

# UNIVERSITY EXAM QUESTION PAPER

## FYBA COMMERCE PAPER-1

### Semester -I

#### (INTRODUCTION TO COMMERCE)

**DAY/DATE/TIME:**

**MAKS: 100**

**Note- All questions are compulsory.**

**Q.1- Answer any two of the following. (Out of three)**

**(20)**

A. Define Business. Explain important features of Business.

- i. Satisfaction of human wants and maximization of social welfare.
- ii. Aid to production and industrial growth
- iii. Creation of employment opportunities
- iv. Rise in national income and wealth
- v. International cooperation and cultural exchanges
- vi. Special benefits during emergency
- vii. Development of aids to trade
- viii. Advantages to developing nations
- ix. Promotion of standard of living
- x. Linking producers and consumers

B. What are business objectives? Explain the different types of economic objectives.

Definition- "Business objectives are the ends towards which activities of any enterprise or department or project within it, are aimed."

Profits, sales, business, expansion, diversifications, takeover, goodwill etc

C. Discuss the importance of business to consumers and society.

- i. Meaning
- ii. Motive
- iii. Purpose
- iv. Scope
- v. National interest
- vi. Emphasis
- vii. Interest of stakeholders

**Q.2. Answer any two of the following. (Out of three)**

**(20)**

A. Explain the factors which need to be considered while selecting the suitable form of business organization.

Business Organisation is an institution or an agency which is engaged in some kind of business activity. It is properly planned set up for the conduct of business activity in an orderly manner.

Factors:

- i. Nature of business
- ii. Scale of operations
- iii. Finance required
- iv. Need of direct control over management
- v. Degree of business risk and liability involved
- vi. Sharing of profits
- vii. Tax advantages
- viii. Need of quick decisions and follow up actions
- ix. Scope for future expansion of business activity

(b) What is a Sole trading business? Explain its advantages.

Ans: Sole Trading business

- i. Single ownership of business
- ii. Absence of sharing profits and risks
- iii. Unlimited liability
- iv. Unification of ownership and management
- v. Absence of legal status
- vi. Limited scope

(c) Define Partnership. Discuss disadvantages of partnership firm.

Partnership

- i. Easy formation
- ii. Large capital
- iii. Division of labour

- iv. Flexibility in operation
- v. Maintenance of business secrecy
- vi. Direct effort-reward relationship
- vii. Avoidance of hasty decisions
- viii. Quick decisions and prompt actions
- ix. Benefits of unlimited liability
- x. Easy dissolution

Q.3. Answer any two of the following. (Out of three) (20)

(a) Write a short note on MNCs

Ans: Define- Multinational Corporations mean “corporations which have their home in one country but operate and live under the laws and customs of other countries as well.”

Advantages-

- i. Global trade and cooperation
- ii. Inflow of foreign trade
- iii. Efficient utilisation of resources
- iv. Transfer of technology
- v. Accelerate industrial growth
- vi. Foreign investment
- vii. Bilateral trade relations

(b) What do you mean by public sector? Discuss the features of public sector organization.

“Public enterprise may be defined as an undertaking that is owned by a national, state or local government, supplies services or goods at a price, and is operated on a more or less self-supporting basis.”

Features-

- i. State ownership, management and control
- ii. Service motive
- iii. Role in industrial development
- iv. Use of profit for social welfare
- v. Government financing

vi. Public accountability

(c) Explain the importance of a private sector business.

Define- A private sector is completely owned, managed and controlled by private individuals or an association of individuals. It has complete access to policy formulation, decision making and profit distribution.

Importance-

- i. Undertake production and marketing
- ii. Provide employment opportunities
- iii. Positive role in the economic and industrial development
- iv. Raises competitiveness
- v. Operation in specific areas
- vi. Revenue of the government
- vii. Raises the rate of capital formation
- viii. Foreign exchange
- ix. Supports public sector
- x. Liberalization and Globalisation

Q.4. Answer any two of the following. (Out of three) (20)

(a) Discuss briefly the stages in the promotion of a Joint Stock company.

Definition- "A joint stock company is an incorporated association, which is an artificial person created by law, having a separate identity with perpetual succession and a common seal." Mention the four stages from Incorporation to commencement of business.

(b) What is a share? Explain the different types of shares.

Meaning- Equity shares are those shares which do not enjoy any special right in respect of payment of dividend and repayment of capital. They are co-owners of the company and therefore participate in the management of their company and get share in the profits in the form of dividend.

Preference shares are those which carry a preference over equity shares as regards payment of dividend and return of capital on winding up of the company.

(c) Describe the meaning and different types of company meetings.

Ans: Definition- A Company meeting is normally defined as a gathering, assembling or coming together of two or more persons for the purpose of transacting lawful business of the company.

Types-

- I. Meetings of shareholders
- II. Meetings of directors
- III. Meetings of creditors

Q.5. A) Define the terms. (5X2) (10) (a) Sleeping partner (b) Cooperative society (c) Debentures (d) Transnational Corporation (e) Director

B) State whether following statements are True or False (5)

(a) Customer satisfaction is very important in modern business. True

(b) Objective of cooperative societies is to make maximum profits. False

(c) Business helps in development of backward areas. False

(d) Private sector business need not have to follow any government rules and regulations. False

(e) Shareholders have limited liability. True

C) Match the following. (5)

a.IV      b.I      c.V      d.II      e.III