



SHRI KRISHNA ACADEMY

CELL: 99655-31727, 94432-31727

+1 COMMON HALF YEARLY EXAMINATION - DECEMBER - 2019

TENTATIVE ANSWER KEY (16.12.2019)

SUBJECT: COMMERCE

MARKS : 90

Q. NO	CONTENT	MARK
SECTION - I		
I	CHOOSE THE CORRECT ANSWER	
1.	a)Angadi	
2.	b)cost minimization	
3.	a)Making profit	
4.	a)Industry	
5.	c)Interest	
6.	b)Foreign currency convertible bond	
7.	c)3	
8.	a)sole proprietorship	
9.	b)By birth	
10.	a)Chartered companies	
11.	b)co-operative society	
12.	a)14	
13.	a)Warehouse warrant	
14.	c)2 lakh	
15.	b)Development	
16.	d)Exploitation	
17.	d)Super market	
18.	c)1.1.1995	
19.	d)Contract	
20.	c)1 st July 2017	
		20x1=20

	SECTION -II (any seven) (Question no 30 is compulsory)	7x2=14
21.	<p>Two schools of Hindu law:</p> <ul style="list-style-type: none"> ❖ There are two school of Hindu Law-one is Dayabhaga which is prevalent in Bengal and Assam and the other is Mitakshara prevalent in the rest of the-country. 	2 mark
22.	<p>Limited liability:</p> <ul style="list-style-type: none"> ❖ The liability of the members of the company is limited to contribution to the assets of the company up to the face value of shares held by him. A member is liable to pay only the uncalled money due on shares held by him. 	2 mark
23.	<p>Foreign banks:</p> <ul style="list-style-type: none"> ❖ Banks which have registered office in a foreign country and branches in India are called foreign banks. 	2 mark
24.	<p>Franchise:</p> <ul style="list-style-type: none"> ❖ The individual who acquires the right to operate the business or use the trademark of the seller is known as the franchisee. 	2 mark
25.	<p>Code:</p> <ul style="list-style-type: none"> ❖ Code of ethics documents the generally accepted principles of ethical conduct. They are statements of values and principles which define the purpose of an organization It gives a clear picture of the standards that employees should follow .It guides them in decision making. 	2 mark
26.	<p>Letter of credit:</p> <ul style="list-style-type: none"> ❖ Letter of Credit (LC) is an undertaking by its issuer (importer's bank) that bills of exchange drawn by the foreign dealer on the importer will be honored upon its presentation by exporter's bank up to a specified amount. 	2 mark
27.	<p>SAARC:</p> <ul style="list-style-type: none"> ❖ South Asian Association for Regional Cooperation is the regional inter governmental organization and geo-political union of nations in South Asia. The member countries include Afghanistan, Bangladesh, Bhutan, India, Nepal, Srilanka, Pakistan and Maldives. It was established on 8th December 1985. It was founded at Dhaka in Bangladesh. 	2 mark
28.	<p>Contract:</p> <ul style="list-style-type: none"> ❖ As per the Indian Contract Act, 1872, a "contract" is an agreement enforceable by law. ❖ The agreements not enforceable by law are not contracts. 	2 mark
29.	<p>Four features of Income TAX:</p> <ul style="list-style-type: none"> ❖ Levied as Per the Constitution ❖ Levied by Central Government (any 4) ❖ Direct Tax ❖ Tax on Person ❖ Tax on Income 	2 mark

	<ul style="list-style-type: none"> ❖ Income of 'Previous Year' is Assessable in 'Assessment Year' ❖ Charged at Prescribed Rate(s) ❖ Administered by the Central Government ❖ Applicability 	
30.	<p>Mr. Ram wants to submit his income tax return on 31.3.2018. What is the assessment year and previous year of Mr. Ram</p> <p>Mr. Ram assessment year - 1.04.2018 - 31.3.2019</p> <p>Mr. Ram previous year - 1.04.2017 - 31.3.2018</p>	2 mark
	SECTION -III (any seven)	7x3=21
31.	<p>Barter system. Constraints in Barter System (any 2)</p> <ul style="list-style-type: none"> ❖ The barter system envisages mutual goods where exchange of one's goods to other without the intervention of money as a medium of exchange. <p>Lack of double coincidence of Wants</p> <ul style="list-style-type: none"> ❖ Unless two persons who have surplus have the demand for the goods possessed by each other, barter could not materialize. <p>Non – existence of common measure of value</p> <ul style="list-style-type: none"> ❖ Barter system could not determine the value of commodities to be exchanged as they lacked commonly acceptable measures to evaluate each and every commodity. It was difficult to compare the values of all articles in the absence of an acceptable medium of exchange. <p>Lack of direct contact between producer and consumers</p> <ul style="list-style-type: none"> ❖ It was not possible for buyers and sellers to meet face to face in many contexts for exchanging the commodities for commodities. This hindered the process of barter in all practical sense. <p>Lack of surplus stock</p> <ul style="list-style-type: none"> ❖ Absence of surplus stock was one of the impediments in barter system. If the buyers and sellers do not have surplus then no barter was possible. 	3 mark
32.	<p>Disadvantages of Cooperatives ? (Explain Any 3)</p> <ul style="list-style-type: none"> ❖ Limited funds ❖ Over reliance on Government funds ❖ Imposed by Government ❖ Inadequate rural credit ❖ Lack of managerial skills ❖ Government intervention ❖ Misuse of funds 	3 mark
33.	<p>RTGS:</p> <ul style="list-style-type: none"> ❖ It was launched by the RBI in 2013. The transactions are settled on real time basis. Gross settlement means the transaction is settled between one bank and another bank without adding any other transactions. ❖ RTGS facility is available between 9.00 am to 4.30 pm on weekdays and up to 2.00 pm on Saturdays. In one day the RTGS routes about 60,000 transactions worth about 2,700 billion and 	3mark

	<p>covers over 52,000 bank branches located in 10,000 cities and towns.</p> <ul style="list-style-type: none"> ❖ RTGS transfers are not allowed on Sundays and bank holidays. Minimum limit for RTGS transaction is 2 lakhs. 	
34.	<p>Features of MNC's?(any 6)</p> <ul style="list-style-type: none"> ❖ Considers opportunities throughout the globe though they do the business in a few countries. ❖ To invest considerable portion of their assets internationally. ❖ They are huge industrial/business organisation. ❖ It engages in international production and operates plants in a number of countries. ❖ They take managerial decisions on a global perspective. ❖ They produce in one or a few countries and sell them in most of the countries. ❖ Their international operations are integrated into the corporations overall business. 	3mark
35.	<p>Business finance:</p> <ul style="list-style-type: none"> ❖ “The finance function is the process of acquiring and utilizing funds by a business.” – R.C. Osborn 	3 mark
36.	<p>Services rendered by the wholesalers to the manufacturers:(Explain any 3)</p> <ul style="list-style-type: none"> ❖ Economies in Large Scale ❖ Assistance in Distribution ❖ Warehousing Facility ❖ Forecasting of Demand ❖ Publicity of Goods ❖ Financial Assistance ❖ Risk-bearer ❖ Link 	3 mark
37.	<p>Characteristics of super markets (any 3)</p> <ul style="list-style-type: none"> ❖ Supermarkets are generally situated at the main shopping centres. ❖ The goods kept on racks with clearly labelled price and quality tags in such stores, ❖ The customers move into the store to pickup goods of their requirements, bring them to the cash counter, make payment and take home delivery. ❖ The goods are sold on cash basis only. No credit facilities are made available. ❖ Supermarkets are organised on departmental basis. ❖ It requires huge investment. 	3 mark
38.	<p>Export trade:</p> <ul style="list-style-type: none"> ❖ Export trade means the sale of domestic goods to foreign countries.is called export trade . <p>Examples:</p> <ol style="list-style-type: none"> 1. Export of Iron ore from India to Japan 2. Selling of Tea from India to England. 	3 mark

39.	<p>Components of capital account:</p> <p>Private Capital</p> <ul style="list-style-type: none"> ❖ Private capital consists of foreign investments, long term loan and foreign currency deposits <p>Banking Capital</p> <ul style="list-style-type: none"> ❖ Banking capital includes movement into external financial asset and liabilities commercial and co-operative banks authorized to dealing in foreign exchange <p>Official Capital</p> <ul style="list-style-type: none"> ❖ It includes RBI's holdings of foreign currency and special drawing 	3marks																					
40.	<p>Name The business where people /organization outside the country participate mention the mode of transport for this business</p> <ul style="list-style-type: none"> ❖ The business where people /organization outside the country is Foreign trade .that business using air transport system and sea transport system. 	3marks																					
SECTION -IV		7x5=35																					
41.a)	<p>Compare industry, commerce and trade:</p> <table border="1" data-bbox="320 936 1275 2085"> <thead> <tr> <th data-bbox="320 936 636 981">Industry</th> <th data-bbox="636 936 971 981">Commerce</th> <th data-bbox="971 936 1275 981">Trade</th> </tr> </thead> <tbody> <tr> <td data-bbox="320 981 636 1234">The activities which deals with extraction, reproduction, conversion, processing and construction of useful products.</td> <td data-bbox="636 981 971 1234">The activities involving distribution of goods and services.</td> <td data-bbox="971 981 1275 1234">It is related to purchase and sale of good and services.</td> </tr> <tr> <td data-bbox="320 1234 636 1487">It consists of all activities involving conversion of materials and semi finished products in to finished goods.</td> <td data-bbox="636 1234 971 1487">It comprises trade auxiliaries to trade.</td> <td data-bbox="971 1234 1275 1487">It comprises exchange of goods and services.</td> </tr> <tr> <td data-bbox="320 1487 636 1700">Generally large amount of capital is required.</td> <td data-bbox="636 1487 971 1700">Need for capital is comparatively less.</td> <td data-bbox="971 1487 1275 1700">Small capital is needed to maintain stock and to grant credit.</td> </tr> <tr> <td data-bbox="320 1700 636 1789">Risk involved is usually high.</td> <td data-bbox="636 1700 971 1789">Relatively less risk is involved.</td> <td data-bbox="971 1700 1275 1789">Relatively less risk is involved.</td> </tr> <tr> <td data-bbox="320 1789 636 1912">It represents supply side of goods and services.</td> <td data-bbox="636 1789 971 1912">It represents demand side of goods and services</td> <td data-bbox="971 1789 1275 1912">It represents both supply and demand.</td> </tr> <tr> <td data-bbox="320 1912 636 2085">It creates form utility by changing the form or shape of materials.</td> <td data-bbox="636 1912 971 2085">It creates place utility by moving goods from producers to consumers.</td> <td data-bbox="971 1912 1275 2085">It creates possession utility through exchange.</td> </tr> </tbody> </table>	Industry	Commerce	Trade	The activities which deals with extraction, reproduction, conversion, processing and construction of useful products.	The activities involving distribution of goods and services.	It is related to purchase and sale of good and services.	It consists of all activities involving conversion of materials and semi finished products in to finished goods.	It comprises trade auxiliaries to trade.	It comprises exchange of goods and services.	Generally large amount of capital is required.	Need for capital is comparatively less.	Small capital is needed to maintain stock and to grant credit.	Risk involved is usually high.	Relatively less risk is involved.	Relatively less risk is involved.	It represents supply side of goods and services.	It represents demand side of goods and services	It represents both supply and demand.	It creates form utility by changing the form or shape of materials.	It creates place utility by moving goods from producers to consumers.	It creates possession utility through exchange.	5mark
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b)	<p style="text-align: center;">(OR)</p> <p>Different kinds of GST:</p> <ul style="list-style-type: none"> ❖ CGST - Central Goods and Services Tax - imposed and collected by the Central Government on all supply of goods within a state (intra-state) under CGST Act 2017 ❖ SGST - State Goods and Services Tax - imposed and collected by the State Governments under State GST Act. (Tamil Nadu GST Act 2017 passed by Tamil Nadu Govt.) ❖ UGST - Union Territory Goods and Services Tax - imposed and collected by the five Union Territory Administrations in India under UGST Act 2017. ❖ IGST - Inter-State Goods and Services Tax - imposed and collected by the Central Government and the revenue shared with States under IGST Act 2017. ❖ IGST on exports - All exports are treated as Inter-State supply under GST. Since exports are zero rated, GST is not imposed on all goods and services exported from India. Any input credit paid already on exports will be refunded. 	
42.a)	<p>Procedure for Registration of a Firm:</p> <ul style="list-style-type: none"> ❖ Name of the firm. ❖ The principal place of business. ❖ Name of other places where the firm carried on business. ❖ Names and addresses of all the partners. ❖ The date on which each partner joined the firm. ❖ The duration of the firm. ❖ This statement signed by all the partners should be produced to the Registrar of Firms along with the necessary registration fee. ❖ Any change in the above particulars must be communicated to the Registrar within 14 days of such alteration. 	5
b)	<p style="text-align: center;">(OR)</p> <p>Five features of FCCBs(any 5)</p> <ul style="list-style-type: none"> ❖ FCCB is issued by an Indian company in foreign currency. ❖ These are listed and traded in foreign stock exchange and similar to the debenture. ❖ It is a convertible debt instrument. It carries interest coupon. It is unsecured. ❖ It gives its holders the right to convert for a fixed numbers of shares at a predetermined price. ❖ It can be converted into equity or depository receipt after a certain period. ❖ The amount received from the issue of FCCB should be utilised as per the guidelines of External Commercial Borrowing (ECB). 	
43.a)	<p>Features of Internal trade (any 10)</p> <ul style="list-style-type: none"> ❖ The buying and selling of goods takes place within the boundaries of the same country. ❖ Payment for goods and services is made in the currency of the 	5 mark

	<p>home country.</p> <ul style="list-style-type: none"> ❖ It involves transactions between the producers, consumers and the middlemen. ❖ It consists of a distribution network of middlemen and agencies engaged in exchange of goods and services. ❖ In home trade the risk of transportation is very less when compared to the foreign trade. ❖ In home trade the laws prevailing in that country only have to be followed. ❖ The aim of home trade is to provide the goods and services economically. ❖ The goods must be a part of domestic production. ❖ Goods must be purchased from an individual or a firm established within a country. ❖ J. Goods can be delivered using locally available modes of transport. ❖ It does not involve any custom/import duty, but buyers need to pay the taxes to the Government. 	
b)	<p>(OR)</p> <p>Contents of Articles of Association(any 10)</p> <ul style="list-style-type: none"> ❖ Amount of shares, capital, value and type of shares ❖ Rights of each class of shareholders regarding voting, dividend, return of capital ❖ Rules regarding issue of shares and debentures ❖ Procedures as well as regulations in respect of making calls on shares. ❖ Manner of transfer of shares ❖ Declaration of dividends ❖ Borrowing powers of the company ❖ Rules regarding the appointment, remuneration, removal of directors ❖ Procedure for conducting proxy, quorum, meetings etc., ❖ Procedures concerning keeping of books and audits ❖ Seal of the company ❖ Procedures regarding the winding up of the company. 	
44.a)	<p>Features of Departmental organization:(Explain)</p> <ul style="list-style-type: none"> ❖ Ultimate Responsibility ❖ Governmental Financing ❖ Accounting and Audit ❖ Managed by Civil Servants ❖ Sovereign Immunity 	<p>5 marks</p>
b)	<p>(OR)</p> <p>Impact of e-commerce on buyer(any 5)</p> <ul style="list-style-type: none"> ❖ Buyers could have a global access to information about variety of products and services available in the market ❖ They could buy the products/services round the clock from anywhere in world 	

	<ul style="list-style-type: none"> ❖ 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. ❖ Electronic and software products could be downloaded immediately after purchase through e – commerce mode ❖ 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. ❖ Buyers can bargain and negotiate better terms and conditions with respect to buying knowledge products. 	
45.a)	<p>Organizational structure of RBI:</p> <ul style="list-style-type: none"> ❖ The head office of the RBI is situated in Mumbai. This central office has 33 departments in 2017. It has four zonal offices in Mumbai, Delhi, Calcutta and Chennai functioning under local boards with deputy governors as their heads. It also has 19 regional offices and 11 sub-offices (2017). The RBI is governed by a Central Board of Directors. The 21 member board is appointed by the Government of India. It consists of; <ul style="list-style-type: none"> ❖ one governor and four deputy governors appointed for a period of four years, ❖ ten directors from various fields ❖ two Government officials ❖ four directors - one each from local boards. 	5 marks
b)	<p style="text-align: center;">(OR)</p> <p>Kinds of Social Responsibility(Explain)</p> <ul style="list-style-type: none"> ❖ <i>Economic Responsibility</i> ❖ <i>Legal Responsibility</i> ❖ <i>Ethical Responsibility</i> ❖ <i>Discretionary Responsibility</i> 	
46 a)	<p>Personal investment avenues.(any 5 explain)</p> <ul style="list-style-type: none"> ❖ Public Provident Fund (PPF) ❖ Mutual Funds ❖ Direct Equity or Share Purchase ❖ Real Estate Investment ❖ Investing in Metals ❖ Post Office Saving Schemes ❖ Public Deposits ❖ Bonds ❖ Unit Linked Insurance Plans (ULIP) ❖ Bank Deposit 	5 marks
b)	<p style="text-align: center;">(OR)</p> <p>Advantages of Railway Transport:</p> <ul style="list-style-type: none"> ❖ Railways are well suited for carrying heavy and bulky goods over long distances. ❖ It can provide long distance travel throughout the day and night with unbroken services. ❖ It can provide better production and safety to the goods than motor transport. The goods generally carried in closed 	

	<p>wagons are not exposed to sun, rain etc.</p> <ul style="list-style-type: none"> ❖ Though initial investment is large, in the long run the operating expenses will be very low in railways and it will prove a cheaper mode of transport. It requires less time than motor transport for carrying goods over long distance with greater speed ❖ It has regular schedule of timing and is available throughout the year. ❖ It provides unaffected services whether rainy or shiny weather conditions. 													
47 a)	<p>Differences between warehouse warrant and warehouse receipt:</p> <table border="1"> <thead> <tr> <th>warehouse warrant</th> <th>warehouse receipt</th> </tr> </thead> <tbody> <tr> <td>it is a document of title of goods</td> <td>it is not document of title of goods</td> </tr> <tr> <td>it can be negotiation or transferred to others</td> <td>it cannot be transferred to others</td> </tr> <tr> <td>it can be given a collateral security for getting financial assistance</td> <td>it cannot be given a collateral security for getting financial assistance</td> </tr> <tr> <td>It is not only an acknowledgement for the receipt of goods but also gives an authority to get delivery of goods by the owner or by third party</td> <td>It is only an acknowledgement for the receipt of goods</td> </tr> <tr> <td>Delivery of goods effected by surrendering this warrant with endorsement</td> <td>Delivery of goods effected by surrendering this receipt with letter from depositor.</td> </tr> </tbody> </table>	warehouse warrant	warehouse receipt	it is a document of title of goods	it is not document of title of goods	it can be negotiation or transferred to others	it cannot be transferred to others	it can be given a collateral security for getting financial assistance	it cannot be given a collateral security for getting financial assistance	It is not only an acknowledgement for the receipt of goods but also gives an authority to get delivery of goods by the owner or by third party	It is only an acknowledgement for the receipt of goods	Delivery of goods effected by surrendering this warrant with endorsement	Delivery of goods effected by surrendering this receipt with letter from depositor.	5 marks
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b)	<p>Functions of IMF:</p> <ul style="list-style-type: none"> ❖ It acts as short term credit institution at the international level. ❖ It provides machinery for ordinary adjustments of exchange rates. ❖ It has a reservoir of currencies of the member countries from which a borrower can borrow currencies of other nations. ❖ It promotes economic stability and global growth by encouraging countries adopt sound economic and financial policies. ❖ It offers technical assistance and training to help member countries strengthen and implement effective policies. Technical assistance is offered in formulating banking, fiscal, monetary and exchange policies. ❖ It helps member countries correct their imbalance in balance of payment. 													