gestation periods.
  58. To ensure balanced growth of the country through reduction in regional disparity.
  59. Public Sector
  60. To increase the private participation in the public enterprises.
  61. The Board of Industrial and Financial Reconstruction (BIFR).
  62. To improve the performance of public sector enterpriss.

**UNIT - II****GROUP - B : SHORT TYPE QUESTIONS****3. Short Questions to be answered within 30 words**

1. Define company organisation.
2. What do you mean by a company form of organisation ?
3. Explain how the company is an artificial person.
4. What do you mean by perpetual succession of a company ?
5. What is the implication of limited liability in a company form of business ?
6. What is a common seal in a company ?
7. What do you mean by the term separation of ownership and management in company form of business ?
8. What do you mean by transferability of shares ?
9. There is good scope for growth and expansion in a public company. Explain.
10. 'A company form of business is able to reap the benefits of economies of large scale'. Explain.
11. 'Personnel efficiency is high in case of company form of business'. Explain.
12. How is a company able to garner public confidence ?
13. What is a statutory company ?
14. What do you mean by a company limited by guarantee ?
15. What is a government company ?
16. What is an One person company and when was the concept introduced ?
17. State the stages of promotion of a company.
18. State the stages of company formation.
19. Describe government as a promoter.
20. What is minimum subscription ?
21. What is indicated by the situation clause of memo ?
22. What is important about the object clause of memo ?
23. What does the liability of clause of memo state ?
24. What does the capital clause of memo indicate ?
25. What is a Memorandum of Association ?
26. What is an Articles of Association ?
27. What is a prospectus ?
28. What is a statement inline of prospectus ?
29. Give any two features of a company form of business.
30. Give any two advantages of a company form of business.
31. Give any two demerits of a company form of business.
32. Give the meaning of co-operative society.
33. Mention maximum and minimum number of members in Co-operative Societies.

34. "A cooperative society is not set up for making profit". Explain.
35. Explain how a co-operative organisation is a democratic institution.
36. How is the formation of a Co-operative society easy ?
37. What type of state patronage does a co-operative society get ?
38. State two features of Co-operatives Societies.
39. State two advantages of co-operative organisation.
40. State any two disadvantages of Co-operative organisation.
41. What do you mean by Public Sector ?
42. What do you mean by Private Sector ?
43. What is a public enterprise ?
44. Give two examples of public enterprise.
45. Give two features of public enterprise.
46. Give two objectives for which public enterprises are created.
47. State two advantages of Public enterprise.
48. State any two demerits of public enterprises.
49. What is a departmental undertaking ?
50. State any two features of departmental undertaking.
51. What is a Public Corporation ?
52. Give two features of Public Corporation.
53. What is a Government Company ?
54. State two features of Government Company.
55. What do you mean by joint sector ?
56. What do you mean by global enterprises ?
57. What is PPP ?
58. Give two features of PPP.
59. Differentiate between public sector and private sector enterprise on the basis of freedom of operation.
60. Differentiate between Public Sector and Private Sector Enterprise on the basis of accountability.
61. What do you mean by the system of MOU which has been introduced to improve the performance of public sector ?

#### **4. Short Questions to be answered within 50 words**

1. How transferability of shares is an advantage of the company form of business organisation ?
2. Possibility of growth and expansion is better in companies. Explain.
3. 'Company management is oligarchic in nature'. Explain.
4. 'Company form of business leads to monopoly'. Explain the statement.
5. What do you mean by CSR ?
6. Mention any three privileges enjoyed by a Private Company.
7. Mention any three disadvantages of a private company.
8. What does "stop, look and listen" imply in investigation of a business proposition.
9. What are the qualities of a successful promoter ?

10. Give a note on minimum subscription.
11. What important factors should be considered while naming a company?
12. Which points should be kept in mind while drafting the object clause for the Memorandum of Association of a company?
13. Distinguish between Public Company and Private Company on the following three bases : transfer of shares, minimum number of members and minimum number of directors.
14. Distinguish between company and partnership on the following three bases : Registration, Liability and Continuity of business.
15. Distinguish between memorandum of Association and Articles of Association on the following three bases : Contents, Importance and Relationship.
16. Explain "All for each and each for all".
17. "A Co-operative Society is a voluntary association". Explain how?
18. Discuss the procedure of distribution of surplus in a Co-operative Organisation.
19. Explain the concept of Public & Private Sector.
20. Define the term Public enterprises and state the various types of public enterprises.
21. How does government maintain regional balance in the country through Public Enterprises?
22. How do public enterprises promote self reliance?
23. "Public sector is meant for economic growth and not just to earn profit". Explain this statement.
24. "Public Enterprises help in prevention of concentration of economic power". Explain.
25. What do you understand by "public accountability" of public enterprises?
26. 'Management of Public Enterprises is bureaucratic in nature'. Explain.
27. Can a Private Company be a government company?
28. What is the difference between global enterprises and MNCs?
29. What is the change noticed in the role of public sector in New Economic Policy 1991?
30. Name the industries reserved for Public Sector.
31. What do you mean by 'disinvestment'?
32. Write any three objectives of privatisation?
33. What were the steps prescribed for sick units of public sector in the New Industrial Policy 1991?

## UNIT - II

### GROUP - B : ANSWERS

#### 3. *Short Questions to be answered within 30 words*

1. Company is an artificial person created by law having separate legal entity with perpetual succession and common seal.
2. A company is an incorporated association of persons having an independent legal entity with prefectural succession, a common seal and capital consisting of transferable shares with limited liability of the members.
3. Though a company can hold property as an owner, maintain it or sale it, can enter into contract with others and has all legal rights to proceed against anybody, it cannot perform physical function like natural persons as it does not have a physical body or soul.
4. The existence of a company is not affected by the death or insolvency of its owners as it has a separate legal entity. Moreover, it is created by law and will come to an end only through a legal process. Therefore, It is said "members may come, members may go, But the company goes on forever".
5. The liability of the shareholders (owners) in the company is generally limited to the face value of shares held by them. The word 'generally' here implies that there may be unlimited companies, which is a rare phenomenon, with unlimited liability of its members.
6. Common seal is a device on which the name of the company is engraved. This acts as the official signature of the company. As company is an artificial person the common seal is used to put its signature wherever needed.
7. Shareholders are the owners of the company. Since the number of shareholders is large and they belong to far off places and scattered, they cannot take part in the day to day management of the business. So, they elect their representatives who are called Directors. The Board of Directors manages the business of a company. Thus, ownership and management is separated.
8. The shares of a company are transferable freely except that of a private company. A person who has purchased shares of a public company can transfer it without any restrictions. However, companies may put restriction on transfer of shares on certain situations as provided in Companies Act.
9. A public company is able to raise vast financial resources through inviting public to subscribe for its shares and debentures. Further, with strong capital base, the company is also able to obtain loans from financial institutions easily. This provides ample resources to finance its growth and expansions.
10. Because of vast financial resources, a company undertakes business in large scale and is able to reap the benefits of economies of large scale.
11. In a company form of business it is possible to hire professional managers paying high salary to them and train them to perform their functions efficiently. Thus, personnel efficiency is high in case of companies.

12. A company is able to garner public confidence as its every function starting from its formation is according to rules prescribed in Companies Act and statutorily it has to share information regarding its working with the public on a regular basis.
13. Statutory Companies are created through Special Act of Parliament or State Legislative Assembly. The powers, responsibilities, objects, scope etc. of such companies are clearly defined in the act which creates it.
14. In a company limited by guarantee the liability of a member is limited up to the amount he has undertaken to contribute in the event of its winding up. This is reflected in the Company's Memorandum of Association.
15. Any company whether private or public in which at least 51% of the paid up share capital is held by central or/and state government.
16. One person company is a private limited company formed with only one person as its member. The concept of one person company was introduced by the Companies Act 2013.
17. The stages of promotion of a company are as follows :
  - (a) Discovery of idea
  - (b) Preliminary investigation
  - (c) Detailed investigation
  - (d) Assembly
  - (e) Financing
18.
  - (a) Promotion
  - (b) Incorporation
  - (c) Capital subscription
  - (d) Commencement of business
19. After independence government emerged as a big promoter and initiated a large number of companies in the basic sectors. They have been serving not only as the business arm of the government, but providing a foundation for the growth of other businesses.
20. Minimum subscription refers to the minimum amount of capital that should be subscribed by the public before a public company goes for allotment of shares. According to Companies Act, the minimum subscription should be 90% of the size of the issue.
21. The situation clause states the state in which the registered office of the company is to be situated. It determines the jurisdiction of the court for legal matters. Though it is not statutory, in practice the address of registered office is given to which all communications and notices may be sent.
22. Object clause is important because it states the purpose for which business is created and any act is 'ultra vires' unless and otherwise it is stated specifically in it. Therefore, while drafting the clause it is necessary that all possible types of activities in which a company may engage even in future should be included.
23. Liability clause of memo states the nature of liability of the members. In case of a company limited by shares the liability of the members is limited up to the face value of the shares. In case of a company limited by guarantee, the liability of members is limited up to the amount of guarantee given to be paid at the time of winding up of the company. The amount of guarantee given is also mentioned.
24. Capital clause states the amount of capital with which company proposes to be registered and the face value of each share. It is the maximum amount of capital that the company can raise in its life time.

25. Memorandum of Association is the principal document of a company. It is also called the constitution of the company. It informs the shareholders, creditors and those who deal with the company about the company's scope, object and the limits. Any act done beyond Memorandum of Association is ultra vires.
26. Articles of Association is the second important document of the company and subordinate to Memorandum of Association. It contains the rules and regulations relating to management of the internal affairs of the company and lays down the relations between the company and its members and among the members themselves.
27. Prospectus may be a circular, advertisement or other document issued by a Public Company inviting public to subscribe its shares. Prospectus is not an offer but an invitation to offer.
28. If a Public Company decides not to approach the public for raising necessary capital, a document known as statement in lieu of prospectus is submitted to the Registrar of Companies instead of a prospectus at least 3 days before first allotment.
29. Give any two
30. State any two
31. State any two.
32. Co-operative society is a form of business organisation wherein persons associate together voluntarily on equal basis to further their common economic interests.
33. Minimum of ten adult persons can form a co-operative society. There is no upper limit prescribed. But in case of co-operative credit societies the maximum members can not exceed hundred.
34. A co-operative society is created on the basis principles of co-operation "Each for all and all for each". Thus, though the co-operative societies follow the universally accepted principles of business, they prefer serving their members rather than earning profit.
35. Management of co-operative society is vested on a managing committee elected democratically by its members. Every member has the right to cast only one vote irrespective of numbers of shares held by him. This makes the co-operative a democratic institution.
36. Any ten adult members can establish a co-operative society by getting it registered with the Registrar of Co-operative Societies. It is easy because it does not require any difficult and expensive legal procedure.
37. Co-operative societies are usually formed by the needy persons of the society to help themselves. Considering this fact government helps the co-operative societies by offering loan at lower rate of interest and giving grants to them.
38. State any two from the book.
39. State any two from the book.
40. State any two from the book.
41. The sector which comprises of public enterprises like departmental undertaking, statutory corporation and government companies. These are owned and managed by government.
42. The sector which comprises of enterprises that are owned and managed by individuals or group of individuals like sole proprietorship, partnership, joint hindu family business, co-operative societies and company.

43. The enterprise which is owned and managed by the government like departmental undertakings, statutory corporations and government companies.
44. The Indian Railway, SBI.
45. State ownership, service motive.
46. Planned Economic Development, Regional balance.
47. Development of backward region, Check over concentration of economic power.
48. Political interference, delay in decision making .
49. This is the oldest form of public enterprise which is managed as a particular department of the government under a ministry. Indian Railways, Posts and Telegraphs, are examples of departmental undertaking.
50. Direct Government Control, Immunity from legal suits.
51. Public Corporations are that form of public enterprises which come into existence by a Special Act of the Parliament or State Legislative like RBI, SBI etc.
52. Created by the Special Act of Legislature, enjoy separate legal entity.
53. A company registered under companies act and owned by central and /or state government, the paid up share capital of the company. Government is treated as owner if it holds at least 51% of the paidup share capital of the company.
54. Government Company is formed under the provisions of Companies Act, and government holds at least 51% of the paid up share capital.
55. Joint sector is a form of partnership between the private sector and the government. Therefore, it is the participation of both the public sector and private sector to achieve social objectives in a cost effective manners.
56. A global enterprise is an enterprise which is involved in trade relation with more than one country to market their products or services.
57. PPP is the abbreviated form of Public Private Partnership. It refers to the involvement of private sector in the government projects with the object of public benefit. It is built on expertise of each. Resources, risks and returns are shared jointly.
58.
  - Projects are built through joint sharing of resources, risks and returns.
  - Faster implementation of the project due to involvement of private sector.
59. Public Sector Enterprise enjoys lesser freedom of operation due to government control than private sector enterprises.
60. Public Sector Enterprise is accountable to public through parliament while Private Sector Enterprise is accountable to the owners who have invested in the capital of the business.
61. Under this system a memorandum of understanding is signed between a public sector unit and respective administrative ministry defining the relationship and autonomy between the two. Under this system, management is given greater operational autonomy together with clear targets to achieve.

#### 4. *Short Questions to be answered within 50 words*

1. An investor is attracted by an investment which provides liquidity in addition to profitability. Liquidity means easy convertibility into cash. Shares of public companies are easily transferable. This implies that a person who has invested his money in the shares of a Public Company can get his money back when he desires by selling the shares in the stock exchanges. Therefore, an investor will be interested to invest in shares of companies.
2. Because of limited liability and transferability of shares general public come forward to invest their shavings in the shares of the companies. This is how it becomes easy on the part of the companies to obtain its capital raising in small amounts from a large number of people. Because of its sound capital base it is also able to raise loans from financial institutions and also from public by issuing debentures. This provides required funds to finance its growth and expansions. Further, it can afford to engage professional managers paying huge salary. This provides managerial support to the growth and expansion.  
Thus, there is ample scope for growth and expansion in a company form of business organisation.
3. It is expected that the management of a company should be democratic. The shareholders who are the owners of the company elect the directors on democratic principles and the directors look after the management of the company on behalf of the shareholders. But, in reality the shareholders who have invested a small amount for the sake of investment only and are scattered, hardly take any interest in this election process and management of the company. A few share holders with sizable investment in the company manipulate the voting powers and manage the business. As the management is in a few hands it is said that the company management is oligarchic in nature.
4. Company form of business operates in large scale. With huge capital it is able to use high technology and goes for mass production which in turn reduces the cost of production per unit of product. It reaps the benefit of economies of large scale. Small producers are not able to compete and gradually forced to quit the market. Now the company enjoys monopoly. As there is no competitor, it can enjoy monopoly profits.
5. CSR is the abbreviated form of Corporate Social Responsibility. CSR refers to the idea that companies have a responsibility towards the society. In addition to looking after its commercial interests it should spend some of its profits in addressing long standing socio-economic and environmental issues. India is the first country which has made CSR activities mandatory. According to Companies Act 2013 CSR is compulsory for all companies which come under one or more of the following criteria.
  - i) Net worth of the companies Rs.500 crores or more
  - ii) Annual turnover of the company is Rs.1,000 crores or more
  - iii) Annual net profits of the company is Rs. 5 crores or more
6. Hints - Mention any three from the books.
7. Hints : Mention any three from the books.

8. **Stop :** Before finalising an idea of business, stop for a while, examine re-examine & further examine the new idea.

**Look :** Look around the business world, make a study of the competition, size of the market, capital investment and so on.

**Listen :** Listen to what the experts of business say about plant location, production, demand for the new products, managements finance.

9. **Hints :** Write briefly on the following  
 (a) Imagination, (b) Courage, (c) Initiative, (d) Ability to organise, (e) Self Confidence, (f) Patience and perseverance.

10. Minimum subscription refers to the minimum amount of capital that should be subscribed by the public before a public company goes for allotment of shares. According to Companies Act it should be 90% of the size of the issue. This amount of capital should be subscribed within 120 days of the issue of prospectus failing which the company cannot go for allotment of shares. The application money received should be refunded to the applicants.

11. While giving the name of a company it should be seen that

- (a) The name is not identical or similar to the name of any existing company.
- (b) Words such as Royal, King, Imperial Emperor, Nation and such other words which denote patronage or support of the government should not be used.
- (c) Names and emblems of the Central and State Government or Country's National Flag or International Forums should not be used.
- (d) Moreover, the word 'limited' in case of Public Company Limited by shares and the words 'Private Limited' in case of Private Company must form the last part of the name of the company.

12. The following points should be kept in mind while drafting the object clause of a company.

- (a) The objects must not be illegal
- (b) They must not be against the provisions of Companies Act.
- (c) They must not be against public policy.
- (d) They must be stated clearly and definitely.

13. Following are the Distinction between Public Company and Private Company

<b>Basis of Distinction</b>	<b>Public Company</b>	<b>Private Company</b>
Transfer of Shares	Freely transferable	Right to transfer is restricted by Articles
Minimum number of members	Seven	Two (one in case of one person company)
Minimum number of Directors	Three	Two

14. Following are the distinction between company and partnership.

<b>Basis of Distinction</b>	<b>Company</b>	<b>Partnership</b>
Liability	Liability of members is limited to the extent of face value of shares	Liability of partners is unlimited
Continuity of business	It enjoys perpetual existence	The continuity is affected by death, sickness, retirement, insolvency of partners.
Registration	Compulsory	Optional

15. Following are the distinction between Memorandum of Association and Articles of Association.

Basis of Distinction	Memorandum of Association	Articles of Association
Contents	It defines objects and power of the company	It lay down the ways and means to achieve the objects laid down in the Memorandum of Association
Importance	It is the document of 1 <sup>st</sup> order	It is the document of second order and subordinate to Memorandum of Association
Relationship	It defines and establishes relationship between the company and outsiders	It defines the relationship between the company and its members.

16. All for each and each for all is the principle of co-operation. Co-operation implies working collectively. Weak individual who is vulnerable to the exploitative attitude of rich and powerful, with the mutual support of other weak persons can stand on the collective strength of the group.
17. In a co-operative society there is no restriction on the entry and exist of members. A person, irrespective of caste, class, religion or sex is not prohibited from joining a co-operative society, if he is not otherwise disqualified. Similarly a member may leave the Co-operative at his own will after giving information to this effect.
18. Surplus in a co-operative organisation is distributed in the following manner
- One-fourth of the surplus is transferred to the General Reserve.
  - 10% may be spent on the welfare of the community in which it is formed.
  - The rest is distributed among the members in the form of bonus on the basis of services rendered by the members to the society not on the basis of capital contributed.
19. Hints : Give the meaning of public sector and private sector with examples.
20. Hints : Give the meaning and definition and state the three different types of public enterprises.
21. Regional balance implies developing all the geographical regions of a country on uniform basis. Generally private entrepreneurs who are interested in the principles of profit maximisation, do not prefer to go to backward areas because of lack of suitable infrastructure. Therefore, government through creation of public enterprises undertake business in such regions for ensuring balanced regional development.
22. The aim of every economy is to be self reliant and save foreign exchange for its stability and future growth. For this reason countries strive for import substitution and export promotion. Public enterprises by producing goods and services which are imported from other countries help in achievement of this objective and making the country self reliant.
23. Economic growth of a country is directly related to industrial growth. Industrial growth will not be possible without proper development of core and infrastructure like steel, power generation,

petroleum, heavy engineering transportation etc. But these industries require huge investments and have long gestation periods. A private entrepreneur could neither invest such huge capital nor wait for returns for a long period of time. Therefore, it is only government which can provide huge funds for the development of such industries. Accordingly, public enterprises have promoted many core and infrastructure industries for economic development of the country.

24. Concentration of economic power means accumulation of wealth in the hands of a few. This leads to economic inequalities which is detrimental to any society. Prior to the Industrial Policy Resolutions of 1948 and 1956 private enterprises dominated Indian economy. Production distribution and pricing of product and services were controlled by them leading to concentration of economic power in their hands. Thus, public enterprises have been created to check the concentration of economic power in the hands of private sector by ensuring equitable distribution of income and benefits arising from the industries undertaken by it.
25. Public enterprises are funded by the public money. So it becomes obligatory on the part of such institutions to be accountable to the public for their performance. For this reason the reports relating to their performance is placed on the floors of parliament or state legislative assemblies for appraisal by the elected representatives of the people.
26. Private enterprises are managed by professional managers. But public enterprises are managed by administrative officers who may lack the

knowledge of management and follow the rules and regulations blindly without application of common sense. To avoid risk small decisions are pushed upwards. Further, they act as per the whims of the government compromising the need of the enterprise. In these enterprises, even a small decision is taken only after going through a long process leading to delay in decision making.

27. A private company means a company which by its Article of Association restricts the right of members to transfer their shares and prohibits any invitation to the public to subscribe for its shares, debentures or public deposits.

A government company is a company in which at least 51% of capital is held by the government. If government holds 51% or more of capital of a private company then that private company is to be treated as government company. In fact, in India most of the government companies are private limited companies where entire share capital is held by the government.

28. Though the terms global enterprises and Multinational Corporation (MNCs) are used interchangeably, there is difference between the two. A multinational Corporation has business in multiple countries, but each location functions on its own way as a separate unit and produce different products in different countries as per the demand and tastes of the home population.

A global enterprise, though similar to MNCs in having business in various countries, it differs from the MNCs on the ground that they sell the same product throughout the globe following a uniform marketing strategy.

29. Industrial Policy 1948 and 1956 laid great emphasis on the industrial development of the country. These policies gave more importance to public sector to bring about this change. It was observed that the industrial development of the country was not taking place according to the plans. Therefore, in the year 1991, the new economic policy was introduced which emphasised liberalisation, globalisation and privatisation. This completely changed the role of public sector in the industrial development of the country.
30. Initially, 17 industries were reserved for the public sector. In new Industrial Policy 1991 the list of industries reserved for public sector was reduced to light which was further reduced to three in 2001. They are (a) Atomic Energy, (b) Arms and Ammunition, (c) Rail Transport.
31. Disinvestment means sale of equity shares of public enterprises to the private sector. The new economic policy emphasised privatisation increasing the importance of private sector in the economic development of the country. Accordingly, steps were taken to sell the shares of public enterprises to the private sector to improve management of such organisations and also to raise funds for government.
32. The following are the objectives of privatisation. Choose any three.
- (a) To release the large amount of money locked up in non-strategic public sector enterprises and to use them in areas relating to social welfare like family care, health and primary education.
  - (b) To reduce the burden on public debts and interest.
  - (c) To transfer the commercial risk to the private sector so that optimum utilisation of funds can be obtained.
  - (d) Introduction of corporate governance and to set free the public sector enterprises from government control.
  - (e) To provide more choices and better quality products and services to the consumers.
33. Following steps were prescribed for the sick units under public sector.
- (a) BIFR : Board for Industrial and Financial Reconstruction was established for revival of sick units of public sector.
  - (b) NRF : National Renewal Fund was established for providing security to the employees of the public sector in the form of providing the cost of retraining or redeployment of retrenched workers and compensation to those who seek voluntary retirement.

**UNIT - II****GROUP - C : LONG TYPE QUESTIONS**

1. Define joint stock company. State its features.
2. Discuss the advantages of a company form of business.
3. Discuss the disadvantages of a company form of business.
4. Make an evaluation of company form of organisation and give your opinion on it.
5. Discuss any eight types of companies.
6. Differentiate between Public and Private Companies. (Any eight distinctions).
7. Differentiate between Company and Partnership (Any eight distinctions).
8. What is Memorandum of Association ? Discuss its various clauses.
9. Describe the stages of promotion of a company.
10. Who is a promoter ? Discuss the kinds of promoters.
11. Describe the procedure of formation of a company.
12. What is prospectus ? State its objects and contents.
13. Differentiate between Memorandum of Association and Articles of Association of a Company.
14. Discuss the procedure of alternation in Memorandum of Association.
15. What is an Article of Association of a Company ?
16. What do you mean by incorporation of a company ? Explain its procedure.
17. Define Co-operative society and state its features.
18. State the advantages of co-operative organisation.
19. State the disadvantages of co-operative organisation.
20. What do you mean by state ownership in business ?
21. Explain the merits of Public Sector.
22. Explain the demerits of Public Sector.
23. What is meant by Private Sector ? Discuss its features.
24. Write short notes on
  - (a) Departmental Undertaking
  - (b) Statutory Co-operations
  - (c) Government Company
25. Make a comparative study of various form of public enterprises.
26. Distinguish between public enterprises and private enterprises.
27. Give a note on changing role of public sector in India.
28. What is PPP ? Give its features.
29. Mention the form of Public Sector enterprise which is established under an Act enacted for the purpose and give its merits and demerits.
30. Discuss the merits and demerits of government company.

**UNIT - II****GROUP - C : ANSWER**

1. Hints:
  - Give the definition and meaning
  - State the features explaining each in brief
2. Hints : Discuss the advantages in detail.
3. Hints : Discuss the disadvantages in detail.
4. Hints:
  - Discuss the merits and demerits of the company
  - Conclude like this  
"It is observed that the merits of company form of business outweigh its demerits. Most of the demerits are not due to system. It is with the persons who are in charge of management of the company. Keeping in mind the role companies are playing in economic development of the country they are a necessity in the present business scenario."
5. Hints : Discuss any eight types selecting one or two from each basis - formation, liability, ownership, transferability of shares, nationality.
6. Hints : Distinguish taking any eight bases given in the book.
7. Hints : Distinguish taking any eight bases given in the books.
8. Hints:
  - Give the meaning of memo
  - Give the features of memo
  - Discuss its six clauses
9. Hints:
  - Give the meaning of promotion
  - Discuss the following stages.
    - (a) Discovery of idea
    - (b) Preliminary investigation
    - (c) Detailed investigation
    - (d) Assembling
    - (e) Financing
10. Hints:
  - Give the meaning of promoter
  - Discuss the following types
    - (a) Professional promoter
    - (b) Occasional promoters
    - (c) Financial promoters
    - (d) Institutional Promoters
    - (e) Technical promoters
    - (f) Managing agents
    - (g) Government
11. Hints : Discuss the following steps in brief
  - (a) Promotion
  - (b) Registration and Incorporation
  - (c) Capital subscription
  - (d) Commencement of business

12. Hints:
- Define prospectus
  - Give the features
  - Objects of issue
  - Contents
13. Hints : Distinguish on the following bases
- (a) Purpose
  - (b) Contents
  - (c) Importance
  - (d) Relationship
  - (e) Incorporation
  - (f) Regulation
  - (g) Alternation
  - (h) Doctrine of 'ultra vires'.
14. Hints : Discuss clause wise the procedure of alternation.
15. Hints:
- Give Definition and meaning
  - Give the features
  - State the contents
16. Hints:
- Give the meaning and necessity of incorporation of a company.
  - Give the steps
  - Discuss the important documents involved.
17. Hints:
- Give the definition and meaning
  - Explain the features
18. Hints : Explain the advantages.
19. Hints : Explain the disadvantage.
20. Hints : Give the meaning of public sector and its features.
21. Hints : Describe the merits.
22. Hints : Describe the demerits.
23. Hints :
- Give the meaning and examples of private sector
  - Explain the features
24. Hints : Give the meaning of each with examples highlighting features in brief.
25. Hints : Differentiate on following bases
- (a) Formation
  - (b) Ownership
  - (c) Management
  - (d) Financing
  - (e) Appointments
  - (f) Separate legal entity
  - (g) Administrative Autonomy
  - (h) Suitability
  - (i) Examples
26. Hints : Differentiate on the following bases :
- (a) Objectives
  - (b) Ownership
  - (c) Forms of organisations
  - (d) Financial resources

- 
- (e) Evidence of success
- (f) Personal risk
- (g) Autonomy
- (h) Area of operation
- (i) Political interference
- (j) Management
27. Hints :
- Give a small note on the change of emphasis on public sector citing reasons.
  - Discuss the following major developments :
- (a) Reduction in number of industries reserved for Public Sector.
- (b) Disinvestment of shares
- (c) Professional management
- (d) Policy regarding sick units
- (e) Implementation of MoU concept
28. Hints :
- Give the meaning of PPP
  - Its necessity
  - Features
29. Hints :
- Describe Statutory Corporations
  - Describe in brief its merits and demerits
30. Hints :
- Give the meaning of government company
  - Discuss merits and demerits of brief.

## UNIT-III

### KEY CONCEPTS

#### INTERNAL TRADE

#### WHOLESALE : Meaning, Characteristics, Functions & Type

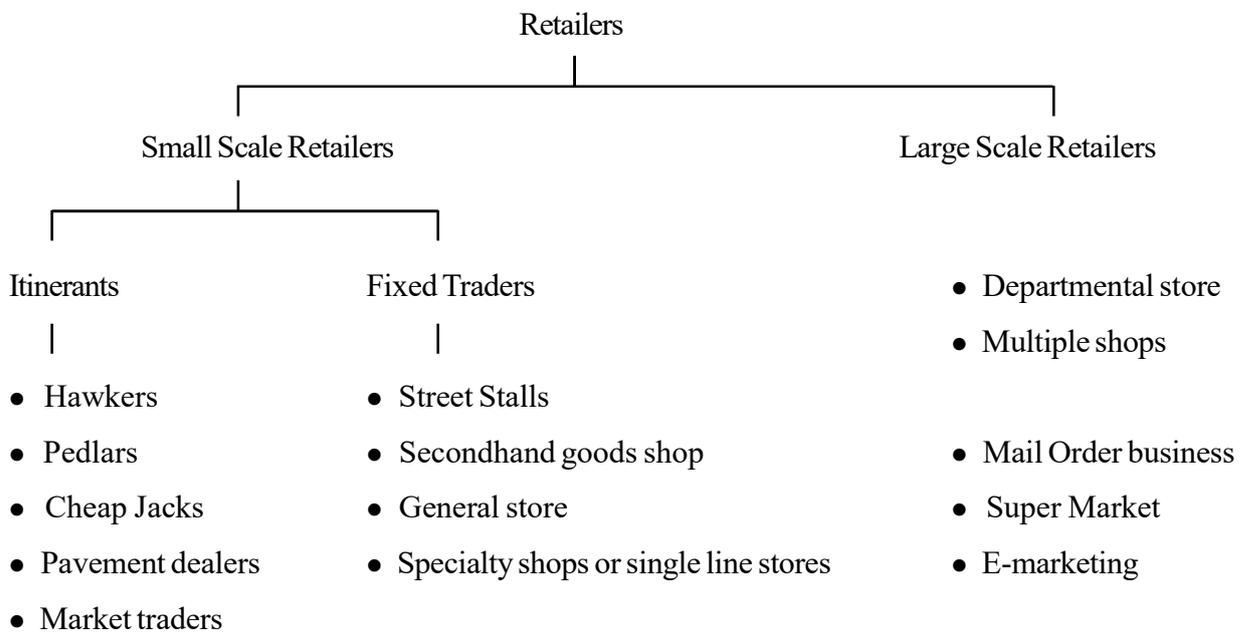
- **Meaning :** Wholesaler is a trader who buys goods in relative large quantity or in bulk and sells these to retailers in comparatively smaller quantity.
- **Characteristics :** (1) Works as a link between producer and retailer, (2) Buys goods in large quantity from the producer directly, (3) Sells in small lots to retailers or industrial units, (4) Generally specialises in goods of a particular product line, (5) often he does not display goods for sales promotion but provides samples to prospective buyers. (6) He invests large sum of money to maintain adequate stock of goods in which the death, (7) Low profit margin but high turnover, (8) May have his trade centres at different places to make the goods available to the retailers.
- **Functions :** (1) Assembling, (2) Grading and Packing, (3) Storage, (4) Distribution, (5) Transportation, (6) Financing, (7) Risk bearing, (8) Providing market information.
- **Types :**

(1) On the basis of Area Served	(2) On the basis of Methods of operation	(3) On the basis of line of products
(a) Local	(a) Full function wholesaler	(a) General Merchandise Wholesaler
(b) Provincial	(b) Limited Function Wholesalers	(b) General line Wholesaler
(c) National	(i) Rack Jobbers	(c) Specialised Wholesaler
	(ii) Truck Wholesaler	
	(iii) Cash and carry wholesaler	
	(iv) Drop shippers	
	(c) Merchant Wholesaler	
	(i) Wholesalers proper	
	(ii) Manufacturer wholesaler	
	(iii) Mill-supply wholesaler	

**RETAILERS : Meanings, Characteristics, Functions, Types, Services**

- **Meaning :** Persons who purchase goods from wholesaler and sell them to ultimate consumers in small quantities.
- **Characteristics :** (1) Last link, (2) Suitable product assortment, (3) Proximity to consumer, (4) Better knowledge of merchandise, (5) Buying and selling, (6) Cash and credit transactions, (7) After-sales-service, (8) Deals in small quantities, (9) Less investment, (10) Display of goods, (11) Convenience of shopping.
- **Functions :** (1) Aware of customers need and wants, (2) Choice to customer, (3) Breaking bulk, (4) Services to customer, (5) Information to wholesaler, (6) Holding inventory, (7) Creation of time and place utility, (8) Risk taking, (9) Grading and packing, (10) Financing, (11) Sales promotion.

● **Types :**



● **Services :**

**To Wholesaler** - (1) Provide information, (2) Enhancing the scale of operation, (3) Help in distribution, (3) Sales promotion, (4) Save wholesaler from direct selling.

**To consumer** - (1) Feeling the pulse of consumers, (2) Breaking bulk, (3) Creating time and place utility, (4) Regularity in supply, (5) Shopping convenience, (6) After sales service, (7) Advising customers, (8) Financing, (9) Personalised service, (10) Wide choice.

## UNIT - III

**GROUP - A : OBJECTIVE TYPE QUESTIONS****1. Multiple Choice Questions**

1. The wholesaler buys goods in
  - (a) Small quantity
  - (b) Large quantity
  - (c) Medium quantity
  - (d) none of the above
2. The person who buys goods in large quantities from the manufacturer and sales them in small quantities to the retailer
  - (a) Producer
  - (b) Wholesaler
  - (c) Retailer
  - (d) Customer
3. Wholesaler purchases goods from
  - (a) Manufacturer
  - (b) Retailer
  - (c) Customer
  - (d) All of the above
4. The burden of storage, reduction in price, fluctuation in demand etc. is borne by
  - (a) Retailer
  - (b) Manufacturer
  - (c) Customer
  - (d) Wholesaler
5. Which of the following is not a characteristic of wholesaler
  - (a) Buying in large quantities from producer
  - (b) Low turnover high profit margin
  - (c) Specialise in a line of product
  - (d) Huge investment to maintain adequate stock
6. Which of the following is not a function of wholesaler
  - (a) Producing
  - (b) Assembling
  - (c) Storing
  - (d) Providing market information
7. A wholesaler covering entire area of a state
  - (a) Local wholesaler
  - (b) Provincial wholesaler
  - (c) National wholesaler
  - (d) None of the above
8. Mention the type of wholesaler who is classified on the basis of methods of operation
  - (a) State wholesaler
  - (b) Merchant wholesaler
  - (c) General line wholesaler
  - (d) Specialised wholesaler
9. Wholesalers who perform the entire range of wholesaler function
  - (a) Full-function wholesaler
  - (b) Wholesalers proper
  - (c) Manufacturer wholesalers
  - (d) Rack jobbers
10. Wholesaler who allows a retailer to display its products on the racks of a store without transforing ownership until goods are sold
  - (a) Rack jobbers
  - (b) Truck jobbers
  - (c) Cash and carry wholesaler
  - (d) Drop shipment wholesaler
11. Wholesaler who makes calls carrying goods on a vehicle that it can take orders and deliver goods directly from the vehicle on the same call.
  - (a) Rack jobbers
  - (b) Truck jobbers
  - (c) Cash and carry wholesaler
  - (d) Drop shipment wholesaler

12. Wholesaler who require retailers to come to them, pick their own orders, pay cash and carry away their own purchases.
- Rack jobbers
  - Truck jobbers
  - Cash and carry wholesaler
  - Drop shipment wholesaler
13. Wholesalers who do not physically handle the goods they sell, leave the storage and transportation function to the manufacturer whom they represent.
- Rack jobbers
  - Truck jobbers
  - Cash and carry wholesaler
  - Drop shipment wholesaler
14. Credit sales to retailer comes under which function of wholesaler ?
- Trade & Financial Risk
  - Financing
  - Disbursement goods
  - None of the above
15. A person purchasing goods in small quantities for the purpose of selling them to the ultimate consumer.
- Retailer
  - Wholesaler
  - Both (a) and (b)
  - Neither (a) nor (b)
16. A retailer is a link between wholesaler and
- Manufacturer
  - Consumer
  - Both (a) and (b)
  - Neither (a) nor (b)
17. A retailer bears the risk of
- Price fluctuation
  - Loss due to damage of goods in warehouse
  - Production failure
  - None of the above
18. Retailers render services to consumer by providing
- Wide choice of goods
  - New product information
  - After sales service
  - All of the above
19. Retailers render services to wholesaler by helping him in
- Distribution of goods
  - Collecting market information
  - Sales promotion
  - All of the above
20. Which one of the following large-scale retail organisations requires low investment.
- Departmental store
  - Multiple shops
  - Mail Order Business
  - Supermarket
21. Type of retail organisation which has same types of stores at different locations with similar sales practices
- Mail order business
  - Departmental store
  - Multiple shops
  - Super market
22. A type of self service retailer that specialises mostly on food items
- Departmental store
  - Supermarket
  - Discount houses
  - Chain stores
23. Category killer is the term assigned to
- Multiple shop
  - Specialty Discount stores
  - Full line discount stores
  - Off-price retailers

24. The degree of personal contact is high in  
(a) Supermarket  
(b) Departmental stock  
(c) On-line retailing  
(d) Independent trader
25. Sellers communicate about their products through newspapers, leaflets catalogues in  
(a) Discount stock  
(b) Departmental store  
(c) Mail order business  
(d) Chain store
26. One who deals in large number of goods  
(a) Wholesaler (b) Retailer  
(c) Broker (d) Agent
27. The last middleman in the chain of distribution  
(a) Wholesaler (b) Retailer  
(c) Manufacturer (d) Customer
28. Facility of 'home delivery of goods' is generally provided by  
(a) Wholesaler (b) Manufacturer  
(c) Agent (d) Retailer
29. Attractive appearance to the shop is given by  
(a) Wholesaler (b) Manufacturer  
(c) Agent (d) Retailer
30. Pedlars carry their goods on  
(a) Bicycle  
(b) Non-powered trolley  
(c) Own head or back  
(d) None of the above
31. Hawkers carry their goods on  
(a) Bicycle or cart (b) On own head  
(c) On own back (d) None of the above
32. A retailer who hires a small shop in a locality on temporary basis for a short period and thereafter moves on to another locality in search of new customers.  
(a) Hawker (b) Street stalls  
(c) Cheap Jacks (d) None of the above
33. Pavement dealer is also known as  
(a) Hawker (b) Pedlar  
(c) Street dealer (d) Street stall
34. A retailer who sells his goods on foot path is known as  
(a) Hawker (b) Pedlar  
(c) Market trader (d) Pavement dealer
35. A trader who sells his goods at weekly markets on fixed days of a week is known as :  
(a) Street dealer (b) Market trader  
(c) Cheap jack (d) Pedlar
36. Traders who move from place to place to sell their products are known as  
(a) Itinerant retailers  
(b) Mobile traders  
(c) Both (a) and (b)  
(d) Neither (a) nor (b)
37. General store deals in  
(a) Variety of items  
(b) Products of a specific product line  
(c) Specialty goods  
(d) Goods which have been already used by others
38. Single line store deals in  
(a) Variety of items  
(b) Products of a specific product line  
(c) Specialty goods  
(d) Goods which have been already used by others
39. Speciality shop deals in  
(a) Variety of items  
(b) Products of a specific product line  
(c) Specialty goods  
(d) Goods which have been already used by others

40. Second hand goods shop deals in
- (a) Variety of items
  - (b) Products of a specific product line
  - (c) Specialty goods
  - (d) Goods which have been already used by others
41. Net work marketing in also known as
- (a) E-marketing
  - (b) Internet marketing
  - (c) Online marketing
  - (d) Multi level marketing
42. Multiple shops are located in
- (a) Central places
  - (b) Heart of the city
  - (c) Populous localities
  - (d) Both (a) & (b)
43. Chain stores are also known as
- (a) Super markets
  - (b) Departmental stores
  - (c) Multiple shops
  - (d) None of the above
44. Street traders are also known as
- (a) Street stall holders
  - (b) Pavement vendors
  - (c) General Stores
  - (d) Market traders
45. FMCG stands for
- (a) Fast-moving Consumer Goods
  - (b) Fast Marketed Consumer Goods
  - (c) Food Marketing Companies Group
  - (d) Fast Moving Costly Goods
46. Network marketing deals in
- (a) FMCG
  - (b) Perishable goods
  - (c) Semiperishable goods
  - (d) All the above
47. Which one of the following is the limitation of e-marketing ?
- (a) Inability to touch & feel (the product before purchasing
  - (b) Lack of trust on safety and security of online transactions.
  - (c) Non fulfilment of the desire to bargain for better prices
  - (d) All the above
48. V.P.P. stands for
- (a) Very potential product
  - (b) Value payable post
  - (c) Violation of product processing
  - (d) Value paid post
49. Which of the following is the characteristic of mail order business :
- (a) Absence of Salesman
  - (b) Absence of physical store
  - (c) Shopping by post
  - (d) All of the above
50. Goods having which of the following features are suitable for mail order business
- (a) Standardised
  - (b) Durable
  - (c) Should not be bulky
  - (d) All of the above

## 2. Do as Directed Questions

### 2. (a) Express in one word / term

1. Buying and selling of goods and services with the objective of earning profit.
2. Buying and selling goods and services within the geographical boundaries of a country.
3. A person who buys goods in large quantities from the producer and sells them in small quantities to the retailer.
4. The trade in which goods are brought in large quantities from producer and sold comparatively in small quantities to retailers.
5. Wholesalers those who perform only specialised type of wholesale functions.
6. Wholesaler who buys goods in crude form, processes them to usable form and sells to retailer.
7. Wholesaler who buys goods in bulk form producers/ growers and sell to manufacturing units.
8. The wholesaler who allows a retailer to display its products in the racks of a store without transferring ownership until they are sold.
9. The wholesaler who makes call carrying goods on a truck, takes order and delivers goods directly from the truck on the same call.
10. Wholesaler who requires retailer come to the wholesaler, pick their own orders, pay cash and carry away their own purchases.
11. Wholesaler who does not physically handle the goods, but on receiving an order makes arrangement for delivery of goods directly from the manufacturer to the retailer.
12. Wholesalers who deal in various items of general merchandise involving products ranging from food product to household appliances.
13. Wholesaler who generally carry a complete stock and depth in a particular major line of products.
14. Wholesalers who deal only in specialised goods.
15. Business through post offices.
16. Retail store operating on self service basis.
17. Last link in the chain of distribution.
18. Trader carrying goods on backs.
19. Customer reaching the seller with a click of a mouse.
20. Similar type of retail shops at different locations owned and managed by a single organisation.
21. Trade in which goods are bought in large quantities from wholesaler and sold to ultimate consumer in small quantities.
22. Trader who is the link between wholesaler and consumer.
23. The retailer who does not have a definite selling point and moves from place to place to sell his product.
24. The retailer who sells his goods on the roadside footpath.
25. The retailer dealing in single product line.
26. Retail stores maintaining large variety of products required to satisfy the day to day requirements of customers.
27. Retailer who carries goods on bicycle or handcarts to sell at the doorstep of the consumer.
28. Retailer who carries goods on their head or on their back to sell at the door step of the consumer.
29. A trader who sets up shops in a particular locality for a temporary period and move on to another place in search of business prospects.
30. A trader who sells his goods at different places like weekly markets on fixed days of a week.

## 2. (b) Correct the underlined portion

1. Buying and selling of goods and services is called business.
2. Two broad categories of trade are wholesale and retail trade.
3. Two broad categories of trade are wholesale and retail trade.
4. Wholesaler acts as an important link between producer and customer.
5. A wholesaler purchases goods from the manufacturer in small quantities.
6. A wholesaler relieves the retailer from the burden of storing finished goods.
7. Wholesaler provides product information to producer.
8. Wholesaler provides market information to retailer.
9. Speciality wholesalers perform only a few of the functions normally associated with wholesaling functions.
10. Limited function wholesalers deal only in specialised goods.
11. Tuck jobbers allow a retailer to display its products in the racks of a store without transferring ownership until they are sold.
12. Rack jobbers visit retailers carrying goods on a vehicle, take order and deliver goods directly from the vehicle on the same visit.
13. Cash and Carry wholesalers do not physically handle the goods, but on receiving an order informs the manufacturer who ships goods directly to the retailer.
14. Drop ship wholesaler requires retailer come to him, pick their own orders, pay cash and carry away their own purchases.
15. General line wholesaler deals in various items of general merchandise involving products ranging from food product to household appliances.
16. A departmental store comes under small scale retailers.
17. A general store comes under large scale retail organisation.
18. A hawker deals in costly goods.
19. Network marketing is performed electronically.
20. E-marketing is a system of direct marketing in which independent sales persons create their own multi-level distribution network and sell goods on commission basis.

**2. (c) Fill in the blanks**

1. Buying and selling of goods and services with the objective of earning profit is called \_\_\_\_\_.
2. Buying and selling of goods and services within geographical boundaries of a country is called \_\_\_\_\_.
3. Wholesaler acts as an important link between manufacturer and \_\_\_\_\_.
4. A wholesaler purchases goods from \_\_\_\_\_ in large quantities.
5. A wholesaler relieves the \_\_\_\_\_ form the burden of storing the finished goods.
6. Wholesaler grants credit facility to the \_\_\_\_\_ in the form of credit sales.
7. Wholesaler provides product information to \_\_\_\_\_.
8. Wholesaler provides market information to \_\_\_\_\_.
9. Assembling of goods is a function of \_\_\_\_\_.
10. Those wholesalers who perform all wholesale functions starting form assembling of goods to providing market information are known as \_\_\_\_\_ function wholesaler.
11. Wholesalers who perform only specified type of wholesale functions are known as \_\_\_\_\_ function wholesalers.
12. Wholesaler who buys goods in bulk in crude form, processes them to usable form and sells to retailers is known as \_\_\_\_\_ wholesaler.
14. The wholesaler who allows a retailer to display its products in the racks in a store without transferring ownership in the goods until they are sold is known as \_\_\_\_\_ jobber.
15. The wholesaler who makes call carrying goods on a truck, takes order and delivers goods directly from the truck in the same call is known as \_\_\_\_\_ jobber.
16. A retailer deals in \_\_\_\_\_ number of goods.
17. A pedlar deals in \_\_\_\_\_ goods.
18. A retailer sells goods to \_\_\_\_\_.
19. A \_\_\_\_\_ is a large scale retail organisation consisting of several departments with each department dealing in one product line.
20. Mail order business is a kind of retail trade conducted through \_\_\_\_\_.

**2. (d) Answer in one sentence**

1. What is trade ?
2. What are the two broad categories of trade ?
3. What is internal trade ?
4. What are the two broad categories of Internal Trade ?
5. What is wholesale trade ?
6. Who is a wholesaler ?
7. What type of information is provided by a wholesaler to the manufacturer ?
8. What type of information is provided by a wholesaler to the retailers ?
9. How does a wholesaler provide financial assistance to the manufacturer ?
10. How does a wholesaler help a retailer to manage the business with small amount of working capital ?
11. What is retail trade ?
12. Who buys goods from the wholesaler and sells them to consumers ?
13. State any two services offered by a retailer to wholesaler.
14. State any two services offered by a retailer to consumer.
15. State the main types of itinerant retailers.
16. Which type of itinerant traders carry their goods to the doorstep of consumer for the purpose of selling ?
17. Which type of itinerant traders sells his goods at different places on fixed day of a week ?
18. What do you mean by fixed shop retailer ?
19. Give any two features of fixed shop retailers.
20. Which shops deal in specific line of products ?
21. What type of goods are dealt by general store ?
22. Which retail outlet provides all items from pin to plane ?
23. Give two features of Departmental store.
24. Give two advantages of Departmental store.
25. Give two demerits of Departmental store.
26. Why do departmental stores not attract customers of lower income group ?
27. When a chain of retail outlets owned and operated by same organization, are known as ?
28. What is the other name of chain stores ?
29. Why is there no risk of bad debts in case of chain stores ?
30. How does mail order business provide convenience in shopping ?
31. Why are there chances of delay in transactions of mail order business ?
32. What is the full form of ATM.

**UNIT - III****GROUP - A : ANSWERS****1. Multiple Choice Questions**

1. (b) Large quantity
2. (b) Wholesaler
3. (a) Manufacturer
4. (d) Wholesaler
5. (b) Low turnover high profit margin
6. (a) Producing
7. (b) Provincial wholesaler
8. (b) Merchant wholesaler
9. (a) Full-function wholesaler
10. (a) Rack jobbers
11. (b) Truck jobbers
12. (c) Cash and carry wholesaler
13. (d) Drop shipment wholesaler
14. (b) Financing
15. (a) Retailer
16. (b) Consumer
17. (a) Price fluctuation
18. (d) All of the above
19. (d) All of the above
20. (c) Mail Order Business
21. (c) Multiple shops
22. (b) Supermarket
23. (b) Specialty Discount stores
24. (d) Independent trader
25. (c) Mail order business
26. (b) Retailer
27. (b) Retailer
28. (d) Retailer
29. (d) Retailer
30. (c) Own head or back
31. (a) Bicycle or cart
32. (c) Cheap Jacks
33. (c) Street dealer
34. (d) Pavement dealer
35. (b) Market trader
36. (c) Both (a) and (b)
37. (a) Variety of items
38. (b) Products of a specific product line
39. (c) Specialty goods
40. (d) Goods which have been already used by others
41. (d) Multi level marketing
42. (c) Populous localities
43. (c) Multiple shops
44. (b) Pavement vendors
45. (a) Fast - moving Consumer Goods
46. (a) FMCG
47. (d) All the above
48. (b) Value payable post
49. (d) All of the above
50. (d) All of the above

## 2. Do as Directed Questions

### 2. (a) Express in one word / term

- |                                |                                    |  |
|--------------------------------|------------------------------------|--|
| 1. Trade                       | 12. General merchandise wholesaler | 22. Retailer                                 |
| 2. Internal trade              | 13. General line wholesaler        | 23. Itinerant retailer                       |
| 3. Wholesaler                  | 14. Speciality wholesaler          | 24. Pavement traders                         |
| 4. Wholesale trade             | 15. Mail order business            | 25. Single line stores /<br>Speciality shops |
| 5. Limited function wholesaler | 16. Supermarket                    | 26. General stores                           |
| 6. Manufacturer wholesaler     | 17. Retailer                       | 27. Hawkers                                  |
| 7. Mill-supply wholesaler      | 18. Pedlars                        | 28. Pedlar                                   |
| 8. Rack jobbers                | 19. e-marketing                    | 29. Cheap Jack                               |
| 9. Truck-jobbers               | 20. Multiple shops                 | 30. Market trader                            |
| 10. Cash and carry wholesaler  | 21. Retail trade                   |  |
| 11. Drop ship wholesaler       |                                    |  |

### 2. (b) Correct the underlined portion

- |                                |                     |                         |
|--------------------------------|---------------------|-------------------------|
| 1. Trade                       | 8. Producer         | 15. General Merchandise |
| 2. Internal and external trade | 9. Limited function | 16. Large Scale         |
| 3. Internal trade              | 10. Speciality      | 17. Small Scale         |
| 4. Retailer                    | 11. Rack            | 18. Cheap               |
| 5. Large                       | 12. Truck           | 19. E-marketing         |
| 6. Manufacturer                | 13. Drop ship       | 20. Network marketing   |
| 7. Retailer                    | 14. Cash and Carry  |                         |

### 2. (c) Fill in the blanks

- |                   |                  |                        |
|-------------------|------------------|------------------------|
| 1. Trade          | 8. Producer      | 15. truck              |
| 2. Internal Trade | 9. Wholesaler    | 16. Large              |
| 3. Retailer       | 10. Full         | 17. Cheap/low cost     |
| 4. Manufacturer   | 11. Limited      | 18. Consumer           |
| 5. Manufacturer   | 12. Manufacturer | 19. Departmental store |
| 6. Retailer       | 13. Mill-supply  | 20. Post               |
| 7. Retailer       | 14. rack         |                        |

**2. (d) Answer in one sentence**

1. Buying and selling of goods and services with the objective of earning profit.
2. (a) Internal trade  
(b) External trade
3. Buying and selling of goods and services within the geographical boundaries of a country.
4. (a) Wholesale trade  
(b) Retail trade
5. A trade in which goods are purchased in large quantities from producer and sold comparatively in small quantities to retailer.
6. The person who buys goods in large quantities from the producer and sell them in small quantities to the retailers.
7. Tastes and preferences of the consumers, market conditions and competition.
8. Quality and type of goods available in the market.
9. By making cash payment for the goods purchased and sometimes making advance payment.
10. By granting credit facility to retailer.
11. Purchasing goods in small quantities for the purpose of selling them to the consumers.
12. Retailer
13. (a) Distribution of goods  
(b) Collecting market information
14. (a) Buying convenience  
(b) Wide choice
15. (a) Pedlars  
(b) Hawkers  
(c) Pavement traders  
(d) Market traders  
(e) Cheap Jacks
16. Pedlars and hawkers
17. Market Trader
18. Retailers who have permanent establishment for carrying out business activities.
19. (a) Carry on their trade through fixed shops  
(b) Deal in daily use as well as durable products.
20. Single line store
21. General stores deal in large variety of products required to satisfy day to day requirements of the customer.
22. Departmental store
23. Large size, variety of products
24. Shopping convenience, quality goods.
25. High prices, serve people of high income group.
26. High price of products due to high operating cost
27. Multiple shops
28. Multiple shops
29. Goods are sold only on cash basis.
30. Customer is not required to move from shop to shop to get his requirements.
31. Receipt and execution of order through mail takes a lot of time.
32. Automated Teller Machine.

**UNIT - III****GROUP - B : SHORT TYPE QUESTIONS****3. Short Questions to be answered within 30 words**

1. What is meant by wholesale trade ?
2. Give two features of wholesaler.
3. What are the types of wholesaler on the basis of area covered by them ?
4. What are the limited function wholesalers.
5. What do you mean by a limited function wholesaler as compared to full function wholesalers ?
6. What are the type of wholesalers on the basis of the line of products they deal in ?
7. What do you mean by a Rack Jobber ?
8. What do you mean by a Truck Jobber ?
9. What do you mean by Cash and Carry wholesaler ?
10. What do you mean by drop ship wholesalers ?
11. What is a Departmental Store ?
12. What is a super market ?
13. State two features of super markets.
14. State two advantages of Super markets.
15. State any two demerits of super markets.
16. Give any two points of difference between itinerant and fixed shop retailers.
17. Give any two differences between wholesale trade and Retail trade.
18. What logic is followed in selecting site for establishment of multiple shops ?
19. How do chain stores provide the benefit of diffusion of risk ?
20. Why are the chances of dead stock less in chain stores ?
21. Why does the Branch Manager of Chain Store lack initiative ?
22. Differentiate between Departmental Store and Chain Store on the basis of range of products they deal in.
23. What is network marketing ?
24. What do you mean by 'downline' in Network marketing ?
25. What is the method of selling in Network Marketing ?
26. What is the method of receiving payments in Mail Order Business ?
27. State any two advantages of Mail Order business.
28. Why does Mail order business require small amount of capital ?
29. What type of goods are suitable in Mail Order business ?
30. State any two demerits of mail order business.

**4. Short Questions to be answered within 50 words**

1. What are the types of wholesalers on the basis of area covered by them ?
2. What do you mean by limited function wholesaler ?
3. What do you mean by a Rack jobber ?
4. What do you mean by a truck jobber ?
5. What do you mean by a drop ship wholesaler ?
6. Discuss the 'finance' function of wholesaler.
7. 'Wholesaler provides information to producers as well as retailers'. Explain.
8. What is a super market ? How does it differ from departmental store ?
9. Discuss the main features of fixed shop retailers.
10. What do you mean by itinerant retailers ? What are the main types of itinerant retailers?
11. Distinguish between single line stores and speciality stores.
12. Enumerate the services offered by retailer to the consumers.
13. Discuss any three features of multiple shop.
14. Discuss any three merits of multiple shop.
15. Discuss any three demerits of multiple shop.
16. State the characteristics of mail order business.
17. Mention any three merits of Mail order business.
18. Mention any three demerits of Mail order business.
19. What are vending machines ?
20. Write two limitations of vending machine.

**UNIT - III****GROUP - B : ANSWERS****3. Short Questions to be answered within 30 words**

1. Wholesale trade is buying goods in large quantities from the producer and selling them comparatively in small quantities to retailers for intermediate use.
2. (a) Buy in bulk from manufacturer for reselling them to retailers.  
(b) A vital link between producer and retailer.
3. (a) Local wholesalers  
(b) Provincial wholesales  
(c) National wholesalers
4. Limited function wholesalers are :  
(a) Rack jobbers  
(b) Truck jobbers  
(c) Cash and Carry wholesalers  
(d) Drop ship wholesalers.
5. Full function wholesalers perform the entire range of wholesaler function where as limited function wholesalers confine themselves to a specialised or limited range of functions.
6. (a) General Merchandise Wholesalers  
(b) General line wholesalers  
(c) Specialised wholesalers
7. Rack jobber is a limited function wholesaler that allows a retailer to display its products on racks in a store. The ownership of the goods lies with the wholesaler until they are sold.
8. Truck jobber is a limited function wholesaler who visits retailers carrying goods in a truck so that it can take orders and deliver goods directly from the truck on the same visit.
9. Cash and Carry wholesaler is a limited function wholesaler who requires its customers to come to them, pick their own orders, pay cash and carry away their own purchases.
10. Drop ship wholesalers are limited function wholesalers who do not physically handle the goods they sell. On receiving an order they intimate the manufacturer who ships the merchandise directly to the customer.
11. A Departmental Store is a large scale retail organisation. It deals in wide variety of products. It is said that it deals in all items from pin to plane. It has defined departments under one roof, each dealing with a line of product.
12. Super markets are large retailing business units selling large variety of consumer goods under one roof. One important feature of super market is that they offer self service facility. Customers pick up the selected goods without assistance of salesman.
13. (a) They provide self service facility to customer by which customers can pick up goods from the racks according to their requirement.  
(b) They sell goods only on cash basis.
14. (a) Since goods are sold on cash basis there are no bad debts.  
(b) Since wide variety goods are displayed on racks and customers are allowed to pick up the goods of their choice, it provides shopping convenience to the customers.

15. (a) Since goods are sold only on Cash Customers are deprived of credit facility.  
(b) Since super markets allow self service facility to customer, careless handling of goods by the customers may require super markets to incur more expenses on materials.
16. (a) Fixed shop retailers have a permanent establishment for carrying out business activities whereas itinerant retailers move from house to house, place to place, or have a temporary hired shops to do their business.  
(b) Itinerant retailers usually deal in low priced goods where as fixed shop retailers deal in consumer durable as well as non durable products.
17. (a) Link : Wholesale trade links manufacturer and retailer whereas Retail trade links wholesaler and ultimate consumer.  
(b) Type of goods : Specific goods are traded in wholesale trade where as a retail trade maintains an assortment of goods for the shopping convenience of customers.
18. Multiple shops believe in serving the customers at their residential point or work place rather than attracting them to a central place. So populous localities are selected for establishment of multiple shop.
19. Chain stores are like different branches of same organisation. So, the unsold stock in one shop can be profitably sold at other shops where there is demand and the loss in one unit can be compensated by the profits in other units. This is how the total risk of an organisation is reduced.
20. In case of chain stores goods which are not in demand at one shop are transferred to the shops in which they are in good demand, thus reducing the chances of dead stocks.
21. The branch manager of a chain store is required to follow the instructions received from the Head Office. They can not take decision of their own deviating from the policies of the organisation. So, they lack initiative.
22. The departmental store deals in wide range of products where as a chain store deals in a limited range.
23. Network Marketing otherwise known as Multi Level Marketing (MLM) is a concept under which goods are sold through multi tired non-employee sales persons-cum distributors on commission basis. It is a marketing strategy in which the sales force is compensated not only for the sales they generate, but also for the sales of other sales people they recruit.
24. In Network marketing 'downline' refers to the members recruited by a distributor whose sales or referrals also generate income for the distributor.
25. In case of Network Marketing goods are sold by the sales people directly to the consumers reached on the basis of relationship referrals and word of mouth marketing.
26. If goods are sent through VPP (Value Payable Post), goods are delivered only when customer makes full payment for the same. Similarly, if sent through the bank, goods are delivered after the payment.
27. (a) Elimination of middlemen  
(b) Small capital investment
28. Mail Order Business requires small investment in the capital because there is no need to invest in land and building, to have a large establishment engage salesman and maintain huge stock.

29. Goods to be dealt in mail order business should be suitable to be transacted through post. They should be standardised, branded and graded to be selected and ordered through post easily by the customers. They should not be bulky, perishable or fragile. They should be capable of being packed and despatched through post at reasonable cost.
30. (a) There is no inter personal contact between the seller and buyer.
- (b) Illiterate people cannot take advantage of mail order business as they cannot read the product description and other relevant information mentioned in the leaflets on catalogues etc.

#### 4. *Short Questions to be answered within 50 words*

1. There are three types of wholesalers on the basis of area covered by them. They are :
  - (a) Local wholesalers : They function in a particular locality or area.
  - (b) Provincial Wholesalers or state wholesalers : They cover the geographical area of any state of India.
  - (c) National or County-wide wholesales : They cover the entire country.
2. A limited function wholesaler performs only, limited functions out of the full range of wholesaler functions. The following are limited function wholesalers.
  - (a) Rack jobbers
  - (b) Truck jobbers
  - (c) Cash and carry wholesalers
  - (d) Drop ship wholesaler
3. Rack jobber is a limited function wholesaler that allows a retailer to display its products on racks in a store. The ownership of the goods lies with the wholesaler until they are sold. The profit is shared between the wholesaler and retailer in an agreed proportion. The wholesaler relieves the retailer from the risk of buying goods that cannot be sold. A rack jobber usually deals in specialised goods like household wares, cosmetics, toiletries etc.
4. Truck Jobber is a limited function wholesaler who visits retailers carrying goods on a truck so that it can take orders and deliver goods directly from the truck on the same visit. The transaction is often in cash. They specialise in semi perishable goods like milk, bread etc.
5. Drop ship wholesaler is a limited function wholesaler who does not physically handle the goods they deal. On receiving an order they intimate the manufacturer who in turn delivers goods directly to the retailer. In this way they leave the storage and transportation function to the manufacturer. They usually operate in bulk industries like coal, lumber, heavy equipments etc.
6. Financing is one of the functions of the wholesaler. The wholesaler helps retailer to manage his business with small amount of working capital by selling goods on credit to him. Similarly, wholesaler finances manufacturers by making cash purchases from them and also by making advance payments for certain products.

7. Wholesalers help both producer and retailer by furnishing necessary information to them. He provides information about changes in consumer tastes and preferences and nature of competition in the market to the producer to help him design the product to meet the demand and chalk out marketing strategy. He also helps retailers by making them aware of types of goods available in the market so that they can purchase such goods which satisfy their customers most.
8. Super markets are large retailing business units. They sell a large variety of consumer goods under one roof. They operate on a low margin and offer self-service facilities to customers. Customers pick up the selected goods without the assistance of salesmen.
- Though they are organised like a departmental store they differ from it on the following grounds :
- (i) They do not offer free home delivery services.
  - (ii) They do not appoint sales persons to persuade the customer to purchase the product.
9. Hints : Give the features.
10. Hints :
- Give the meaning of itinerant retailer.
  - Describe Hawkers, pedlars, cheap jacks, pavement traders and market traders briefly.
11. Single line stores and speciality stores both deal in products relating to a particular line but there is a difference between the two. Single line stores deal in a specific product line and keep various items related to the same line, for example textiles, medicines, books, electrical items etc.
- But a speciality store deals in goods having some kind of speciality, for example children wear, ladies wear, statue paintings, toys, gifts etc.
12. Hints : Discuss the services.
13. Hints : Discuss any three.
14. Hints : Discuss any three.
15. Hints : Discuss any three.
16. (i) Product information is communicated through newspaper, advertisement, leaflets catalogues etc.
- (ii) Absence of salesman and personal contact
- (iii) Absence of physical store
- (iv) Goods are standardised, non perishable and not bulky or fragile
- (v) Transaction is done through post.
17. Hints : Mention any three.
18. Hints : Mention any three
19. Vending Machines are coin operated machines and help in selling products like milk, soft drinks, tickets etc.
20. (a) High installation and maintenance cost.
- (b) The customer can neither inspect the product before buying nor can return after buying.

**UNIT - III****GROUP - C : LONG TYPE QUESTIONS**

1. Who is a wholesaler ? Explain the characteristic of wholesaler.
2. Discuss various function of wholesalers.
3. Discuss various types of wholesalers.
4. Give short notes on the following :
  - (a) Rack Jobbers
  - (b) Truck Jobbers
  - (c) Cash and Carry Wholesalers
  - (d) Dropship wholesalers
5. What do you mean by the term retailer ? Describe its features.
6. Discuss the function of retailer.
7. Discuss various services rendered by retailers.
8. What do you mean by itinerant retailers ? Discuss the main types of itinerant retailers.
9. What do you mean by fixed shop retailers ? Discuss the main types of fixed shop small retailers.
10. Differentiate between wholesaler and retailer.
11. Discuss the features of departmental store. How are they different from multiple shops.
12. Explain multiple shops and their merits.
13. Make an appraisal of multiple shop.
14. Make an evaluation of Departmental store.
15. Explain the usefulness of mail order business. What type of products are generally handed by them.
16. What are super markets ? Explain their advantages and disadvantages.
17. What is network marketing ? Explain its advantages and disadvantages.
18. Give short notes on
  - (a) e-marketing
  - (b) vending machine

**UNIT - III****GROUP - C : ANSWER**

1. Hints:
  - Give the meaning of wholesaler
  - Explain his characteristics
2. Hints : Discuss the following functions
  - (a) Assembling
  - (b) Breaking the bulk
  - (c) Storage
  - (d) Transportation
  - (e) Risk bearing
  - (f) Financing
  - (g) Information
  - (h) Sales promotion
3. Hints : Discuss the various types of wholesalers on the following three bases
  - (a) On the basis of Area served
  - (b) On the basis of method of operation
  - (c) On the basis of their product breadth
4. Hints : Describe each giving example of type of product they deal.
5. Hints:
  - Give the meaning of retailer
  - Describe its features
6. Hints : Discuss the functions
7. Hints:
  - Discuss the services rendered to wholesaler
  - Discuss the services rendered to customers
8. Hints:
  - Give the meaning of itinerant retailers
  - Discuss the Hawkers, Pedlars, Cheap jacks, Pavement traders, Market traders.
9. Hints:
  - Give the meaning of fixed shop retailers.
  - Give the types of fixed shops describing them in brief: (a) Small retailers, (b) Large retailers.
  - Discuss the following types of small retailers
    - (a) General stores
    - (b) Single line stores
    - (c) Speciality store
    - (d) Second hand goods shop
    - (e) Street stalls.
10. Hints : Distinguish on following points :
  - (a) Clientele served
  - (b) Intended use of goods dealt in
  - (c) Volume of business
  - (d) Capital requirement
  - (e) Range of products
  - (f) Link in the channel of distribution
  - (g) Location

- 
11. Hints:
- State the features of Departmental Store
  - Differentiate between Departmental store and multiple shop on following bases
- (a) Location
  - (b) Variety of goods
  - (c) Types of customer
  - (d) Services to customer
  - (e) Pricing
  - (f) Decoration and display
  - (g) Objective
  - (h) Flexibility
  - (i) Control and operation
  - (j) Ownership
  - (k) Risk
12. Hints : Give meaning and merits.
13. Hints : Give its advantages and disadvantages
14. Hints : Give its merits and demerits.
15. Hints :
- Advantages in present context
  - Types of goods handled
16. Hints :
- Meaning
  - Advantages
  - Disadvantages
17. Hints :
- Meaning
  - Advantages
  - Disadvantages
18. Hints : See books.

## UNIT-IV

### KEY CONCEPTS

**INTERNATIONAL TRADE :** Meaning, Nature, Importance, Limitations, Distinction between Internal and International Trade.

- **Meaning :** International trade is a trade which takes place between two or more countries.  
**Import :** Buying good and services from other countries.  
**Export :** Selling goods and services to other countries.  
**Entrepot :** Import of goods for export to other countries.
- **Nature :** (1) Involvement of two or more countries, (2) Territorial specialisation, (3) International competition, (4) Separation of Sellers from buyers, (5) Long chain of middlemen, (6) Mutually acceptable currency, (7) International rules and regulations, (8) Government control, (9) Requirement of several documents, (10) High risk, (11) Language difference.
- **Importance :** (1) Geographical specialisation, (2) Optimum use of resources, (3) Economic Development, (4) Economies of Scale, (5) Generation of Employment, (6) Higher standard of living, (7) Earning of Foreign Exchange, (8) Price equalisation, (9) Security from Natural disaster, (10) Way out from intense competition in Domestic Market, (11) International brotherhood, (12) Development of transportation and communication.
- **Limitation :** (1) Economic dependence, (2) Restricted growth of home industry, (3) Misuse of natural resources, (4) Political exploitation, (5) Import of harmful goods, (6) Rivalry among nations, (7) Invasion of culture, (8) Language difference, (9) More risk, (10) Government control, (11) Difficulty in payment, (12) Lack of information about foreign trader, (13) Time lag, (14) Restrictions.

**Export Procedure :** (1) Receipt of Enquiry and sending quotation, (2) Receipt of order, (3) Securing letter of credit, (4) Obtaining export license, (5) Obtaining pre-shipment finance, (6) Production/procurement of goods, (7) Pre-shipment inspection, (8) Excise clearnace, (9) Obtaining certificate of origin, (10) Reservation of shipping space, (11) Packing and forwarding, (12) Insurance, (13) Custom clearance, (14) Obtaining mates receipt, (15) Payment of Freight and issuance of Bill of lading, (16) Preparation of invoice, (17) Securing payment.

**Import Procedure :** (1) Obtaining import license, (2) Making trade enquiry and receiving quotation, (2) Obtaining foreign exchange, (3) Placing order / indent, (4) Sending letter of credit, (5) Receiving shipping documents, (6) Arrival of goods, (7) Customs clearance and release of goods, (8) Making payment.

#### Important Documents :

- **Indent :** Indent is the order from the buyer (Importer) to the seller (exporter) for supply of goods.
- **Letter of credit :** Letter of credit is a guarantee letter issued by the importers Bank stating that it will honour the export bills of the exporter to a specified amount.
- **Shipping Order :** Shipping order is issued by the shipping company to the exporter directing the captain of the ship to take the goods on board.

- **Shipping Bill** : Shipping Bill is a document which is prepared in triplicate by the exporter to get custom clearance before the dispatch of goods. It contains information about name and address of exporter, loading port, destination port, name of the ship, description and value of goods and identification marks on the packages.
- **Mate's Receipt** : Mate's receipt is a receipt issued by the captain of the ship after receiving the goods on board the ship for shipment.
- **Bill of lading** : It is a document issued by the shipping company as an evidence of acceptance to carry the goods to the port of destination. It is also a document of title to the goods.
- **Consular Invoice** : It is the invoice certified by the trade consuls of the importing country situated in the exporters country. Consular invoice facilitates payment of import duty based on the value certified in it without opening the packages.
- **Certificate of origin** : Certificate of origin certifies the name of the country in which the exported goods, have seen produced. Government of India has authorised chamber of commerce, Trade Associations and Export Promotion Council to issue the certificate of origin.
- **Documentary Bill of Exchange** : It is a bill of exchange drawn by the exporter on importer attaching with it documents such as bill of lading, insurance policy, certificate of origin and invoice etc. to be delivered either on acceptance of the bill (D/A) or on payment (D/P).
- **Bill of entry** : Importer fills in the details of imported goods, value of goods imported and amount of import duty payable in a form called bill of entry in order to pay import duty.
- **Bill of sight** : If clearing agent is not able to fill in the details of goods imported, instead of bill of entry the Bill of sight is prepared.

#### WAREHOUSING : Meaning & Functions

- **Meaning** : Warehousing is concerned with keeping and storing goods in a systematic manner in order to maintain their original value, quality and usefulness.
- **Functions** : (1) Creation of time utility (2) Equilibrium in demand and supply, (3) Price stabilisation, (4) Storage of goods, (5) Protection of goods, (6) Risk bearing, (7) Financing, (8) Processing, (9) Grading and packing, (10) Helpful in late payment of import duty.

#### TRANSPORTATION : Importance of Railway, Air & Water transport

- **Meaning** : Transportation means physical transfer of goods and people from one place to another.
- **Importance of Railway Transportation** : Convenient means of transportation, Development of Agriculture, New sources and areas of production, growth of markets and specialisation, facilitates internal trade, mobility of labour and capital, check on the fluctuation of prices helpful in famines, employment, encouragement to tourism, Dependable, Better organised, cheaper, safe, larger capacity, public welfare, Administrative facilities of government.
- **Importance of Water Transportation** : Cheaper mode, facilitates foreign trade, Defence, Transport of heavy goods, useful during natural calamities, less maintenance cost.
- **Importance of Air Transport** : Quickest mode, Comfortable, No investment on roads and tracks, No physical barrier, Reaching in accessible areas, Emergency services, National defence.

## UNIT - IV

**GROUP - A : OBJECTIVE TYPE QUESTIONS****1. Multiple Choice Questions**

1. Business taking place between countries
  - (a) Internal business
  - (b) Country-wise business
  - (c) Indirect business
  - (d) International business
2. Buying goods and services from a foreign country
  - (a) Export                      (b) Import
  - (c) Entrepot                      (d) In land trade
3. Selling goods and services to a foreign country
  - (a) Export                      (b) Import
  - (c) Entrepot                      (d) In land trade
4. Buying goods from a foreign country to sell it to foreign entry or countries
  - (a) Export                      (b) Import
  - (c) Entrepot                      (d) In land trade
5. In International trade both buyer and seller belong to
  - (a) Same Country              (b) Same State
  - (c) Same City                      (d) Different Countries
6. Full form of FDI
  - (a) Foreign Development Institution
  - (b) Financial Development in India
  - (c) Foreign Direct Investment
  - (d) Foreign Development Investment
7. First step in the Import procedure is
  - (a) Obtaining Import License
  - (b) Placing an Order
  - (c) Making Trade Enquiry
  - (d) Sending letter of credit
8. Document prepared in triplicate in import is
  - (a) Letter of credit
  - (b) Marine Insurance Policy
  - (c) Bill of entry
  - (d) Delivery Order
9. Of the following, the one which is not a document of Import trade
  - (a) Indent
  - (b) Invoice
  - (c) Bill of lading
  - (d) Forwarding Agent's Report
10. Incomplete indent is known as
  - (a) Open Indent              (b) Closed Indent
  - (c) Improper Indent              (d) Invalid Indent
11. If an indent clearly mentions the following details relating to the product to be imported such as name of the product, type, price quarterly, packing method, time of sending goods, insurance instructions, payment method etc. is known as
  - (a) Open Indent              (b) Closed Indent
  - (c) Proper Indent              (d) Valid Indent
12. Which of the following is mentioned in the indent?
  - (a) Name, type and quantity of product
  - (b) Packing Method & Insurance instructions
  - (c) Price and Payment procedure
  - (d) All of the above
13. Which of the following is not a feature of International Trade ?
  - (a) Intense Competition
  - (b) No middlemen
  - (c) Large number of documents
  - (d) Mutually acceptable currency

14. Which one of the following is an advantage of International Trade ?  
(a) Invasion of culture  
(b) Time lag  
(c) Economic dependence  
(d) Economic development
15. Which one of the following is a limitation of International Trade ?  
(a) Geographical Specialisation  
(b) Economies of Scale  
(c) Invasion of Culture  
(d) International brotherhood
16. Which of the following document is relevant for both export and import  
(a) Indent (b) Shipping order  
(c) Mate's receipt (d) Bill of entry
17. Which one of the following is relevant for making payment in international trade  
(a) Documentary bills of exchange  
(b) Consular Invoice  
(c) Bill of sight  
(d) Bill of lading
18. What does an exporter demand to assure himself regarding the payment against the goods to be exported ?  
(a) Letter of Credit (b) Bill of exchange  
(c) Advance Payment (d) Foreign Currency
19. The rate at which the currency of one country is exchanged with the currency of another country  
(a) Interest rate (b) Discount rate  
(c) Exchange rate (d) Dividend rate
20. The receipt given by the captain of the ship after goods have been loaded on the ship.  
(a) Bill of lading (b) Mate's Receipt  
(c) Shipping order (d) Shipping bill
21. When the entire ship is taken on freight the agreement is called  
(a) Charter party (b) Shipping order  
(c) Shipping bill (d) Mate's receipt
22. What does the exporter receive after sending quotations to the importer  
(a) Indent (b) Foreign currency  
(c) Letter of credit (d) Advice
23. Who may take the help of forwarding agent  
(a) Importer (b) Exporter  
(c) Both (a) & (b) (d) Neither (a) nor (b)
24. A document whereby the shipping company acknowledge the receipt of goods on board the ship  
(a) Duck receipt  
(b) Mate's receipt  
(c) Bill of lading  
(d) Document against acceptance
25. Price Quotation covering all expenses until the ship carrying the good arrives at the port of discharge  
(a) Ex-ship price (b) Landed price  
(c) C & F (d) C.I.F.
26. AR-4 Form is used for  
(a) Declaring value of goods  
(b) Regarding Excise Duty Payment  
(c) Reserving space in the ship  
(d) Obtaining letter of credit
27. GR Form is used for  
(a) Declaring value of goods  
(b) Regarding Excise Duty Payment  
(c) Reserving space in the ship  
(d) Obtaining letter of credit

28. White shipping bill is used for  
(a) Duty free goods  
(b) Dutiable goods  
(c) Duty drawback goods  
(d) None of the above
29. Yellow shipping bill is used for  
(a) Duty free goods  
(b) Dutiable goods  
(c) Duty drawback goods  
(d) None of the above
30. Green shipping bill is used for  
(a) Duty free goods  
(b) Dutiable goods  
(c) Duty drawback goods  
(d) None of the above
31. Loco price is also known as  
(a) Ex-factory Price  
(b) Ex-works price  
(c) Both (a) and (b)  
(d) Neither (a) nor (b)
32. The price quotation which covers only cost of the goods to the manufacturer and his profit :  
(a) Loco Price (b) Franco  
(c) F.O.B. (d) F.A.S.
33. The price quotation which covers all expenses involved in placing the goods in the hands of the buyer  
(a) Loco Price (b) Franco  
(c) F.O.B. (d) F.A.S.
34. The price quotation which includes cost plus expenses involved in loading the goods on board the ship  
(a) Loco Price (b) Franco  
(c) F.O.B. (d) F.A.S.
35. The price quotation which includes cost plus expenses connected with putting the goods alongside the ship  
(a) Loco Price (b) Franco  
(c) F.O.B. (d) F.A.S.
36. The CIF price is determined by adding insurance charges to :  
(a) C & F Price (b) FAS Price  
(c) FOB price (d) Loco price
37. What is the first step in the export  
(a) Receipt of Indent  
(b) Receipt of letter of credit  
(c) Arrangement of goods to be exported  
(d) Sending Quotation in response to Enquiry
38. Guarantee letter issued by the importance bank stating that it will honour the export bills upto a certain amount  
(a) Charter party (b) Letter of Credit  
(c) Mate's receipt (d) Bill of lading
39. Export licence in India is issued by  
(a) Central government  
(b) State government  
(c) RBI  
(d) SBI
40. Trade consuls of importer's country situated in exporters country issues a certificate to facilitate calculation of customs duty to be paid by importer without opening the cargo. It is known as  
(a) Certificate of origin  
(b) Consular invoice  
(c) Bill of lading  
(d) Shipping bill

41. Which certificate issued by the chamber of commerce of exporter's country help the importer to obtain tariff concession
- Certificate of origin
  - Consular invoice
  - Bill of lading
  - Shipping bill
42. The document attached to a documentary Bill of Exchange.
- Bill of lading
  - Invoice
  - Insurance Policy
  - All of the above
43. The letter of credit which does not attach any condition for the acceptance and payment of the bill of exchange is
- Clean letter of credit
  - Open letter of credit
  - Unconditional letter of credit
  - All of the above
44. The letter of credit in which the amount guaranteed is automatically reversed back to the original amount after such amount has once been paid on presentation of the bill is
- Conditional letter of credit
  - Revolving letter of credit
  - Revocable letter of credit
  - Fixed letter of credit
45. The letter of credit which can not be withdrawn by the issuing bank without the consent of the explorer is
- Conditional letter of credit
  - Fixed letter of credit
  - Irrevocable letter of credit
  - None of the above
46. Black Bill of entry is used for
- Duty free goods
  - Dutiable goods
  - Goods meant for re-export
  - None of the above
47. Blue Bill of entry is used for
- Duty free goods
  - Dutiable goods
  - Goods meant for re-export
  - None of the above
48. Violet Bill of entry is used for
- Duty free goods
  - Dutiable goods
  - Goods meant for re-export
  - None of the above
49. Why is bill of sight prepared ?
- Bill of entry form is out of supply
  - Full information of goods is not available
  - Supplement Bill of entry
  - When import duty could not be paid
50. The warehouse where goods are kept until Import duties are paid
- Private warehouse
  - Public warehouse
  - Bonded warehouse
  - Government warehouse
51. In which situation does the importer keep imported goods in the bonded warehouse ?
- Importer has no warehouse of his own
  - When he has plan to re-export the goods
  - When he wants to pay import duty in instalment
  - All of the above

52. The receipt in which mate records defect in the packing of goods received by him is called
- (a) Foul receipt
  - (b) Dirty receipt
  - (c) Both (a) & (b)
  - (d) Neither (a) nor (b)
53. If mate's receipt contains no adverse remark it is called a
- (a) Clean receipt      (b) Perfect receipt
  - (c) Good receipt      (d) Not a foul receipt
54. Warehousing is a
- (a) Production function
  - (b) Finance function
  - (c) Marketing function
  - (d) Transport function
55. Storage removes the hindrance of
- (a) Time      (b) Place
  - (c) Person      (d) Knowledge
56. Primary function of warehousing is
- (a) Price stabilisation      (b) Storage
  - (c) Financing      (d) Sharing risk
57. Warehousing creates
- (a) Form utility      (b) Time utility
  - (c) Place utility      (d) All of the above
58. Warehousing helps in
- (a) Increasing the price of goods
  - (b) Stabilising the price
  - (c) Decreasing the price of goods
  - (d) Anticipating price trend
59. Of the following the one which is not a function of warehouse
- (a) Consolidation      (b) Breaking the bulk
  - (c) Manufacturing      (d) Price stabilisation
60. Which of the following is not a feature of ideal warehouse ?
- (a) Proper location
  - (b) Proper supervision of goods
  - (c) Sufficient space
  - (d) Away from railway station
61. Warehouses used exclusively by traders to store their own goods are known as
- (a) Bonded warehouse
  - (b) Public warehouse
  - (c) Private warehouse
  - (d) Co-operative warehouse
62. Which warehouse is helpful in Entrepot trade
- (a) Bonded warehouse
  - (b) Co-operative warehouse
  - (c) Government warehouse
  - (d) Private warehouse
63. Oldest mode of transport is
- (a) Air      (b) Water
  - (c) Rail      (d) Non of the above
64. Cheapest mode of transport is
- (a) Air      (b) Water
  - (c) Rail      (d) Non of the above
65. Quickest mode of transport is
- (a) Air      (b) Water
  - (c) Rail      (d) Non of the above
66. Mode of transport generating maximum revenue for the government
- (a) Air      (b) Water
  - (c) Rail      (d) Non of the above
67. Transport that accesses in accessible areas at the time of urgency
- (a) Air      (b) Water
  - (c) Rail      (d) Non of the above

## 2. Do as Directed Questions

### 2. (a) Express in one word / term

1. Trade between two or more countries.
2. Purchasing goods from a foreign country.
3. Selling goods to a foreign country.
4. Importing goods for exporting.
5. Indent which takes final shape only after negotiation between exporter and importer.
6. Indent in which all details are specified clearly.
7. The document which stands as a testimony to the credit worthiness of importer.
8. Letter of credit which does not have any conditions.
9. Letter of credit which stipulates that bill of exchange must be accompanied by the documents of title to the goods.
10. Letter of credit that can be withdrawn at the discretion of issuing bank without prior notice to the exporter.
11. Letter of credit that cannot be withdrawn without consent of the exporter.
12. The letter of credit in which the amount of the guaranteed credit is automatically reversed back to the original amount after such amount has once been paid.
13. The mate's receipt which contains no adverse remark.
14. The mate's receipt which contains adverse remarks relating to packing of goods received by him or board the ship.
15. Price that includes cost of goods, cost of transportatoin to railway station and loading them on wagors.
16. Price that includes cost of goods, cost of transportation to dock and loading on board the ship.
17. Price that includes cost of goods and expenses of putting them alongside the ship.
18. Price that includes cost and all other expenses involved in placing the goods in the hands of the importer.
19. The person who helps exporter in all those activities such as goods from his godown upto loading on the ship for a commission.
20. Arrangement with shipping company to hire the entire ship.
21. Document which helps to calculate import duty without opening the cargo.
22. Document which helps importer to get tariff concession on goods imported from a friendly country.
23. Document issued by shipping company acknowledging goods received for shipment and undertaking to deliver at the port of destination as per terms and conditions mentioned in it.
24. The middleman who helps importer in completing custom formdities for receiving goods imported.
25. Keeping goods safely and systematically at a proper place till they are required.
26. Building or place where goods are kept safely and systematically until they are used.
27. Warehouse in which goods on which import duty has not been paid are stored.
28. Physical transfer of goods and people from one place to another.
29. Means of transport which uses special tracks for movement.
30. Mean of transport which faces less physical barriers.
31. Quickest mode of transport.
32. Oldest mode of transport.
33. Cheapest mode of transport.

**2. (b) Correct the underlined portion**

1. International trade means trade between persons of different states.
2. In multilateral trade only two countries are involved.
3. In multilateral trade only two countries are involved.
4. Import implies sell of goods to a foreign country.
5. Import implies sell of goods to a foreign country.
6. International trade in physical merchandise is known as invisible trade.
7. International trade in physical merchandise is known as invisible trade.
8. Various types of internal trade are Import, Export and Entrepot.
9. Various types of internal trade are Import, Export and Entrepot.
10. International business involves less risk as compared to internal trade.
11. International business is a bad option for companies whose products start getting saturated in domestic market.
12. The companies having surplus production capacity should not go for overseas expansion.
13. In international business, customers are relatively more homogenous in nature as compared to internal trade.
14. It is necessary to file two copies of bill of entry.
15. The exporter demands indent from the importer to be assured of the payment.
16. Shipping bill is an instruction to the captain of the ship that specified goods be received on board.
17. Mate's receipt is issued by the shipping company.
18. On the basis of bill of lading export duty is determined.
19. Letter of credit is issued by Importer.
20. In case of documentary bill marked D/P, the documents are delivered to importer only after bill is accepted.
21. In case of documentary bill marked D/P, the documents are delivered to importer only after bill is accepted.
22. When goods are kept in the bonded warehouse mate's receipt is issued for the goods received.
23. Import duty is calculated on the basis of duck warrant.
24. If the information relating to details of goods is not available bill of entry is filled in.
25. The warehouse helpful in entrepot trade is known as public warehouse.
26. Storage is the production function of a business.
27. Bonded warehouses are used by exporters.
28. Grading and packing is the primary function of a warehouse.
29. Warehousing overcomes the hindrance of knowledge.
30. Storage creates ownership utility.
31. Air transport is suitable for heavy and bulky goods.
32. Water transport is the quickest mode of transport.
33. Rail transport is the costliest mode of transport.
34. Delicate and breakable goods are usually transported by Railways.

## 2. (c) Fill in the blanks

1. International trade can be defined as trading beyond the geographical boundary of a \_\_\_\_\_.
2. Various types of international trade are Export, Import and \_\_\_\_\_.
3. For international trade atleast \_\_\_\_\_ countries are required.
4. License for export - import of products is obtained from \_\_\_\_\_.
5. With the help of international trade a company can earn \_\_\_\_\_.
6. International Trade involves \_\_\_\_\_ risk in comparison to Home Trade.
7. Due to International trade maximum utilisation of \_\_\_\_\_ resources is possible.
8. The companies having surplus production capacity can plan \_\_\_\_\_ expansion.
9. International trade is a good option for the companies whose products start getting saturated in \_\_\_\_\_ market.
10. \_\_\_\_\_ means the order placed by an importer's with the exporter for supplying specific goods.
11. \_\_\_\_\_ is a document which is issued by importer, bank undertaking to pay upto a certain amount of export bill.
12. \_\_\_\_\_ is a document issued by shipping company acknowledging that goods have been booked for shipment.
13. The first step in export procedure is \_\_\_\_\_.
14. The first step in import procedure is \_\_\_\_\_.
15. \_\_\_\_\_ regulates foreign exchange transactions in India.
16. Importer places indent with the \_\_\_\_\_ for supply of specific goods.
17. Importer obtains \_\_\_\_\_ form its bank and forwards it to the exporter as an evidence of its credit worthiness.
18. The exporter after loading the goods on the ship dispatches the \_\_\_\_\_ to the importer.
19. An \_\_\_\_\_ letter of credit can not be withdrawn.
20. \_\_\_\_\_ letter of credit is a guarantee for the acceptance and payment of bills without any conditions.
21. Indents are of two types i.e. open and \_\_\_\_\_.
22. L/C stands for \_\_\_\_\_.
23. A bill of entry is made in \_\_\_\_\_ copies.
24. A bill of \_\_\_\_\_ is prepared instead of bill of entry when complete information about goods imported is not available.
25. A dock warrant is issued by \_\_\_\_\_.
26. \_\_\_\_\_ Trade involves importing goods for exporting.
27. Warehousing \_\_\_\_\_ the gap between production and distribution.
28. Protection of goods is a function of \_\_\_\_\_.
29. \_\_\_\_\_ refers to a place used for storage of goods.
30. \_\_\_\_\_ transport requires special track for its movement.
31. Carrying capacity of \_\_\_\_\_ transport is smallest.
32. \_\_\_\_\_ transport operates in natural calamity like flood.
33. \_\_\_\_\_ transport is important for foreign trade.
34. \_\_\_\_\_ transport helps in transporting goods at less cost.
35. \_\_\_\_\_ transport helped most in the development of industries in India.

**2. (d) Answer in one sentence**

1. What is international trade ?
2. What is import ?
3. What is export ?
4. What is Intrepot ?
5. What is bilateral trade ?
6. What is multilateral trade ?
7. What is visible trade ?
8. What is invisible trade ?
9. What is the nationality of buyers and sellers in case of international trade ?
10. What is the way out for firms facing intense competition in domestic market ?
11. What is the first step in export procedure ?
12. Why is pre shipment inspection necessary ?
13. Why does the exporter undertake an enquiry regarding the credit worthiness of the importer ?
14. What is duty draw back ?
15. From whom does the exporter obtain the certificate of origin ?
16. From whom does the exporter obtain consular invoice.
17. Who appoints forwarding agent ?
18. What do you mean by advalorem ?
19. Who issues mate's receipt ?
20. What is a closed indent ?
21. What is an open indent ?
22. What is a charter party ?
23. What is a shipping order ?
24. What is application to export ?
25. What is dock warrant ?
26. What is dock receipt ?
27. What is mate's receipt ?
28. What is a clean mate's receipt ?
29. What is a foul mate's receipt ?
30. What is a certificate of origin ?
31. How does warehousing help in removing the hindrance of time ?
32. Which trade is promoted by bonded warehouse ?
33. What is the main function of warehouse ?
34. Which transport is the safest form of transport ?
35. Which transport is well organized and dependable ?
36. Which transport is oldest and cheapest ?
37. Which transport is most suitable for carrying light goods of high value ?
38. Which means of transport is used to carry goods and people to the areas which are not accessible by other means of transport ?

**UNIT - IV****GROUP - A : ANSWERS****1. Multiple Choice Questions**

1. (d) International business
2. (b) Import
3. (a) Export
4. (c) Entrepot
5. (d) Different Countries
6. (c) Foreign Direct Investment
7. (c) Making Trade Enquiry
8. (c) Bill of entry
9. (d) Forwarding Agent's Report
10. (a) Open Indent
11. (b) Closed Indent
12. (d) All of the above
13. (b) No middlemen
14. (d) Economic development
15. (c) Invasion of Culture
16. (a) Indent
17. (a) Documentary bills of exchange
18. (a) Letter of Credit
19. (c) Exchange rate
20. (b) Mate's Receipt
21. (a) Charter party
22. (a) Indent
23. (b) Exporter
24. (c) Bill of lading
25. (a) Ex-ship price
26. (b) Regarding Excise Duty Payment
27. (a) Declaring value of goods
28. (a) Duty free goods
29. (b) Dutiable goods
30. (c) Duty drawback goods
31. (c) Both (a) and (b)
32. (a) Loco Price
33. (b) Franco
34. (c) F.O.B.
35. (d) F.A.S.
36. (a) C & F Price
37. (a) Receipt of Indent
38. (b) Letter of Credit
39. (a) Central government
40. (b) Consular invoice
41. (a) Certificate of origin
42. (d) All of the above
43. (d) All of the above
44. (b) Revolving letter of credit
45. (c) Irrevocable letter of credit
46. (a) Duty free goods
47. (b) Dutiable goods
48. (c) Goods meant for re-export
49. (b) Full information of goods is not available

- 
- |                               |                                   |
|-------------------------------|-----------------------------------|
| 50. (c) Bonded warehouse      | 59. (c) Manufacturing             |
| 51. (d) All of the above      | 60. (d) Away from railway station |
| 52. (c) Both (a) & (b)        | 61. (c) Private Warehouse         |
| 53. (a) Foul receipt          | 62. (a) Bonded warehouse          |
| 54. (c) Marketing function    | 63. (b) Water                     |
| 55. (a) Time                  | 64. (b) Water                     |
| 56. (b) Storage               | 65. (a) Air                       |
| 57. (b) Time Utility          | 66. (c) Rail                      |
| 58. (b) Stabilising the price | 67. (a) Air                       |

## 2. Do as Directed Questions

### 2. (a) Express in one word / term

- |   |                           |
|---|---------------------------|
| 1. International trade                      | 18. Franco/Rendu          |
| 2. Import                                   | 19. Forwarding agent      |
| 3. Export                                   | 20. Charter party         |
| 4. Entrepot                                 | 21. Consular Invoice      |
| 5. Open indent                              | 22. Certificate of origin |
| 6. Closed indent                            | 23. Bill of lading        |
| 7. Letter of credit                         | 24. Clearing agent        |
| 8. Clean letter of credit                   | 25. Warehousing           |
| 9. Conditional/documentary letter of credit | 26. Warehouse             |
| 10. Revocable letter of credit              | 27. Bonded warehouse      |
| 11. Irrevocable letter of credit            | 28. Transportation        |
| 12. Revolving letter of credit              | 29. Railways              |
| 13. Clean receipt                           | 30. Air transport         |
| 14. Foul/dirty receipt                      | 31. Air transport         |
| 15. Free of Rail (F.O.R.)                   | 32. Water transport       |
| 16. Free of Board (F.O.B.)                  | 33. Water transport       |
| 17. Free Alongside Ship (F.A.S.)            |                           |

**2. (b) Correct the underlined portion**

- |                               |                         |                   |
|-------------------------------|-------------------------|-------------------|
| 1. Countries                  | 12. Can                 | 23. Bill of entry |
| 2. Bilateral                  | 13. heterogeneous       | 24. bill of sight |
| 3. More than two              | 14. Three               | 25. Bonded        |
| 4. Export                     | 15. letter of credit    | 26. Marketing     |
| 5. Purchase of goods from     | 16. Shipping order      | 27. Importers     |
| 6. Visible                    | 17. Captain of the ship | 28. Storage       |
| 7. Services                   | 18. Shipping bill       | 29. Time          |
| 8. International              | 19. Importer's bank     | 30. Time          |
| 9. Wholesale and Retail trade | 20. Paid                | 31. Water         |
| 10. More                      | 21. D/A                 | 32. Air           |
| 11. Good                      | 22. Dock warrant        | 33. Air           |
|                               |                         | 34. Airways       |

**2. (c) Fill in the blanks**

- |                      |                        |                      |
|----------------------|------------------------|----------------------|
| 1. Country           | 13. Receipt of enquiry | 25. Bonded Warehouse |
| 2. Entrepot          | 14. Trade Enquiry      | 26. Entrepot         |
| 3. Two               | 15. RBI                | 27. Bridges          |
| 4. Government        | 16. Exporter           | 28. Warehousing      |
| 5. Foreign Exchange  | 17. Letter of Credit   | 29. Warehouse        |
| 6. More              | 18. Shipment Advice    | 30. Rail             |
| 7. Natural           | 19. Irrevocable        | 31. Air              |
| 8. Overseas          | 20. Clean              | 32. Air              |
| 9. Domestic          | 21. Closed             | 33. Water            |
| 10. Indent           | 22. Letter of Credit   | 34. Water            |
| 11. Letter of Credit | 23. Three              | 35. Rail             |
| 12. Bill of lading   | 24. Sight              |                      |

**2. (d) Answer in one sentence**

1. Trade between two or more countries.
2. Purchasing goods from a foreign country.
3. Selling goods to a foreign country.
4. Importing for the purpose of exporting.
5. International trade between two countries only.
6. International trade among more than two countries.
7. International trade in physical merchandise like oil, cotton, machine etc.
8. International trade in intangible items / services like Insurance Consultancy etc.
9. Both belong to different countries.
10. Internationalisation of business.
11. Receipt of enquiry and sending quotation.
12. To ensure that only good quality products are exported.
13. To be sure of getting the payment.
14. The scheme of refund of excise duty.
15. From the chamber of commerce or trade association.
16. From the trade consulate of importers country situated in home country.
17. Exporter
18. On the basis of value of goods.
19. The captain of the ship.
20. When quality and price of goods to be supplied are mentioned specifically in the indent.
21. When quality price have not been mentioned clearly in the indent leaving it open to the exporter.
22. Charter party is an arrangement where an entire ship is hired.
23. Order issued by shipping company to the captain of the ship to carry the specified goods on board.
24. Application to export is prepared in duplicate and along with shipping bill is presented in custom office by the exporter to get export pass.
25. Receipt issued by the bonded warehouse acknowledging receipt of goods.
26. Dock receipt is obtained when goods are delivered to dock after clearance from custom authorities.
27. Receipt given by captain of the ship acknowledging the receipt of the goods on board the ship.
28. Mate's receipt without any adverse remark.
29. Mate's receipt which notes defect in packing.
30. Certificate specifying the country in which goods are manufactured.
31. By storing the goods produced until they are demanded.
32. Entrepot
33. Keeping and storing goods in a systematic manner in order to maintain their original value, quality and usefulness.
34. Railways
35. Railways
36. Water transport
37. Air transport
38. Air transport

**UNIT - IV****GROUP - B : SHORT TYPE QUESTIONS****3. Short Questions to be answered within 30 words**

1. Give the different types of International Trade.
2. Explain Entrepot.
3. Give two features of International Trade.
4. Give two importance of International Trade.
5. Give two limitations of International Trade.
6. Differentiate between Internal Trade and International Trade on the basis of Political System and risk factor.
7. How does international business help in lifting the living standard of the people of a nation ?
8. What is proforma invoice ?
9. What is an indent ?
10. What do you mean by closed and open indents?
11. What is a letter of credit ?
12. What is a shipping bill ?
13. What is Mate' receipt ?
14. What is Bill of Lading ?
15. What is an invoice ?
16. What is consular invoice ?
17. What is certificate of origin.
18. What is documentary bill of exchange ?
19. What do you mean by documents against Acceptance ?
20. What do you mean by documents against payment ?
21. What is trade inquiry ?
22. What is Bill of Entry ?
23. What is a Bill of Sight ?
24. What is a Bonded Warehouse ?
25. What is a port trust dues receipt ?
26. Define storage.
27. How does warehouse help in stabilising prices ?
28. How does a warehouse perform consolidation function ?
29. How does a warehouse break the bulk ?
30. How does a warehouse help in financing ?
31. How does rail transport help in the development of agriculture ?
32. How does railway transportation help in increasing government revenue ?
33. How does water transportation facilitate international trade ?
34. "Air transportation is a convenient mode of transportation of certain goods." Explain.
35. "Air transport can operate when all other means of transport cannot be operated". Explain.

#### 4. *Short Questions to be answered within 50 words*

1. How does international trade offer higher profits to a businessman ?
2. Differentiate between international business and international trade.
3. What is an Indent ?
4. What is a letter of credit ?
5. What is a shipping bill ?
6. What is mate's receipt ?
7. What is a bill of lading ?
8. What is an invoice ? What purpose does it serve ?
9. What is a consular invoice ? What purpose does it serve ?
10. What is certificate of origin ? What purpose does it serve ?
11. What is documentary bill of exchange ?
12. What is a Bill of entry ?
13. What is a bonded warehouses ? When is it used by the importer ?
14. State any three features of an ideal warehouse.
15. State any three advantages of Railway transportation.
16. State any three advantages of water transport.
17. State any three advantages of Air transport.

## UNIT - IV

### GROUP - B : ANSWERS

#### 3. *Short Questions to be answered within 30 words*

1. (a) Export,  
(b) Import,  
(c) Intrepot
2. Intrepot is importing goods for the purpose of exporting. Certain countries are geographically so located that they can import goods from a country in bulk and export it to neighbouring countries as per their requirements.
3. (a) Specialisation : Each country has specialisation in production of certain goods depending upon availability of natural resources and cost at which they can be produced as compared to other countries.  
(b) Foreign Currency : Payment is made in foreign currencies.
4. (a) Earning Foreign Exchange by enhancing exports. This indicates the economic status of the country.  
(b) Optimum utilisation of resources : Each country is not equally endowed with all natural resources. Therefore, a country should focus on production of those goods which may be efficiently produced and exchange the surplus for those goods which can be efficiently produced elsewhere.
5. (a) Adverse impact on economy : Over dependence on import can adversely affect the economic condition of a country through adverse balance of payment position.  
(b) Impact on domestic business. Competition from foreign companies may pose a threat to the survival of domestic companies.
6. Internal trade is operated in a single country and has to face the political system of only that country but international business is affected by the political system of participating countries. Hence, risk in international trade is more than internal trade.
7. People of the country are able to access the quality goods and services produced in different countries due to international business.
8. It is the quotation sent by exporter to the importer in response to the trade enquiry made by him (importer). It contains details relating to price of goods, weight, guaranty, mode of delivery, size, type of packing and payment terms etc.
9. Indent is an order placed by importer with exporter for supply of goods. It contains description of goods ordered, delivery terms, packing and marking details, prices to be paid and delivery instructions.
10. Closed indent mentions clearly the quality and price of the goods to be supplied whereas these are not specifically mentioned in an open indent leaving it to be finalised through negotiation between exporter and importer. Sometimes, quality and price change so rapidly that importer authorises exporter to exercise his best judgement in this regard.

11. It is a guarantee letter issued by the importer's bank stating that it will honour the export bills of the exporter up to a specified amount.
12. For paying export duty shipping bill is prepared in triplicate by the exporter or forwarding agent giving information about exporter, description of goods, name of the ship and the port of destination.
13. This receipt is issued by the captain or Mate of the ship to the exporter after the goods are loaded on board the ship. It contains name of the vessel, description of packages, marks, condition of the cargo at the time of receipt of the goods on board the ship.
14. Bill of lading is a document of title to the goods freely transferable by endorsement. It is issued by the shipping company as an evidence of acceptance of the goods for shipment to the port of destination.
15. Invoice is a document of sale. It is prepared by the exporter reflecting quantity, quality, description and price of goods. It also contain the indent number, name of the ship, packing and marking details etc. It is made according to the terms and conditions mentioned in the quotation.
16. Consular invoice is obtained by the exporter from the trade consul of importers country situated in exporter's country and sent to the importer along with shipping documents. It certifies the value of goods exported.
17. Certificate of origin specifies the name of the country in which exported goods have been produced. Government of India has authorised chambers of commerce, trade Associations and export promotion councils to issue the certificate of origin.
18. After sending the goods, exporter draws a bill of exchange on the importer and sends it along with the export documents to the importer's bank. Bank delivers the export documents to the importer either on payment or on acceptance of the bill as per agreement. As the bill of exchange involves delivery of export documents it is called a documentary bill of exchange.
19. If a documentary bill is marked D/A it implies documents against acceptance. In such case bank delivers the export documents to the importer only after his acceptance of the bill. After acceptance the bill is returned to exporter who may wait till maturity of the bill for payment or get the bill discounted in the bank.
20. If a documentary bill is marked D/P it implies documents against payment. In such case bank delivers the export documents to the importer only when he makes payment.
21. A trade enquiry is a written request by the prospective importer to the exporter to supply the following information.
  - (a) Specification of goods, (b) Price, (c) Quantity, (d) Terms of Shipment, (e) Method of packing, (f) Method of delivery, (g) Terms of payment, (h) Last date of validity of offer.
22. A bill of entry is a document which is prepared for payment of import duties. It contains information about the importer and imported goods as well as amount of import duties payable.
23. When full information relating to goods imported is not available, the importer prepares the bill of sight instead of bill of entry. In such a case, customs authorities complete the statement on arrival of goods and charge customs duty accordingly.

24. Dutiable goods are released only after payment of import duty. Therefore, a godown is maintained by port authorities at the port to keep such goods at a low rent until duty is paid on them. Such a godown is known as bonded warehouse.
25. Ports are managed by 'Port Trusts'. Port Trust authority collects a charge on goods imported, towards the cost of various services rendered by it for landing of the goods, when importer pays this charge, the 'port trust office' or 'landing and shipping office issues a receipt known as 'port trust dues receipt'.
26. Storage is a process in which goods are preserved from the time they will produce till they are needed for consumption.
27. Warehouse helps in storing goods when their supply is in abundance as compared to demand checking the fall in prices. Similarly, it releases goods when their supply is less as compared to demand checking the rise in prices. In this way it helps in stabilisation of prices.
28. If a ware house receives goods from different production plants and despatches them to a particular customer on single transportation, say by ship, the warehouse is said to have performed consolidation function.
29. Goods received in bulk from production plants are divided into smaller quantities as per requirement of clients and then transported to their places of business. This is how warehousing breaks the bulk.
30. Warehouse keeper issues a receipt to the owner of goods after receiving goods for storing. Owner of goods use that receipt as a collateral security for the purpose of taking loan from the bank financial institutions. In this manner warehousing acts as a source of finance for the businessmen.
31. Railway is very convenient mode of transportation. It provided the farmers easy access to the market. Now, they are producing more than what they need for themselves. Because, they can sell the surplus in a distant market. This is how railway transportation helped in the development of agriculture in India.
32. Railways is owned by the government. It is a departmental undertaking looked after by the Railway Ministry. Therefore, the entire revenue of the railways transportation belongs to the government.
33. Water transportation is a cheaper mode of transportation for bulky and heavy goods. Therefore, in international trade overseas shipping plays a crucial role in transporting goods from one country to another country.
34. There are certain perishable goods which must be transported from one place to another within a short period of time. These goods are transported conveniently by air transportation.
35. When roads are damaged, railway tracks are destroyed, accessing through water is not possible it is the air transport which comes to our rescue. Take for example floods. Relief materials are air dropped to save the life of people cut off from the mainland.

#### 4. Short Questions to be answered within 50 words

1. A business man can enhance his profit by entering international business in the following ways.
  - (a) Selling products in the countries where prices are better as compared to domestic prices.
  - (b) If there is unutilised capacity of the plants and machinery in which goods are produced, a business man can enhance his overall profit selling those products in a foreign country even at a price lower than the domestic prices if it is above variable cost.
2. International trade relates to import, export or entrepot. But International business has a wider connotation. Under the scope of International business we have the following :
  - (a) Trading : Export and Import of goods
  - (b) Business in services sector like tourism, IT; counselling etc.
  - (c) Manufacturing and marketing :
    - (i) Manufacturing in a foreign country to reap the benefits of cheap resources available there and marketing the products all over the world.
    - (ii) Importing cheap raw material from foreign countries to produce finished product to keep the cost of production at minimum level.
  - (d) Foreign Direct Investment : Foreign investors investing in the production activities of other nations.  
  
MNCs and global enterprises are good examples of international business.
3. Hints :
  - Give the meaning of the indent and describe the purpose it serves.
  - Describe closed and open indent.
4. Hints :
  - Give the meaning of letter of credit
  - Describe various types of letter of credit
5. Hints :
  - Give its meaning, purpose
  - Describe white, yellow and green shopping bills
6. Hints :
  - Give the meaning and contents
  - Describe clean and foul mate's receipt
7. Hints :
  - Give the meaning, number of copies prepared and their use
  - Contents
  - Types-clean and foul bill of lading.
8. Hints : Give the meaning, contents, purpose - evidence of sale informing the importer the amount he has to pay.
9. Hints : Give the meaning  
  
Purpose : It facilitates payment of import duty. When import duty is charged advalorem (on the basis of value of goods, the custom authority may open the packages in order to assess the value of goods to calculate the amount of import duty. But a consular invoice helps assess import duty without opening the packages.

10. Hints : Give the meaning
- Purpose - Trade agreement between countries may offer preferential treatment in respect of imposition of import duty on goods imported from those countries. In such a situation, certificate of origin helps the importer to claim such concession. Therefore it is sent by the exporter to the importer along with shipping documents.
11. Hints : Give meaning
- Explain - Documents against Acceptance (D/A) and Documents against Payment (D/P)
12. Hints : Give the meaning, contents and Types.
- Types : Bill of entry in Black form for free goods.  
Bill of entry in Blue form for dutiable goods.  
Bill of entry in Violet form for goods meant for re-export (also known as bonded goods).
13. Hints : Give the meaning
- In following situations the bonded warehouse may be used by the importer
- (a) When the importer has no warehouse of his own
- (b) When he has plan to re-export the goods
- (c) When he wants to pay import duty in instalments.
14. (a) Safety : A warehouse should provide safety against fire, water, heat, moisture, insects, pests and pilferage.
- (b) Proper location : It should be located in such a place that it is nearer and convenient to both who want to keep goods in it and who want to take goods from it. It should be accessible to heavy vehicles.
- (c) Sufficient space : It should have sufficient space to accommodate maximum goods in a safe manner so that a trader can store all his goods in a single store instead of going to different places for the purpose.
15. Hints : Explain any three.
16. Hints : Explain any three.
17. Hints : Explain any three.

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**UNIT - IV****GROUP - C : LONG TYPE QUESTIONS**

1. What do you mean by international trade ? Explain its characteristics.
2. Differentiate between internal trade and international trade.
3. Explain the importance of international trade.
4. Explain the limitations of international trade.
5. Explain the problems faced by international trade.
6. Explain the procedure followed in the export trade.
7. Describe any four important documents used in export trade.
8. Describe the method of securing payment in export trade.
9. What is letter of credit ? Explain various types of letter of credit.
10. Discuss the various types of price quotations used in international trade.
11. Describe the procedure of importing goods to India.
12. Explain any four important documents used in international trade.
13. Define warehouse. Discuss the functions of warehouse.
14. What are the features of an ideal warehouse ?
15. Explain the importance of Railway transportation.
16. Explain the importance of water transportation.
17. Explain the importance of Air Transportation.

## UNIT - IV

**GROUP - C : ANSWER**

1. Hints :
  - Give the meaning
  - Types
  - Characteristics
2. Hints : Differentiate on following bases
  - (a) Territorial limitations
  - (b) Nationality
  - (c) Transportation
  - (d) Availability of goods
  - (e) Factor mobility
  - (f) Payment modality
  - (g) License
  - (h) Political System & Risk
  - (i) Middlemen
  - (j) Documents
  - (k) Language
3. Hints : Describe the advantages
4. Hints : Describe the limitation
5. Hints : Describe the following
  - (a) Restriction
  - (b) Exchange of Currencies
  - (c) Time
  - (d) Geographical problem
  - (e) Credit worthiness
6. Hints : Describe each step in brief.
7. Hints : Describe each document in detail.
8. Hints :
  - (a) Explain the method of drawing documentary bill of exchange marked either D/A or D/P.
  - (b) Explain the method of documentary letter of credit.
9. Hints :
  - Give the meaning and purpose of letter of credit
  - Describe the various types of letter of credit in detail
10. Hints : Discuss the types starting from LOCO to Franco.
11. Hints : Describe the steps briefly.
12. Hints : Describe in detail any four documents used either for export or import.
13. Hints :
  - Explain the meaning
  - Discuss the functions in brief
14. Hints : Discuss the features
15. Hints : Discuss the importance.
16. Hints : Discuss the importance.
17. Hints : Discuss the importance.

