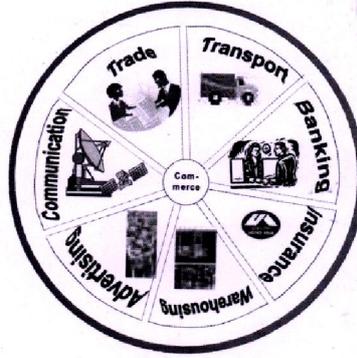


HIGHER SECONDARY – FIRST YEAR

COMMERCE



XI STANDARD

COMMERCE 5 MARKS MATERIALS

NAME : _____

SCHOOL : _____

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தன்னுரை (PREFACE)

மாணவ நண்பர்களுக்கு,

பொதுத் தேர்வு நெருங்கி கொண்டிருக்கும் இவ்வேளையில் வணிகவியல் பாடத்தில் நல்ல மதிப்பெண்களை பெற வேண்டும் என்ற நோக்கத்தில் எளிமையான முறையில் படிப்பதற்கு வசதியாக இந்த **material** - யை தொகுத்துள்ளேன்.

ஏற்க்கனவே **Commerce** பாடத்திற்க்கான **1 mark 2 mark & 3 mark material** - யை **Padasalai** மற்றும் **Namma Kalvi** இணையதளத்தில் வெளியிட்டுள்ளேன்.

Commerce பாடத்தில் உள்ள அனைத்து **Essay type** வினாக்களுக்கும் 5 மதிப்பெண்களுக்கு போதுமான அளவிற்க்கும், தேர்வு நேரத்தை சரியான அளவிற்க்கு பயன்படுத்தும் வகையிலும் இந்த **material** - யை தயார் செய்து உள்ளேன். பயன்படுத்தி கொண்டு நல்ல மதிப்பெண்களை பெறுங்கள் நண்பர்களே!

Lesson 1, 2, 3, 4, 6, 7, 9 -ல் உள்ள அனைத்து 5 மதிப்பெண் வினாக்களையும் நன்றாக படித்து கொள்ளவும்.

முக்கியமாக

பாடம் 1-ல் உள்ள அனைத்து வினாக்களையும் படித்து கொள்ளவும். கட்டாயமாக தேர்வில் 2 வினாக்கள் கேட்க வாய்ப்புண்டு.

பாடம் 2-ல் உள்ள 1, 3, 5 வினாக்களை படித்து கொள்ளவும்.

பாடம் 3-ல் உள்ள 3-வது வினா அதிகமாக கேட்கப்பட வாய்ப்பு உண்டு.

பாடம் 4-ல் உள்ள 1, 3 வினாக்கள் முக்கியமானவை.

பாடம் 5-ல் உள்ள 2-வது வினாவை நன்றாக படித்து கொள்ளவும்.

பாடம் 6 மற்றும் 8-ல் உள்ள 2 வினாக்களில் ஏதேனும் ஒன்று கட்டாயமாக கேட்கப்படும்.

பாடம் 7-ல் உள்ள முதல் நான்கு வினாக்களை படித்து கொள்ளவும்.

பாடம் 9-ல் உள்ள 4 வினாக்களில் கட்டாயமாக ஒன்று கேட்கப்படும்.

பாடம் 10-ல் உள்ள வினா எண் 1 -யை கட்டாயமாக படித்து கொள்ளவும்.

Difference between என்று உள்ள அனைத்து வினாக்களையும் நன்றாக படித்து கொள்ளவும். 5 மதிப்பெண் வினாக்களில் கேட்டால் 5 **points** போதுமானது, 3 மதிப்பெண் வினாக்களில் கேட்டால் 3 **points** போதுமானது. நன்றாக படித்து வைத்து கொள்ளவும்.

மேலும் ஏதேனும் பிழைகள் இருந்தால் திருத்தி கொள்ளவும்.

அனைத்து மாணவர்களும் பொதுத் தேர்வில் வெற்றி பெற வாழ்த்துக்கள்.

உங்கள் வெற்றியில் பெருமைப்பட நாங்களும் காத்திருக்கிறோம்.

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P. Vaheeswaran
ஆசிரியர்

1. What are the branches of commerce?

- ↔ Trade
- ↔ Transport
- ↔ Warehousing
- ↔ Banking
- ↔ Advertisement

i). Trade

- ✿ Trade removes the **hindrance of person** through wholesaler, retailer.
- ✿ Ownership and possession of goods must pass on from producer to ultimate consumer.

ii). Transport

- ✿ Transport removes place hindrance.
- ✿ Goods may be produced at place where they are in less demand.
- ✿ These goods are to be taken to the place of consumption with help of transport facilities.

iii). Warehousing

- ★ Warehousing removes the hindrance of time.
- ★ Many goods such as cotton, jute food grains, sugar are produced during the particular season.
- ★ But they are needed throughout the year

iv). Banking:

- ♥ Banking removes hindrance of finance.
- ♥ Traders need funds to carry on their trade.
- ♥ So, the funds are made available by commercial banks and financial institutions.

v). Advertisement and Salesmanship

- ✿ It removes hindrance of knowledge.
- ✿ Consumers may not be aware of the availability of various goods in the market.
- ✿ The absence of information about goods is a great hindrance for buying them.

2. What are the hindrances of commerce? How are they overcome?

- ✓ Hindrance of persons
- ✓ Hindrance of place
- ✓ Hindrance of time

- ✓ Hindrance of knowledge
- ✓ Hindrance of finance

i). Hindrance of persons

- ♣ Producers cannot deal directly with each and every consumer.
- ♣ So the producer and the consumer do not know each other.
- ♣ This difficulty is known as 'personal hindrance'.

ii). Hindrance of place

- ★ Goods are produced at a few places but are required for use at different places.
- ★ Geographical distance separate producers and consumers.
- ★ This difficulty of distance is removed by transport.

iii). Hindrance of time

- ♥ It is a common knowledge that certain goods are produced during particular season but are demanded throughout the year.
- ♥ Products must be made available at a time when consumers desire to buy.
- ♥ Warehousing removes this difficulty by storing the goods in ready stock to meet any essential or usual demand.

iv). Hindrance of knowledge

- ★ The consumers may not buy the best products available in the market.
- ★ Because they may not possess the knowledge of the market conditions.
- ★ Hence it is known as hindrance of knowledge.

v). Hindrance of finance

- ⊗ The problem of finance affects the producer, trader and the consumer.
- ⊗ Banks and other financial institutions make available the required funds on certain principles and proper securities.

3. Explain the characteristics of commerce?

1) Economic Activities

- ⊗ Commerce deals with all economic activities undertaken for profit.
- ⊗ Some activities may both be economic and non - economic.
- ⊗ Commerce is concerned with all economic activities directed towards earning profit.

2) Exchange of Goods and Services

- ⊗ Commerce involves an exchange of goods and services for profit.

- ☛ Goods may be produced for the purpose of resale to the customers.

3) Earning motive

- ☛ Profit is an incentive for undertaking all commercial activities.
- ☛ Any activity, which does not have the incentive of profit, will not be a part of commerce.

4) Creation of utility

- ☛ Commerce creates form, place and time utility in goods.
- ☛ By conversion of raw material into finished products the form utility is created
- ☛ Transportation facilities help in creating place utility of goods.
- ☛ The storage facilities create time utility of goods.

5) Regularity of transaction

- ☛ The transaction should be regular.
- ☛ No isolated transaction will be a part of commerce.

4. What are the factors responsible to choose a proper channel of distribution?

- ☛ Product factor
- ☛ Market factor
- ☛ Consumer factor
- ☛ Middlemen factor
- ☛ Manufacture's factor.

Product factor

- ♣ The nature and type of product helps in determining a decision about channel of distribution.
- ♣ A high priced product will have less middlemen because the number of buyers will be limited.
- ♣ Example Automobiles product.

Market factor

- ↔ A product may be marketed in a large area will require a long channel of distribution.
- ↔ A product marketed in a limited area will not require more middlemen.

Consumer factor

- ★ The number of customers also influences the channel of distribution.

- ★ When the number of customers is small and they are located at central places then direct selling will be easy and economical.

Middlemen factor

- ♣ The number of middlemen will also influences the channel of distribution.
- ♣ The effect of middlemen's commission will have to take into account.

Manufacturer's factor

- ✱ The financial position of the manufacturer helps him in selecting the channel of distribution.
- ✱ A manufacturer with large volume of production may prefer to open his own retail outlets for sales.

5. Who are mercantile agents? Explain their types?

Meaning:

- ♥ A mercantile agent is one who is appointed by a businessman to act on his behalf in business matters.
- ♥ A mercantile agent has authority to buy or sell goods on behalf of his principal.

Kinds of Mercantile Agents (Any 5 Points)

(i) Brokers

(ii) Factors

(iii) Commission Agents

(iv) Del credere Agents

(v) Auctioneers

(vi) Warehouse keepers.

(i) Brokers

- ✱ A Broker is one who bargains for another and receives commission for doing so.
- ✱ It is called 'brokerage'

(ii) Factors

↔ A factor is a mercantile agent to whom goods are entrusted for sale by a principal.

(iii) Commission agent

- ✱ A commission agent buys and sells goods in return for a commission.
- ✱ He gets a fixed commission for all his transactions.

(iv) Del credere agents

↔ A del credere agent is a mercantile agent who guarantees his principal for the collection of dues from the customer to whom credit sales are made.

(v) Auctioneers

- ✱ Auctioneers are agents who sell goods by auction on behalf of their principals.

* Auction sale is a notification to the public.

(iv) Warehouse-keeper

- ↔ A Warehouse keeper accepts goods for the purpose of storage in his warehouses.
- ↔ He must exercise reasonable care and diligence in the storage of goods.

6. Discuss the functions of wholesalers?

Functions of wholesalers

i. Assembling and buying

ii. Storing or warehousing

iii. Transporting

iv. Financing

v. Risk – bearing

(i) Assembling and buying

- ❖ It's performed by wholesalers dealing in variety of products from many manufacturers and keeps them in stock for sale to retailers.
- ❖ Buying includes the selection of manufacturers whose goods are to be bought regularly, and placing of orders with regular suppliers.

(ii) Storing or warehousing

- ❖ A wholesaler stores them in his warehouse and releases them in proper and required quantities as and when retailers require them.
- ❖ The manufactured goods are to be stored carefully till retailers demand them.
- ❖ Thus a wholesaler performs the storage function in order to save the goods from deterioration.

(iii) Transportation

- ❖ Wholesalers purchase in bulk from manufacturer and transport these goods to their own warehouses.
- ❖ Also, they provide transportation facility to retailers.

(iv) Financing

- ❖ The important functions of wholesaler financing functions.
- ❖ A wholesaler provides credit facility to retailers who are in need of financial assistance.

(v) Risk bearing

- ❖ A Wholesaler bears all the trade risk arising out of a sudden fall in prices of goods in his warehouse.
- ❖ The risk of bad debts as a result of non-payment by retailers.
- ❖ The wholesaler bears all the trade and financial risks of the business.

7. Explain the services rendered by a retailer to wholesaler?

i). Organised Link

- The function of wholesaling is facilitated by the existence of retailers.
- He can take delivery of the goods assembled by the wholesalers at any point of place and time.

ii). Consumer's preferences

- The retailer is in close touch with the consumers and he can be aware of the consumer preferences.
- He can inform the consumers' preferences to the wholesalers.

iii). Personal attention

- The retailer is able to provide more personal attention to his customers.
- He gives special services on the spot.

iv). Widening of market

- The retailer makes it possible to widen the size of the market.
- He relieves the wholesaler from the burden of organising sales outlets to sell the goods in small quantities.

(OR)

Explain the services rendered by a retailer to customers?

i). Holding stocks

- ♣ The retailer holds stocks of goods, which the consumers require from time to time.
- ♣ They can buy these goods at any time.
- ♣ The retailers relieve the consumers of the inconvenience of holding stocks.

ii). Supplying Information

- ♣ The retailer creates the attention of his customers to these new arrivals. This service is evident from the changing demand for products.

iii). Expert Advice

- ♣ The retailer is undoubtedly an expert in the line of goods he deals.
- ♣ He provides expert advice about the comparative benefit of goods.

iv). Credit facilities

- ♣ Retailers sell goods on credit to their permanent customers.
- ♣ To purchase their requirements and credit throughout the month and settle their accounts on the salary day.

v). Miscellaneous Services

- ♣ Retailers provide free-home delivery service

- ♣ They provide after sale service to customers.
- ♣ They allow cash discounts on their sales.

8. Who is a wholesaler? Explain the services rendered by a wholesaler?

Meaning:

A true whole saler is himself neither a manufacturer nor a retailer but acts as a link between the two.

Services rendered by a wholesaler:

a). Meeting the Requirements

- ♣ The retailer has to carry a stock of large variety of products to meet the demand of his customers.
- ♣ Due of lack of space, he cannot hold large quantities of each variety of products.
- ♣ The wholesaler removes this difficulty.

b). Passing of Specialised knowledge

- ♣ Wholesaler specialises in a particular line of products.
- ♣ He has expert knowledge of products. So he passes on this knowledge to the of products.

c). Marketing risk reduced

- ★ The retailers are relieved of the risks of fluctuation in prices, changes in demand, style, taste, etc.,
- ★ The risk of a retailer is reduced to the small stock held by him.

d). Introduction of new products

- ♣ Wholesalers bring to the knowledge of retailers the new type of products introduced in the markets.

e). Financial Assistance

- ❖ Wholesalers provide financial assistance to the retailers.
- ❖ The retailers can purchase goods from wholesaler on credit.

9. What are the features (or) advantages (or) disadvantages of Departmental stores? Explain.

Features:

i). Universal provider from one place

- ♣ Its acts as a universal supplier of a wide variety of Products.
- ♣ It tries to satisfy all the expected human-needs under one roof.

- ❁ The customer can buy all his requirements from a 'PIN' to a 'CAR' under one roof.

ii). Large Scale Operation

- ❁ It is a form of large-scale business. It is located in the centre of commercial areas. Mostly costly goods are sold here.

iii). Buying Comforts

- ❁ Departmental Store offers a great number of amenities and attractions.
- ❁ Restaurants, post and telegraph offices, parking, canteen, reading rooms and various forms of recreation etc., are provided to the customers.

iv). Departmental Integration

- ★ All the Departments are under one ownership and one unified control.
- ★ Each department operates as an individual unit

v). Self-Advertisement

- ❖ All the departments are advertised at one and the same time.
- ❖ When a customer moves in a departmental store, he passes through other various departments also.

Advantages

i) Large-scale buying

- ♣ A departmental store purchases in bulk directly from the manufacturers,
- ♣ It can get more discount on its purchase.
- ♣ The goods cost cheaper to the organisation.

ii) Shopping convenience to customers

- ♣ The customers need not go from shop to shop for buying their requirements.
- ♣ They can complete their purchase under one roof.
- ♣ A great variety of goods are available in a departmental store.
- ♣ Thus it saves their time and labour.

iii) Buying made pleasant

- ↔ Rest rooms, recreations, coffee bars, telephone booths etc. Provided.
- ↔ Courteous treatment satisfies the customers greatly.

iv) Self advertisements

- ↔ One department advertises the other. Customers, while passing through different departments, are attracted by the way things are displayed.

v) Centralised location

- ♣ Generally a departmental store is centrally located.
- ♣ As such it is easily accessible to people from all parts of the city.

vi) Advantages of large-scale operations

- ✓ It reaps all the benefits of large-scale operation.
- ✓ It can employ expert buyers who have a thorough knowledge of the market.

Disadvantages**i) Cost of operation**

- The provision of various services, heavy advertisement and the central location increases the cost of running the store.
- Therefore prices charged by them tend to be higher.

ii) Unsuitable location

- * Since a departmental store is situated away from residential localities, people hesitate to make a trip just for purchasing a few items required at short notice.

iii) Lack of personal touch

- ♠ Since the proprietors have no personal touch with their customers, they do not give personal attention to the customers.
- ♠ Therefore the people prefer to go to other small retail shops for buying.

iv) Required large amount of Capital for investment

- ♣ It requires a large amount of capital for investment and business ability of high order to start this business.
- ♣ Hence a businessman with the limited capital and ability hesitates to start a departmental store.

10. Explain the features, advantages and disadvantages of multiple shops.**Features**

- * Centralized management and control
- * Specialisation in one or few commodities
- * Standardised commodities
- * Centralized buying and decentralised selling
- * Sales on cash basis
- * Nature of advertisement
- * Movement of goods between branches

Advantages

- ★ Elimination of middlemen
- ★ Economies in bulk buying
- ★ Uniformity in price
- ★ Quick and large turnover

- ★ Low cost of advertising
- ★ Movement of stock
- ★ Shortage of stock
- ★ No bad debts

Disadvantages

- ♣ Dealing with a few products
- ♣ Individual attention is not possible
- ♣ No shopping comforts
- ♣ Ineffective supervision and control
- ♣ No credit sales permitted
- ♣ A large number of customer not possible

11. Differentiate between departmental stores and multiple shops.

S.No	Departmental store	Multiple shops
Definition		
1	It is organized by adding a number of departments in the same premises	It is established by setting up various branches in different localities
Location		
2	The shops is located at central places of cities.	The shops are located at customer residency.
Buying Comforts		
3	It makes buying pleasant by providing rest rooms, restaurants, and telephone booths.	It does not provide buying comforts
Bad debts		
4	Credit sales are also permitted. So bad debts are unavoidable	It sells goods for only cash. So bad debts are avoidable.
Capital		
5	Its requires large capital. They sell goods PIN to SHIP.	It requires less capital

12. What are the features, advantages and disadvantages of Mail Order Business? Explain.

Features

i) Contact with Customers

- ❖ There is no direct contact between the buyers and sellers in this business.
- ❖ They can be contacted only through post.

ii) Wide Publicity by Advertising

- ❖ Mail Order Houses give wide publicity through television, radio, newspapers, magazines etc.

iii) Preparation of Mailing list

- ❖ The first step in the operation of mail order business is the preparation of mailing list.
- ❖ It contains the names and addresses of persons who are likely to be interested in their products.

iv) Getting orders and delivering goods

- ❖ When the orders are received through mail, goods are properly packed and sent by Registered Parcel Post.
- ❖ Generally the goods are sent through V.P.P. (Value Payable Post).

v) Suitability of goods for Mail Order Business:

- ❖ All types of goods are not suitable for mail order business.
- ❖ Standardised and branded goods are highly suitable.
- ❖ Usually watches, fountain pens, books, medicines etc. are dealt in.

Advantages of Mail Order Business

From the customer's point of view

- ↔ The customer gets his requirements at his own place and thus saves the time and expense of shopping.

From the seller's point of view

- ↔ The business premises need not be decorated and no need sales assistants.
- ↔ Business can be started even with a small amount of capital.

Disadvantages:

- ♣ It may involve a top-heavy expenditure on advertising and publicity.
- ♣ Illiterate consumers cannot be approached through post.
- ♣ Credit facilities are not available to the customers.
- ♣ There is a considerable scope for fraudulent dealing under this type of business.
- ♣ The urgent requirements, this business may not prove suitable.

13. Explain import trade procedure.

i). Trade enquiry:

- An enquiry is a written request from the intending buyer or his agent for getting information's about the Price of the products, its quality, design, size and the terms of payments and conditions of delivery.
- This can also be called as quotations.

ii). Obtain import license and quota:

- The person interested should get license for importing goods from the licensing authority.

iii). Obtaining foreign exchange:

- After obtaining the license, the importer has to make arrangements for getting the necessary amount of foreign currency.
- In India the Reserve Bank of India is authorized to regulate.

iv). Placing the indent or order:

- An indent is an order placed by an importer with an exporter for the supply of certain goods. It contains full details regarding the goods.

v). Arranging letter of credit:

- It is an undertaking by the importer's bank that the bills of exchange drawn by the foreign exporter on the importer will be honoured on presentation.

vi). Obtaining shipping documents:

- The shipping document consists of the bill of lading, insurance policy, certificate of origin, consular invoice etc.

vii). Clearing the goods:

- After taking the possession of the documents of title to goods, the importer awaits for the arrival of the ship.

(or)

Import trade procedure: (only study for poor students)

- ◆ Receiving enquires
- ◆ Receipt of order or indent
- ◆ Obtaining letter of credit
- ◆ Obtaining export license or quota
- ◆ Compliance of foreign exchange regulation
- ◆ Obtaining shipping order
- ◆ Packing, marketing and forwarding
- ◆ Preparation of invoice and consular invoice

14. What do you mean by WTO? Explain the functions and benefits?

The world trade organization is the only global international organization dealing with the rules of trade between the nations.

- ♣ The goal is to help producers of goods and services, exporters, and importers in the conduct of international trade.
- ♣ The World Trade Organization (WTO) was established in 1995.
- ♣ In 1999, there were 135 member countries in the WTO.

Functions:

- ↔ It facilitates the operations, implementations and administration of the objectives of Trade agreements.
- ↔ It provides negotiation facilities among member countries for smooth world trades.
- ↔ It helps for the settlement of disputes between the member countries.
- ↔ It co-operates with International Monetary Fund and the World Bank to get greater coherence in global economic policy making.

Merits:

- ★ The system helps to promote peace.
- ★ Rules make life easier for all.
- ★ Free trade cuts the costs of living.
- ★ It provides more choice of products and qualities.
- ★ Trade raises incomes.
- ★ The basic principles make life more efficient.

15. Define containerisation and bring out its types.

MEANING

'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.
- ◆ Today there is tremendous change; goods are now packed in huge containers (20ft, 40ft).
- ◆ These containers are loaded on to lorries and carried.
- ◆ When they are to be transported by rail, the containers are loaded direct on to special railway chassis.
- ◆ If they are to be sent by sea, they are put directly in the containership.

- ◆ The container ships are specially constructed to transport cargo in containers.
- ◆ Likewise, the containers are carried and delivered by giant aircraft.

Importance of Containerisation

- ✿ The operations of loading, unloading and transfer from lorries to trains or ships are done by machines.
- ✿ Thus mechanization and automation have come to play a big role in the field of transport. be pumped in to the tanks of the ships.
- ✿ In India also we have started using this method for handling the products of the oil refineries even when they are waiting in the far sea., i.e., Bombay High.
- ✿ Other commodities like chemicals and milk are being pumped through pipelines on a small scale also, for transporting natural gas also this system is being widely used now.

16. What is motor transport and bring out its types?

Meaning:

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

Types:

↔ **Motor trucks**

↔ **Buses came**

- ✿ It is used by the people of various countries were of course, traditional and backward in nature, like pack animals, bullock carts etc.
- ✿ The credit of revolutionising the road transport and introducing the elements of speed and greater carrying, capacity into the system, goes to motor lorries and buses.
- ✿ Since the development of petrol engine and subsequently diesel engine, they have been offering a serious competition to the railways. They are also responsible for disappearance of tramways.

Advantages of motor transport

- ★ Roads are said to be the arteries of commerce.
- ★ All traffic begins and ends with the road.
- ★ Roads connect the interior parts of a country with railway stations and markets.

- ★ They help in the exploitation of villages that are the rich sources of raw materials and valuable markets for finished products.
- ★ Motor transport, as the dominant form of road transport, offers many advantages.

17. Explain different forms of Transport like Land, water and Air.

LAND TRANSPORT

i). Pack Animals

- Pack animals like horse, mule, donkey, elephant, and camel etc. are used for carrying small loads.
- Camels are used in deserts and Elephants are used in forest

ii). Bullock carts

- ♣ Bullock carts constitute the predominant form of rural road transport in India for goods traffic and to some extent for passengers' traffic.

iii). Motor trucks and cars

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

iv). Tramways

- ♥ Tramways made their appearance in the 19th century as a form of transport suitable for big cities.

v). Railway Transport

- ↔ Railways, as a mode of transport, is the most organised transport undertaking all over the world.
- ↔ Railway is one of the biggest public utilities of a country.

WATER TRANSPORT

- ♣ Water is a free gift of nature.
- ♣ Water transport there are two types
 - **Inland waterways**
 - **Ocean water ways**

AIR TRANSPORT

- ♠ Air transport is the fastest and the costliest mode of transport.
- ♠ The air transport offers the most convenient form of transport.
- ♠ It is the most comfortable means of travel.

18. Explain the various kinds of warehouses.

1. Private Warehouse:

- ✓ These are owned by private persons to store their own products.
- ✓ Large scale manufacturers, wholesalers, and bid stockist have their own warehouses at different distributing centres in order to maintain.

2. Co-operative warehouse:

- These are organized to provide warehousing facilities to members and others.
- Co-operative warehouses are formed by such person who would like to become its members.

3. Special commodity warehouse:

- * These warehouses are specially constructed for the storage of a particular commodity such as tobacco, cotton, wool etc.,.

4. Cold storages:

- Some of the products are to be stored in cold storages, which uses the technique of refrigeration to extend the period of marketing.
- For example: Perishables such as fruits, vegetables, fish, meat and eggs etc., are stored for future consumption.

5. Grain elevators:

- ⊖ It is a novel method of storing goods which is popular in USA and UK.
- ⊖ Grain in bulk quantities can be stored in grain elevators.

19. Write a brief note on warehousing in India.

- ❁ India is an agrarian country but the importance of warehousing was not felt till 1950.
- ❁ The Pause Committee has estimated that post harvest losses are more than 10% of the food grains produced due to poor warehousing facilities.
- ❁ On the recommendation of the All India Rural Credit Survey Committee, The Agricultural Produce Corporations Act enacted in 1956 authorized the government to set up National Co-operative Development and Warehousing Board to develop agricultural Co-operatives and warehousing.
- ❁ The Central warehousing Corporation was established in 1957. This Act also permitted the establishment of State Warehousing Corporations. They are:
 - ◆ **Food Corporation of India (FCI)**
 - ◆ **Central Warehousing Corporations (CWC)**
 - ◆ **State Warehousing Corporations (SWC)**

20. Explain the various types of banks.

A. On the Basis of Functions

- ✱ Commercial Banks
- ✱ Industrial Banks
- ✱ Regional Rural Banks
- ✱ Exchange Banks
- ✱ Central Bank

B. On the Basis of Ownership

- ◆ Public Sector Banks
- ◆ Private Sector Banks
- ◆ Co - operative Banks

C. On the Basis of Schedules of RBI.

- ✱ Scheduled Bank
- ✱ Non - Scheduled Bank

D. Commercial bank:

- ➔ Banks, which help for the development of trade and commerce, are called Commercial Banks.
- ➔ The commercial banks may be owned by government or owned by private sector.
- ➔ For eg: Canara Bank, Punjab National Bank, Lakshmi Vilas Bank, Karur Visya Bank etc., are called as commercial banks.

21. Explain the functions of commercial banks.

a). PRIMARY FUNCTIONS:

Primary functions are also called as banking functions. The primary functions of a bank are two types. They are:

1. Accepting Deposits:

Banks accept deposit from the public. These deposits carry interest. It also provides safety for their money. Bank accepts various types of deposits. There are four types of Deposits:

- | | |
|----------------------------------|----------------------------------|
| a) Fixed or Time Deposit Account | b) Savings Bank Deposits Account |
| c) Current Deposits Account | d) Recurring deposits Accounts |

2. Making loans and advances:

↔ Banks grant loans and advances to the needed persons.

↔ Interest is charged on these loans.

↔ It promotes the economic development of the country by giving assistance to industry and trade. The forms of loans and advances are:

- a) Loans b) Cash Credits c) Overdrafts
d) Purchasing and Discounting of Bills

b). SECONDARY FUNCTIONS:

The secondary functions can be classified into two types namely agency function and utility function.

1. Agency functions: The following are the agency functions of the bank:

- a) Collection of cheque, bill, and interest
b) Executing standing instructions
c) Purchase and sale of securities
d) Transfer of funds

2. Utility Functions or services:

The following functions are considered as general utility functions:

- | | |
|--|-----------------------------------|
| a) Safe custody of valuables | b) Safety locker facility |
| c) Accepting bills | d) Underwriting of Capital issues |
| e) Providing information's about customers and trade | |
| f) Helps in foreign trade | g) Issues Travellers cheque |
| h) Issues Gift Cheques | i) Issues Stock Invest |
| j). Provide credit card services | k). Provide ATM service |

22. Explain the functions of Reserve bank of India.

Functions of RBI:

1. Issue of currency note:

- ◆ RBI is the sole authority for the issue of currency notes in India except one rupee coin, one rupee note and subsidiary coins.
- ◆ These notes are printed and issued by the issue department.

2. Banker to the Government:

RBI acts as the banker and agent of the government. It gives the following services:

- It receives and makes payments on behalf of the government.
- It buys and sells government securities in the market.

3. Bankers' Bank:

- ❖ As per the Banking Regulation Act 1949, every bank has to keep certain minimum cash balance with RBI.

4. Controller of Credit:

- ♣ RBI controls money supply and credit to maintain price stability in the country.
- ♣ It controls credit by using the following methods:

Credit control Methods

I. Quantitative Credit Control Methods

- Bank Rate
- Open Market Operations
- Variable Statutory reserve Ratio

II. Qualitative Control Methods

- Fixation of Margins
- Regulation of consumer credit
- Direct action
- Rationing of credit
- Moral Suasion

23. Explain the different types of crossings. Give their significance.

A crossed cheque is one on which two parallel transverse parallel lines with or without the word “& Co”, “Not negotiable” etc are drawn. Crossing may be classified into two types namely:

i. General crossing

ii. Special crossing

1) General Crossing:

- Where a cheque bears across its face an addition of the words, “and company” or any abbreviation thereof, between two parallel transverse parallel lines, either with or without “Not negotiable” that addition shall be deemed to be crossed generally.
- The various forms of general crossing are shown below:

Significance

- ❖ When a cheque is crossed generally the banker should not pay the amount across the counter. The paying banker is directed to make payment through a banker.
- ❖ The receiver of the amount of the cheque can be easily traced in case the cheque is lost or stolen, and collected. Thus the crossing assures safety.

2. Special crossing:

- When the name of the banker is written on the face of the cheque it is called special crossing.

- “Where a cheque bears across its face an addition of the name of a banker with or without the words, not negotiable that addition shall be deemed to be crossed specially and to be crossed to that banker” It should be noted that in special crossing two transverse parallel lines are not necessary.

Significance of special crossing:

- ◆ In this case the paying banker should pay the amount only to the banker whose name is stated on the face of the cheque or to its agent for collection.
- ◆ This method of crossing is safe.
- ◆ Suppose a person issues a cheque on the state bank of India, Salem in favour of Thangarasu for Rs.5, 000 with the name of the ICICI bank ltd. written on it. It means that the paying banker (the State Bank Of India, Salem) must pay the amount to the ICICI Bank Ltd., or to its agent.

24. Explain the different types of Endorsement.

1. Endorsement in blank:

- ◆ If the endorser signs his name only without mentioning the name of the person to whom the negotiable instrument is transferred, the endorsement is called endorsement in blank In this case the endorser signs his name only.
- ◆ He does not state the name of the endorsee. So the amount stated in the instrument is payable to the bearer.

2. Endorsement in full or special endorsement:

- ♣ If the endorser directs that the amount stated in the instrument is to be paid to certain person or to his order, and then the endorsement is called the endorsement in full.
- ♣ It is also called as special endorsement. For example : “Pay to L.Rajan or order”

3. Restrictive endorsement:

- ⇒ If the endorser restricts further transfer of the bill, the endorsement is called restrictive endorsement.
- ⇒ For example : “Pay to L.Rajan only”

4. Conditional endorsement:

- ♣ If the endorser imposes a condition for the transfer of the right to receive money on the instrument, it is called conditional endorsement.
- ♣ In this case the endorsee secures the right to receive the amount on the fulfilment of the conditions stated in the instrument.

♣ For example : “Pay to L.Rajan if he returns from US within two months”.

5. 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 recours are written after the endorsement. The endorsement is as follows: For example “Pay to L.Rajan” Sans recourse.

6. Facultative endorsement:

- ♣ If the endorser waives the right of receiving the notice of dishonour, the endorsement is called “Facultative endorsement” The endorsement is as follows:
- ♣ For example “Pay to L.Rajan, notice of dishonour waived”.

25. Give the circumstances under which the banker can refuse payment for the cheque issued by his customer:

1. Countermanding of payment by drawer:

- ✓ The customer may ask his banker not to pay a particular cheque issued by him.
- ✓ This is called as countermanding or stopping the payment.

2. Insanity of the customer:

- ✓ When a banker receives notice of insanity of his customer or comes to know of it, the banker should not pay the cheques drawn by the insane customer.

3. Insufficient fund:

- ✓ If sufficient money is not available in the account of the customer the banker should not honour the cheques.

4. Post dated cheque:

- ✓ If a cheque contains a future date, the banker should not honour the cheque.

5. Form of the cheque:

- ✓ If a cheque is not properly drawn, the banker should not honour the cheques.

26. Write an essay on privatization of insurance, its need and advantages.

Privatization of Insurance

- ♣ Public enterprises in any country cannot perform all the economic and business activities efficiently.

- ♣ Even in a socialist country, public enterprises in all the fields cannot discharge their full responsibilities.
- ♣ Complete nationalisation will lead to serfdom and anarchism.
- ♣ If any public enterprise is found sick or weak it may be replaced by private enterprise with efficiency and productivity.
- ♣ Liberalisation of the Insurance sector commenced with the setting up of the
- ♣ Insurance Reforms Committee by the Government of India in 1993.

Need for privatization

- ◆ 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.
- ◆ But many problems are inherent due to the basic principles of the public enterprises. They lack flexibility effectiveness and efficiency of private enterprises.
- ◆ The functioning of Government companies has been better than those of other forms of public enterprises but they could not override the private enterprises.
- ◆ The Government is having a nationalised insurance institution which serves both the governance and social welfare of the people.

Benefits of privatization of Insurance

1. Creation of jobs

- ❖ New insurance companies are expected to help in expanding the employment resulting in more employment opportunities.
- ❖ Greater the market expands, higher the opportunity for new employment.

2. New and Innovative business

- ♣ Privatization leads to the development of new and innovative products in the field of Life & General insurance.
- ♣ Entry of foreign players with their professional approach and innovative temperament will accelerate the trend of introducing tailor-made, need based business.

3. Greater management skill

- ✱ Entry of global insurance giants with much more risk management skills and greater risk absorbing capacity will ensure introduction of products having deeper and wider insurance converge.

- ✱ New entrants will like to focus on their new area and thus opting to offer products with new coverage.

4. Greater operation of freedom

- ★ Investment managers in private sector enjoy greater operational freedom than their counterparts in the public sector and consequently the private companies can expect to obtain a better yield on investments than Life insurance & General Insurance Corporations.

5. Consumer needs and service

- ◆ This impetus of liberalisation will see the industry transforming approach towards its consumer.
- ◆ Unfortunately in recent past there has been much lip talks on this than any actual improvement coming up from public sector insurers.

27. Explain the principles of insurance?

1. 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.

2. Utmost good faith

- ♣ A contract of insurance is a contract of utmost good faith. The principle of disclosure of all material facts should be followed.
- ♣ In a contract of insurance, the proposer is bound to make full disclosure of all facts.

3. Indemnity

- ◆ 'To indemnify' means 'to make good the actual loss suffered'.
- ◆ The principle of indemnity is applicable to property insurance alone.
- ◆ Insurance contract are contracts of indemnity.

4. Proximate cause

- Proximate means nearest.
- It is only the nearest reason and not the remote reason is the factor to be taken into account.
- The insurer is liable only if the nearest cause comes within the meaning of risk insured.

5. Contribution

- Where a property is over insured by double insurance, each insurer is bound as between himself and other insurers, to contribute rateable to the loss, in proportion to the amount for which he is liable under his contract with the insured.

28. Bring out the advantages and disadvantages of advertising.

1. Benefits to Manufacturers

- Advertising increases sales volume of the product.
- Mass production leads to reduction in the cost of production and thus increases profits.
- Retail price maintenance is possible.

2. Benefits to Wholesalers and Retailers

- Advertisement informs consumers about the quality of the product.
- It helps quick sale of the product and increases the turnover.
- It supplements the selling activities.
- It ensures more economical selling.

3. Benefits to Consumers

- Advertising gives information about the price and quality of a commodity.
- It helps them to know where and when the products are available.
- It reduces their shopping time.
- Modern advertisements are highly informative.

4. Benefits to Salesmen

- Advertising creates a background for a product among the consumers.
- It makes the salesmen job easier.
- Advertising not only reduces the salesman's job but also creates enthusiasm and confidence in him.

5. Benefits to Society

- Advertising leads to large-scale production creating more employment opportunities to various people.
- It helps to uplift the standard of living of the people.
- It gives more income to press.

Demerits of Advertising

1. Economic Objections

- Υ Advertising is not productive.

- Υ It is said to involve wasteful expenditure.
- Υ It increases the cost of goods.
- Υ Advertising charges are included in the price, which the consumer has to pay.

2. Social Objections

- Υ Most of the advertisements contain tall claims and the consumers do not enjoy the benefits advertisement in full.
- Υ They are short- lived only.

3. Ethical Objections

- Υ Advertising appeals make people to use such articles, which may affect their health.
- Υ People with less purchasing power cannot afford to buy articles even though advertisements create a strong need in them.
- Υ Thus a section of society remains discontented.

29. Explain the various kinds of Outdoor Advertising with merits and demerits of it.

Kinds of Advertising:

a) Poster

- ⇒ It is a common form of advertising.
- ⇒ A poster is a sheet of paper carrying advertising message.
- ⇒ The posters are made in attractive colors. They are printed in brief.

b) Vehicular Advertising

- ⇒ Advertisement is made inside and outside the buses or trains.
- ⇒ This moving advertising is called as vehicular advertising.

c) Painted Display

- ⇒ It is an artistic work visible from a distant place.
- ⇒ It attracts the passersby and conveys the message effectively.

d) Electric Display

- ⇒ This medium of advertising is attractive and popular in big cities.
- ⇒ Beautiful neon signs are used with the help of engineers and electricity.

e) Sky Advertising

- ⇒ Big kites and balloons are floated in the air and advertising message is written on them.
- ⇒ This type of advertisement can be seen from a long distance.
- ⇒

f) Hand Bills

- It is a common way of advertising employed by small-scale businessmen.
- Handbills are the cheaper means of advertising.

Merits of Outdoor Advertising

- ◆ Outdoor advertising is capable of gaining more attention.
- ◆ It offers great selectivity.
- ◆ Flexibility is present.
- ◆ Coverage is greater.
- ◆ Low cost.

Demerits

- ✿ It has to be brief. Therefore, detailed explanation is not possible.
- ✿ Low prestige value regarding Hand Bills.
- ✿ The exact effect created on prospects is difficult to measure.
- ✿ It could be used only as a supplementary to the other kinds of advertising.

30. Describe about WEB Advertising.

Meaning:

- ★ The first web advertisement was placed on the October 1994 Edition of the Hotwired Website.
- ★ Web advertisement requires the participation of the Internet users.
- ★ Advertising on the Web is usually non-intrusive.
- ★ The advertisement consists of a one liner.
- ★ There are two very good reasons for embracing the inevitability of the growing amount of commercial advertising on the Web.

↔ **Advertising conveys much needed information.**

↔ **Advertising generates significant revenue.**

Advantages of Web Advertising

- ✿ Advertisements can reach a very large number of buyers.
- ✿ Web advertisements are accessed on demand for all the 24 hours a day, 365 days a year.
- ✿ Multimedia will create more attractive advertisements.
- ✿ They can efficiently use the convergence of text, audio, graphics and animation.
- ✿ They can introduce new products.
- ✿ They can generate an awareness of the branded products.

Disadvantages

- ♣ There is no clear standard or language of measurement.
- ♣ Audience is only net sufferers, who are still lesser.
- ♣ Cost is high in many circumstances.

31. Describe about various Media of Advertising.**I. 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.

- ♣ **Press Media** a) Newspapers. b) Magazines.
- ♣ **Radio Advertising.**
- ♣ **Television Advertising.**
- ♣ **Film Advertising.**

II. Outdoor Advertising

Advertising media that delivers the message when people step out of their homes are known as outdoor advertising media.

- | | |
|--------------------------|------------------------------|
| ♣ Poster | Vehicular advertising |
| ♣ Painted display | Electric display |
| ♣ Sky advertising | Hand bills |

III. Direct Advertising or Direct Mail

This method is direct in its approach and hence often referred to as 'direct advertising' Here printed materials are used to spread information.

A close touch with the customers is made possible through direct mail advertising.

- | | |
|---------------------|--|
| Sales Letter | Circulars. |
| Folders | Booklets, Gifts, Catalogues, etc. |

IV. Promotional Advertising

- ♣ It is another powerful medium of advertising.
- ♣ This is a direct method because the manufacturer either undertakes the advertising process directly or through the dealer.
- ♣ There are various forms commonly known as 'Store Display'.

V. Web Advertising:

- ★ The first web advertisement was placed on the October 1994 Edition of the Hotwired Website.
- ★ Web advertisement requires the participation of the Internet users.

- ★ Advertising on the Web is usually non-intrusive.
- ★ The advertisement consists of a one liner.

32. Explain the rights and responsibilities of consumers.

Rights of consumers

- ✿ Right to be informed about the product quality, quantity, purity, standard and price of goods.
- ✿ Right of protection against marketing of goods which are hazardous to life and property.
- ✿ Right of access to variety of goods at competitive prices.
- ✿ Right of consumer education regarding usage, handling etc., of the products.
- ✿ Right to have protection from unfair and deceptive trade practices.

Responsibilities of the consumer are as follows:-

- ✿ The consumer must pay the price of the goods according to the terms of the contract.
- ✿ The consumer has got a duty to apply to the seller for the delivery of the goods.
- ✿ He has to take delivery of the goods in time.
- ✿ The consumer is bound to pay any interest and special damages to the seller in case he had delayed the payment to the seller.
- ✿ The consumer must ask for and collect the invoice, money receipt, delivery note and guarantee card.

33. Explain the structure of Consumer Protection Councils and Forums.

A) At National Commission

- ⇒ A National Consumer Disputes Redressal Commission has also been established under the Act.
- ⇒ This is quasi-judicial machinery.
- ⇒ Out of members one should be a woman.

B) State Commission

- ◆ At the state level, there is a state consumer disputes Redressal Commission established by the State government under the act.

C) District forum

- ★ At the district level, each state establishes a Consumer Dispute Redressal Forum known as the district forum.
- ★ The district forum should consist of a president and two members.

- ★ One of the members shall be a lady social worker.

34. Explain the procedures to be followed before lodging a complaint to the District Forum/State Commission.

- ♣ The consumer has to collect and keep ready all the evidences needed.
- ♣ Mere allegation is not a proof.
- ♣ Some documentary evidence or witness is needed.
- ♣ The written complaint with sufficient number of copies containing the details referred to should be kept ready.
- ♣ In many cases, the problems are followed even before filing the suit.
- ♣ Receiving notice from the district forum and attending the hearing.
- ♣ Reply to the counter should be submitted, if necessary.

35. Explain the role of Voluntary Organisation in consumer movement.

1. Consumer Guidance

- ♠ They build up consumer awareness through periodical exhibitions meetings, demonstrations, and through television, radio and such other mass media.

2. Consumer Education:

- ♠ They bring out journals to educate consumers. Trained social workers educate the lower income groups through various programmes.
- ♠ The tricks and sharp practice of unscrupulous traders are exposed. Consumers buying power, credit and satisfaction are improved.

3. Consumer Representation

- ♠ These voluntary societies represent consumers in advisory bodies such as the central council, state council and lobby in parliament and assemblies on behalf of the consumers.

4. Consumer Protection

- ♠ These voluntary bodies act as the listening board for consumer grievances. They follow the complaints against shopkeepers, leaders and manufacturers.
- ♠ They file public interest litigations in consumer and regular courts.

5. Consumer Resistance

- ♠ A strong consumer resistance movement is also being built up on the lines of Swadeshi movement.

- ♠ Goods, which are to be boycotted on some ground.
- ♠ These voluntary bodies have achieved spectacular results

36. Explain the salient features of the Consumer Protection Act 1986.

- ❁ The object of the acts is to provide for the better protection of the interest of consumers to make provision for the establishment of consumer councils.
- ❁ The consumer protection act is of great importance. It is the latest to be adopted
- ❁ It is applicable to public sector, financial, and co-operative enterprises.
- ❁ Recently even medical services have been brought under its scope.
- ❁ Its provisions are in addition to the provisions of the other earlier act passed in the country.
- ❁ The act shall apply to all goods and services.



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