

MUTHARIYAR HIGHER SECONDARY SCHOOL, PUDUCHERRY
+2 COMMERCE

IMPORTANT 5 MARKS QUESTIONS

1. Define Organization.

Louis A. Allen has defined organisation as “the process of identifying and grouping the work to be performed, defining and delegating responsibility and authority and establishing relationship for the purpose of enabling people to work most effectively together in accomplishing objectives”.

2. Who is KARTA?

The head of the Joint Hindu family is known as “**KARTA**”. The members are called coparceners. India is unique in the system of Joint Hindu Families. A Joint Hindu Family Comprises of Father, Mother, Sons, Daughters, Grandsons and Grand Daughters.

3. What is scalar principle?

Line of authority must proceed from the highest executive to the worker at the bottom level through a downward flow. This is known as “**chain of command**”. The superior has a direct authority over his immediate subordinate. He is responsible for efficient performance of the work entrusted.

4. Give examples of multinational company?

1. Unilever limited - It is a British company
2. Union caribide - It is an American Company
3. Philips - It is a Dutch Company
4. Coco Cola - It is an American Company
5. International Business Machine (IBM) - It is an American Company

5. State the meaning of Board Organisation?

Organisation management is carried on by a government nominated independent Board. It has its own rules and regulations. **Eg** : Tamil Nadu Electricity Board, Tamil Nadu Housing Board, Water and Drainage Board.

6. What is co-ordination?

The various activities of undertaking should be co-ordinated to secure the desired results. The purchase department and sales department activities must be well co-ordinated to increase profit.

7. Define sole Trader?

According to **P.K. Ghosh** and **Y.K. Bhushan**, “The Sole Proprietorship is a form of organization in which an individual introduces his own capital, uses his own skill and intelligence and its entirely responsible for the results of its operations”.

8. What is sole Proprietorship Business?

Sole proprietorship is a form of organization in which individual invests the capital, use his own skill and is solely responsible for the result of his business. He may borrow money and employ assistants. But, he alone owns and controls the business and bears its profits and Loss.

9. Define Partnership?

According to the **sec 4 of Indian Partnership Act of 1932** “The relation between persons who have agree to share the profits of a business carried on by all or any of them acting for all”.

10. What is limited partnership?

- (i) A Partnership in which the liability of the partner is limited is called Limited Partnership.
- (ii) A Limited Partnership firm must have at least one partner whose liability is unlimited.

(iii) The law does not permit the formation of a limited partnership in India.

11. What is a joint and several liabilities?

The Liability of partners is Joint and several. The creditors can claim their dues from the private assets of all the partners taken together or they can take action against the Private Properties of any one of the partners to get back their dues.

12. Who is Dormant Partner?

The partners who merely contribute capital and do not take active interest in the conduct of the business of the firm are called sleeping or dormant or financing partners.

13. Who is Nominal or Ostensible Partner?

He is a partners who neither contribute capital nor takes any part in the management of the firm. He lends his name to be used a partner in the business to increase the reputation of the firm.

14. What is Partnership Deed?

- A Partnership firm can be formed through an agreement among two or more persons.
- In India this agreement may be oral or in writing. But it is desirable to have it in writing to avoid any misunderstanding among the partners in future.
- All the terms and conditions of partnership are included in the agreement.

15. who is a Minor Partner? Can a Minor become a Partner?

- A minor is a person who has not completed 18 years of age, Where a guardian is appointed by a court, his age of majority extends to 21 years.
- Legally, a minor cannot become a partner because he is incapable of entering into a contract, however he may admitted to the benefits of partnership.

16. What is a guarantee Company?

- In a company limited by guarantee the liability of a shareholder is limited to the amount he has voluntarily undertaken to contribute to meet any deficiency at the time of its winding up.\
- Such a company may or may not have a share capital.

17. What is debenture?

Debenture refers to a document issued by a company acknowledging a debt due by it to its holders. It also provides for payment of interest at a fixed rate at stated intervals. It also contain an undertaking to repay the debt or at its options.

18. What is limited liability?

- The liability of the member of a company is generally limited of value of shares.
- When once the full value of the shares is paid up, there is no more liability for the shareholders.

19. What is share premium?

- A company can issue share more than the face value of the shares is called share premium.
- In other words, the difference between the issue price and the face value constitutes share premium
- When a share of the face value of Rs.10 is issued at Rs.12, share premium amount is Rs.2

20. What is a statutory meeting?

- The **first meeting** of the share holders of a public limited company which is mandatory as per the companies Act is known as Statutory meeting.
- This is held **only once in the life time** of the company.
- The company must compulsorily hold this meeting within **6 months and not earlier than one month** from the date of commencement of business.

21. What is Statutory report?

- Details of shares issued

- Total amount of cash received
- An abstract of receipts and payments
- An account or an estimate of the preliminary expenses

22. What do you mean by quorum?

- The **minimum number of members** required to be personally present at a meeting for validly transacting any business.
- Usually quorum is fixed by the Articles.
- **Two** in private company and **five** in public company personally must present.

23. What is an agenda?

- Agenda means the **list of business** to be **transacted at the meeting**.
- It is generally prepared by the secretary in consultation with the chairman.

24. What is proxy?

- The term '**proxy**' may refer to a person who is authorized by a member for the purpose of attending a meeting.
- It also means the instrument by which the proxy is authorized.

25. What is "Minutes"?

- The term minutes refers to **accurate official record** of decisions taken at various company meetings.
- Minutes should be brief and factual.

26. Who is an alternate director?

If empowered by **Articles**, the Board may appoint an alternate director during his absence for a period of not less than 3 months from the date in which meetings of the Board are ordinarily held.

27. What is an alternate director?

- ❖ The main principle of co-operative organisation is the **Mutual help**.
- ❖ Every member of the society is expected to help himself and also help every other members.

28. What is Special Resolution?

- Special resolution is one which is **required for transacting any special business**.
- It has to be passed by a **three-fourths majority**.
- In other words, the votes cast in favour of the resolution must exceed three times the votes cast against it.

29. What is a security?

A security means a **certificate** or **document** indicating either ownership interest (share) or creditorship interest (debenture).

30. Define a stock exchange?

According to **Hastings** "stock exchange or securities market comprises all the places where buyers and sellers of stock and bonds or their representatives, undertake transactions involving the sale of securities".

31. What is listing?

- The inclusion of the name of a company in the **official trade list of a stock exchange** is called "listing".
- Listing is now made compulsory for all public companies.

32. What is BOLT?

BOLT is the online trading system in use at the stock exchange, Mumbai since March 1995. It is one of the few stock systems in the world handling mixed models of trading, both order - driven and quote - driven.

33. Who is a speculator?

- The speculators buy securities with a hope to sell them at a profit, in future.
- They do not retain their holding for longer period.
- They are not genuine investors.
- They buy the securities with the object of selling them and not to retain them.

34. Who is Investor?

- The Investors buy the securities with a view to invest their savings in profitable income earning securities.
- They generally retain the securities for a considerable length of time for constant income.
- They are also called genuine investors.

35. What is underwriting?

- Large issues are made through '**underwriting**'
- Under this method the underwriters give a guarantee to the companies making new issues.
- They guarantee the shares offered to the public, which will be fully subscribed, if not the balances of share will be taken over by underwriters.

36. What is Prospector?

- The prospectus is any document described or issued as prospectus and includes any **notice, circular, advertisement or other document inviting deposits from the public.**
- Inviting offers from the public for the subscription or purchase of shares or debentures of a company.

37. Who is jobbers?

- Jobbers are security merchants dealings in **shares, debentures, as independent operators.**
- They buy and sell securities on their own behalf and try to earn through price changes.
- They cannot deal on behalf of public and are barred from taking commission.
- In India, they are called **Taravaniwalas.**

38. Who is Broker?

- Brokers are **commission agents**, who act as intermediaries between buyers and sellers of securities.
- They do not purchase or sell securities on their behalf.
- They bring together the buyer and sellers and help them in making a deal and charge commission from both parties.

39. What is SEBI?

- ❖ SEBI was set up as an administrative body in **April 1988.**
- ❖ It was given statutory status on 30.01.1992 by promulgation of SEBI ordinance.
- ❖ The ordinance is considered to be an Act of Parliament.

40. What is OTCEI?

- ❖ OTCEI (Over the Counter Exchange) was set up to address the **problems of both Investors and small and Medium sized companies whose shares could not be listed on any stock exchange.**

- ❖ OTCEI was promoted by premier financial institutions such as UTI, ICICI, IDBI etc.
- ❖ It is a recognized stock exchange under sec. 4 of Security Contract (Regulation) Act.

41. Define Co-operation?

The Indian Co-operative societies Act, 1912 defines “A society which as its objectives for promotion of the interests of its members in accordance with the principle of co-operation”.

42. What is meant by ‘one man one vote’?

- (i) Co-operative societies are managed on democratic lines.
- (ii) Every member has only one vote irrespective of the members of shares held by him.
- (iii) This principle is **‘One Man One Vote’**.

43. Who are Rochdale pioneers?

- (i) Robert Owen started the first co-operative movement in the year 1844 with 28 members called as ‘Rochdale society of equitable pioneers’.
- (ii) The father of this movement was Robert Owen.

44. What is patronage Dividend?

The profit of co-operative societies is distributed to the members in proportion of purchases made by them and not on shares held by them. The payment of dividend on shares to members will be at the rate of 14% per annum on the paid up value of shares.

45. Give four examples of co-operative super market?

- ❖ Chennai - Kamadhenu Super Market
- ❖ Coimbatore - Chinthamani Super Market
- ❖ Vellore - Karpagam Super Market
- ❖ Salem - Ponni Co-operative Super Market

46. Define State enterprises?

A.H. Hansen says “Public enterprises means state ownership and operation of industrial, agricultural, financial and commercial undertaking”.

47. How can we establish State enterprises?

- ❖ By starting a new unit.
- ❖ By taking over an existing industrial or commercial unit owned by private persons.

48. What is nationalization?

Takeover of privately owned corporations, industries, and resources by a government with or without compensation is called nationalization.

Common reasons for nationalization include

- (1) prevention of unfair exploitation and large - scale labor layoffs,
- (2) fair distribution of income from national resources, and
- (3) to keep means of generating wealth in public control.

49. Give four examples of Departmental undertaking.

- (i) Railways (ii) Defence (iii) Atomic power (iv) Post and telegraph.

50. What is Government Company?

Any company in which not less than 51% of the paid up share capital is held by the central or state government is known as Government Company.

51. Give four examples of Government companies?

(i) BHEL (ii) SAIL (iii) Coal Mines (iv) State Transport Corporation Ltd.,

52. Explain the management of public corporation?

Public corporation is managed by board of directors. Board is nominated by the government on the bases of their experience and skill.

53. What is unlimited liability?

The liability of the proprietor for the debts of the business is unlimited. The creditors have the right to recover their case the business assets are not sufficient to pay their dues.

PREPARED BY

T. VIMALRAJ, M.Com, MBA, B.Ed.,

Lecturer in Commerce,

MUTHARAIYAR HR. SEC. SCHOOL,

PUDUCHERRY – 605 009.

PH.: 9585593108 / 9042100022

T. VIMALRAJ

COMMERCE IMPORTANT QUESTIONS

ESSAY

1. Explain briefly the principles of organisation.
2. "One man control is the best in the world provided that one man is big enough to take care of everything" Discuss
3. Explain the main characteristics of sole trading form of organisation.
4. Compare and contrast a partnership with a sole proprietorship.
5. Explain the rights and duties of partners
6. What is prospectus? State its contents.
7. Explain the different types of shares.
8. Explain the different types of debentures.
9. Distinguish between shares and debentures
10. Briefly explain the functions and duties of directors.
11. Discuss the functions and duties of company secretary.
12. Write explanatory notes on a) Annual General Meeting b) Board Meeting
13. Write explanatory notes on a) Proxy b) Quorum c) Minutes
14. Define Stock Exchange. Explain its characteristics and functions.
15. Explain the objectives, features, functions and powers of SEBI
16. Explain any eight types of co-operative societies in detail
17. Discuss the features, merits and demerits of the departmental organization.

**PART - C
PARAGRAPH QUESTIONS**

18. Explain any two types of Individualistic Institutions.
19. Write notes on Joint Hindu Family Business
20. Describe the various kinds of partners.
21. What are the draw backs of Non - registration of partnership firm?
22. What are the contents of partnership deed?
23. Write a note on Guarantee Compan.
24. What is Memorandum of Association? What are its contents?
25. State briefly the contents of Articles of Association.
26. Write a note on Irregular Allotment
27. What are the disqualifications for a director?
28. Write an explanatory note on Managing Director.
29. State the difference between Managing Director and Manager.
30. Write notes on Annual General Meeting.
31. Write notes on Extraordinary General Meeting.
32. Explain the different kinds of Speculators.
33. Differentiate between Investors and Speculators.
34. Explain the types of agricultural credit societies
35. What are the demerits of co-operative societies.
36. What are the features of a public cooperation?
37. What are the differences between public and private sectors?

Short Answers

1. Define Organization
2. Who is KARTA?
3. State the meaning of Board Organisation
4. Give five examples of multinational companies
5. Define "sole trader"
6. What is unlimited liability?
7. Who is a dormant partner?

8. What is a joint and several liabilities?
9. Define Partnership.
10. What is limited partnership?
11. What is partnership deed?
12. Who is a Minor? Can a minor become a partner?
13. What is a guarantee company?
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25. What do you mean by poll?
26. What is 'underwriting'?
27. What is prospectors?
28. Define Stock Exchange?
29. What is Security?
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32. Who is a speculator?
33. Who is an investor?
34. What is speculation?
35. Who is a jobber?
36. Who is a broker?
37. What is SEBI?
38. What is OTCEL?
39. What is BOLT?
40. Who are Rochdale pioneers?
41. What is the significance of 'self help and mutual help'?
42. What are the aims of credit co-operative society?
43. Give examples of co-operative Super Market?
44. What is agricultural credit society?
45. What is Patronage Dividend?
46. Define co-operative Super Market?
47. Define state enterprises?
48. How can we establish state enterprises?
49. What factors govern the choice of a particular form of organisation for a Industry?
50. Define a Government Company?

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