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EXAM QUESTION PAPER**FYBA UNIVERSITY COMMERCE PAPER-II****Semester -II****(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. Discuss the modes of giving security in a loan.

Ans: Different modes of giving security in a loan include:
Hypothecation, Pledge, Lien, Mortgage etc.

B. Explain the various services offered by banks.

Ans: Bank is an institution for lending, borrowing, exchanging, issuing or safeguarding money. It is an establishment for custody of money, which is pays out on customer's order.

Traditional services- accepting deposit, advancing loans, safe keeping of valuables, discounting of bills, custodian of foreign exchange, purchasing government bonds, modern services – financial advisory, cash management, wealth management, leasing facility, insurance services, retirement plans, investment banking service, mutual fund, equity trading.

C. Discuss the procedure of opening a bank account.

Ans: The general procedure of opening a bank account in a commercial or co-operative bank is as follows; 1. Selection of bank and submission of prescribed application form, 2. Obtaining a letter of introduction/reference 3. Specimen signature 4. Initial deposit 5. Scrutiny and opening of an account.

Q.2. Answer any two of the following. (Out of three)**(20)**

A. State the procedure for taking a life insurance policy.

Ans: **Life insurance** is a protection against financial loss that would result from the premature death of an **insured**. The named beneficiary receives the proceeds and is thereby safeguarded from the financial impact of the death of the **insured**.

Procedure for taking a life insurance policy.

- i. Selection of insurance company
- ii. Submission of proposal form
- iii. Proof of age
- iv. Medical examination
- v. Scrutinisation of documents
- vi. Policy document

vii. Payment of first premium

B. Explain briefly the principles of insurance.

Ans: An insurance contract made without due consideration to these principles is treated as void i.e., not enforceable by law.

Four basic principles of insurance are 1. Principle of utmost good faith- it states that insurance contract must be made in absolute good faith on the part of both parties, 2. Principle of insurable interest- it suggests that the insured must have insurable interest in the object of insurance, 3. Principle of indemnity- it suggests that insurance contract is a contract for affording protection and not for profit making, 4. Principle of subrogation- it states that once the full compensation is paid by the insurance company, it acquires all rights and remedies which the assured would have enjoyed regarding the said loss. Additional principles 5. Principle of contribution and 6. Principle of causa Proxima and 7. Principle of Mitigation of loss

C. Write a note on health insurance.

Ans: **Health insurance** is insurance against the risk of incurring medical expenses among individuals. By estimating the overall risk of health care and health system expenses, among a targeted group, an insurer can develop a routine finance structure, such as a monthly premium or payroll tax, to ensure that money is available to pay for the health care benefits specified in the insurance agreement.

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

(20)

A. State the main advantages of franchising.

Ans: It involves a contractual arrangement between a franchisor and a retail franchisee,

Which permits/ allows the latter to conduct a given form of business under an established name and according to a given pattern of business.

Advantages – 1. to franchisor- royalty payment, wider market, more profit, create brand awareness, higher return on investment, business expansion. 2. To franchisee- easy availability of package of rights and resources, easy accessibility to the resources, benefit of easy and economical sales promotion, easy availability of finance, risk of business failure is limited.

B. Discuss the five strategies attributed to the success of unorganised retailing in India.

Ans: Retailing is one of the world's largest industries. Unorganized retailing refers to an

Outlet run locally by the owner or caretaker of a shop that lacks technical and Accounting standardization.

Survival strategies – provide credit facility, facilitate home delivery, provide Personalized service, reasonable pricing, discounts, location proximity, replacement Facility, large variety, operational excellence strategy, customer relationship,

B. Distinguish between consumer and industrial buyers.

Ans: Consumer buyers are the buyers who buy for their personal use.

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Industrial Buyers are the buyers who buy for production purposes.

Modes of Difference: Purpose, Examples, types of goods, prices, usage, quantity, price, Sellers, Services, Discounts and offers, Primary and secondary users

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

A. Enumerate the factors influencing macro environment.

Ans: Macro environment consists of the broader socio-economic factors that influence the Working of a business firm. Following are the factors of macro environment. Demographic environment, economic environment, natural environment, Technological environment, political environment, cultural environment, Financial environment, financial environment, legal environment, international Environment,

B. Explain the growing importance of social environment in India.

Ans: 1 it is influenced by various factors such as growing awareness, growing and Changing needs, religion, social alertness, 2 it is dynamic in nature, 3 strong Consumer movement, 4 growing strength of consumerism, 5 helps in expansion and Development of business, 6 helps to adjust business activities according to the Changes in social environment, 7 social changes are prominent to study the trends And adjust the business offerings, 8 social environment are supplemented by cultural Environment.

C. How effective is regulatory environment in India?

Ans: The regulatory environment is comparatively new component of total business environment. It is the result of government intervention in the economic and business spheres. Regulatory environment creates a framework of regulation and legal provisions within which the business units must operate.

Current situation – 1. direct government control like fiscal and monetary incentives and penalties, 2. growing concern about promotion of public interest through ensuring fair access and non-discrimination in pricing, distribution, and power supply. 3. Environment protection is given constitutional status, 4. To ensure healthy and fair competition in the economy along with protection to consumer through various Acts such as Competition Act, 2002 and Indian Companies Act, 2013, 5. Industrial licensing requirement is eliminated except for certain select sectors. 6. State Government deals with subject of law and order, agriculture, water supply, electricity, roads, education, health, VAT etc.

Q.5. A) Define the terms. (5X2) (10)

- (a) Demand deposits
- (b) Claim
- (c) Internal environment
- (d) BPO
- (e) Distribution channel

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

- a. In bills discounting the holder of the bill gets cash immediately. True
- b. Health insurance is a type of life insurance. True
- c. Business of unorganised retail has reduced due to entry of organised retail. True
- d. FDI is useful for economic development. True
- e. Macro business environment are the conditions related to whole industry. True

C) Match the following. (5)

Column A	Column B
a. Credit card	I. Discounts & schemes on purchases
b. Money back Policy	II. Negative condition
c. Organised retail	III. Return of money after certain period
d. Weakness	IV. Incorporated outside India
e. Foreign banks	V. Use of bank's money

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