

**MARCH -2020 – ANSWER KEY**

**XI STANDARD – COMMERCE – ENGLISH MEDIUM**

**A.VENNILA**

**PRINCIPAL**

**MYDEEN MATRIC. HR.SEC. SCHOOL  
MELACAUVERY – KUMBAKONAM.**

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**Time Allowed : 3 Hours**

**Maximum Marks : 90**

**I. Choose the most suitable from the given four alternatives and write the option code and the corresponding answer**

**20 x 1 = 20**

1	C	Cost Reduction	11	A	Statutory Company
2	C	James Stephenson	12	C	1844
3	D	Non-Economic Activities	13	D	51%
4	C	Equity Shares	14	C	Wholesaler
5	D	2006	15	D	RBI
6	D	Entrepot Trade	16	C	Contract
7	C	Finance Minister	17	C	Two
8	C	Previous Year	18	D	Ethics
9	C	Co-operative Society	19	C	1-iii 2-i 3-iv 4-ii
10	D	Unlimited Liability	20	A	Dock Warrant

**II. Answer any seven questions. Question No.30 is compulsory.**

**7 x 2 = 14**

**21. Karta:**

- All the affairs of a Joint Hindu Family business are controlled and managed by the head of the family, is known as 'Karta' .

**22. Barter System - Meaning.**

- Before invention of money goods were exchanged for goods is known as barter system.
- Each party who have surplus stock can take place in barter system.

**23. E-Commerce - Meaning:**

- E - Commerce or Electronic Commerce is the buying and selling of goods and services through electronic networks like internet.

#### **24. Transport - Definition :**

- According to K.K. Sexena, “the transport system acts with reference to the area it serves in the same way as a candle does in a dark room”.

#### **25. Ethical Responsibility - Meaning:**

- This includes the behaviour of the firm that is expected by society but not codified in law.
- E.g., respecting the religious sentiments & dignity of people while advertising for a product.
- There is an element of voluntary action in performing this responsibility.

#### **26. Foreign Currency Convertible Bond:**

- Foreign currency convertible bond is a special type of bond issued in the currency other than the home currency.

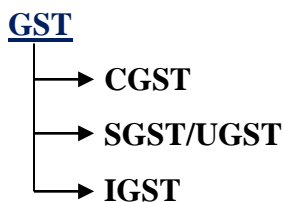
#### **27. Demand Performance – Meaning:**

- ★ Promisee – Only a promisee can demand performance and not a stranger demand performance of the contract.
- ★ Legal Representative – Legal representative can demand Exception performance. Contrary intention appears from the contract. Contract is of a personal nature.
- ★ Third party – Exception to “stranger to a contract”

#### **28. Warehouse:**

- ✓ Warehouse is a place where goods are stored for future use and act as distribution centres.
- ✓ It designed depending upon the nature of the products .

#### **29. Kinds of GST:**



#### **30.**

- a) Multiple Shops or Chain Stores.
- b) For Example : Bata

## PART - III

III. Answer any seven questions. Question No.40 is compulsory.

7 x 3 = 21

### 31. Characteristics of Sole trading business:

#### 1. Ownership by one man

- ✧ A sole trading concern is owned by single person.
- ✧ The sole trader contributes the required capital.

#### 2. Freedom of work and Quick Decisions

- ▲ Since the sole trader is himself as a owner, he need not consult anybody else.
- ▲ Hence he can take quick decisions.

#### 3. Enjoying entire profit

- He strives tirelessly for the improvement and expansion of his business.
- He enjoys all the benefits and profit of the business .

### 32. NEFT - Explanation:

- ✓ This was launched by the RBI in 2005.
- ✓ Under this Electronic Funds Transfer system, bulk transfer of transactions are settled in batches during specific timings across India.
- ✓ Individuals and institutions which maintain accounts with a NEFT enabled bank branch are eligible for using NEFT
- ✓ Both NEFT and RTGS use IFSC (Indian Financial System Code) – a 11 digit alphanumeric code, to identify a bank branch.

### 33. Type of Franchising:

#### ❖ Product/ trade name franchising:

- ✧ In this type, the franchisee exclusively deals with a manufacture's product.
- ✧ *Examples : Kidzee, French Loaf outlets, Bharat Petroleum bunk, Patanjali products, etc.*

#### ❖ Business format franchising:

- ✧ In this type of franchising, the franchisor awards rights covering all business aspects as a complete business package to the franchisee.
- ✧ *Examples: McDonald's, Pizza Hut, KFC, Hot Breads, Titan etc.*

### **34. Six benefits of Corporate Governance to Shareholders:**

- 1) Ensures stable growth of organizations.
- 2) Aligns the interests of various stakeholders.
- 3) Reduces the cost of capital for companies.
- 4) Has a positive impact on the share price
- 5) Improves the image of the company.
- 6) Ensures efficient allocation of resources.

### **35. Business Finance – Definition of R.C.Osborn :**

- \* “The finance function is the process of acquiring and utilizing funds by a business”.  
– R.C.Osborn.

### **36. Wholesale Trade:**

- ▲ Wholesale Trade means buying and selling goods in relatively large quantities or in bulk.
- ▲ The traders who are engaged in wholesale trade are called wholesalers.
- ▲ “Purchase of goods in bulk from the manufacturers and selling them in smaller quantities to other intermediaries” is known as wholesale trade.

### **37. Services rendered by the Wholesaler to the Manufacturers:**

#### **i) Economies in Large Scale:**

- ✓ A wholesaler buys goods in bulk and, thereby, enables the producers to produce goods on a large scale.
- ✓ Large scale production helps to reduce the cost of production per unit.

#### **ii) Assistance in Distribution:**

- ✓ Wholesalers collect orders from a large number of retailers scattered over a wide area and buy goods in bulk from producers.
- ✓ Therefore, the producer can concentrate only on production.

#### **iii) Link:**

- ✓ A wholesaler serves as a useful intermediary between the producers and retailers.

### **38. Limitations of international business:**

#### **a). Import of Harmful Goods.**

- \* International business may lead to import of luxurious goods, spurious goods, dangerous goods.
- \* It may harm the well-being of people.

#### **b). Misuse of Natural Resources.**

- \* Excessive export of scarce natural resources to various countries cross the world may lead to faster depletion of the resources in the exporting countries.
- \* This in turn may bring about ecological disaster in the country from which it is exported.

#### **c). Rivalry among the Nations.**

- \* Acute competition for exports may lead to rivalry among the nations.
- \* This may lead to conflict of interest among the countries and end up in wars among them.

### **39. Difference between Contract and Agreement.**

<b>Sl.No</b>	<b>Basis</b>	<b>Contracts</b>	<b>Agreements</b>
<b>1</b>	<b>Definition</b>	<b>A contract is an agreement enforceable by law.</b>	<b>An agreement is every promise forming consideration.</b>
<b>2</b>	<b>Enforceability</b>	<b>Every contract is enforceable</b>	<b>Every promise is not enforceable.</b>
<b>3</b>	<b>Inter-relationship</b>	<b>It includes an agreement.</b>	<b>It does not include a contract.</b>

### **40. The member of the apex body that supervises the Insurance Industry in India**

- ▲ IRDAI – Insurance Regulatory Development and Authority of India is the statutory, independent and apex body that governs, regulates and supervises the Insurance Industry in India. The headquarters is in Hyderabad.
- ▲ **IRDAI is a ten member body consists of**
  - 1. One Chairman**
  - 2. Five whole-time Members**
  - 3. Four part-time Members**

## PART - IV

**IV. Answer any seven questions. Question No.30 is compulsory.**

**7 x 5 = 35**

### **41.a. Five objectives of business:**

**\* Economic Objectives:**

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

**\* Social Objectives:**

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

**\* Organizational Objectives:**

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

**\* Human Objectives:**

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

**\* National Objectives:**

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

[OR]

### **41. b. Advantages of Sole trading business :**

**i. Easy Formation:**

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

**ii. Incentive to Work hard:**

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

### **iii. Small Capital:**

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

### **iv. Credit Standing:**

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

### **v. Flexibility:**

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

## **42.a. Leadership and Supervisory Functions of RBI:**

- ★ India being the fastest growing economy in the world, India is expected to play a major role in the world affairs by many countries.
- ★ RBI being the banking institutional head of India has to be a part of global institutions.
- ★ It has to transform the quality and size of banks in India to the level of banks in developed countries.
- ★ Such functions get prominence in current scenario.

### **1. India's Representative in World Financial Institutions**

- ▲ In order to maintain consistency and harmony with international banking standards the RBI is associated with Basel Committee on Banking Supervision (BCBS, Switzerland) since 1997.

### **2. Regulator and Supervisor of Indian Banking System**

- ▲ The broad guidelines for all banking operations in the country are formulated by the RBI.
- ▲ It conducts inspection of the commercial banks and calls for returns and other necessary information from them.

### **3. Monetary Authority**

- ▲ The RBI formulates, implements and monitors the monetary policy of the country in order to maintain price stability, controlling inflationary trends and economic growth.

### **4. Closely Monitoring Economic Parameters**

- ▲ Broad economic parameters such as employment level, price levels and production levels, trade cycles, foreign investment flows, balance of payments, financial markets, etc., are closely monitored by the RBI in order to achieve economic stability and growth.

### **5. Promptly Responding to New Challenges**

- ▲ Whenever challenges arose before Indian Banking System, RBI promptly attend them by issuing Master Circulars and by organizing committees to analyse, review and strengthen Indian Banking.

[OR]

#### **42.b. Contents of Memorandum of Association:**

##### **i). Name Clause:**

- The name clause requires to state the legal and recognized name of the company.
- The company name is allow to be registered if it does not bear any similarities with the name of an existing company.

##### **ii). Situation Clause:**

- The registered office clause requires to show the physical location of the registered office of the company.
- It is required to keep all the company registers in this office.

##### **iii). Objective Clause:**

- It is required to state the ancillary objectives.
- Those objectives that are required to facilitate the achievement of the main objectives.
- It should be free of any provisions or declarations that contravene laws or public good.

##### **iv). Liability Clause:**

- It requires to state the extent to which shareholders of the company are liable to the debt obligations of the company.
- There are companies limited by shares and limited by guarantee.

##### **v). Capital Clause:**

- The capital clause requires to state the company's authorized share capital, the different categories of shares and the nominal value of the shares.
- It is also required to list the company's assets under this clause.

#### **43.a. Key Elements of Business Ethics.**

##### **i). Top Management Commitment**

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

##### **ii). Publication of a "Code"**

- Generally organisations formulate their own ethical codes for the conduct of the enterprise; It should followed by the employees of the organisation.
- The organisation principles are defined in the written document called code.

##### **iii). Establishment of Compliance Mechanism**

- To make sure that actual decisions match with a firm's ethical standards, suitable mechanism should be established.



- Any organisation following ethical codes in training, recruitment, selection etc., is sure to be profitable.

**iv). Involving Employees at All Levels**

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

**v). Measuring Results**

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

**[OR]**

**43.b .Difference between Direct Taxes and Indirect Taxes.**

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

**44.a. Features of Balance of Payment:**

- ❖ It is a systematic record of all economic transactions between one country and the certain other countries of the world.
- ❖ It is prepared for a period of three months or twelve months i.e. usually for 12 months.
- ❖ It contains all receipts and payments both visible and invisible.
- ❖ It includes all economic transactions both recorded on current account and capital account.
- ❖ It indicates a country's position in foreign trade.

**[OR]**

#### **44.b. Advantages of warehouses:**

##### **(i) Storage**

- There is a time gap between the time of production and the time of consumption.
- The surplus goods are stored properly for the purpose of supplying them at right place and the right time.

##### **(ii) Price Stabilization**

- Warehousing ensures price stabilization by supplying goods as and when demanded.
- It supplies the goods at more or less uniform prices throughout the year.

##### **(iii) Equalization of Demand and Supply**

- Warehousing equalizes the demand and supply of goods by storing the goods when they are not demanded and releasing them when there is a demand.
- Thus the consumers get the commodities regularly even during the off-season periods.

##### **(iv) Business Finance**

- Based on the goods deposited in a warehouse, the depositor can get finance from banks and other financial institutions by showing the receipt issued by the warehouse keeper.

##### **(v) Risk bearing**

- In case of damage to the goods, warehouse keeper compensates the loss caused to the owner of the goods.
- Thus, warehouses bear the loss of risk involved in storage of goods.

#### **45.a. Overseas Trading Partners of Ancient Tamilnadu:**

- 1) Foreigners who transacted business were known as Yavanars.
- 2) Arabs who traded with Tamil were called 'Jonagar'.
- 3) Pattinappalai praised Kaveripumpattinam as a city where various foreigners of high civilization.
- 4) Many such ports were developed during the Sangam period.
- 5) Kaveripumpattinam was the chief port of the Kingdom of Cholas.
- 6) Similarly Pandiyas developed Korkai, Saliyur, Kayal, Marungaur pattinam and Kumari for foreign trade.

[OR]

**45. b. Four Personal Investment Avenues:**

**i). Public Provident Fund (PPF)**

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

**ii). Mutual Funds**

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

**iii). Real Estate Investment**

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

**iv). Unit Linked Insurance Plans (ULIP)**

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

**v). Bank Deposits**

- Fixed Deposits (FD) enable the investor to invest the money for a specific period.
- The fixed Deposit can be opened from a minimum period of 7 days to a maximum period of 10 years.

**46.a. Advantages of co-operative society:**

**i). Voluntary Organization:**

- 1) The membership of a cooperative society is open to all.
- 2) Any person with common interest can become a member.

**ii. Easy formation:**

- 1) Cooperatives can be formed much easily when compared to a company.
- 2) Any 25 members who have attained majority can join together for forming a cooperative society by observing simple legal formalities.

**iii. Democracy:**

- 1) A co-operative society is run on the principle of 'one man one vote'.
- 2) It implies that all members have equal rights in managing

**iv. Limited liability:**

- 1) The liability of the members in a cooperative society is limited to the extent of their capital contribution.
- 2) They cannot be personally held liable for the debts of the society.

**v. Each for all and all for each:**

- 1) Co-operative societies are formed on the basis of self help and mutual help.
- 2) Therefore members contribute their efforts to promote their common welfare

**[OR]**

**46.b. Features of Internal trade:**

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

**47. a. Five Kinds of Land Transport:**

- a) Pack animals
- b) Bullock carts
- c) Motor lorries and buses
- d) Tramways
- e) Railways

**(a) Pack Animals**

- Pack animals like horse, mule, donkey, elephant, and camel etc. are used for carrying small loads. In backward areas, hilly tracts, forest regions and in deserts.
- Generally the pack animals serve areas inaccessible to modern means of transport.

**(b) Bullock carts**

- Bullock carts constitute the predominant form of rural road transport in India for goods traffic and to some extent for passengers' traffic.
- As villages are the backbone of our country and as nearly 70% of India's goods transport lies in villages, the bullock carts rules supreme in rural area.

**( c ) Motor trucks and cars**

- Road transport has been operating from time immemorial. From the dawn of civilization, people have been endeavoring to form roads and use wheeled vehicles to facilitate transport of men and materials.

- Till motor trucks and buses came on the scene the means of transport used by the people of various countries were of course, traditional and backward in nature, like pack animals, bullock carts etc.

#### (d) Tramways

- Tramways made their appearance in the 19th century as a form of transport suitable for big cities.
- Tramways were initially horse drawn, later steam-powered and now electrically operated.
- It may be news to young people that Madras city also had tramways till 1933.

#### Railway Transport

- The invention of steam engines by James Watt revolutionised the modes of transport all over the world.
- Railways, as a mode of transport, is the most organized transport undertaking all over the world.
- The opening up of some countries, like the United States of America and Russia, was largely due to the railways.

[OR]

#### 47. b. Essentials of a Valid Contract:

i).

##### i). Offer and Acceptance

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

##### ii). Legal Relationship

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

##### iii). Lawful Consideration

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

##### iv). Lawful Object (Section 23)

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

##### v). Free Consent (Section 13 & 14)

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

**misrepresentation or mistake.**

**\*\*\*\*\* All The Best \*\*\*\*\***