SIGARAM THODUVOM

Commerce

XI - STANDARD

TARGET

2 & 3 Marks
Questions & Answers

Salient Features:

- Updated as per the Revised Edition of Textbook 2017-18
- Complete 2 & 3 marks textual questions along with exhaustive additional questions & answers for all chapters.
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(iv)
1. INTRODUCTION

Textual Questions

I. Two Marks Questions :

1. Define commerce.

J. Stephenson defines Commerce as “the sum total of those processes which are engaged in the removal of hindrances of person, place and time in the exchange of commodities”.

2. List the auxiliaries of trade.

The aids to trades are:

- Banks
- Transport
- Insurance
- Advertisement
- Warehouse
- Communication

3. Explain the term ‘business’.

- In economic sense, the term business means works, efforts and acts of people, which are connected with the production of wealth and activities, which are directed with the object of making profit.
- Production and distribution of goods to consumers for a profit constitute business.
- The term ‘business’ also included services.
4. What is E-commerce?
   - The term E-commerce is known as Electronic commerce.
   - Electronic commerce is used by media to do business with consumers through internet.

II. Three Marks Questions:

1. What is barter system?
   - In olden days, goods were exchanged for goods.
   - Before invention of money goods were exchanged for some other goods. This is known as barter system.
   - The barter system envisages mutual exchange of one’s goods to other’s goods without money as a medium of exchange.

2. What is meant by hindrance of finance?
   - The problem of finance affects the producer, trader and the consumer.
   - If the manufacturer is to continue production without any disruption, if the trader is to run his business without shortage of stock and if the consumers are to satisfy their varied requirements, adequate finance is essential.
   - Banks and other financial institutions provides finance to the trader and the consumers.

3. How is communication helpful in trade activities?
   - The buyers and sellers need the services of various agencies for communicating their messages among themselves.
   - The producers inform their customers about the production of goods.
   - The intending buyers send orders to producers for the supply of goods.
   - The services of post offices, private courier services, fax, telephones, cell phones, etc. are utilised for communication purpose.
4. Discuss how the terms ‘commerce’ and ‘trade’ are related to each other?
   - The two terms ‘commerce’ and ‘trade’ are interrelated.
   - They do not mean the same thing.
   - ‘Commerce’ has a much wider connotation and significance than ‘Trade’.
   - While ‘trade’ refers to buying and selling alone, ‘commerce’ is concerned with not merely buying and selling but also facilitates a smooth flow of goods and services from the producer to the consumer with the help of aids to trade.

5. What are the importances of commerce in modern life?
   - Every person wants to lead a happy and comfortable life.
   - Every nation wants to attain high standard of living.
   - This is possible when goods are produced in plenty at a cheaper cost.
   - By frequent trade contacts, between countries of different people have come to know the culture and the civilisation of other countries.

**Other Important Questions**

1. Two Marks Questions:

   1. Give Evelyn Thomas definition of commerce?

      According to Evelyn Thomas defines commercial activities as, “activities dealing with the buying and selling of the goods and the distribution of finished products from the producers to the customers”.

   2. What is the role of traders in commerce?

      - Traders act as an intermediary between producers and consumers.
      - They earn profit from buying and selling operations in the due course of exchange.
13. What do you mean by Transport?

- Transport removes place hindrance.
- Goods may be produced at places where they are in less demand.
- These goods are to be taken to the place of consumption with the help of transport facilities we can create ‘place utility’ in goods.
- The goods are taken from a place where there is less demand, to the places where they are in more demand.
- The place utility helps the producer to increase the production and earns a remunerative price.
- The various modes of transport i.e., road, rail, sea, air have helped the growth of commerce and industry.

14. What is warehousing?

- Warehousing removes hindrance of time.
- Many goods, such as cotton, jute, food grains, sugar, etc., are produced during particular seasons of the year. But they are needed throughout the year.
- To make these goods available throughout the year arrangement must be made for their proper storage.
- Similarly certain goods are needed in particular seasons, e.g., woollen cloth is required during winter.
- Raincoats and umbrellas are essential during rainy season.
- These goods must be in stock in sufficient quantity before the commencement of the season.
- This is done with the help of warehousing.

15. What are the importance of commerce?

- Every person wants to lead a happy and comfortable life.
- Every nation wants to attain high standard of living.
- This is possible when goods are produced in plenty at a cheaper cost.
- It enables the smooth flow of goods from production centres to consumption centres.
Continuous flow of goods from one country to another country has lead to equalization of prices for many commodities in the international market.

By frequent trade contacts, people of different countries have come to know of the culture and civilisation of other countries.

As a result, cultural integration takes place at international level.

2. INTERNAL TRADE - SMALL SCALE RETAIL ORGANISATION

I. Two Marks Questions:

1. What is Trade?
Trade means buying and selling of goods for money. Trade removes hindrance of person. It is the branch of commerce. Trade act as a connecting link between the producer and the consumer.

2. What are the classifications of trade?

3. What are the channels used in Home Trade?
The channels are used in Home trade are:

- Manufacturer - consumer
- Manufacturer - retailer - consumer
- Manufacturer - wholesaler - retailer - consumer.
4. **Who is a Middle man?**
   The term ‘Middlemen’ refers to all those who intervene from the primary producer to the ultimate consumer in the exchange of goods.

5. **Define Wholesaler.**
   - **According to Evelyn Thomas:** “a true wholesaler is himself neither a manufacturer nor a retailer but acts as a link between the two”.
   - **According to Cundiff & Still:** “wholesalers buy from the producer and sell merchandise to the retailers and other merchants and not to the consumers”.

6. **Define Retailer.**
   - According to Evelyn Thomas “ the retailer is the last of the many links in the economic chain whereby the consumer’s wants are satisfied smoothly and efficiently by retailers.”
   - According to Cundiff & Still “A retailer is a merchant or provisionally an agent whose main business is selling directly to the ultimate consumers.”

7. **Who is a broker?**
   - A broker is one who bargains for another and receives commission, for doing so. It is called ‘brokerage’.
   - He brings buyer and seller together.
   - He does not take the possession of the goods.

II. **Three Marks Questions :**

1. **What is Home trade?**
   - Home trade is one, which is carried on within the boundaries of a particular country.
   - It consists of buying and selling of goods within the country.
   - In this case, both a buyer and seller belong to the same country.
   - For example, Mangoes grown in Andhra Pradesh are sold in Tamil Nadu and Wheat grown in Punjab is sold in Tamil Nadu.
2. **What is Foreign Trade?**
   - Foreign trade is a trade between one country with another country.
   - It involves the exchange of goods of one country with other countries.
   - In this case, both a buyer and seller belong to different countries.
   - For Example, Petroleum products of Gulf countries are sold in India.

3. **Who are the Mercantile Agents?**
   - Mercantile Agents are also called functional middlemen.
   - A mercantile agent is one who is appointed by a businessman to act on his behalf in business matters.
   - In the usual course of business, a mercantile agent has authority to buy or sell goods on behalf of his principal.
   - He does not get ownership of the goods.
   - He is remunerated in the form of commission on sales.

**OTHER IMPORTANT QUESTIONS**

I. **Two Marks Questions:**

1. **Who are Itinerant Retailers?**
   - Itinerant retailers are mobile traders who deal in low priced articles like fruits, vegetables, fish, glassware, clothing, books etc.
   - They include dealers such as pedlars, hawkers and market traders, cheap jacks, street vendors etc.
   - They have very **small capital** and very little stock.

2. **Who are Street Traders?**
   - The people who sell the goods just on the payments of busy streets in big cities are called street traders.
   - Example of street traders are small book shops, small book shops, pen repairers, leather bag repairers and other household goods located in front of railway stations or near road crossing.
3. **Write a note on Market Traders.**
   - Market Traders are traders displaying the goods in different localities at the weekend or the end of month.
   - Most of the big villages and small towns in India have regular market days.
   - Eg., Sunday bazaar, Monday bazaar etc.,

4. **Who are Cheap Jacks.**
   - The cheap jacks hire shops in centrally located, residential areas.
   - They deal in household goods such as clothes, utensils, plastic items etc.,
   - But they also move from one locality to another area when there are no prospects for them in the existing place.

5. **What are Speciality shops?**
   - A speciality shop is one that deals in goods of a particular description.
   - They are small fixed shops like general shops but they deal in one product of a particular line.
   - Eg., readymade garment stores, stationery shop, a furniture mart etc.,

6. **How the retailer helps in the market?**
   - The retailers help in **widening** the size of the market.
   - He relieves the wholesaler from the **burden** of organising sales outlets to sell the goods.
   - By way of **window display**, cash discounts on sales or by giving after sales service.
   - The retailer **attracts** a large number of buyers for his goods.

7. **How do the retailers inform producers about consumer taste of preferences?**
   - The retailer is in **close touch** with the consumers.
   - He collects valuable information about their **preferences** and **changing tastes**.
   - He is in a position to anticipate the consumer requirements.
   - So he can inform the consumer's preferences to the wholesalers.
19. **What are the differences between wholesaler and retailer?**

<table>
<thead>
<tr>
<th>S. No</th>
<th>Wholesaler</th>
<th>Retailer</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Wholesaler is a link between manufacturer and retailer</td>
<td>Retailer is a link between wholesaler and ultimate consumer.</td>
</tr>
<tr>
<td>2.</td>
<td>He buys in large quantities from the manufacturers</td>
<td>He buys in small quantities from the wholesalers</td>
</tr>
<tr>
<td>3.</td>
<td>He deals one line of products</td>
<td>He deals in different type of products</td>
</tr>
</tbody>
</table>

3. **INTERNAL TRADE - LARGE SCALE RETAIL ORGANISATION**

**Textual Questions**

1. **Two Marks Questions:**

   **1. What is E-commerce?**
   - The term E-commerce is known as ‘Electronic Commerce’.
   - It is used to do the business through internet.
   - It refers to the paperless exchange of business information using network based technologies.

   **2. What is Internet?**
   - The internet is in an international network of computers carrying unbelievable amount of information.
   - It is a global collection of high-powered computers that are connected to each other with network cables, telephone lines, microwave dished, satellites etc.

   **3. Define chain store system.**
   According to Clark & Clark, “a chain store system consisting of a number of retail stores which sell similar products, are centrally owned and are operated under one management”.

   (or)
Evelyn Thomas defines a Multiple Shop, as “is one of a chain of similar shops owned and controlled by a single business firm”.

4. **What is teleshopping?**
   - Teleshopping means shopping done through televisions, computers with internet.
   - In modern days teleshopping is used by the customers.
   - Teleshopping is an easy way of shopping for the aged and the disabled people.

II. **Three Marks Questions**:

1. **What is departmental store?**
   - A departmental store is a huge retail shop situated at a central place in the heart of the city.
   - It comprises a number of small shops or departments.
   - Each department deals with separate line of products.
   - All the departments are housed under one roof.

2. **What do you mean by multiple shop?**
   - A multiple shop is a network of a number of branches situated at different localities in a city or in a different parts of the country.
   - All the branches deal only with a particular line of product.
   - Under this organisation similar type of shops are established in multiples by the same management.
   - In Europe, this system is called as ‘Multiple shops’ and the Americans call it as ‘Chain Stores’.

3. **Define consumer’s co-operative store.**
   - A Consumers’ Co-operative Store is a retail business owned and operated by ultimate consumers.
   - It distribute goods and services primarily to the members.
   - The primary aim of these stores is to eliminate middlemen.
   - It also aims to supply its members, quality goods at a reasonable price.
4. **What is mail order business?**
   - The mail order business houses are retail-trading houses.
   - They receive orders from the public through post.
   - They deliver the articles by post.
   - So, mail order business is selling and buying of goods through post.

5. **What is hire purchase system?**
   - Under this system a buyer of goods agrees to pay the price in instalments spread over many months or years.
   - It is also a form of credit sale.
   - The buyer gets possession of goods immediately on signing the contract.
   - But the buyer gets ownership only on payment of last instalment.

6. **What is instalment system of selling?**
   - This system is otherwise called as ‘Deferred Payment System’.
   - Under this system title or ownership of articles as well as possession is passed on to the buyer, as soon as the first instalment is paid.
   - On default of payment, the seller cannot seize the article but can go to the court of law to recover his dues.

---

**OTHER IMPORTANT QUESTIONS**

1. **Two Marks Questions :**

1. **Mention the basic principles of co-operative stores.**
   - The fundamental principles of co-operative stores are :
     - Open membership,
     - Supply of unadulterated goods at fair prices; and
     - Democratic management etc.,
2. **What is the primary aim of consumer's co-operative society?**

The primary aim of consumer's co-operative stores is to eliminate middlemen and to supply its members, quality goods at a reasonable price.

3. **Write about the origin of consumers co-operative stores.**

   - 'Distributive Co-operatives' owes their origin to the pioneering efforts of **28 Weavers of Rochdale** in England.
   - These Weavers formed "Rochdale Pioneers’ Equitable Society" in the year 1844.

4. **Write about the organisation of departmental store.**

   - The departmental store is formed either as private or public company with limited liability under the companies act.
   - It comes under a single management, managed by the Board of Directors.
   - The day-to-day administration is carried on by the 'Managing Director'.

5. **Give G.B. Giles definition of departmental stores.**

   According to G.B.Giles “A departmental store is a collection of shops under one roof and ownership, each shop or department specialising in selling a special range of goods”.

6. **How does E-Commerce increases the business?**

   - E-Commerce refers to the **paperless exchange** of business information.
   - By the usage of network-based technologies like E-DI, E-FT, E-Cash, E-Stamp etc.,
   - The speed has increased at an unbelievable level.
   - This entire process could range from a few hours to weeks depending on the product, quantity, quality and source of purchase. But the entire scenario has changed.
4. INTERNATIONAL TRADE

Textual Questions

I. Two Marks Questions :

1. What are Intermediaries involved in Export Trade / Import Trade?

   **Intermediaries involved in Export Trade are :**
   1. Clearing and Forwarding Agent.
   2. Commission Agents.

   **Intermediaries involved in Import Trade are :**
   1. Indent House
   2. Clearing Agents.

2. Explain the meaning of the term “Globalization”.
   - Globalisation is the integration of international markets for goods and services, technology, finance and to some extent labour.
   - It is the integration of the country with the world economy.
   - It implies that the linkage of a nation’s market with the global market.

3. What do you mean by MNC’s?
   - A multinational company is one whose ownership is accommodated in more than one country.
   - Products are manufactured in many countries and sold in many countries. For example, Toyota of Japan, Indian oil company of India are Multinational Companies.
II. Three Marks Questions:

1. **What do mean by the term International Trade? Explain its need.**
   
   Trade between two or more nations is called international trade or foreign trade. For example, India’s trade with USA, Japan, France, Pakistan etc., is called foreign trade or external trade.

   **Need:**
   1. To raise national income and standard of living.
   2. To minimize hurdles in production.
   3. To reduce differences in economic growth rate.
   4. To share the benefit of low cost of production.

2. **What do you mean by the term “Entrepot Trade? What is the need for it?**

   **Meaning:** If goods are imported from one country with the purpose of re-exporting to another, it is called Entrepot trade. Import duty is not levied on these goods.

   **Need:** Under the following circumstances such trade is allowed:
   1. When adequate banking facilities are not available in the importing country.
   2. When the volume of trade does not justify to have regular foreign trade.
   3. When it is difficult to establish direct link between the exporting country and the consuming country.

---

I. Two Marks Questions:

1. **What is an indent?**

   - An indent is an order placed by the importer with an exporter for the supply of certain goods.
   - It contains the details regarding the goods to be imported.
   - The terms and conditions regarding price; shipment, delivery, the method of payment etc.
2. **What are the different types of foreign trade transactions?**

The different types of foreign trade transactions are:

1. Import Trade
2. Export Trade
3. Entrepot Trade

3. **What is import trade?**

   - When goods are purchased from a foreign country, it is called as import trade.
   - Eg: India buys petrol from Kuwait.

4. **What is Export Trade?**

   - When goods are sold to a trader in any foreign country, it is known as export trade.
   - Eg: When India sells goods to other countries, it is called export trade.

5. **What is Entrepot Trade?**

   - When goods are imported from one country with the purpose of re-exporting to another, it is called entrepot trade.
   - Import duty is not levied on these goods.
   - The important centres for entrepot trade are London, Hong-Kong, Amsterdam and Singapore.

6. **What is the difference between documents against acceptance and documents against payment?**

<table>
<thead>
<tr>
<th>Documents against acceptance</th>
<th>Documents against payment</th>
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<tbody>
<tr>
<td>1. The documents will be delivered to the importer on the acceptance of the bill.</td>
<td>1. The documents will be delivered to the importer.</td>
</tr>
<tr>
<td>2. Usually, 30 to 90 days are allowed to pay the bill.</td>
<td>2. Only on the payment of the amount noted in the bill.</td>
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5. TRANSPORT

Textual Questions

I. Two Marks Questions:

1. Define Transport.
   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”.

2. Mention any two economic benefits of the Transport.
   i) It increases the efficiency of production.
   ii) It stimulates wants by increasing quantity and variety of consumer goods.
   iii) It develops and expands the market.

3. What are the Advantages of Land transport?
   i) They are suitable for carrying small loads.
   ii) They are cheap means of transport.
   iii) The duration and capacity are its two main drawbacks.

4. Define Containerisation.
   Containerisation is a recent development. In recent years admirable changes and progress have taken place in the manner of transport of goods. The term containerisation sums up these wonderful developments.

5. Define Common carrier.
   A common carrier is a person who is engaged in the business of carrying goods for hire indiscriminately for all persons. Railways and sea transport do not come under this category.

   A private carrier carries goods on occasions for particular persons of his own choosing under a special contract either for hire or gratuitously. Private carriers do not carry goods regularly from place to place.
II. Three Marks Questions:

1. **What are the importance of Transport?**
   
i) The growth of domestic and foreign trade is dependent on transport.

   ii) The transport facilities have destroyed the monopolistic position of many producing countries.

   iii) The transportation of persons arises from the need of individuals to go from one place to another to satisfy some needs connected with business, social cultural or recreational interest.

2. **Write short notes on Land, Water and Air transport.**

   Transport can be divided into three important types:
   
a) Land → Road Transport.

   b) Water → Water Transport

   c) Air → Air Transport.

3. **What are the merits of water transport?**

   i) It is the cheapest mode of transport.

   ii) It has greater carrying capacity.

   iii) Development of international relations.

   iv) Development of foreign trade.

4. **What are the demerits of Air transport?**

   i) It is very costly mode of transport.

   ii) It is not suitable for carrying heavy load and weights.

   iii) It is not dependable.
iv) It’s cost of construction and maintenance involves huge capital expenditure.

v) Due to fast displacement of air, aeroplane will create abominable noise.

vi) Every country controls the air space above its territory.

OTHER IMPORTANT QUESTIONS

I. Two Marks Questions:

1. **What is coastal shipping?**
   - Coastal shipping is an important means of water transport in all countries having long coastline.
   - It is a cheap means of transport.
   - It carries bulky cargoes like coal, iron ore etc., to domestic parts of a country.

2. **What is Airway bill?**
   - Air way Bill refers to a document prepared by the consignor.
   - Which is handed over to the carrier of goods.
   - While transporting goods through airways.
   - Air-way bill is made out in 3 original parts.

3. **What are 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.

4. **Mention any two advantages of bullock carts?**
   - Investments on the cart and bullocks and cost of their maintenance are comparatively low.
   - They are suitable for rural roads which are muddy of uneven.
5. What are cargo-liners?
- Cargo liners are large, ocean-going ships.
- They carry large quantities of cargo and a limited number of passengers.
- They ply regularly according to pre-planned time-table.
- Normal trade demands throughout the year are met by the cargo liners.

6. What is a charter party?
- When goods are to be consigned in large quantity.
- It is advantageous to hire the whole or substantial part of the ship.
- The document through which this hiring contract is made is called 'charter party'.

7. What is meant by specialisation?
- Specialisation means the division of complex process of production into a number of separate processes so that each person or group specialises in each process.
- Specialisation has been extended to international level too.
- Specialisation has paved the way for the factory system and mass production.

8. What is way bill?
- The carriers, accepting goods for transport, issue way bill in the name of the consignor or consignee.
- It is also an acknowledgement of receipt of goods for the transport by the carrier.
- It serves as an evidence of the contract of the transport.
- It is also a document of title of goods.
6. WAREHOUSING

Textual Questions

I. Two Marks Questions :

1. Write a brief note on warehousing in Tamil Nadu.
   i) A premier warehousing agency in the state of Tamil Nadu was established in 1957.
   ii) It provides price support to the agricultural sector.
   iii) It is one of the biggest public warehouses operating in the state offering logistic services to a diverse group of clients.

II. Three Marks Questions :

1. What do you mean by the term” Warehousing”? 
   i) Warehousing is one of the functions of marketing.
   ii) Warehousing removes the hindrance of time.
   iii) It is arrangement by which goods are stored when they are not immediately needed.
   iv) It is simply called as a place where the storage facilities are provided.

2. Explain the need for Warehousing.
   i) Warehousing removes the hindrance of time by storing or warehousing without which much of the goods produced will be useless.
   ii) The object of warehousing is preservation and protection of goods from deterioration in quantity and quality.
   iii) It creates time utility.
3. **Give the differences between warehouse and warehousing.**

   i) The place where the goods are stored is called as warehouse whereas warehousing is arrangement by which the goods are stored.

   ii) Warehouse holds goods as a distribution centre but warehousing removes the hindrance of time by storing or warehousing.

   iii) Warehouse is a place where the goods are stored for future use whereas warehousing is the facilities provided for marketing the goods like grading, branding etc.

4. **Give the differences between warehouse receipt and warehouse warrant.**

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Warehouse Receipt</th>
<th>Warehouse warrant</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>It is only an acknowledgement for the receipt of goods.</td>
<td>It is not only an acknowledgement for the receipt of goods but also gives an authority to get delivery of goods.</td>
</tr>
<tr>
<td>2.</td>
<td>It is not a document of title to goods.</td>
<td>It is a document of title to goods.</td>
</tr>
<tr>
<td>3.</td>
<td>It cannot be negotiated or transferred to others.</td>
<td>It can be negotiated or transferred to others.</td>
</tr>
</tbody>
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**Other Important Questions**

I. **Two Marks Questions**:

1. **How are warehouses classified on the basis of ownership?**

   **On the basis of ownership the warehouses can be classified into:**

   1. Private warehouses
   2. Public warehouses
   3. Co-operative ware houses.
2. How are warehouses classified on the basis of services?

On the basis of services, warehouses are classified as:

1. Bonded
2. General merchandise
3. Special commodity
4. Cold storage
5. Field godowns
6. Household
7. Grain elevators
8. Yard storage

3. What are the three main agencies in the public sector?

1. Food Corporation of India (FCI)
2. Central Warehousing Corporations (CWC)
3. State Warehousing Corporations (SWC)

4. What do you mean by custom-bonded warehouses?

- The custom-bonded warehouses have been promoted with a view to facilitate deferred payment of custom-duty.
- They encourage entrepreneurs and export-oriented units.
- In order to carry out their operations with the least investment.

5. How warehousing facilities provide finance in businessmen?

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

6. Write a note on public warehouse.

- Public warehouses are started to provide storage services and facilities to the retailers, wholesalers, and stockists and even to the general public.
- Public warehouses impose rental charges for the space used and service charges for providing services such as inspection of goods, packing them, shipping and invoicing them.
14. **Write a note on Dock warrant.**

- Dock is a place in the harbour where the goods are loaded into the ship.
- Dock warrant is a document of title to goods issued by dock authorities.
- This document certifies that the dock authorities hold the goods.
- To take delivery of the goods this certificate should be given back to the authorities.

### 7. BANKING

**Textual Questions**

1. **Two Marks Questions :**

   1. **What is a bank?**
      Bank is an institution which borrow money from the public and lend money to the public i.e. it deals in money and credit.

   2. **List the various types of deposits accepted by banks.**
      a) Fixed deposits
      b) Savings deposits
      c) Current deposits
      d) Fixed deposits.

3. **Define the term Cheque.**
   A cheque is an easy and safe method of making payments to or withdrawing money from a bank. According to Negotiable Instruments Act 1881, “a cheque is a bill of exchange drawn on a specified banker payable on demand”. There are three parties to a cheque namely drawer, drawee and payee.
II. Three Marks Questions:

1. List the main types of banks.
   i) Commercial banks
   ii) Industrial banks
   iii) Regional Rural banks
   iv) Exchange banks
   v) Central bank
   vi) Public sector banks
   vii) Private sector banks
   viii) Co-operative banks
   ix) Scheduled bank
   x) Non-scheduled bank.

2. What do you mean by indigenous banker?
   i) Indigenous bankers are those who do not come under the control of RBI.
   ii) For example money lenders, marvadis, chettiars, pawn brokers are known as indigenous bankers.
   iii) They accept deposit and deal in Hundis. (It is a credit instrument like Promissory Note).
9. What do you mean by credit card? What are its uses?

i) A credit card is a small plastic card issued by a bank to his customer.

ii) The name, account number of the holder and the validity period of the card are marked on it.

iii) It also bears the specimen signature panel on the reverse of the card.

Its uses:

i) A card holder can purchase goods from the listed shop.

ii) Some of the banks allow cash withdrawals also.

iii) It avoids the cash handling.

OTHER IMPORTANT QUESTIONS

I. Two Marks Questions:

1. What is meant by special crossing?
   - When the name of the banker is written on the face of the cheque it is called special crossing.
   - It should be noted that in special crossing two transverse parallel lines are not necessary.

2. What is sans recourse endorsement?
   - If the endorser endorses the instrument in such a way as to escape from his liability in the case of dishonour, the endorsement is called “Sans recourse endorsement”.
   - Sans recourse means “without recourse to me.”
   - The words sans recourse are written after the endorsement.
3. **State any 3 functions of central co-operative banks.**
   - It accepts deposits and pays higher rate of interest than commercial banks.
   - It gives finance to primary credit societies.
   - It gives credit to individual customer on the basis of security.

4. **What is travellers cheque?**
   - It is a cheque, which can be presented at different places of the specified banks. It is issued in different denominations.
   - It reduces the risk of carrying cash. Banker may at the request of the customer issues travellers cheques by getting specimen signature from such customer.

5. **What is overdraft?**
   - It is an agreement with a bank by the current account holder to withdraw more than the balance to his credit up to a specified limit.
   - Interest is charged on daily overdrawn balances. The overdraft is allowed only for a short period and is only a temporary accommodation.

6. **Write a note on underwriting of capital issues.**
   - Underwriting is a service provided by the banks to the companies.
   - The banks undertake to sell the shares and debentures of the companies to the public.
   - For these services the bank charges a specified rate of commission.

7. **State any two features of savings bank deposits account.**
   - In this account money can be deposited for any number of times but can be withdrawn only once or twice in a week.
   - These restrictions are made to discourage the habit of frequent withdrawals. Any person can open a saving account.
8. INSURANCE

Textual Questions

I. Two Marks Questions:

1. Give the meaning of insurance.
   - Insurance is based on principles of co-operation. The losses of a few are shared by many.
   - An insurance company, otherwise called as the insurer organises this co-operative effort.
   - Insurance is a contract between the insurer and the insured under which the insurer undertakes to compensate the insured for the loss arising from the risk insured against.

2. Define the term “Assurance”.
   - The term “Assurance” is applied to contracts, where the risk insured against is certain to happen, but the time of its happening is uncertain.
   - Thus, the risk insured against death is contract of assurance.
   - Technically, speaking a life insurance may be called as “Life Assurance”.

3. Define mediclaim insurance.
   - Under the scheme of mediclaim, the insurance companies pay for the insured hospitalisation, domiciliary hospitalisation, intensive care, surgery and other related medical expenses.
   - With small annual premium the insured can avail of all mediclaim benefits upto limits specified in the policy.
   - The premium rate depends on the category and the scheme has to be selected by the insured.
II. Three Marks Questions :

1. **Write short notes on privatization of Insurance.**
   - Public enterprises in any country cannot perform all the economic and business activities efficiently.
   - Now we are living in a competitive world, public enterprises will have to compete with the private enterprises.
   - If any public enterprise is found sick or weak it may be replaced by private enterprise with efficiency and productivity.
   - In this way that private insurers be allowed to co-exist along with government companies like Life Insurance and General Insurance Corporation of India.
   - The move towards allowing private sector into insurance is motivated by prospective gains in efficiency, customer service and general awareness of insurance operations in the country.

2. **What is life insurance and mention its features?**
   Life insurance may be defined as the contract, whereby the insurer in consideration of a premium undertakes to pay a certain sum of money either on the death of the insured or on the expiry of a fixed period whichever is earlier.

   **Features of life insurance :**
   i) Life insurance is not a contract of indemnity.
   ii) A person can take any number of policies. There is no limit in law.
   iii) The insurer has to pay the insured amount one day or other.
I. Two Marks Questions:

1. Write short notes on Surrender value.
   - The surrender value is the cash value of the policy which is payable to policyholder if he decides to terminate the contract.
   - This surrender value is usually obtained from the paid-up value by applying a percentage factor.
   - The surrender value is the amount of premiums paid which is returned to the policyholder at the time of surrendering the policy.

2. What are the types of Mediclaim policy?
   Under mediclaim, insurer offers two schemes to the insured they are,
   i) Mediclaim with personal Accident Insurance.
   ii) Mediclaim without personal Accident Insurance.

3. What do you mean by insurable interest?
   - Insurable interest is necessary for a valid contract of insurance. Insurable interest must be a pecuniary interest.
   - A person is said to have insurable interest in a property, as to have benefit from its existence and prejudiced by its destruction.
   - Insurable interest is not to be presumed from the existence of mere relationship.

4. When an insurable interest should exist?
   In life assurance the assured should have insurable interest at the time when the contract was entered to.
   In Marine Insurance it should be at the time of loss but in fire insurance insurable interest must exist not only at the time the contract was entered into, but also at the time of loss.
16. Write a short note on

i) **Freight Insurance**
   - Freight is payable for the carriage of cargoes or if the vessel is chartered, hiring charges is payable.
   - The carrier will lose the freight if the cargos (goods) are not delivered at the destination.
   - In that case, the insurance company covers the risk of freight loss.

ii) **Liability Insurance**
   - This may include liability arising out of hazards such as collection, running a ground, damages to harbour etc.
   - Insurance can also be taken for the expenses involved in non-compliance of rules and regulations.

17. What are Burglary Insurance? and its types.
   - Burglary insurance falls under the classification “Insurance of property.”
   - In a burglary policy, the loss of household goods and personal effects due to theft, burglary, house-breaking and acts of such nature are covered.
   - The actual loss is compensated. The words, ‘burglary’, ‘house breaking’, ‘theft’ are clearly defined in the policy itself. Burglary insurance is becoming popular.

   **Types of policy** :
   a) Burglary - ‘Business premises’ - Insurance policy
   b) Burglary - ‘Private Dwellings’ - Insurance policy
   c) Jewellery and Valuable Insurance Policy
   d) All risks insurance policies.

18. Explain need for Privatization.
   - Need for privatization of insurance may be judged from the following grounds.
A large number of public enterprises and their size and variety have given complex problems.

Some of them are on account of procedural defects and too much rigidity in their operation.

They lack flexibility effectiveness and efficiency of private enterprises.

The control over performance and routine operations have been too rigid or too fearful to yield higher productivity.

It was considered that the public corporations could perform better than the other public enterprises.

9. ADVERTISING

Textual Questions

1. Two Marks Questions:

1. **What is Advertising?**
   - Advertising means a non-personal stimulation of demand for a product.
   - It is the activity through which visual or moral messages are addressed to the general public.
   - Advertising aims at influencing the public to buy goods or services.

2. **Give the definition of Advertising.**
   Hall defines advertising as “Salesmanship in writing, print or pictures or spreading information by means of the written and printed word and the pictures”.

3. **List out any two advantages of advertising to Customers.**
   i) Advertising gives information about the price and quality of a commodity. It guides a consumer to choose the product.
   ii) It helps them to know where and when the products are available. It reduces their shopping time.
4. **What are the Social Objections to Advertising?**
   i) Most of the advertisements contain tall claims and the consumers do not enjoy the benefits advertisement in full. They are short lived only.
   ii) The press is influenced by the advertisers because they provide major revenue for the existence of newspapers.

5. **Name the major five divisions of advertising.**
   i) Indoor advertising.
   ii) Outdoor advertising.
   iii) Direct advertising.
   iv) Promotional advertising.
   v) Web advertising or Internet advertising.

6. **Write down any two demerits of Newspapers Advertisement.**
   i) The cheap quality of Newspaper does not give accurate and fine reproduction of the advertisement.
   ii) The life of a Newspaper is very short.

7. **What is Indoor Advertising?**
   Where people get the message by sitting at their home, through newspapers, magazines or hearing a radio or engrossed in T.V programmer or a film, is known as an indoor advertising.

8. **What is Press Advertising?**
   - Press advertising means advertising through newspapers, magazines and trade and technical journals.
   - Press has become the most popular medium of advertisement press publicity takes two forms.
     a) Newspapers and
     b) Magazines.

9. **What is Newspapers Advertisement?**
   - A sizable share of the total advertising budget is spent on advertising in newspapers.
In India there are both English and newspapers in regional languages namely by The Hindu, Times of India, The New Indian Express and Thina Mani, Thinamalar, Thina Thanthi, Malai Murasu, Malai Malar etc.

10. What do you mean by Magazine Advertising?

- Magazines and journals may be weekly, fortnightly, monthly or quarterly publications.
- Trade and Technical journals are published for the professional use of auditors, company secretaries, doctors, bankers, teachers, lawyers etc.
- Special magazines for women and childrens also published.

11. What is Radio Advertising?

- Radio advertising is the quickest medium of advertising.
- Commercial broadcasting has become more popular in all countries.
- Radio advertising reaches large number of listeners both the educated and illiterate.

12. What is Television Advertising?

- Television is the latest indoor medium of mass communication.
- It is an audio-visual system.
- The advertising message reaches the viewers at their home when they are relaxed and receptive.
- Today, worldwide advertisement can be made for a product with the help of multi channels in a Television.

13. What is Film Advertising?

- It is also an audio-visual medium.
- Film advertising is made in cinema theatres.
- The message is conveyed to a big audience in the cinema hall.
- The advertisement in the form of commercial films and slides are shown before the regular films.
14. **What is Outdoor Advertising?**

An Advertising media that delivers the message when people step out of their homes are known as outdoor advertising media. Examples: Posters, painted display, etc.

II. **Three Marks Questions:**

1. **What does ‘poster’ mean?**
   i) It is a common form of advertising.
   ii) A poster is a sheet of paper carrying advertising message.
   iii) The posters are made in attractive colours.
   iv) Advertisers paste the posters an important places to convey the message and attract the people.

2. **‘Painted Display’ - Explain the term.**
   i) It is an artistic work visible from a distant place.
   ii) This form of advertising structure is erected at various important places in a city.
   iii) It attracts the passerby and conveys the message effectively.

3. **What do you understand by ‘Electric Display’?**
   i) This medium of advertising is attractive and popular in big cities.
   ii) Beautiful neon-signs are used with the help of engineers and electricity.
   iii) Night time is the right time for this type of advertising.

4. **What is ‘Sky Advertising’?**
   i) Big kites and balloons are floated in the air and advertising message is written on them.
   ii) This type of advertisement can be seen from a long distance.
   iii) People out of curiosity normally are tempted to read the message conveyed by this media.
9. **What is meant by ‘Show - Room’?**
   i) It provides an opportunity to the consumers to inspect the products, which they desire to purchase.
   ii) Different kinds of products are kept available in the showroom.
   iii) For instance, Textile mills, Firms producing furniture, Television sets, Radio sets, Watches, etc., generally establish showrooms at important centres of big cities.

10. **Explain the term ‘Exhibition’.**
   i) Exhibitions are trade shows conducted by manufacturers to exhibit their products.
   ii) Exhibitions are gaining popularity in recent times.
   iii) Various producers reserve stalls in trade shows.
   iv) They are held at local, national and international level.

11. **What do you understand by ‘Web Advertising?**
   i) The first web advertisement was placed on the October 1994 Edition of the Hotwired Website.
   ii) Web advertisement requires the participation of the internet users.
   iii) The Internet has enabled the consumers to interact directly with the advertisers and the advertisements.

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**Other Important Questions**

1. **Two Marks Questions :**

1. **List out the various types of Indoor - Advertising.**
   1. Press Media
      - Newspapers.
      - Magazines.
   2. Radio Advertising.
   3. Television Advertising.
   4. Film Advertising.
2. **What are the different kinds of outdoor advertising?**

   **Outdoor advertising includes:**
   1. Poster advertising
   2. Vehicular advertising
   3. Painted display
   4. Electric display
   5. Sky advertising

3. **By what way the message in newspaper is made effective?**
   - Newspapers are bought largely for their news value.
   - Newspapers are a suitable medium for goods that requiring mass advertisement.
   - **Newspaper** advertisements must be **catchy** and **attractive**.
   - Attractive pictures or catchy slogans are the effectiveness for newspaper advertising.

4. **Mention any 3 objectives of advertising.**
   - To make an immediate sale.
   - To build primary demand.
   - To introduce a price-deal.

5. **What is meant for vehicular advertising?**
   - Advertisement is made inside and outside the buses or trains.
   - This moving advertising is called as vehicular advertising.

6. **Mention the places where FM. Broadcasting has become popular.**
   - FM broadcasting has become very popular for commercial advertisement in metropolitan and its sub-urban areas.
   - Delhi, Kolkata, Chennai, Mumbai and Bangalore stations of All India Radio undertake commercial broadcasting.
Electric display:
- In this kind beautiful neon-signs are used.
- With the help of engineers or electricity this kind of display is used.
- It is attractive.
- Popular in big cities.
- As it is right-time to advertise in night-time for this particular kind.

- It forces people to desire and buy goods, which, in fact, are not within their means.
- It increases the cost of goods. Advertising charges are included in the price, which the consumer has to pay.
- Advertising results in monopoly. The consumer becomes a slave to a particular brand.

10. SALESMAINSHP AND CONSUMERISM

Textual Questions

I. Two Marks Questions:

1. Give the meaning of Consumerism.
   - Consumerism or consumer movement is an outcome of sufferings, and exploitations of consumers.
   - Consumerism is to secure protection from commercial terrorism and exploitative practices.
   - The aim is to safeguard their interests by establishing their rights and powers in relation to products and sellers.

2. Define the term ‘consumer movement’.
   According to Prof. Philip Kotler “consumerism is not limited to organised efforts only but, is a social movement seeking to augment the rights and powers of the buyers in relation to sellers”.

3. **What are the rights of consumer according to John F. Kennedy?**

   The former president of the USA, Mr. John F. Kennedy, summed up the basic consumer rights -
   “As the right to safety, the right to be informed, the right to choose; and the right to be heard.”

4. **Define Salesmanship.**

   According to W.G. Carter “Salesmanship is an attempt to induce people to buy goods”. (or)

   According to the National Association of Marketing Teachers of America, “It is the ability to persuade people to buy goods or services at a profit to the seller and benefit to the buyer.”

5. **What are the types of retail salesman?**

   They are as follows:
   i) Indoor salesman
   ii) Outdoor salesman

   The indoor salesmen work in the store counters and selling over the counter.
   The outdoor salesmen may be called as travelling salesmen.

6. **Distinguish between salesmanship and personal selling?**

   - Personal selling and salesmanship are often used interchangeably.
   - Personal selling is a broader concept.
   - Salesmanship may or may not be an important part of personal selling.

II. **Three Marks Questions :**

1. **Write a short note on National Commission.**

   i) It is the apex body at the National level.
   ii) The national commission consists of five members (a president and four members).
   iii) The president to be appointed by the central government.
   iv) The president is either judge or a retired judge of the Supreme Court.
v) This commission can entertain complaints where the value of goods or services and compensation if any, claimed exceeds Rs. 1 crore.

2. **Write a short note on Consumer Movement in Tamil Nadu.**

After the passing of the Consumer Protection Act in 1986, by the Central Government and Tamilnadu Government implemented the said Act in our State and framed necessary rules under the Act in 1988.

It set up the state commission and the district forums. It is rendering all assistance for the growth of consumer movement.

3. **Give the importance of salesmanship.**

i) In the present day, salesmanship plays an important role. A salesman is the connecting link between the seller and the buyer.

ii) Salesmanship is essential for producers for pushing products into the competitive market.

iii) Salesmanship increases the rate of turnover and hence reduces stock.

iv) A salesman educates and guides the consumers.

4. **Write short note on State Commission.**

i) The state commission shall have three members.

ii) The president of the State Commission shall be a judge or retired judge of a high court appointed by the State Government.

iii) The other two members shall be persons of ability, integrity and standing. One of the members shall be a woman.

iv) The State Commission can entertain complaints where the value of goods or services and compensation if any claimed exceeds Rs. 20 Lakhs but does not exceed Rs. 1 crore.
Other Important Questions

1. **Two Marks Questions**:

1. **Who are missionary salesmen?**
   - Missionary salesmen are also known as creative salesmen or pioneer salesmen.
   - They are employed by manufactures to do the work of missionary nature.
   - They create demand for the products by developing good will.
   - Manufacturers of medical supplies use this type of salesman to promote their products.

2. **Who are speciality salesmen?**
   - Speciality salesman deal in selling exclusive products.
   - Expensive durable goods such as furniture, books, house furnishings, washing machines, automobiles, vacuum cleaners etc.
   - People purchase these products only after a personal and careful selection because they do not buy them frequently.

3. **How did Mahatma Gandhi explain the role of protection?**
   - Mahatma Gandhi emphasized consumer protection referring him as 'poor consumer'. His famous statement is work mentioning.
   - “A customer is the most important visitor on our premises. He is not dependent on us. We are dependent on him. He is not an outsider to our business. He is part of it. We are not doing him a favour by serving him. He is doing us a favour by giving us an opportunity to do so”

4. **Write a short not on state council.**
   - State Government have established the state consumer protection councils.
   - State consumer Disputes Redressal Commission with the same Objectives.
   - The state councils are advisory bodies.