

# SHRI VIDHYABHARATHI MATRIC HR.SEC.SCHOOL



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**+1 COMMON ANNUAL EXAMINATION - MARCH - 2019**

**TENTATIVE ANSWER KEY**

**SUBJECT: COMMERCE**

**MARKS : 90**

| Q. NO              | CONTENT                              | MARK    |
|--------------------|--------------------------------------|---------|
| <b>SECTION - I</b> |                                      |         |
| I                  | <b>CHOOSE THE CORRECT ANSWER</b>     |         |
| 1.                 | d) visit to a temple                 |         |
| 2.                 | c) sole proprietorship               |         |
| 3.                 | b) nominal partner                   |         |
| 4.                 | b) shareholders                      |         |
| 5.                 | d) co – operative society            |         |
| 6.                 | d) SBI                               |         |
| 7.                 | d) special commodity warehouses      |         |
| 8.                 | b) Air                               |         |
| 9.                 | a) Joint life policy                 |         |
| 10.                | c) E - commerce                      |         |
| 11.                | d) All of them                       | 20x1=20 |
| 12.                | a) Interest                          |         |
| 13.                | a) 2006                              |         |
| 14.                | d) Foreign currency convertible Bond |         |
| 15.                | a) Two                               |         |
| 16.                | c) Small                             |         |
| 17.                | d) Three                             |         |
| 18.                | a) Third party                       |         |
| 19.                | d) a direct Tax                      |         |
| 20.                | b) 1 <sup>st</sup> March, 2017       |         |

|     | <b>SECTION -II (any seven)</b>  | <b>7x2=14</b> |
|-----|---|---------------|
| 21. | <p><b>Nalangadi:</b></p> <ul style="list-style-type: none"> <li>❖ The place where the goods were sold was called 'Angadi' in their period. Day market was called as Nalangadi.</li> </ul>   | <b>2 mark</b> |
| 22. | <p><b>There are two schools of Hindu Law:</b></p> <ul style="list-style-type: none"> <li>❖ Dayabhaga</li> <li>❖ Mitakshara</li> </ul>   | <b>2 mark</b> |
| 23  | <p><b>Foreign banks:</b></p> <ul style="list-style-type: none"> <li>❖ Banks which have registered office in a foreign country and branches in India are called foreign banks.</li> </ul>  | <b>2 mark</b> |
| 24  | <p><b>Contract:</b></p> <ul style="list-style-type: none"> <li>❖ As per the Indian Contract Act, 1872, a "contract" is an agreement enforceable by law.</li> <li>❖ The agreements not enforceable by law are not contracts.</li> </ul>  | <b>2 mark</b> |
| 25. | <p><b>Franchisee:</b></p> <ul style="list-style-type: none"> <li>❖ The individual who acquires the right to operate the business or use the trademark of the seller is known as the franchisee.</li> </ul>  | <b>2 mark</b> |
| 26. | <p><b>Multi-national companies (MNCs):</b></p> <ul style="list-style-type: none"> <li>❖ A multinational company is one which is incorporated in one country (called the home country); but whose operations extend beyond the home country and which carries on business in other countries (called the host countries) in addition to the home country.</li> </ul> | <b>2 mark</b> |
| 27. | <p><b>Micro enterprises Examples:</b></p> <ul style="list-style-type: none"> <li>❖ Micro enterprises are engaged in low scale activities such as clay pot making, fruits and vegetable vendors, transport (three wheeler tempos and autos), repair shops, cottage industries, small industries, handlooms, handicraft works etc.</li> </ul>                         | <b>2 mark</b> |
| 28. | <p><b>Speciality Stores:</b></p> <ul style="list-style-type: none"> <li>❖ Speciality Stores deal in a particular type of product under one product line only.</li> <li>❖ For example, sweets shop specialized in Tirunelveli Halwa, Bengali sweets, etc.</li> </ul>   | <b>2 mark</b> |

|                                 |  |               |
|---------------------------------|--|---------------|
| 29.                             | <p><b>Indent:</b></p> <ul style="list-style-type: none"> <li>❖ An indent actually points to an order received from abroad for export of goods.</li> <li>❖ i.e. sale of goods.</li> <li>❖ The indent contains the details in the box. Indent is prepared in duplicate. One copy of the indent is sent to the exporters and second one is retained by the importer and kept in his records.</li> <li>❖ There are three types of indent, namely open indent, closed indent and confirmatory indent.</li> </ul>  | <b>2 mark</b> |
| 30.                             | <p><b>Name any two suitable form of transport found in hilly areas, forest areas and in remote places:</b></p> <p><b>Pathways Transport</b></p> <ul style="list-style-type: none"> <li>❖ Pack Animals</li> <li>❖ Bullock Carts</li> </ul>  | <b>2 mark</b> |
| <b>SECTION -III (any seven)</b> |  | <b>7x3=21</b> |
| 31.                             | <p><b>Extractive Industries</b></p> <ul style="list-style-type: none"> <li>❖ These industries extract or draw out products from natural sources.</li> <li>❖ Extractive industries supply some basic raw materials that are mostly products of geographical or natural environment.</li> <li>❖ Important extractive industries include farming, mining, oil drilling, hunting and fishing operations.</li> </ul> <p><b>Genetic Industries:</b></p> <ul style="list-style-type: none"> <li>❖ These industries remain engaged in breeding plants and animals for their use in further reproduction.</li> <li>❖ The seeds, nursery companies, poultry, diary, piggery, hatcheries, nursery, fisheries, apiary etc are classic examples of genetic industries.</li> </ul> | <b>3 mark</b> |
| 32.                             | <p><b>Unlimited Liability:</b></p> <ul style="list-style-type: none"> <li>❖ When his business assets are not sufficient to pay off the business debts he has to pay from his personal property.</li> </ul>   | <b>3 mark</b> |

|     |   |               |
|-----|---|---------------|
| 33. | <p><b>Crop Insurance:</b></p> <ul style="list-style-type: none"> <li>❖ This policy is to provide financial support to farmers in case of a crop failure due to drought or flood. It generally covers all risks of loss or damages relating to production of rice, wheat, millets, oil seeds and pulses etc.</li> </ul>  | <b>3mark</b>  |
| 34. | <p><b>The impact of E- commerce on buyers: (Any three)</b></p> <ul style="list-style-type: none"> <li>❖ Buyers could have a global access to information about variety of products and services available in the market</li> <li>❖ They could buy the products/services round the clock from anywhere in world</li> <li>❖ The prices of products bought through e – commerce tend to be relatively lower than those purchased physically in the conventional shops due to offers, discount etc.</li> <li>❖ Electronic and software products could be downloaded immediately after purchase through e – commerce mode</li> <li>❖ Customers could participate in e auction which is one of the facets of e – commerce and get contract in a free and fair manner Individuals could sell their used products through e – commerce mode with relative ease.</li> <li>❖ Buyers can bargain and negotiate better terms and conditions with respect to buying knowledge products.</li> </ul> | <b>3mark</b>  |
| 35. | <p><b>The characteristics of wholesalers: (Any six)</b></p> <ul style="list-style-type: none"> <li>❖ Wholesalers buy goods directly from producers or manufacturers,</li> <li>❖ Wholesalers buy goods in large quantities and sell in relatively smaller quantities,</li> <li>❖ Wholesalers sell different varieties of a particular variety of product,</li> <li>❖ They employ a number of agents or workers for distribution of products</li> <li>❖ They need large amount of capital to be invested in his business, They generally provide credit facility to retailers,</li> <li>❖ They also provide financial assistance to the producers or manufacturers,</li> </ul>  | <b>3 mark</b> |

|              | <ul style="list-style-type: none"> <li>❖ In a city or town, they are normally located in one particular area of the market.</li> </ul>  |  |                |               |         |  |  |              |  |   |      |                               |                                  |      |  |   |       |                           |                       |               |
|--------------|---|--|----------------|---------------|---------|--|--|--------------|--|---|------|-------------------------------|----------------------------------|------|--|---|-------|---------------------------|-----------------------|---------------|
| 36.          | <p><b>The important characteristics of a super market:</b><br/>(Any three)</p> <ul style="list-style-type: none"> <li>❖ Supermarkets are generally situated at the main shopping centres.</li> <li>❖ The goods kept on racks with clearly labelled price and quality tags in such stores,</li> <li>❖ The customers move into the store to pickup goods of their requirements, bring them to the cash counter, make payment and take home delivery.</li> <li>❖ The goods are sold on cash basis only. No credit facilities are made available.</li> <li>❖ Supermarkets are organised on departmental basis.</li> <li>❖ It requires huge investment.</li> </ul>   | <b>3 mark</b>  |                |               |         |  |  |              |  |   |      |                               |                                  |      |  |   |       |                           |                       |               |
| 37.          | <p><b>Distinguish between Bill of Lading and Charter Party (Any three)</b></p> <table border="1"> <thead> <tr> <th>Basis</th> <th>Bill of Lading</th> <th>Charter Party</th> </tr> </thead> <tbody> <tr> <td>Meaning</td> <td>This represents a document acknowledging receipt of goods on board for carrying them over to specified port of destination</td> <td>It refers to an agreement to hire a whole or major part of ship when the goods take exported is heavy.</td> </tr> <tr> <td>Transferable</td> <td>It can be transferred to third party by endorsement and delivery</td> <td>It cannot be transferred to third party</td> </tr> <tr> <td>Loan</td> <td>Loan can be raised against it</td> <td>Loan cannot be raised against it</td> </tr> <tr> <td>Crew</td> <td>Master and crew remain the agent of ship owner</td> <td>Master and crew become the agent of exporter for a temporary period</td> </tr> <tr> <td>Lease</td> <td>It is not a lease of ship</td> <td>It is a lease of ship</td> </tr> </tbody> </table> | Basis  | Bill of Lading | Charter Party | Meaning | This represents a document acknowledging receipt of goods on board for carrying them over to specified port of destination | It refers to an agreement to hire a whole or major part of ship when the goods take exported is heavy. | Transferable | It can be transferred to third party by endorsement and delivery | It cannot be transferred to third party | Loan | Loan can be raised against it | Loan cannot be raised against it | Crew | Master and crew remain the agent of ship owner | Master and crew become the agent of exporter for a temporary period | Lease | It is not a lease of ship | It is a lease of ship | <b>3 mark</b> |
| Basis        | Bill of Lading  | Charter Party  |                |               |         |  |  |              |  |   |      |                               |                                  |      |  |   |       |                           |                       |               |
| Meaning      | This represents a document acknowledging receipt of goods on board for carrying them over to specified port of destination  | It refers to an agreement to hire a whole or major part of ship when the goods take exported is heavy. |                |               |         |  |  |              |  |   |      |                               |                                  |      |  |   |       |                           |                       |               |
| Transferable | It can be transferred to third party by endorsement and delivery  | It cannot be transferred to third party  |                |               |         |  |  |              |  |   |      |                               |                                  |      |  |   |       |                           |                       |               |
| Loan         | Loan can be raised against it   | Loan cannot be raised against it   |                |               |         |  |  |              |  |   |      |                               |                                  |      |  |   |       |                           |                       |               |
| Crew         | Master and crew remain the agent of ship owner  | Master and crew become the agent of exporter for a temporary period                                    |                |               |         |  |  |              |  |   |      |                               |                                  |      |  |   |       |                           |                       |               |
| Lease        | It is not a lease of ship   | It is a lease of ship  |                |               |         |  |  |              |  |   |      |                               |                                  |      |  |   |       |                           |                       |               |

|                    |  |               |
|--------------------|--|---------------|
| 38.                | <p><b>Demand performance:</b></p> <p><b>Promisee:</b></p> <ul style="list-style-type: none"> <li>❖ only a promisee can demand performance and not a stranger demand performance of the contract.</li> </ul> <p><b>Legal Representative:</b></p> <ul style="list-style-type: none"> <li>❖ legal representative can demand Exception performance. Contrary intention appears from the contract. Contract is of a personal nature.</li> </ul> <p><b>Third party:</b></p> <ul style="list-style-type: none"> <li>❖ Exception to “stranger to a contract”</li> </ul>                                  | <b>3 mark</b> |
| 39.                | <p><b>The five heads of Income:</b></p> <ul style="list-style-type: none"> <li>❖ Income from ‘Salaries’ [Sections 15-17];</li> <li>❖ Income from ‘House Property’[Sections 22-27];</li> <li>❖ Income from ‘Profits and Gains of Business or Profession’ [Sections 28-44];</li> <li>❖ Income from ‘Capital Gains’ [Sections 45-55]; and</li> <li>❖ Income from ‘Other Sources’ [Sections 56-59].</li> </ul>   | <b>3marks</b> |
| 40.                | <p><b>Govind started a business on his own. His father helped him with the accounts and his brother looked after customers in the evening. He pays monthly salary to his father and brother. Identify the form of business and mention any two disadvantages of it.</b></p> <p><b>Answer: Sole trading Business / Joint Hindu Family Business</b></p> <p><b>disadvantages: (Any Two)</b></p> <ul style="list-style-type: none"> <li>❖ Limited Capital</li> <li>❖ Limited Managerial Skill</li> <li>❖ Unlimited Liability</li> <li>❖ Lack of Specialization</li> <li>❖ Hasty Decisions</li> </ul> | <b>3marks</b> |
| <b>SECTION -IV</b> |  | <b>7x5=35</b> |
| 41.                | <p><b>(a) Hindrances of Business:(Explain any Five)</b></p> <ul style="list-style-type: none"> <li>❖ Hindrance of person</li> <li>❖ Hindrance of place</li> <li>❖ Hindrance of time</li> </ul>   | <b>5mark</b>  |

|     |   |              |
|-----|---|--------------|
|     | <ul style="list-style-type: none"> <li>❖ Hindrance of risk of deterioration in quality</li> <li>❖ Hindrance of risk of loss</li> <li>❖ Hindrance of knowledge</li> <li>❖ Hindrance of exchange</li> <li>❖ Hindrance of finance</li> <li>❖ Hindrance of developing the exact product</li> <li>❖ Hindrance of both selection and delivery at doorsteps</li> </ul>   |              |
|     | (or)  |              |
|     | <p><b>(b) Retained Earnings:</b></p> <ul style="list-style-type: none"> <li>❖ Retained earnings refer to the process of retaining a part of net profit year after year and reinvesting them in the business.</li> <li>❖ It is also termed as ploughing back of profit.</li> <li>❖ An individual would like to save a portion of his/her income for meeting the contingencies and growth needs.</li> <li>❖ Similarly profit making company would retain a portion of the net profit in order to finance its growth and expansion in near future. It is described to be the most convenient and economical method of finance.</li> </ul> <p><b>Lease Financing:</b></p> <ul style="list-style-type: none"> <li>❖ Lease financing denotes procurement of assets through lease.</li> <li>❖ For many small and medium enterprises, acquisition of plant and equipment and other permanent assets will be difficult in the initial stages. In such a situation Leasing is helping them to a greater extent.</li> <li>❖ Leasing here refers to the owning of an asset by any individual or a corporate body which will be given for use to another needy business enterprise on a rental basis.</li> </ul> |              |
| 42. | <p><b>(a) The Contents of Partnership Deed: (Explain any Five)</b></p> <ul style="list-style-type: none"> <li>❖ Name of the Firm</li> <li>❖ Nature of the proposed business</li> <li>❖ Duration of partnership</li> <li>❖ Capital contribution</li> <li>❖ Withdrawal from the firm</li> <li>❖ Profit/loss sharing</li> </ul>  | <b>5x1=5</b> |

|         | <ul style="list-style-type: none"> <li>❖ Interest on capital</li> <li>❖ Rate of interest on drawing</li> <li>❖ Loan from partners</li> <li>❖ Account keeping</li> <li>❖ Salary and Commission to Partners</li> <li>❖ Retirement</li> <li>❖ Goodwill valuation</li> <li>❖ Distribution of responsibility</li> <li>❖ Dissolution procedure</li> <li>❖ Arbitration of dispute</li> </ul>   |   |                    |                  |         |   |   |  |
|---------|---|---|--------------------|------------------|---------|---|---|--|
|         | (or)  |   |                    |                  |         |   |   |  |
|         | <p><b>(b) Elucidate the features of Factoring:(Explain)</b></p> <ul style="list-style-type: none"> <li>❖ Maintenance of book-debts</li> <li>❖ Credit coverage</li> <li>❖ Cash advances</li> <li>❖ Collection service</li> <li>❖ Advice to clients</li> </ul>  |   |                    |                  |         |   |   |  |
| 43.     | <p><b>(a) Features of Departmental stores: (Explain)</b></p> <ul style="list-style-type: none"> <li>❖ Large Size:</li> <li>❖ Wide Choice:</li> <li>❖ Departmentally organised</li> <li>❖ Facilities provided:</li> <li>❖ Centralised purchasing</li> </ul>  | <b>5 mark</b>   |                    |                  |         |   |   |  |
|         | (or)  |   |                    |                  |         |   |   |  |
|         | <p><b>(b) Difference Between Balance of Payments and Balance of Trade (Any Five)</b></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Nature</th> <th style="text-align: left;">Balance of Payment</th> <th style="text-align: left;">Balance of Trade</th> </tr> </thead> <tbody> <tr> <td>Meaning</td> <td>It is a systematic record of all economic transactions happened between the resident of one country and resident of foreign countries</td> <td>Balance of trade is statement showing the net effect of export and import of a country.</td> </tr> </tbody> </table> | Nature  | Balance of Payment | Balance of Trade | Meaning | It is a systematic record of all economic transactions happened between the resident of one country and resident of foreign countries | Balance of trade is statement showing the net effect of export and import of a country. |  |
| Nature  | Balance of Payment  | Balance of Trade  |                    |                  |         |   |   |  |
| Meaning | It is a systematic record of all economic transactions happened between the resident of one country and resident of foreign countries   | Balance of trade is statement showing the net effect of export and import of a country. |                    |                  |         |   |   |  |



|                                 |   |   |  |
|---------------------------------|---|---|--|
|                                 |   | during a particular period.   |  |
| Nature of Transactions recorded | It records both the transactions relating to goods and services   | It records only transactions relating to merchandise , i.e. goods transactions    |  |
| Capital Transactions            | It records capital transactions   | It does not record capital transactions   |  |
| Structure                       | It includes balance of trade. balance of services, balance of unilateral transfer and balance of capital transactions | It is part of current account of BOP  |  |
| Net Position                    | It always remains balanced in the sense that receipt side is made equal to payment side                               | It may be at favorable or unfavourable or in equilibrium state.                   |  |
| Indicator Economic Status       | It is true indicator of economic performance of an economy  | It is not true indicator of economic prosperity or economic relations of country. |  |
| Correcting Unfavourableness     | Unfavourable balance of payment leads to deficit in balance of payment situation.                                     | Unfavourable balance of trade can be converted into favorable balance of payment  |  |

|     |  |                |
|-----|--|----------------|
| 44. | <p><b>(a) Different Types of Transport: ( Explain Any Five)</b></p> <p><b>Surface Transport</b></p> <ul style="list-style-type: none"> <li>❖ Pack Animals</li> <li>❖ Bullock Carts</li> <li>❖ Road Transport</li> <li>❖ Motor Lorries and Buses</li> <li>❖ Tramways</li> <li>❖ Railway Transport</li> </ul> <p><b>Water Transport</b></p> <ul style="list-style-type: none"> <li>❖ Inland Waterways</li> <li>❖ Ocean or Sea Transport</li> <li>❖ Coastal shipping</li> <li>❖ Overseas shipping</li> <li>❖ Liner</li> <li>❖ Tramps</li> </ul> <p><b>Air Transport</b></p> | <b>5 marks</b> |
|     | <p>(or)</p> <p><b>(b) The classification of Contract on the Basis of Performance:<br/>(Explain)</b></p> <ul style="list-style-type: none"> <li>❖ Executed Contract</li> <li>❖ Executory Contract</li> <li>❖ Unilateral Contract</li> <li>❖ Bilateral Contract</li> </ul>   |                |
| 45. | <p><b>(a) Causes of Business Risks: (Explain)</b></p> <ul style="list-style-type: none"> <li>❖ Natural Causes</li> <li>❖ Human Causes</li> <li>❖ Economic Causes</li> <li>❖ Other Causes</li> </ul>  | <b>5 marks</b> |
|     | <p>(or)</p> <p><b>(b) Classify Social Responsibility: (Explain)</b></p> <ul style="list-style-type: none"> <li>❖ Economic Responsibility</li> <li>❖ Legal Responsibility</li> <li>❖ Ethical Responsibility</li> <li>❖ Discretionary Responsibility</li> </ul>  |                |

46

**(a) Distinguish between Internal and International trade:****(Any Five)**

| <b>Basis</b>                            | <b>Domestic Business</b>  | <b>International Business</b>   |
|---|---|---|
| <b>Meaning</b>                          | Domestic business refers to business transactions transacted within the geographical boundaries of a country                                | International business refers to the business transactions transacted in beyond the boundaries of a country                                   |
| <b>Participants in Business</b>         | People / organizations within the country participate in business activities  | People/organizations outside the country participate in business activities   |
| <b>Mobility of Factor of Production</b> | The factors of production i.e. labour,, capital, technology, material, etc., move freely within the boundaries of the country               | The factors of production i.e. labour,, capital, technology, material, etc., move across the boundaries of the country.                       |
| <b>Nature of Consumers</b>              | Consumers are relatively homogenous in nature in terms of culture, behavior ,taste, preferences, legal system, customs and practices, etc., | Consumers are relatively heterogeneous in nature in terms of culture, behavior ,taste, preferences, legal system, customs and practices, etc. |

**5 marks**

|                          |  |  |  |
|--------------------------|--|--|--|
|                          |  | prevailing across the countries,   |  |
| <b>Business System</b>   | Domestic business is governed by the rules, laws, policies taxation system of a single country | International business is governed by rules, laws and policies ,tariffs and quotas etc., of multiple countries   |  |
| <b>Currency Used</b>     | Domestic business transactions are settled by local currency of a country.                     | International business transactions are settled by foreign currencies.   |  |
| <b>Mode of Transport</b> | The goods involved in domestic business are mainly transported by roadways and railways.       | The goods involved in international business is mainly transported by water and airways.   |  |
| <b>Risk Exposure</b>     | The risks involved in domestic business are relatively less.                                   | The risks involved in international business are more due to distance, difference in socio-economic and political conditions. change in foreign exchanges value, etc., |  |
| <b>Scope of Market</b>   | The scope of market is limited to national boundaries of a country                             | The scope of international business is very wide and extends   |  |

|   |                               |  |   |  |
|---|-------------------------------|--|---|--|
|   |                               |  | beyond the frontiers of a country   |  |
|   | <b>Payment of Excise duty</b> | Payment of excise duty involves simple procedures and it is relatively low in domestic trade | The process of payment of excise is complicated in international business and the rate of excise duty is relatively high. |  |
| (or)  |                               |  |   |  |
| <p><b>The Different types of Foreign trade: (Any Five)</b></p> <p><b>A. Import Trade</b></p> <ul style="list-style-type: none"> <li>❖ Import trade means buying goods from a foreign country for domestic use.</li> <li>❖ <b>Example.</b> India imports petroleum products from Gulf Countries. India imports machinery, equipment, materials etc. It is necessary to speed-up industrialization, to meet consumer demands and to improve standard of living.</li> </ul> <p><b>B. Export Trade</b></p> <p>Export trade means the sale of domestic goods to foreign countries.</p> <p><b>Examples:</b></p> <ol style="list-style-type: none"> <li>1. Export of Iron ore from India to Japan</li> <li>2. Selling of Tea from India to England.</li> <li>3. Export of jasmine flowers from Madurai to Singapore</li> </ol> <p><b>C. Entrepot Trade</b></p> <ul style="list-style-type: none"> <li>❖ Entrepot trade means importing of goods from one country and exporting the same to foreign countries. It is also known as 'Reexport trade'.</li> </ul> <p><b>E.g.</b> Indian diamond merchants in Surat import uncut raw diamonds from South Africa. They cut and polish the diamonds in their units in India and re-export them to the International Diamond Market in Amsterdam.</p> |                               |  |   |  |

|    |  |                |
|----|--|----------------|
|    | <b>Singapore, Dubai, Hongkong are the largest entrepot trade centres in the world</b>  |                |
| 47 | <p><b>(a) The Basis of Incorporation:</b></p> <p><b>Chartered Companies</b></p> <ul style="list-style-type: none"> <li>❖ Chartered companies are established by the King or Queen of a country. Powers and privileges of chartered company are specified in the charter. Power to cancel the charter is vested with King/Queen.</li> </ul> <p><b>Examples:</b> East Indian Company, Bank of England, Hudson's Bay Company.</p> <p><b>Statutory Companies</b></p> <ul style="list-style-type: none"> <li>❖ Companies are established by a Special Act made in Parliament/State Assembly. Constitution of company is specified in the Memorandum of Association (MOA).</li> </ul> <p><b>Examples:</b> Food Corporation of India, LIC, GIC, RBI, SBI, IDBI, Railways, Electricity, ONGC. Statutory companies enjoy autonomous status. It need not use the word 'Limited' next to its name.</p> <p><b>Association Not for Profit</b></p> <ul style="list-style-type: none"> <li>❖ According to Section 25, the Central Government may, by license, grant that an association may be registered as a company with limited liability, without using the words 'limited' or 'private limited' as part of its name. The license will be granted only in the case of 'association not for profit'. In other words, the Central Government will grant the license only if it is satisfied that:</li> </ul> | <b>5 marks</b> |
|    | (or)   |                |
|    | <p><b>(b) (I) Bank Overdraft:</b></p> <ul style="list-style-type: none"> <li>❖ Bank overdraft refers to an arrangement whereby the bank allows the customers to overdraw the required amount from its current deposit account within a specified limit. Interest is charged only on the amount actually overdrawn.</li> </ul>  |                |

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|  | <p><b>(II) Housing Loan</b></p> <p>❖ Taking the title deeds of the house as collateral security, based on the monthly income of the borrowing customer, banks advance medium and long term loans. The customer repay the loan in equated monthly instalments (EMI consists of principal and interest). This is a boon to the middle class salaried employees who cannot afford to pay the full price of a house in a lump sum.</p> |  |
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