



QUESTION BOOKLET
COMMERCE
CLASS-XI (TERM-II)

CONTENTS

Subject Name	Chapter Name	Page No.
ENGLISH	Chapter – 3 (Hornbill) : Discovering Tut: The Saga Continues: By- A.R.Williams	01 – 03
	Chapter – Poem (Hornbill) : The Voice of The Rain: By- Walt Whitman	04 – 07
	Chapter – Writing Skill : Speech Writing	08 – 09
	Chapter – Poem (Hornbill) : Childhood: By- Markus Natten	10 – 13
	Chapter – 7 (Hornbill) : The Adventure: By- Jayant Narlikar	14 – 18
	Chapter – 8 (Hornbill) : Silk Road: By- Nick Middleton	19 – 21
	Chapter – Writing Skill : Debate Writing	22 – 25
	Chapter – 7 (Snapshots) : Birth: By- A.J. Cronin	26 – 29
	Chapter – Poem (Hornbill) : Father To Son: By- Elizabeth Jennings	30 – 33
	Chapter – 8 (Snapshots) : The Tale of Melon City: By Vikram Seth	34 – 37
ACCOUNTANCY	Chapter – 8 : Rectification of Errors	38 – 48
	Chapter – 9 : Financial Statements	49 – 57
	Chapter – 10 : Financial Statements with Adjustments	58 – 89
BUSINESS STUDIES	Chapter – 7 : Formation of a Company	90 – 96
	Chapter – 8 : Source of Business Finance	97 - 105
	Chapter – 9 : MSME and Business Entrepreneurship	106 – 110
	Chapter – 10 : Internal Trade	111 – 116
	Chapter – 11 : International Trade	117 – 128
ECONOMICS	Unit - 6 : Producer Behavior and Supply	129 – 153
	Unit - 7 : Price Determination and Simple Applications	154 – 160
ENTREPRENEURSHIP	Unit – 1 : Entrepreneurship: Concept and Functions	161 – 163
	Unit – 2 : Types of Entrepreneurs and Entrepreneurship	164 – 165
	Unit – 3 : Entrepreneurship Journey	166 – 167
	Unit – 4 : Entrepreneurship as Innovation and Problem Solving	168 – 170
	Unit – 5 : Concept of Market	171 – 174
	Unit – 6 : Business Arithmetic	175 – 177
	Unit – 7 : Resource Mobilization	178 – 180

Chapter – 3 (Hornbill)

DISCOVERING TUT: THE SAGA CONTINUES: By- A.R.Williams**MCQs:****[1 Mark]**

1. What facts were revealed when the mummy was X-Rayed in 1968?
(a) his several possessions were missing (b) his hip bone was missing
(c) his breast bone and front ribs were missing (d) his feet bone was missing
2. What did Carter and his men do after cutting down his body?
(a) they sent it for X-Ray
(b) they examined them carefully
(c) they placed it on the layer of sand in a wooden box
(d) they clicked photographs
3. How did Carter remove the resins?
(a) with the help of chisel and hammer (b) with the help of chemicals
(c) with the help of machinery (d) with the help of man power
4. How did the workmen lift the body for the scan?
(a) Through the stairs (b) on a hydraulic trailer (c) through sliding (d) through lift
5. When was Tut's body taken for CT scan in the 21st century?
(a) January 05 2005 (b) January 10, 2007 (c) June 09, 2001 (d) February 12, 2009
6. When was the mummy examined in X-Ray by the anatomy professor?
(a) In 1945 (b) In 1986 (c) In 1968 (d) Never
7. How did Carter cut the body of Tut?
(a) First head and then every limb (b) first leg and then head
(c) first legs, head and then limbs (d) limb, hand only
8. Why did the third coffin put Carter in trouble?
(a) It was empty
(b) The resins used to cement Tut to the bottom of the solid gold coffin which was hardened enough
(c) The material found inside was already looted
(d) None of the above
9. How would you describe Tut's tomb?
(a) gold-plated
(b) rock-cut
(c) wall paintings with gold-plate
(d) rock-cut, 26 feet underground, which had wall paintings
10. For how many years did Tutankhamen rule Egypt?
(a) Nine (b) Eleven (c) Two (d) Five
11. Who said "The mummy is in very bad condition because of what Carter did in the 1920s"?
(a) Carter (b) Zahi Hawass
(c) an anatomy professor (d) A Egypt Historian
12. What is the Cemetery of Tut called?
(a) Valley of the Kings (b) Tut's Resting Place (c) Resting Peace (d) Valley of Flowers

Short Answer Type Questions:**[3 Marks]**

13. What generated the interest of the world in King Tut?
14. How did nature seem to echo the unnatural happening?
15. Why did the tourists throng to see Tut's tomb? What was their reaction?
16. Who was Howard Carter? What did he find?
17. Tut was buried in March-April. How did Carter conclude this?
18. "When he finally reached the mummy, though, he ran into trouble." Why was it so?
19. How did he decide to detach the mummy? Why?
20. What were the treasures found in the coffin? Why were they put there?
21. How has the viewpoint of archaeologists changed with the passage of time?
22. What was the interesting fact about Tut that was brought to light in the late sixties?
23. What is known about Tut's predecessor Amenhotep IV?
24. Why was King Tut's death a big event?
25. What made a guard remark, 'curse of the pharaoh'?
26. With King Tut was being finally laid to rest, nature was at rest too. Explain
27. Nature echoed the unnatural happenings with King Tut's body. Comment.
28. "The mummy is in a very bad condition because of what Carter did in the 1920s." What did Carter do and why?
29. Describe the changing attitudes of the archaeologists over a span of time.
30. What are the facts that are known about King Tut's lineage?
31. Why did King Tut's mummy have to undergo a CT scan?
32. How was King Tut's mummy scanned by the portable CT scanner?
33. Why was Tut's mummy scanned after so many years?
34. "King Tut's body had been subjected to repeated scrutiny". Why?
35. Why was Tutankhamun's body buried with gilded treasures and precious things?
36. List some adornments on Tut's body. Why had the adornments been buried along with the body?
37. What were the contents of the richest royal collection ever found?
38. What did the CT Scan of Tut's mummy reveal?
39. What were the funerary treasures found in the pharaoh's tomb?
40. Describe the interior of King Tut's rock-cut tomb.
41. Why did the boy king change his name from Tutankhaten to Tutankhamun?
42. Why has Amenhotep IV reign been described as one of the strangest periods in the history of ancient Egypt?
43. What do you know about the reign of King Tut?
44. Explain the statement, "King Tut....in death as in life, moving regally ahead of his countrymen".
45. What advancements have taken place in archaeology since 1922?
46. Describe how the CT scan of King Tut's mummy was carried out on 5th January 2005.

Long Answer Questions:**[6 Marks]**

47. Do you think Carter was justified in removing the hardened ritual resin deposits on Tut's mummy? Why/Why not?
48. "The mummy is in very bad condition because of what Carter did in the 1920s," said Zahi Hawas the expert on Egyptian antiquity. How far is the statement true? Discuss.
49. Who was King Tut? What do you know about him?

50. Imagine you are Howard Carter. You were fortunate to find King Tut's tomb intact. Describe what you saw in the burial chamber. Describe King Tut's coffins and their contents.
51. Discuss the suitability of the title, 'Discovering Tut: The Saga Continues'.
52. 'Archaeology has changed substantially in the intervening (since Carter's time) decades.' We find that science is helping the cause of culture. Write an article in 100 words showing that science can help in investigating and preserving history.
53. Egypt is a popular tourist destination of people from all parts of the world. "... Tourists around the world... pay their respect" to King Tut. India too has many wonders that attract tourists. But our habits and behaviour drive the tourist away. Write an article in about 100 words showing that we must make the tourist feel happy to be in India. For that, we need to curb our irritating habits first.
54. Nature echoed the unnatural happenings with King Tut's body. Comment.
55. Describe the changing attitudes of the archaeologists over a span of time.
56. What are the facts that are known about King Tut's lineage?
57. What problems did Howard Carter face with regard to Tut's mummy? How did he solve them?
58. How did science help collect information about King Tut's mummy, his life and death in mysterious circumstances?
59. The lesson 'Discovering Tut' allows us a peep into the past or history. For many, history is a dry subject but its study does make us wiser. What do you think?
60. How has Tut's mummy fascinated the scientists and commoners alike over the previous decades?
61. AR Williams says, "King Tut is in death as in life regally ahead of his countrymen. " How far do you agree with the assertion and why?

Chapter – Poem (Hornbill)

THE VOICE OF THE RAIN: By- Walt Whitman**MCQs****[1 Mark]**

1. The poem 'The Voice of the Rain' is a conversation between ____?
(a) poet and rain (b) poet and mountains (c) rain and trees (d) birds and rain
2. What does the poet ask to the soft – falling shower?
(a) What do you do? (b) What is your name? (c) Who are you? (d) How are you doing?
3. What does the rain reply to the poet's question 'Who are you'?
(a) she is rain (b) she is poem of earth
(c) she is rain from mountains (d) she is poem of mountains
4. Why does the rain tell the poet that she cannot be touched?
(a) because she is water (b) because she rises in the form of water vapor
(c) because she is in the form of clouds (d) None of the above
5. From which two places does the rain rise in the form of water vapour?
(a) land and bottomless sea (b) land and ocean
(c) mountains and land (d) None of the above
6. What happens to the earth when the rain falls back on the surface of earth?
(a) it provides water (b) it beautifies and purifies the earth
(c) it helps in greenery (d) it provides water to flora and fauna
7. How does the rain help the seeds inside the earth?
(a) provides water (b) provides life and helps them grow
(c) provides life (d) None of the above
8. What does the rain do when she doesn't care if anyone bothers about her deeds or not?
(a) she talks to the land
(b) she works harder
(c) she completes her work and talk to the earth
(d) she completes her work and comes back home
9. What does the poet compare the rain with?
(a) Song (b) Heaven (c) Beauty (d) Flowers
10. Why does the poet compare the rain with a song?
(a) because she beautifies the earth (b) because she provides life on earth
(c) as they both share a common journey (d) None of the above
11. From where does the song originate?
(a) from heaven (b) from ocean
(c) from the heart of the singer (d) from the soul of earth
12. If the poet has used a Metaphor in the poem, what is it?
(a) I am the Poem of Earth (b) voice of the rain
(c) Soft-falling shower (d) None of the above
13. What Hyperbole was used in the poem?
(a) I am the Poem of Earth (b) Soft-falling shower
(c) Bottomless sea (d) voice of the rain
14. What happens to the rain in the sky?
(a) rain drops form (b) rain it condenses
(c) it forms clouds (d) None of the above

15. What does the word 'Descend' mean?
 (a) not clear (b) come down (c) to wash (d) hidden
16. Why does the rain descend to the earth?
 (a) to wash the drought and provide water (b) she provides life on earth
 (c) it beautify and purify the earth (d) it provides life
17. What does 'Reck'd or unreck'd' mean?
 (a) enrichment or no enrichment (b) cared for or not cared for
 (c) to purify or not (d) to wash or not to wash
18. Where does the song return in the poem?
 (a) to its originator, i.e. singer (b) to the poet
 (c) to earth (d) to ocean
19. What is the meaning of 'who art thou'?
 (a) Who are you? (b) What are you? (c) How are you? (d) Whose art is this?
20. Who is the poet of the poem 'The Voice of the Rain'?
 (a) Walt Whitman (b) Kushwant Singh (c) Naipul (d) Shirley Toulson

Extract Based Questions:**[1 Mark]**

21. Read the extract given below and answer any two of the questions that follow.

And who art thou? said I to the soft-falling shower,
 Which, strange to tell, gave me an answer, as here translated:
 I am the Poem of Earth, said the voice of the rain,

- (i) Who is "...art thou..." in the first line?
 (a) The poet (b) The land (c) The sea (d) The raindrops
- (ii) What does the rain call itself? Why?
 (a) The poet of the Earth (b) The poem of the Earth
 (c) The poem of the Sea (d) The poet of the Sea
- (iii) The word 'thou' in the extract is a
 (a) noun (b) verb (c) preposition (d) pronoun
22. Read the extract given below and answer any two of the questions that follow.
- Eternal I rise impalpable out of the land and the bottomless sea,
 Upward to heaven, whence, vaguely form'd, altogether changed, and yet the same,
- (i) What does the use of word 'eternal' indicate here?
 (a) It indicates the continual process of rain
 (b) It indicates the continual process of nature
 (c) It indicates the discontinuous process of rain
 (d) It indicates the discontinuous process of nature
- (ii) From where does 'I' rise and where does it go?
 (a) It rises in the form of droplets and goes to the sea
 (b) It rises in the form of clouds and goes to the sky
 (c) It rises in the form of water vapour and goes to the land
 (d) It rises in the form of water vapour and goes to the sky
- (iii) Which word in the extract means the same as "in a way that is uncertain, indefinite or unclear"?
 (a) Eternal (b) Impalpable (c) Vaguely (d) Bottomless

23. Read the extract given below and answer any two of the questions that follow.

I descend to lave the droughts, atomies, dust-layers of the globe,
And all that in them without me were seeds only, latent, unborn;

- (i) With what purpose does the rain descend from the sky?
(a) To trouble the creatures of the Earth
(b) To give life to the drought affected areas and plants
(c) To wash the dust layers enveloping the Earth
(d) Both (b) and (c)
- (ii) What will happen if it was not there?
(a) It would result in happiness on the Earth
(b) It would not matter to the residents of the Earth
(c) The seeds will remain as seeds and plants will not grow
(d) It would result in the rise of temperature on Earth
- (iii) is the opposite of 'latent'.
(a) Inactive (b) Manifest (c) Dormant (d) Resolute

24. Read the extract given below and answer any two of the questions that follow.

And forever, by day and night,
I give back life to my own origin,
And make pure and beautify it;

- (i) In what way does the rain help its place of origin?
(a) By causing floods
(b) By providing water to the drought stricken areas
(c) By washing away impurities from the Earth
- (ii) What is the importance of the word 'forever'?
(a) It points to the everlasting features of artificial elements
(b) It points to the everlasting features of natural elements
(c) It points to the temporary features of natural elements
(d) It points to the temporary features of artificial elements
- (iii) in the extract is the opposite of 'ending'.
(a) By (b) Back (c) Origin (d) Both (b) and (c)

25. Read the extract given below and answer any two of the questions that follow.

For song, issuing from its birth-place,
after fulfilment, wandering Reck'd or unreck'd,
duly with love returns.

- (i) What is the similarity between a song and the rain?
(a) They return to their place of origin (b) They are never ending
(c) They do not have any origin (d) They are liked by one and all
- (ii) How has the poet been able to put his own reflections?
(a) By using quotation marks (b) By using parenthesis or brackets
(c) By making notes in his diary (d) By telling his friends about his experiences
- (iii) For what purpose has the phrase 'reck'd' or 'unreck'd' used in the passage?
(a) For highlighting the author's comments
(b) To indicate that rain or a song keep completing their life-cycle
(c) To indicate that rain or a song do not complete their life-cycle
(d) For making the poem interesting

Short Questions:- Answer in 40-50 words each.**[3 Marks]**

26. What question does the poet ask the rain and what answer does he get?
27. What does the expression "Soft falling shower" suggest?
28. Which poetic device has been used in the last line?
29. From where does the rain originate?
30. What poetic device does the poet use here?
31. How does the rain help the seed?
32. How does it give back life to its origin?
33. How does rain purify and beautify it (its origin)?
34. Why are the last lines put within brackets?
35. There are two voices in the poem. Who do they belong to? Which lines indicate this?
36. What does the phrase 'strange to tell' mean?
37. There is a parallel drawn between rain and music. Which words indicate this? Explain the similarity between the two.
38. How is the cyclic movement of rain brought out in the poem?
39. Why are the last two lines put within brackets?
40. (a) List the pairs of opposites found in the poem.
(b) Notice the sentence pattern in the following:

Rewrite these sentences in prose.

- (a) And who art thou? Said I to the soft-falling shower.
 - (b) I am the Poem of Earth, said the voice of the rain.
 - (c) Eternal I rise
 - (d) For song duly with love returns.
 - (e) Look for some more poems on the rain and see how this one is different from
41. What surprise does the poet express at the beginning of the poem?
 42. What is referred to as the origin of the rain?
 43. What functions does the rain perform on its journey back to the earth?
 44. How does the rain give life to its origin?
 45. Why does the rain call itself as the song of the earth?

Long Questions:- Answer in 120-150 words each.**[6 Marks]**

46. The poem begins in a conversational tone. Who are the two participants? What is the advantage of this method?
47. Behind the apparent simplicity, the poem hides a deep meaning." What exactly does the poem convey to the reader?
48. How does the rain justify its claim: "I am the Poem of Earth"?
49. How is the cyclic movement of rain brought out in the poem "The Voice of the Rain"?
50. "Behind the apparent simplicity, the poem hides a deep meaning!" What exactly does the poem convey to the reader?



Chapter – Writing Skill

SPEECH WRITING**Long Answer Type Questions****[6 Marks]**

1. As Mukul / Mahima of Alps Public School, write a speech to be delivered in school assembly highlighting the importance of cleanliness suggesting that the state of cleanliness reflects the character of its citizens. (150-200 words)
2. You are Ali/Alia, Head girl / Head boy of your school. You are deeply disturbed by the rising cases of aggressive behaviour of students in your school. You decide to speak during the morning assembly about it. Write a speech on 'Indiscipline in Schools'. (150 – 200 words)
3. The recent rise in incidents of violent behaviour of students is a matter of concern for all. The problem can be curbed if students learn how to manage anger. Write a speech on the topic in 150-200 words to be delivered in the school morning assembly.
4. Write a speech in 150-200 words on 'Benefits of early rising' to be delivered by you in the morning assembly of your school. You are Karuna/Karan, Head Girl/Head Boy.
5. Your PGT English Ms. Geetha is a short story writer also. 'Sky is not Far' is a collection of her latest short stories. This book has won a national award. Write a speech in 150 – 200 words you will deliver in her honour in the morning assembly.
6. In the latter part of the 20th century, "Team Building" became recognised by many companies as an important factor in providing a quality service and remaining competitive. What are the qualities required to be a good team member? Write a speech to be delivered to the students of classes IX-XII about the importance of team – building and how to be a team – member.
7. In a meeting of the World Water Forum at Kyoto, the 24,000 delegates from 182 countries focused on the escalating global water crisis. Global water consumption has increased tenfold in the last century, largely due to growing population, industrial development, and expansion of irrigated farming. The speakers said that water or Blue Gold will be the next object of conquest by the year 2020. You are Anamika/Anuj Sinha, Head Girl/Boy of Loyola School, Patna. Deliver a speech in the school assembly on the need to conserve water.
8. While science is a good slave, it can be a bad master. Write a short speech to be delivered in the morning assembly of your school, advising students not to let gadgets and gizmos drive them, but to employ these to their advantage.
9. Write a speech against capital punishment.
10. You are Ratan/Radha of Class XI. You have been asked to write a debate on the motion: 'Extracurricular Activities Should Be Accorded Equal Importance as Academics'. Write a speech for the motion. (150 – 200 words)

MCQs**[1 Mark]**

11. Speech writing is
(a) Addressal (b) Greetings (c) Message (d) A, B and C
12. Which of the following is the most essential part of speech writing?
(a) Date (b) Title (c) Salutation (d) None of these
13. Under what motive/motives should you write a speech?
(a) To be read as an excellent piece of writing (b) To be read to address an audience
(c) To be further copied (d) Both A and B

14. When should you create a paragraph while writing a speech?
(a) Whenever the situation demands
(b) Speech should strictly be written within 3 paragraphs.
(c) No hard and fast rule with paragraphs but should be sharp and brief
(d) Both A and C
15. Which of the following should you always avoid while writing/delivering a speech?
(a) Criticising the public
(b) Giving your personal opinion
(c) Try to get the personal opinion accepted
(d) A, B and C
16. What is referred to as voice intonation in a speech?
(a) Constant volatility invoice while delivering a speech
(b) Sudden rise in voice while delivering a speech
(c) Transformation of the speech from active voice to passive voice or from passive to active voice
(d) None of these
17. Which of the following argument/arguments is/are true about speechwriting?
(a) You always have to maintain a neutral and formal tone while writing a speech.
(b) The write-up has to be evenly distributed in three to four paragraphs.
(c) Speech should only be written with the focus to be delivered
18. Which of the following apply/applies while writing an introduction of a speech?
(a) Has a hook
(b) Has the thesis statement
(c) Has supporting details
(d) Introduces the topic
19. Which of the following is/are a public speech?
(a) Short speech
(b) Professional speech
(c) Informal speech
(d) Written speech
20. Which of the following should never be a purpose of a speech delivery?
(a) Discouragement
(b) Call for action
(c) Entertainment
(d) Creating acceptance

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Chapter – Poem (Hornbill)

CHILDHOOD: By- Markus Natten**MCQs****[1 Mark]**

1. What is the poem 'Childhood' about?

(a) Poet's lost childhood	(b) Childhood of every person
(c) Childhood of poet's child	(d) Poet's father's childhood
2. After what age did the poet realise that he had lost his childhood?

(a) Twelve	(b) Eleven	(c) Ten	(d) Thirteen
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3. What the poet could not find in the Geography book?

(a) Hell and Heaven	(b) End to sky	(c) Island	(d) Country
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4. What did the poet find out about Hell and Heaven?

(a) They could be found in Geography books	(b) They were imaginary places
(c) They were in America	(d) They were in India
5. What did the poet realise about adults?

(a) That they are mature	(b) They have to earn money
(c) They are not what they seem to be	(d) They are cunning
6. Why are the adults not what they seem to be?

(a) They talk and preach of love but do not act so	(b) They are very shrewd
(c) They are selfish	(d) They are lazy
7. What did the poet realise about his mind when he lost his childhood?

(a) That he can use it in whichever way he wants	(b) That he is very intelligent
(c) That he is dumb	(d) That he cannot use it in whichever way he wants
8. What did the poet conclude about his lost childhood at the end of the poem?

(a) It went to another dimension	(b) It went to some forgotten place
(c) It moved away with time	(d) It shifted to his younger sibling
9. Where could he see his childhood now?

(a) In an infant's face	(b) Only in his memories
(c) Nowhere	(d) In his brother
10. What type of Rhyme Scheme is used in the poem 'Childhood'?

(a) ABABAB	(b) ABBABA	(c) ABABCB	(d) ABBCCD
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11. Who is the poet of the poem 'Childhood'?

(a) Shirley Toulson	(b) Walt Whitman	(c) Marcus Natten	(d) Naipaul
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12. What is the meaning of the word 'ceased'?

(a) Starting of something	(b) Come to an end
(c) In the middle	(d) To chase something
13. According to the poet, adults are _____

(a) Hypocrites	(b) Smart	(c) Lovable	(d) Intelligent and Cunning
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14. What did the poet sense about himself when he realised he could use his own mind the way he wants?
 (a) He sensed that he is as intelligent as his friends
 (b) He sensed his own individuality and a separate personality
 (c) He sensed that he is very smart
 (d) He sensed that he could use his mind in creative work
15. What refrain literary device is used in the poem 'Childhood'?
 (a) When did my childhood go? (b) Hell and Heaven
 (c) Could not be found in Geography (d) That's all I know
16. Antithesis is where two opposite words are used together in a sentence in a poem, where did the poet use it?
 (a) Infant's face (b) Forgotten place (c) Hell and Heaven (d) Preached of love
17. Which of these is NOT one of the options where the poet thinks that his childhood has gone?
 (a) The time when he ceased to be twelve
 (b) The time when he realized that hell and heaven could not be found in Geography
 (c) The time when he realized that adults were hypocrites
 (d) None of the Above
18. Which poetic device has been used in the following line-Was it when I found my mind was really mine.
 (a) Alliteration (b) Simile (c) Metaphor (d) Personification
19. What question does the poet put forth?
 (a) "When did my childhood go?" (b) "Where did my childhood go?"
 (c) Both A and B (d) None of these
20. What the poet could not find in the Geography book?
 (a) Hell and Heaven (b) end to sky (c) island (d) country

Short Questions:- Answer in 40-50 words each :-**[3 Marks]**

21. Identify the stanzas that talk of
 -individuality
 -rationalism
 -hypocrisy
 And explain why by giving your reasons for it.
22. What did the child observe in the behaviour of adults?
23. Where can the poet find his childhood?
24. What is the constant worry of the poet?
25. Why does the poet take 11 years as the age of demarcation?
26. Why can't Heaven and Hell be found in Geography?
27. Was that the day!-Explain the significance of this curiosity.
28. What according to the poem is involved in the process of growing up?
29. What is the poet's feeling towards childhood?
30. Which do you think are the most poetic lines? Why?
31. How does the poem expose man and presents him in true colours?
32. What is the poet's feeling towards the childhood?
33. What according to the poem, is involved in the process of growing up?

34. How does the poet describe the process of being grown up?
35. How does the poet repent on his loss of childhood?
36. The poet has asked two questions one is about the time and other is about the place. Why has he used these questions?
37. What does the Hell and heaven stand for?
38. What contrast did he find in adult's behaviour?

Read the extract given below and answer the questions that follow:

39. "When did my childhood go?

Was it the day I ceased to be eleven.

Was it the time I realised that Hell and Heaven,

Could not be found in Geography,

And therefore could not be,

Was that the day!"

Questions:-

- (a) When does poet realise that his childhood has gone?
 - (b) Why is the age of eleven so important for the poet?
 - (c) What is the quality acquired by the poet at this stage of his life?
 - (d) When did the poet know that 'hell' and 'heaven' are imaginary concepts?
 - (e) Why is the poet worried?
 - (f) Where has the poet's childhood gone?
 - (g) What is a child's perception of an adult?
40. "When did my childhood go?

Was it the time I realised that adults were not

All they seemed to be,

They talked of love and preached of love,

But did not act so lovingly,

Was that the day!"

Questions:-

- (a) Why does the poet not talk great of grown up people?
 - (b) Why is the poet confused?
 - (c) How does the poet find the people in this world?
 - (d) Choose word from the passage which means 'sermonized'.
41. "When did my childhood go?

Was it when I found my mind was really mine,

To use whichever way I choose,

Producing thoughts that were not those of other people

But my own and mine alone

Was that the day!"

Questions:-

- (a) Explain 'My mind was really mine'?
- (b) 'Producing thoughts that were not these of other people's – Explain.
- (c) Which stage of life has been under consideration above?
- (d) What thoughts of the poet are revealed in these lines?

42. "Where did my childhood go?
It went to some forgotten place,
That is hidden in an infant's face,
That's all I know."

Questions:-

- (a) Why is the poet eager to know the lost place of his childhood?
(b) Where is the poet able to find his lost childhood?
(c) Choose a word from the passage which is synonymous to 'concealed'.
(d) What is the rhyming scheme of the above lines?

Long Questions:- Answer in 120-150 words :-

[6 Marks]

43. The poet has discussed two stages of life – childhood and adulthood. How do we differentiate one from the other?
44. What did the poet realise when he crossed the age of eleven years?
45. What is the poet trying to convey when he says that childhood is hidden in an infant's face?
46. According to Markus Natten, when does the child become an adult?
47. What is the poet's feeling towards his childhood?
48. Is independent thinking a step towards adulthood? If yes, then how? Explain with reference to the poem 'Childhood'.
49. What did the poet notice about independent thinking? How important was this discovery?
50. Is independent thinking a step towards adulthood? If yes, then how? Explain with reference to the poem 'Childhood'.

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Changing your Tomorrow

Chapter – 7 (Hornbill)

THE ADVENTURE: By- Jayant Narlikar**MCQs****[1 Mark]**

1. What is the name of the protagonist of the story 'The Adventure'?
(a) Professor Ajay Sharma (b) Professor Gangadharpant Gaitonde
(c) Professor George Bush (d) Professor Gangadhar Kant Gaitonde
2. Where was Professor Gaitonde travelling to?
(a) From Pune to Bombay (b) From Pune to Delhi
(c) From Bombay to Pune (d) No where
3. What was the name of the train by which Professor Gaitonde was travelling?
(a) Deccan Queen (b) Rajdhani Express (c) Jijamata Express (d) Shatabdi Express
4. Whom did Professor Gaitonde meet during his train journey?
(a) Khan Sahib (b) Pathan (c) Gupta (d) Professor George
5. Where did Professor Gaitonde and Khan Sahib get off?
(a) Bombay station (b) Indore
(c) Nowhere (d) Victoria Terminus station
6. Did the Professor see British officers, Parsees and Anglo-Indian staff all around at Victoria Terminus station?
(a) Yes (b) No (c) Don't Know (d) Maybe
7. What did the Professor notice at the Hornby Road?
(a) shops were different (b) Road was constructed
(c) new shopping complex (d) new residential complex
8. Whom did Professor Gaitonde enquire about on entering the Forbes building?
(a) President of the company (b) Mr. Vishal Gaitonde
(c) Mrs. Vishala Gaitonde (d) Mr. Vinay Gaitonde
9. Why did the professor go to town hall?
(a) to check facts from history books (b) to pass time
(c) to read books (d) to meet someone
10. What did Professor start investigating at the Town Hall?
(a) American History
(b) Battle of Plassey
(c) The period of Asoka to the third battle of Panipat.
(d) About East India Company
11. What did Professor find in the fifth volume of 'Bhausahabanchi Bakhar'?
(a) Marathas had won the Battle of Panipat (b) India has never been under British Raj
(c) Marathas had won battle of Plassey (d) None of the above
12. What happened after the Battle of Panipat in India?
(a) India merged with neighbouring nations (b) India moved to the path of democracy
(c) New ruler (d) British rule ended
13. Why did Professor start liking the new India that he was reading about?
(a) This country knew how to stand on its feet (b) It was different from the one he knew
(c) In this form, India was a wealthy nation (d) As he liked the ruler in this new country

14. What book did the Professor slip into his pocket before leaving the library?
(a) Bakhar (b) English Literature (c) Newspaper (d) Money
15. Towards which place did the professor decide to take a walk after having his dinner?
(a) Post Office (b) Mandi (c) Sea (d) Azad Maidan
16. What did the professor notice at the lecture going on in the pandal?
(a) There was no crowd
(b) Presidential chair was empty
(c) The speaker was very old
(d) The language in which the lecture was unfamiliar
17. What did the professor do when he noticed the empty chair?
(a) He sat on the chair (b) He went away
(c) He stood in the crowd (d) He went back to his guest house
18. How did the crowd react when he sat on the empty presidential chair?
(a) Threw several objects at him and pushed him away
(b) Asked him to leave politely
(c) Heard his speech
(d) Did nothing but ignored him
19. What happened after the empty chair incident?
(a) He was in the hospital (b) He went to his room
(c) He went to meet his friend (d) He decided to go back
20. Whom did the Professor meet at the Hospital?
(a) Rajendra (b) Doctor (c) Speaker (d) Librarian
21. Why did Professor Rajendra say that the incidents narrated by Gaitonde were not real?
(a) As he was in coma for two days (b) As he was not well
(c) As his mental state was not good (d) As Rajendra wanted to believe in facts
22. Which theory as explained by Rajendra states that a small change in any situation can result in a shift in behaviour?
(a) Quantum theory (b) Theory of Relativity (c) Big Bang Theory (d) Catastrophe theory
23. According to which of the two theories did the incident with Professor Gaitonde happen?
(a) Quantum theory and Theory of Relativity
(b) Only Big Bang Theory
(c) Catastrophe theory and lack of determinism in Quantum theory
(d) Catastrophe theory and Theory of Relativity
24. What happened to Marathas in reality?
(a) They lost the battle (b) They won the battle
(c) They signed treaty after the battle (d) Nothing as such
25. What happens in the case of electrons in lack of determinism in Quantum theory?
(a) Electrons don't move from their path
(b) Electrons merge with other atoms
(c) One cannot predict which path the electron takes at a point of time
(d) None of the above

26. What happens once the observer knows about the correct placing of the electrons in every world?
(a) Alternative worlds can exist at a same time
(b) Black hole can be created
(c) A new compound can be observed
(d) A new substance can be created
27. In reality, was the professor in two different worlds at the present time?
(a) Yes (b) No (c) Maybe (d) Can't say
28. What did you notice about both the worlds?
(a) Both were same
(b) Both were in different universe
(c) Different people
(d) Different histories and different sets of events
29. For how many days did the professor live in the alternative world?
(a) One day (b) Two days (c) Three days (d) A week
30. Where did the train stop beyond the tunnel?
(a) A small town called Amer (b) A small town called Sarhad
(c) Delhi (d) Mountains

Extract Based Questions**[1 Mark]**

31. "She searched through the telephone list, the staff list and then through the directory of employees of all the branches of the firm. She shook her head and said, "I am afraid I can't find anyone of that name either here or in any of our branches. Are you sure he works here?" This was a blow, not totally unexpected. (d) If he himself were dead in this world, what guarantee had he that his son would be alive? Indeed, he may not even have been born!"
(a) Who is 'She' in the first line? (b) What was the name of Gaitonde's son?
(c) Why could Gaitonde not locate his son? (d) What shocked Gaitonde the most?
32. "As he walked along Hornby Road, as it was called, he found a different set of shops and office buildings. There was no Handloom House building. Instead, there were Boots and Woolworth departmental stores, imposing offices of Lloyds, Barclays and other British banks, as in a typical high street of a town in England)"
(a) In what time had Professor Gaitonde travelled to?
(b) What strange thing did Gaitonde notice there?
(c) How had he met with an accident?
(d) Whom was he looking for?
33. "Gangadhar pant emerged from his thoughts. Looking around he noticed that he was the only reader left in that magnificent hall. "I beg your pardon, sir! May I request you to keep these books here for my use tomorrow morning? By the way, when do you open?" "At eight o'clock, sir." The librarian smile (d) Here was a user and researcher right after his heart. As the professor left the table, he shoved some notes into his right pocket. Absent-mindedly, he also shoved the Bakhar into his left pocket."
(a) Where was Gangadhar pant sitting?
(b) At what time did the library close?
(c) From which book did Gangadhar pant tear the pages?
(d) What was Gangadhar pant trying to research?

Short Questions: (Answer in 40-50 words each)**[3 Marks]**

34. What sort of 'Adventure' has been narrated by Jayant Narlikar?
35. Who was Professor Gaitonde? What was his plan in Bombay?
36. What was Gangadharpant's experience on the way to Bombay?
37. What was Gangadhar's experience when he reached a small station Sarhad?
38. Why had professor Gaitonde entered the Forbes building? What was his experience there?
39. What did the professor do in the Town Hall library?
40. What, in the professor's opinion was the cause of expanding British influence in India?
41. What did the professor wish to find out in history books?
42. What two things did the professor put into his pockets at the Town Hall?
43. What bitter experience did the professor have at the meeting in Azad Maidan?
44. How did Bakhar's account of the Battle of Panipat differ from what other history books said?
45. How did Rajendra rationalize the professor's experience?
46. How did Rajendra try to explain the mystery of reality?
47. 'But why did I make the transition?' What explanation did Rajendra give to the professor?
48. Why did Gangadhar decide to cancel his thousandth address?
49. What were the things that professor Gaitonde noticed as the train entered the British Raj Territory?
50. Where was Khan Sahib going? How did he intend to go there?
51. What came as the biggest blow to Professor Gaitonde?
52. What did Professor Gaitonde decide to do when the reality that he was living was very strange?
53. How did the victory of Peshawas in the battle of Panipat help them?
54. What was the final outcome of Peshawas?
55. How had the Marathas won the battle?
56. Gangadharpant began to appreciate the India he had seen. Why was it so?
57. What Happened when Professor Gaitonde went ahead to occupy the chairs on the dais?
58. How did Professor Gaitonde make the transition from reality to another?
59. What was Gangadharpant's experience in the Azad Maidan? Did it have any effect on his life? Discuss.
60. Comment why do you think Prof. Gaitonde decided never to preside over meetings again?
61. Why was Professor Gaitonde surprised to see the name of East India Company on an imposing building in Bombay?
62. What was a vital piece of evidence that Prof. Gaitonde had with him to show that he had really experienced a different reality?
63. What sights did Prof. Gaitonde encounter to feel that he was going to a different Bombay?
64. Gangadharpant could not help comparing the country he knew with what he was witnessing around him. Explain briefly.
65. What is 'the catastrophe theory'? How did 'the catastrophe theory' work in the battle of Panipat?

Long Answer Type Questions**[6 Marks]**

65. 'But we live in a unique world which has a unique history.' Explain why did the Professor say so?
66. What explanation did Rajendra give on the concept of reality with the example of the movement of an electron?

67. Gangadharpant was able to find the precise moment 'where history had taken a different turn for India'. What was this moment? How did it affect India and the Indian people?
68. 'Gangadharpant had not been to this Bombay before.' Show how this Bombay is different from the one he knew.
69. Gangadharpant could not help comparing the country he knew with what he was witnessing around him. Explain briefly.
70. How did Rajendra Deshpande explain Gangadhar Pant's experience? Write in detail.
71. Describe Gangadharpant's journey by train from Puna to Bombay.
72. Give a brief account of Professor Gaitonde's stay and study of history books at Town Hall Library. What riddle was he keen to solve?
73. How did Rajendra Deshpande apply his theory of Catastrophic experience regarding the Battle of Panipat?
74. How did Rajendra Deshpande explain the concept of reality with the example of the movement of an electron in 'Quantum Theory'?
75. Who was Gangadhar Pant? What was his objective?



Chapter – 8 (Hornbill)

SILK ROAD: By- Nick Middleton**MCQs:****[1 Mark]**

1. Why did Norbu want to do Kora?
(a) because he wanted to become a monk
(b) because he wanted peace
(c) as he was practising meditation from so long
(d) because he was writing an academic paper on Kailash Kora
2. Where did the protagonist meet Norbu?
(a) at café (b) at Kora (c) at nomad's tents (d) at guest house
3. Where did the men play a game of pool in Darchen every afternoon?
(a) near general store in open air (b) in the park
(c) near lake (d) None of the above
4. Where did Tsetan take the protagonist to seek medical help?
(a) Darchen Medical College (b) Tibetan Ayurvedic Doctor
(c) to Lhasa (d) to Ravu again
5. At which place did the protagonist wait for Tsetan while he was gone to fix the punctured tyres?
(a) at roadside near lake (b) at car tyre's shop (c) inside the car (d) Hor's cafe
6. Why was Hor an ugly and miserable place?
(a) it had no modern markets (b) it had no vegetation
(c) it didn't had any proper medical facilities (d) it had no place to live
7. Where did they stop to have lunch at two o'clock?
(a) at a long canvas tent beside the dry salt lake (b) at a fancy restaurant
(c) at roadside (d) Never
8. At what sea level were the three of them when they saw the snow on the road?
(a) 5210 meters (b) 6000 meters (c) 1000 meters (d) 5300 meters
9. Why did the driver stop the car at a sharp turn?
(a) he was tired and wanted to rest (b) protagonist was feeling sick
(c) car's tyre got punctured (d) long track of snow was in front of them
10. How were the Tibetan Mastiffs famous in China's royal court?
(a) As hunting dogs (b) As big animal (c) As wild animals (d) None of the above
11. What did the protagonist notice in front of nomads' tent?
(a) Big black Tibetan dogs (b) sheep (c) grass (d) raw material
12. What is the meaning of 'Kyang'?
(a) flower petals (b) sun rays (c) huge pile of dust (d) huge pile of grass
13. What was the sky looking like due to the sun rays spreading on the mountain tops?
(a) yellow blush (b) rose – tinted blush (c) beautiful and fresh (d) None of the above
14. What did Lhamo give to the protagonist as a farewell gift?
(a) long sleeved sheepskin coat (b) Flowers
(c) leather coat (d) shoes

15. Why did the driver take a short cut to Changtang?
- he wanted to avoid traffic
 - he knew the shortest route towards Mount Kailash
 - he had to pick up another passenger
 - he didn't wanted to go to that town

Extract Based Question:

16. "Darchen didn't look so horrible after a good night's sleep. It was still dusty, partially derelict and punctuated by heaps of rubble and refuse, but the sun shone brilliantly in a clear blue sky and the outlook across the plain to the south gave me a vision of the Himalayas, commanded by a huge, snow-capped mountain, Gurla Mandhata, with just a wisp of cloud suspended over its summit."
- What does the word derelict mean?
 - Why does the narrator say "Darchen didn't look so horrible after a good night's sleep"?
 - What is Gurla Mandhata?
17. "Now that we were leaving Ravu, Lhamo said she wanted to give me a farewell present. One evening I'd told her through Daniel that I was heading towards Mount Kailash to complete the kora, and she'd said that I ought to get some warmer clothes. After ducking back into her tent, she emerged carrying one of the long-sleeved sheepskin coats that all the men wore. Tsetan sized me up as we clambered into his car. "Ah, yes," he declared, "drokba, sir."
- What is Kora?
 - Who are drokbas?
 - Who is Tsetan?
18. " Hor was a grim, miserable place. There was no vegetation whatsoever, just dust and rocks, liberally scattered with years of accumulated refuse, which was unfortunate given that the town sat on the shore of Lake Manasarovar, Tibet's most venerated stretch of water. Ancient Hindu and Buddhist cosmology pinpoints Manasarovar as the source of four great Indian rivers: the Indus, the Ganges, the Sutlej and the Brahmaputra(a)"
- Why was Hor described as grim by the narrator?
 - Why was Mansarovar considered as the most venerated stretch of water?
 - What is the meaning of the word 'venerated'?

Short Questions:- Answer in 40-50 words each:-

[3 Marks]

Give reasons for the following statements:-

- The article has been titled 'Silk Road.
- Tibetan mastiffs were popular in China's imperial courts.
- The author's experience at Hor was in stark contrast to earlier accounts of the place.
- The author was disappointed with Darchen.
- The author thought that his positive thinking strategy worked well after all.

Questions for Comprehension:-

- The purpose of the author's journey to Mount Kailash. Comment.
- What was the author's physical condition in Darchen?
- Describe the author's meeting with Norbu?
- Tsetan's support to the author during the journey. Explain
- "As a Buddhist, he told me, he knew that it didn't matter if I passed away, but he thought it would be bad for business." Explain.
- What was the farewell present given by Lhamo to the author when he told her that he was going to Mount Kailash?

30. What did Tsetan say would be the only hurdle while they were on their way to Mount Kailash?
31. While crossing the rocky wilderness, who did they see, and what was their reaction?
32. How did the Tibetan mastiffs react when they approached?
33. How did the river appear as they entered the valley?
34. How could the author tell the height they were at by looking at his wristwatch?
35. How did the author feel when they were at about 5400 metres above sea level?
36. Why is it that on the top of the mountain there is a plateau pockmarked with salt flats?
37. What activity was going on in the area where there were flats of salt?
38. How did the Darchen Medical College appear?
39. What, according to the doctor, was the problem the author suffered from?
40. What did the author notice in Darchen?
41. Why had Norbu come to Kailash?
42. How did Norbu become an ideal companion for the author?
43. Who was Norbu?
44. "The snow didn't look too deep to me, but the danger wasn't its depth". What danger is the narrator talking about?
45. Why the initial relief of the narrator felt after meeting Norbu got tampered?

Long Questions:- Answer in 120-150 words each:-

[6 Marks]

46. Describe the author's experiences at Darchen.
47. How was his experience of Hor a stark contrast to the accounts he had read of the earlier travellers?
48. Justify the title 'Silk Road'.
49. Comment on the narrative style of Nick Middleton.
50. "He's an adventurer but at hearts more a meticulous academic than a daredevil". Explain the truth of the statement about the author based on your reading of the travelogue 'Silk Road' by Nick Middleton.
51. What were the difficulties faced by the author during his journey?
52. Who was Lahmo and what gift did she give to the narrator and why?
53. How did the narrator accomplish his journey to Mount Kailash?
54. How was Tsetan helpful to the narrator?
55. Give a brief account of the writer's Kora or pilgrimage to Mount Kailash.
56. What difficulties did the author encounter and overcome when he set out to reach Mount Kailash?
57. Give a brief account of the small town of Hor that sat on the shore of Lake Manasarovar.
58. Describe the author's visit to Darchen and the medical college.
59. Describe the author's meeting with Norbu at Darchen.
60. What physical ailment did the author complain of on his way to Mount Kailash?



Chapter – Writing Skill

DEBATE WRITING**Debate questions****[5 Marks]**

1. Write a debate for the motion: '**POLITENESS AND COURTESY ARE OUT-DATED IN TODAY'S WORLD**'. You are Gautam/ Gargi of St Mary's School. **(150-200 WORDS)**
2. The government has banned the use of animals in the laboratories for dissection. Write a debate on the topic "**ANIMALS SHOULD NOT BE USED FOR DISSECTION IN LABORATORIES**" expressing your views either for or against this decision. **(150-200 WORDS)**
3. Some people feel that electronic media (TV news) will bring about the end of print media (newspapers). What are your views on the issue? Write a debate on the topic: "**TELEVISION BROADCASTING WILL BRING ABOUT THE END OF PRINT MEDIA**" either for or against the motion. **(150-200 WORDS)**
4. Consumerism is increasing day by day. Luxuries of yesterday have become necessities of today and the result is that the more we want the more miserable we become. Write a debate in 150-200 words on the topic: '**THE ONLY WAY TO MINIMISE HUMAN SUFFERING AND PAIN IS TO CONTROL OUR NEEDS**' either for or against the motion. **(150-200 WORDS)**
5. Migration from villages to cities has led to the spread of urban slums. People living in these slums lead a miserable life. Economic disparity leads to the problems of law and order. Write a debate on the topic : '**SOLUTION TO THE PROBLEM OF MISERY IN THE URBAN SLUMS LIES IN CREATING JOBS IN THE VILLAGES**' either for or against the motion. **(150-200 WORDS)**
6. A number of your classmates (especially those from science and commerce streams) bunk the classes to attend coaching centres. Write a debate on the topic: '**TUITION AT COACHING CENTRES IS NOT ESSENTIAL**' either for or against the motion. **(150-200 WORDS)**
7. More industrial production means the availability of more goods, better lifestyle, lower prices, more jobs etc. However, a higher standard of living can be achieved only at a cost of depletion of raw materials and air and water pollution. Write a debate on the topic: '**STANDARD OF LIVING CAN BE RAISED, BUT ONLY AT A GREAT COST**' either for or against the motion. **(150-200 WORDS)**.
8. In an inter-school debate competition, you have to speak On the topic: '**SAFETY OF WOMEN WORKING DURING AT NIGHT SHIFTS IS INADEQUATE.**' Draft a debate either for or against the motion. **(150-200 WORDS)**

Additional Topics on Debating (For Practice)**General Debate Topics:-**

9. Should we ban homework: does homework promote learning?
10. How essential is college education?
11. Banning mobile devices (cell phones, smart phones) at schools: yes or no?
12. Is it appropriate to allow students to create their own curriculum?
13. Is abortion murder?
14. Are violent video games appropriate entertainment for teenagers?
15. Does social media contribute to teenage suicide?
16. Does modern social media make people less socially active?
17. How should modern society respond to teenage pregnancies?
18. Is higher education a necessary prerequisite for an individual's financial success in the future?

Topics Related to Education:-

19. Are private schools better than public schools?
20. Should education be privatized entirely?
21. Are student loans exploitative?
22. Does the traditional classroom addresses contemporary society's needs?
23. Is allowing teachers to carry guns on campuses a good idea?
24. Does the contemporary grading system work?
25. Should college education be compulsory?
26. Is it appropriate to teach religion in schools?
27. Is homeschooling better than a public or private school education?
28. Is it fair to require that all students learn at least one foreign language?

Social Debate Topics:-

29. Does the contemporary policy of marginalized communities in the United States contribute to the criminalization of youth?
30. Should the death penalty be abolished in the United States?
31. Is it ethical to have an abortion in the early stages of pregnancy?
32. Does peer pressure absolve delinquent teens from culpability?
33. Will electronic databases fully substitute brick and mortar libraries?
34. Is cloning ethically acceptable?
35. Is the legalization of marijuana a food idea?
36. Should euthanasia be legalized?
37. Is there any reason to raise minimum wages?
38. Drug addicts: Do they need help or punishment?
39. Is nationalism beneficial or dangerous in the context of globalization?

Environmental Issues:-

40. Is climate change already irreversible?
41. Banning plastic bags and packaging: yes or no?
42. Are genetically modified foods a viable solution?
43. Banning zoos: yes or no?
44. How does tourism affect the environment?
45. Should there be more national parks in the United States?
46. Is banning fracking a good idea?
47. All people should become vegetarian.
48. What is organic farming's role in agriculture's future?
49. Are live animal exports ethically acceptable?

Political Debate Topics:-

50. Political campaigns should not be allowed to accept money from any source.
51. Democracy is the best form of government.
52. Is it appropriate for governments to limit their citizens' freedom of speech?
53. Are taxes that increase at accelerating rates fair?
54. Limiting terms for U.S. senators and representatives brings more harm than good.

55. Former offenders should preserve their voting rights.
56. Modern patterns of incarceration that affect minorities more than whites contribute to racial inequality in the US.
57. Is it necessary for a political leader to be active on social media?
58. Is the US Constitution a living document?
59. Should the Supreme Court judges be appointed for predetermined fixed periods?

Debate Topics Related to Parenting:-

60. Should children use smart phones without parental supervision?
61. Teenage girls having access to birth control without parental supervision: yes or no?
62. Should parents decide which career their children will pursue?
63. Parents always treat their children fairly: yes or no?
64. Is it ethically permissible for parents to pick the genders of their future children?
65. Gay couples are adopting children: pros and cons.
66. Should parents control their children's activities on social media?
67. Is parental supervision the same as parental control?
68. Teenage children and completely autonomous decision-making: should parents allow this?
69. Is parental support essential for the future success of children?

Technology Topics:-

70. Will technology make people smarter?
71. Is artificial intelligence dangerous?
72. Will robots increase people's quality of life?
73. How do technological advances influence us?
74. Will humans colonize another planet soon?
75. Can all cars become electric?
76. Does technology intensify human communication?
77. Recent developments in technology transform people's interests: yes or no?
78. Can people save nature using technology (or destroy it)?
79. Do laws effectively keep up with changes in technology?

Healthcare Topics:-

80. Justifying the legalization of recreational marijuana: yes or no?
81. Is mandatory vaccination constitutional?
82. Alternative medicine and its impact on the future of healthcare.
83. Does technology promote our health?
84. Modern healthcare and antibiotics.
85. Is drug legalization a good idea?
86. Does globalization promote universal healthcare?
87. Should healthcare services for all citizens be fully funded by the government?
88. Should the government be allowed to force parents to take their sick children to the hospital?
89. Can competition improve the quality of healthcare services?

Debate Topics Related to Leisure:-

90. Is a summer vacation better than a winter vacation?
91. Encouraging teenagers to read books: are the outcomes encouraging?
92. Has technology changed the way young people spend their leisure time?

93. Has social media taken over our leisure time?
94. Can daily leisure time be a substitute for a yearly vacation?
95. Is leisure time essential for workplace effectiveness?
96. Playing video games during leisure time: pros and cons.
97. Has work-life balance changed with the advent of technology?
98. Has globalization and our increased mobility changed the way we view vacations?
99. Women spend their leisure time differently than men.

Debating Financial and Policy Matters:-

100. Can the U.S. government ensure the country's financial stability?
101. How secure is mobile banking?
102. Does the credit industry promote or hinder economic development?
103. Is there any economic justification for wars?
104. Should wealthy people pay higher taxes than the poor?
105. How would lowering the voting age impact America's future?
106. Mass incarceration and its impact on U.S. politics.
107. Mandatory financial education: pros and cons.
108. Should online financial advice be available for every citizen?
109. Can high profitability alone justify environmentally hazardous practices?

Debating Historical Matters:-

110. History is an important subject that all students should learn: yes or no?.
111. Is King Arthur a real historical figure or myth?
112. Knowledge of history enriches one's worldview: yes or no?
113. What role did Britain play during the First World War?
114. How have different historians interpreted World War Two?
115. Was there any justification for the atomic bombings of Hiroshima and Nagasaki by the US?
116. How should we interpret the Revolutionary War?
117. Ancient Roman culture versus contemporary culture.
118. History & its impact on the future.
119. Modern interracial conflicts evaluated from a historical perspective.

Topics for Fun Filled Debates:-

120. Are men stronger than women?
121. Daydreaming versus dreaming at night: which is better?
122. Communication between the sexes: do men and women have different approaches?
123. Choosing the best pizza topping: healthy versus tasty.
124. Do fairy tales affect children's perception of reality?
125. Is living together before marriage appropriate nowadays?
126. Should teenagers get after-school jobs?
127. Gender and life expectancy: what factors explain life expectancy gaps?
128. From a historical perspective, are women smarter than men?



Chapter – 7 (Snapshots)

BIRTH: By- A.J. Cronin**MCQs****[1 Mark]**

1. Who is the author of "Birth"?
(a) A.J. Cornin (b) J.B. Priestley (c) Andrew Manson (d) Edward Page
2. Andrew did his medical practice under the assistance of _____.
(a) Dr. Page (b) Dr. Morgan (c) Dr. William (d) Dr. Shane
3. Who was waiting for Andrew at midnight?
(a) Dr. Edward (b) Christine (c) Joe Morgan (d) Mrs. Morgan's mother
4. Where did Joe Morgan live?
(a) Number 11, Blaina Terrace (b) Number 14, Bryngower
(c) Number 12, Blaina Terrace (d) Number 12, Bryngower
5. How does the author describe the bedroom of Joe's house?
(a) Well furnished (b) Poorly furnished (c) Dirty (d) Both (b) and (c)
6. How has the author described Mrs. Morgan's mother?
(a) Wise (b) Grey-haired (c) In her seventies (d) All of the above
7. When Andrew approached, Susan was accompanied by her mother and _____.
(a) Joe (b) father (c) a midwife (d) mother-in-law
8. "Don't fret, mother, I'll not run away." Why did Andrew say this?
(a) To reassure Mrs. Morgan's mother (b) To fulfill his obligations
(c) To break the silence (d) To handle a critical situation well
9. Andrew decided to _____ at Joe's house.
(a) sleep (b) study (c) stay (d) eat
10. While waiting at Joe's house, what did Andrew think about?
(a) Mrs. Morgan condition (b) Failed marriages
(c) Christine (d) Both (B) and (C)
11. How was the newborn child?
(a) Healthy (b) Lifeless (c) Underweight (d) Anaemic
12. What dilemma did doctor Andrew confront?
(a) Whether the child could be saved or not (b) Whether the treatment would be successful
(c) Whether to attend the child or the mother (d) Whether to inform Joe or not
13. In the dilemma he faced, what did Andrew do?
(a) Check upon Susan first (b) Check upon the child first
(c) Ran away (d) Left it to handle to the midwife
14. Where had the midwife placed the stillborn child?
(a) She held the child in her arms (b) Gave him to Susan's mother
(c) Under the bed (d) Handled him to Joe
15. What did Andrew conclude from the whiteness of the child?
(a) That he was dead (b) That he suffered from lack of oxygen
(c) That he should be taken to hospital (d) That Andrew couldn't save him
16. What did Andrew remember about Samaritan?
(a) A place he went to volunteer (b) Someone he met there
(c) A treatment he witnessed (d) Not mentioned in the story

17. What all things did Andrew use in the treatment?
(a) Hot and cold water (b) Basins and towels (c) A blanket (d) All of the above
18. How did Andrew try to save the still born?
(a) Using a special method of respiration (b) Calling Dr. Edward
(c) Taking him to a hospital (d) Giving him blood
19. After trying for fifteen minutes, Andrew felt _____.
(a) accomplished (b) hopeful (c) hopeless (d) confident
20. What did Andrew remember in the middle of ongoing treatment?
(a) About his love for Christine (b) Morgan family's longing for a child
(c) His time in Samaritan (d) About his obligation as a doctor
21. Why did the child become slippery in Andrew's hand?
(a) Because of atmosphere in the room (b) Because Andrew was losing his focus
(c) Because of constant juggling between waters (d) None of the above
22. How long did it take for Andrew's efforts to yield results?
(a) Fifteen minutes (b) All efforts went into vain
(c) One hour (d) Half an hour
23. What does the author refer to as 'a miracle'?
(a) Life getting into the stillborn (b) Morgan family welcoming a child
(c) Susan getting consciousness (d) None of the above
24. "But her hands were together, her lips moved without sound." Who is her?
(a) Susan (b) Midwife
(c) Mrs. Morgan's mother (d) Not clear from the story
25. Why did Andrew get oblivious to all the work he had done in Blaenelly?
(a) Because he got all hopeless
(b) Because he did something extraordinary that night
(c) Because he was leaving Blaenelly
(d) Because he got tired
26. During the whole incident, Joe did not enter the house. Why?
(a) Because he was superstitious (b) Because he didn't want to disturb
(c) Because he didn't want to see the child (d) Because he was anxious
27. After how many years were Joe and Susan blessed with a child?
(a) Ten years (b) One year (c) Five years (d) Twenty years
28. Why is the lesson named "Birth"?
(a) Because the doctor is specialist in childbirths (b) Because a lot of childbirths take place
(c) Because it is about birth of a child (d) Because it talks about philosophy of life
29. Birth of Susan's child was a turning point in Dr. Andrew's life. Do you agree?
(a) Absolutely (b) Not at all
(c) Partially (d) Not clear from the story
30. What can you say about Dr. Andrew after reading "Birth"?
(a) He did not put all his efforts (b) He fulfilled his obligations well as a doctor
(c) His skills were not enough (d) He was arrogant

Short Questions:- Answer in 40-50 words each.**[3 Marks]**

31. "I will not come in," he said, and his voice showed signs of strain. "But man, I know ye will do well for us."
 - (a) Name the speaker
 - (b) Why is the speaker not intending to go in?
 - (c) What did the elderly midwife think of the young doctor?
 - (d) Why was Susan's case one that called Dr Manson's attention?
32. Why was Dr Andrew Manson's mind heavy when he rushed to attend a case at Joe Morgan's?
33. Why did Joe Morgan come to Dr Andrew Manson's residence?
34. Walking to Number 12 Blaina Terrace, Dr Andrew Manson was much less than himself. What had reduced Dr Manson to this state?
35. What set of character traits of Joe Morgan do you find interesting?
36. Who were all in the room other than Dr Manson?
37. What did Joe Morgan's mother offer to make a cup of tea for Dr. Manson?
38. What made Dr Manson think that he would not sleep that night?
39. What sounds disrupted the silence of the night?
40. When did Dr Andrew reach Bryngower?
41. What for was Joe Morgan waiting for Dr Andrew?
42. How do we get to know that Joe Morgan was tensed and restless?
43. Which line informs you that Dr Andrew had been himself worried? (Quote the entire line,)
44. Where did Joe Morgan live?
45. Why did Joe Morgan stop short at his doorstep?
46. After reading the whole story, how do you explain the line, 'He had no premonition that this night call would prove unusual?'
47. Dr Andrew's primary concern was the mother – not the child. Do you agree with him?
48. As he gazed at the still form, a shiver of horror passed over Andrew. Explain.
49. What did Andrew feel when he saw the lifeless baby?
50. Bring out the clash between the experienced midwife and the professional doctor.
51. Describe the frantic attempts Dr Andrew made to resuscitate the stillborn baby.
52. What did the child look like when Andrew pulled it out? What was the cause of the stillbirth?
53. Which methods did the doctor try to resuscitate the child?
54. What unexpected miracle took place to turn Andrew's desperation into joy?
55. Do you think that Andrew is justified in saying "I've done something" at the end of the story? Support your answer suitably.
56. What opinion do you form of Andrew Mason from this excerpt? Which values can we learn from him?
57. 'I've done something; oh, God! I've done something real at last. Discuss. This statement justifies the title of the story.
58. Who was Joe Morgan? Why had he been waiting for Dr Andrew Manson?
59. Where did Joe lead Andrew? Why did he not go in with the doctor?
60. "Don't fret, mother, I'll not run away". Why do you think Andrew say so?
61. Why did Andrew decide to remain there until everything was over?
62. What had Andrew been thinking about? How would you like to describe the state of his thoughts?

63. What was Andrew's view of marriage? Why was he resentful and confused?
64. Why did Andrew feel surprised while sitting by the kitchen fire?
65. Why did a shiver of horror pass over Andrew?
66. What dilemma did Andrew face?
67. What efforts did Andrew make to revive Susan Morgan?
68. In what state did Andrew find the new-born child? What did he conclude?
69. How did Andrew's practical experience come in handy?
70. What efforts did Andrew make to revive the new-born baby?
71. How did Andrew react to the first glimpse of the success of his efforts to help the stillborn child come alive?
72. What was the result of Andrew's feverish efforts after the child's chest gave a short, convulsive heave?
73. What was the state of the room after the resuscitation of mother and child?
74. Why did Andrew say, "Fill fetch my bag later, nurse."?
75. How did Andrew assess that night's work?
76. Why was Andrew Manson called in? How did he react to the call of duty?

Long Questions:- Answer in 120 – 150 words each.

[6 Marks]

77. 'He had no premonition that this night call would prove unusual, still less than it would influence his whole future in Blaenelly.' Comment.
78. What impression do you form of Andrew Manson based on the story 'Birth'?
79. Compare and contrast Andrew's emotional, mental and physical state at the story's beginning and the end.
80. Give a brief account of the efforts made by Andrew to revive the stillborn baby.
81. There lies a significant difference between textbook medicine and the world of a practising physician. Comment with reference to the chapter 'Birth' by A. J. Cronin.



Chapter – Poem (Hornbill)

FATHER TO SON: By- Elizabeth Jennings**MCQs:****[1 Mark]**

1. Why was the father ready to forgive his son?
(a) to let go of all the sorrows he had inside (b) to become a better person
(c) to teach his son a lesson (d) to help his son
2. Does the father want his son to move around in his own world?
(a) Yes, absolutely (b) Not at all (c) Maybe (d) None of the above
3. What happened when the father tried to build a relationship with his son in his childhood?
(a) he was successful (b) his efforts were in vain
(c) he was half-way successful (d) None of the above
4. What does the son share about him understanding himself?
(a) he is at a point where he doesn't understand himself
(b) he understands him so well
(c) he doesn't want to think about it
(d) he is very busy to think about understanding himself
5. How old is the son when his father rants about his agony to his son?
(a) Teenager (b) grown-up (c) child (d) just an adult
6. What happens when they both put out an empty hand for the other to seek?
(a) efforts are always in vain (b) they got successful in the end
(c) father wasn't interested (d) they never had a chance to talk
7. From where does the anger arise?
(a) out of his nature (b) out of his sadness
(c) out of his father's attitude (d) out of his childhood memories
8. What is the poem 'Father to Son' about?
(a) Unsettling relationship between father and son (b) father's old age
(c) son comparing himself to his father (d) father talking to son about his childhood
9. Which of the following is an example of 'Alliteration'?
(a) Silence surrounds us (b) On the same globe and the same land
(c) I do not understand this child (d) Shaping from sorrow a new love
10. Find out the simile in the following lines
(a) Silence surrounds us (b) The seed I spent or sown it where
(c) We speak like strangers (d) Yet what he loves I cannot share
11. Who has penned the poem 'Father to Son'?
(a) Walt Whitman (b) Shirley Toulson (c) Elizabeth Jennings (d) Kushwant Singh
12. Since his son was prodigal, why does he want him to come back home?
(a) to make amends with him (b) to teach him a lesson
(c) to give him money (d) None of the above
13. Despite all his efforts to fix the communication gap, was the son able to understand his father?
(a) Yes (b) No (c) Can't say (d) Maybe
14. What is the meaning of word 'Prodigal' used in the third stanza?
(a) understanding person (b) someone who is smart
(c) spending money freely (d) someone who doesn't spend money freely

15. Why was the father ready to forgive his son?
 (a) to let go of all the sorrows he had inside (b) to become a better person
 (c) to teach his son a lesson (d) to help his son
16. Does father know about his son's likes and dislikes?
 (a) Yes (b) No (c) Maybe (d) Can't say

Read the extracts and answer the questions that follow:

[1 Mark]

17. I do not understand this child
 Though we have lived together now
 In the same house for years. I know
 Nothing of him, so try to build
 Up a relationship from how
 He was when small
 (a) Who are 'I' and 'this child' in the above lines?
 (b) What does the speaker complain about?
 (c) What does the speaker want?
18. Yet have I killed
 The seed I spent or sown it where
 The land is his and none of mine?
 We speak like strangers, there's no sign
 Of understanding in the air.
 This child is built to my design
 Yet what he loves I cannot share.
 (a) Why does the father feel that the seed was sown in the land that was not his?
 (b) What is wrong between father and son?
 (c) "Built to my design" means _____.
19. Silence surrounds us. I would have
 Him prodigal, returning to
 His father's house, the home he knew,
 Rather than see him make and move.
 His world. I would forgive him too,
 Shaping from sorrow a new love.
 (a) What does 'silence surrounds us' mean here?
 (b) What does 'I' want?
 (c) Find a word from the extract which means a person who spends money or uses resources freely and recklessly.
20. Father and son, we both must live
 On the same globe and the same land,
 He speaks: I cannot understand
 Myself, why anger grows from grief.
 We each put out on empty hand,
 Longing for something to forgive.
 (a) Who are 'we' in the extract?
 (b) Why must father and son live on the same globe and the same land?
 (c) What does 'empty hand' signify?

21. Silence surrounds us. I would have
Him prodigal, returning to
His father's house, the home he knew,
Rather than see him make and move
His world. I would forgive him too,
Shaping from sorrow a new love.
(a) Why does the father say that 'silence surrounds' them?
(b) Does the speaker want his son to belong to a different world?
(c) What can be shaped out of sorrow?
(d) Find a word in the passage that means 'extravagant'?
22. I do not understand this child
Though we have lived together now
In the same house for years. I know
Nothing of him, so try to build
Up a relationship from how
He was when small.
(a) In which poem do these lines occur?
(b) Why does the speaker say that he does not know the child?
(c) For how long have the father and son lived together?
(d) What does the speaker try to build?
23. Father and son, we both must live
On the same globe and the same land,
He speaks: I cannot understand
Myself, why anger grows from grief.
We each put out an empty hand,
Longing for something to forgive.
(a) Where must father and son live together?
(b) What is the source of anger here?
(c) What does the 'empty hand' signify?
(d) What do they long for?

Short Answer Type Questions: Answer in 40-50 words.**[3 Marks]**

24. Does the poem talk of an exclusive personal experience or is it fairly universal?
25. How is the father's helplessness brought out in the poem?
26. What does the speaker say about father-son relationship?
27. What do you think is responsible for the distance between father and son?
28. How can you infer that the father wishes his son to remain at home with him?
29. Why doesn't the father know anything about his son though they have lived in the same house?
30. What does the poet mean by 'Silence surrounds us?'
31. How does the father feel when his relationship with his son comes under strain?
32. What is the father's attitude towards his son in the third stanza?
33. What does the father wish for? Why?
34. The father is ready to have his prodigal son return. What inference can you draw from this?
35. Why, do you think, does the father appear so helpless?

36. What do the words 'an empty hand' signify?
37. What is the father's complaint against his son?
38. What does the father long for?
39. Can you suggest a solution to the widening gap between father and son? Elucidate.
40. Who do you sympathise or side with—the father or the son? Give reasons.
41. For how long have the father and son staying together in the same house ?
42. Cite the reasons behind the unhappiness of the father. What is his problem ?
43. What is the father's greatest wish for his son ?
44. Whom do you hold responsible for the atmosphere of mutual distrust that prevails between the father and the son? Give a reasoned answer.

Long Answer Type Questions: Answer in 120-150 words.

[6 Marks]

45. The lesson reflects the realities of modern times. The aged persons face problems and there is no end to it. How do you feel about it?
46. The poem talks about the universal problem of generation gap. Why does such a situation exist? How can someone avoid such confrontations? Express your views in
47. What sort of father-son relationship has been depicted in the poem 'Father to Son'?
48. How far has the poet succeeded in transforming a purely personal matter to a universal experience prevalent in modern times?
49. Why in your view has a sense of distance arrived in the modern youth?
50. Is the father responsible for the present situation? What are your views?
51. Father and the son behave like strangers to each other. What can be the possible reason for this?
52. The root cause of the generation gap presented in the poem lies in the fact that it is only the father talking to his son rather than hearing or understanding him. Explain.

EDUCATIONAL GROUP
Changing your Tomorrow



Chapter – 8 (Snapshots)

THE TALE OF MELON CITY: By- Vikram Seth**MCQs****[1 Mark]**

1. The ministers were foolish to ask an idiot about their next King. Do you agree?
(a) Yes (b) No (c) Partially (d) Not clear from the poem
2. Do you think that the King took his 'notion of justice' too far?
(a) No, he did what a just King would do (b) May be
(c) Yes, he lost his life in the process (d) Cannot determine
3. What sort of principles seem to thrive in the state?
(a) Democratic (b) Laissez Faire (c) Authoritative (d) Communistic
4. What sort of perception does the public hold for their chosen King after so many years?
(a) They don't like him (b) They are enraged
(c) They like him very much (d) They have no problem whatsoever.
5. Who was chosen as the new King?
(a) A minister (b) A horse (c) A melon (d) A sword
6. Who was to choose the next King?
(a) The next to pass the City Gate (b) The Ministers
(c) The public (d) The heir of the deceased King would be the king by rule
7. How was the public demand fulfilled?
(a) By voting (b) By the King's discretion
(c) By measuring height one by one (d) By the councillors' decision
8. After all the considerations and discussions, the crowd was getting _____.
(a) restless (b) amused (c) horrified (d) bored
9. Who, according to the counsel, was the culprit that was brought before the King?
(a) The King (b) The crown (c) The arch (d) The chief of the builders
10. According to the architect, who made the amendments?
(a) The King (b) The chief of the builders
(c) He himself (d) The masons
11. Who did the chief of builders blame?
(a) The public (b) The architect (c) The masons (d) The workmen
12. "This is a disgrace." What was a disgrace?
(a) Poorly built arch (b) Unenthusiastic crowd
(c) Crown being stroked (d) None of the above
13. What is the genre of "The Tale of the Melon City"?
(a) Thriller (b) Humorous (c) Ironical (d) Both (b) and (c)
14. What impression do you form of the crowd of the state?
(a) They were of no good (b) They were supportive of their King
(c) They were indifferent who was put in to throne
(d) Both (a) and (c)
15. After reading "The Tale of the Melon City", what opinion do you form of the King?
(a) He was a just King (b) He was a rule abiding King
(c) He was a foolish King (d) He was a wise King

16. What is most important to the public of the state?
(a) Their peace and liberty (b) How the state is ruled
(c) Their wealth (d) Their involvement in state decisions
17. Why did the idiot reply the way he did?
(a) Because he liked melons (b) Because he rode horses
(c) Because he knew how to use sword (d) Because he grew melons
18. Who passed the City Gate?
(a) An old wise man (b) An idiot (c) A beggar (d) A child
19. Finally, who was tall enough to reach the noose?
(a) The chief of the builders (b) The architect
(c) Someone from the crowd (d) The King
20. What was the public demand that the King sought to fulfill?
(a) They wanted no one to be hanged (b) They wanted a hanging
(c) They wanted the arch to be demolished (d) They wanted a new king
21. Why was it shameful to hang the arch?
(a) Because it was innocent (b) Because it was non-living
(c) Because it was newly built (d) Because it had touched the King's head
22. Listening about his own hanging, who did the King call for?
(a) The oldest man in the country (b) The wisest man in the country
(c) The wisest minister in his administration (d) All the people
23. What reason did the workmen give to the King?
(a) Instructions given were wrong (b) Time provided was less
(c) Bricks were of the wrong size (d) Changes were made at the last point
24. What order did the King give after the incident?
(a) He ordered workmen to be hanged (b) He ordered to hang the chief of builders
(c) He ordered to summon the architect (d) He ordered to gather all people

Answer the following questions in 40-50 words each. [3 Marks]

25. What did the king order to be built? What happened when it was built?
26. What order did the king give when his crown was knocked off his head?
27. What was the result of the king's execution? How was the problem resolved?
28. Why did the King order the chief of builders to be hanged?
29. What did the chief builder say when the king ordered him to be hanged?
30. What did the workmen say in their defence when the king ordered them to be hanged?
31. How did the masons save themselves from being hanged?
32. How did the architect plead his case before the king?
33. What was the King's reaction when the architect blamed him for the incident?
34. What suggestion did the wise man give to the king?
35. How did the arch escape punishment?
36. Describe the circumstances which led to the hanging of His Majesty?
37. What was the problem confronted by the Ministers? How did they solve it?
38. How was a melon crowned as the king of the country?
39. What are the principles of 'Laissez- Faire'?

40. What is the significance of phrase 'just and placid' used for the king?
41. How according to you, can peace and liberty be maintained in a state?
42. Give examples of humour and irony from the poem 'The Tale of Melon City'.
43. Why did the king order to build the arch?
44. How was the wisest man chosen? Was his advice really 'wise'?
45. What is the significance of a melon being made the king of the city?
46. What message does it convey?
47. What message does the poem 'The Tale of Melon City' convey?
48. Give your impressions of the King of Melon city.

Extract- Based Questions:**[1 Mark]**

49. "In the city of which I sing
There was a just and placid King
The King proclaimed an arch should be
Constructed, that triumphally
Would span the major thoroughfare
To edify spectators there."
- (i) The king has been described as
(a) Just (b) Royal (c) Placid (d) Both (a) and (c)
 - (ii) Which of the following was the purpose of arch?
(a) A sign of victory (b) A span through major warfare
(c) To reduce travel time (d) To improve beauty of the city
 - (iii) Based on the extract, please clarify between fact and opinion.
 1. The city was already a big city.
 2. The King ordered that an arch should be constructed.
 3. Construction of arch would be a major event.
 4. Construction of arch would improve beauty of the city.
 (a) F-1,2, O-3,4 (b) F-2,4, O-1,3 (c) F-2,3, O-1,4 (d) F-1,4, O-2,3
 - (iv) Which poetic device has been used in the first line of the extract?
(a) Repetition (b) Alliteration (c) Metaphor (d) Simile
50. "The workmen went and built the thing.
They did so since he was the King
The King rode down the thoroughfare
To edify spectators there
Under the arch he lost his crown
The arch was built too low."
- (i) In the first line of the extract, what is referred by the word 'Thing'?
(a) King (b) Arch (c) Thoroughfare (d) Crown
 - (ii) What did the king lose?
(a) Crown (b) Clown (c) Crows (d) Crowd
 - (iii) Which of the following is mentioned as the reason of the crown falling?
(a) The arch was built too low (b) The crown ht the arch
(c) Both (a) and (b) (d) None of the above
 - (iv) Which poetic device has been used in the first line of the extract?
(a) Alliteration (b) Repetition (c) Metaphor (d) Both (a) and (b)

51. "A frown appeared upon his placid face
The King said, 'This is a disgrace.
The chief of builders will be hanged.'
The rope and gallows were arranged.
The chief of builders was led out.
He passed the King. He gave a shout,
'O King, it was the workmen's fault'
- (i) A frown appeared upon his placid face means that the King was
(a) Happy (b) Annoyed (c) Anxious (d) Appealing
- (ii) How did the chief of builder escape from being hanged?
(a) By shouting at the King (b) By fighting the soldiers
(c) By blaming workmen (d) By running away from the kingdom
- (iii) An expression 'This is a disgrace' has been used in the extract. Which of the following is not the correct replica of a similar expression?
(a) This is a pride (b) This is a shame (c) This is a humiliation (d) This is an insult
- (iv) What is the poetic device used in the sixth line of the extract?
(a) Alliteration (b) Repetition (c) Metaphor (d) Both (a) and (b)
52. "The architect was summoned
'Well, architect', said his Majesty.
'I do ordain that you shall be
hanged'. Said the architect, 'O King
You have forgotten one small thing.
You made certain amendments to
the plans when I showed them to you."
- (i) To whom does the phrase 'His Majesty' refer to?
(a) King (b) Architect (c) Mason (d) None of the above
- (ii) Who had made amendments in the plan?
(a) Architect (b) Planner (c) King (d) Chief of the builders
- (iii) Who had shown the plans to the King?
(a) Architect (b) Planner (c) Mason (d) Workmen
- (iv) The fifth and sixth lines of the extract start with the same word 'you'. This poetic device is known as
(a) Alliteration (b) Repetition (c) Oxymoron (d) Anaphora

Long Answer Type Questions:- (120-150 words)**[6 Marks]**

53. Describe the circumstances leading to the hanging of the king.
54. How does a melon become the ruler of the State?
55. Suggest a few instances in the poem which highlight humour and irony.
56. What impression do you gather of a state where the king was just and placid?
57. Portray the character of the king.
58. "Mockery is found in the process of fair trial and proper judgement ". Comment.
59. Justify the title of the poem 'The Tale of Melon City'.



Chapter – 8

RECTIFICATION OF ERRORS**Introduction****Very Short Answer Questions****[1 Mark]**

1. What is meant by rectifying entry?
2. Give an example of two sided error
3. Give an example of one sided error.
4. What do you mean by Suspense Account?

Objective Type Questions**[1 Mark]**

5. Wages paid to Mohan for erecting a machine should be debited to:

(a) Wages A/c	(b) Machine A/c	(c) Mohan's A/c	(d) Cash A/c
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6. Sale of typewriter that has been used in the office should be credited to :

(a) Sales A/c	(b) Cash A/c	(c) Capital A/c	(d) Typewriter A/c
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7. Suspense Account in the trial balance will be entered in the:

(a) Manufacturing A/c	(b) Trading A/c	(c) Profit & Loss A/c	(d) Balance sheet
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8. ₹ Rs.1,500 received from Bahadu whose account was previously written off as bad-debt should be credited to

(a) Bahadur's A/c	(b) Bad-debts Recovered A/c
(c) Suspense A/c	(d) Cash A/c
9. Rent paid to landlord amounting to ₹500 was credited to Rent A/c with ₹5,000. In the rectifying entry, Rent A/c will be debited with :

(a) 5,000	(b) 500	(c) 5,500	(d) 4,500
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10. Purchased goods from Gopal for ₹3,600 but was recorded in Gopal's A/c as ₹6,300. In the rectifying entry, Gopal's A/c will be debited with:

(a) 9,900	(b) 2,700	(c) 3,600	(d) 6,300
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11. Suhan returned Gopal for ₹3,600 but was recorded as ₹6,300 to the debit of Gopal . In the rectifying entry, Gopal's A/c will be credited with:

(a) 9,900	(b) 2,700	(c) 3,600	(d) 6,300
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12. Sohan returned goods to us amounting ₹ 4,200 but was recorded as ₹2,400 in his account. In the rectifying entry, Sohan's A/c will be credited with:

(a) 1,800	(b) 4,200	(c) 2,400	(d) 6,600
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13. Goods sold to Sethi for ₹ 640 were recorded in his account as ₹460. In the rectifying entry, Sethi's A/c will be debited with :

(a) 180	(b) 460	(c) 640	(d) 1,100
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14. A brief-case purchased for ₹800 for the son of a partner was debited to General Exp. A/c with ₹80. In the rectifying entry, Drawings A/c should be debited with:

(a) 880	(b) 720	(c) 800	(d) 80
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15. Suspense Account is a

(a) Real Account	(b) Personal Account	(c) Nominal Account	(d) Any of these
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16. It is easy to detectthan to

(a) frauds, errors	(b) mistakes, frauds	(c) errors, frauds	(d) errors, mistakes
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17. Errors are
 (a) Undetected mistakes (b) Intertional Mistakes (c) Frauds (d) Unintentional Mistakes
18. Mention whether the following statements are true or false:-
 (a) Suspense Account always shows debit balance.
 (b) Goods given as charity shold be credited to Purchase Account
 (c) It is incorrect to debit reparis account for the amount spent on the repairs of Plant purchased secod hand.
 (d) Goods taken by the proprioetor for domestic use will be credited to Drawings Account
 (e) If a cheque received from a customer is dishonoured, it will be debited to the Customer's Account
 (f) Interest received from Mohan will be credited to Mohan's Account
 (g) Good were returned ot X for ₹ 351 and his account was credited with ₹531. In the rectifying entry, his account will be debited iwht ₹882.

Two Sided Errors:-

Practical Questions

[4/6 Marks]

19. Rectify the following errors:-
 (a) Credit sales to Mridula ₹5,000 were not recorded .
 (b) Credit purchases from Nayna ₹8,000 were not recorded .
 (c) Goods returned to Priya ₹ 12,000 were not recorded .
 (d) Goods returned from Rashi ₹10,000 were not recorded
20. Rectify the following errors:
 (a) Credit sales to Mridula ₹5,000 were recorded as ₹ 500
 (b) Credit purchases from Nayna ₹8,000 were recorded as ₹ 800.
 (c) Goods returned to Priya ₹12,000 were recorded as ₹1,200
 (d) Goods returned from Rashi ₹10,000 were recorded as ₹1000
21. Rectify the following errors:
 (a) Credit Sales to Mridula ₹5,000 were recorded as ₹5,400
 (b) Credit purchases from Nayna ₹8,000 were recorded as ₹8,800.
 (c) Goods returned to Priya ₹ 12,000 were recorded as ₹12,200
 (d) Goods retured from Rashi ₹10,000were recored as ₹11,000.
22. Give rectifying entries for the following:
 (a) A credit sales of goods to Ram ₹2,500 has been wrongly passed through the 'Purchases Book'.
 (b) A credit purchase of goods from Shyam amounting to ₹1,000 has been wrongly passed through the 'sales Book'
 (c) A return of goods worth ₹1,100 to Mohan was passed through the 'Sales Returned Book'.
 (d) A return of goods worth ₹500 by Ganesh were entered in 'Purchases Return Book'.
23. Rectify the following errors-
 (a) Goods for ₹ 5,500 were purchased from Modern Traders on credit, but no entry has yet been passed.
 (b) Purchase Return for ₹1,500 not recorded in the books
 (c) Goods for ₹2,000 sold to 'Geeta Traders' on Credit were entered in the sales book as ₹200 only.

- (d) Goods of the value of ₹1,800 returned by Sunil & Co. were included in stock, but no entry was passed in the books.
- (e) Goods purchased for ₹900, entered in the purchases book as ₹9,000.
- (f) An invoice for goods sold to X was overcast by ₹100.
24. Rectify the following errors:
- (a) Sold old furniture to A for ₹11,500 was passed through the Sales Book.
- (b) Credit purchases of ₹12,000 from Ojas omitted to be recorded in the books
- (c) Repairs made were debited to Building Account ₹7,000.
- (d) Credit sale of ₹1,800 to Avikan was recorded as ₹8,100.
- (e) ₹6,000 paid for office furniture was debited to office expenses account
- (f) A credit sale of goods of ₹15,000 to Ramesh has been wrongly passed through the Purchases Book.
25. Give Journal Entries to rectify the following errors:
- (a) Goods purchased from Ajay for ₹2,600 were recorded in Sales Book by mistake
- (b) Goods for ₹4,400 sold to Surendra was passed through Purchase Book.
- (c) A customer returned goods worth ₹1,000. It was recorded in 'Purchase Return Book'
- (d) A credit sale of ₹126 to Rajesh was entered in the books as ₹162
- (e) Sale of old chairs and Table for ₹700 was treated as sale of goods
- (f) Rent of proprietor's residence, ₹800, debited to Rent A/c
26. Rectify the following errors:-
- (a) A sale of goods to Raja Ram for ₹2,500 was passed through the Purchases Book.
- (b) Salary of ₹800 paid to Hari Babu was wrongly debited to his personal account
- (c) Furniture purchased on credit from Mohan Singh for ₹1,000 was entered in the Purchases Book.
- (d) ₹5,000 spent on the extension of buildings was debited to Buildings Repairs Account.
- (e) Goods returned by Mani Ram ₹1,200 were entered in the Returns Outwards Book.
27. Rectify the following errors:
- (a) Furniture purchased for ₹10,000 wrongly debited to Purchases Account.
- (b) Machinery purchased on credit from Raman for ₹20,000 was recorded through Purchases Book.
- (c) Repairs on machinery ₹1,400 debited to Machinery Account.
- (d) Repairs on overhauling of second hand machinery purchased ₹2,000 was debited to Repairs Account.
- (e) Sale of old machinery at book value of ₹3,000 was credited to Sales Account.
28. Pass Journal Entries to rectify the following errors :
- (a) Machinery purchased for ₹5,000 has been debited to Purchases A/c
- (b) ₹700 paid to Sh. Mohan Kapoor as Legal Charges were debited to his personal account.
- (c) ₹10,000 paid to Escorts Company for Machinery purchased stand debited to Escorts Company account.
- (d) Typewriter purchased for ₹6,000 was wrongly passed through purchase book.
- (e) ₹20,000 paid for the purchase of a Motor Cycle for proprietor has been charged to 'General Expenses' A/c.
- (f) ₹15,000 paid for the purchase of 'Gas Engine' were debited to 'Purchases' A/c.
- (g) Cash paid to Ram ₹400 was debited to the account of Shyam.
29. Rectify the following errors:-
- (a) ₹4,500 spent on the extension of Buildings were debited to Repairs A/c

- (b) Wages paid to the firm's own workmen ₹3,600 for the installation of a new machinery were posted to Wages Account.
- (c) Contractor's bill for the construction of a godown at a cost of ₹10,000 has been charged to 'Repairs' A/c.
- (d) ₹1,500 paid as Wages to a worker 'Bahadur Singh' has been debited to his personal account.
- (e) Old furniture sold for ₹500 has been credited to Sales Account.
- (f) A Cheque of ₹620 received from Ram, has been wrongly credited to Shyam.
30. Pass rectifying entries
- (a) ₹5,000 being the cost of a Radio purchased for the personal use of the proprietor has been debited to Radio Account in the ledger.
- (b) Goods taken by the proprietor for ₹1,000 has not been entered in the books at all
- (c) A cheque of ₹500 received from X was credited to the account of Y and debited to Cash instead of Bank A/c.
- (d) A cheque of ₹1,300 received from Ram Lal was dishonored and debited to 'General Expenses' A/c.
- (e) A sum of ₹3,000 drawn by the proprietor for his private travel was debited to 'Travelling Expenses A/c'.
- (f) Credit purchase of ₹500 from Ajay were posted to the credit of Vijay A/c.
- (g) An amount of ₹1,600 due from Chandan Lal was written off as 'Bad -debt' in Previous year, was unexpectedly received this year, and has been credited to the account of Chandan Lal.
31. Rectify the following errors which were detected before preparing the Trial Balance.
- (a) Purchase book has been overcast by ₹1,000
- (b) Purchase from Ram ₹20,000 has been omitted to be posted to his account
- (c) Purchase from Shyam ₹15,000 has been posted to the debit side of his account
- (d) Purchase from Ghanshyam ₹10,000 has been posted to his account as ₹1,000.
- (e) Purchase from Sita Ram ₹5,000 has been posted to his account as ₹50,000.
32. Rectify the following errors which were detected before preparing the Trial Balance:
- (a) The total of Sales Book carried forward ₹5,000 less.
- (b) A credit sale to Sita ₹ 6,300 posted as ₹3,600
- (c) A credit sale to Radha ₹2,400 posted as ₹4,200
- (d) A credit sale to Parbati ₹3,000 credited to her account
- (e) A credit sale to Laxmi ₹5,600 credited as ₹6,500
33. Rectify the following errors assuming
- (A) that no suspense account has been opened with difference in the trial balance
- (B) that such a suspense account has been opened.
- (a) Goods costing ₹ 800 purchased from Sachin on credit were omitted to be credited to his account
- (b) Goods costing ₹800 purchased from Sachin on credit were credited to his account as ₹80.
- (c) Goods costing ₹800 purchased from Sachin on credit were credited to his account as ₹ 880.
- (d) Goods costing ₹800 purchased from Sachin on credit were posted to be debit of his account.
- (e) Goods costing ₹800 purchased from Sachin on credit were posted to the debit of his account as ₹ 80.

34. Rectify the following errors assuming that Suspense Account was opened. Ascertain the difference in Trial Balance.
- Credit sales to Mohan ₹7,000 were recorded in Purchase Book. However, Mohan's Account was correctly debited.
 - Credit purchases from Rohan ₹9,000 were recorded in Sales Book. However, Rohan's Account was correctly credited.
 - Goods returned to Rakesh ₹4,000 were recorded in Sales Returns Book. However, Rakesh's Account was correctly debited.
 - Goods returned from Mahesh ₹1,000 were recorded through Purchase Returns Book. However, Mahesh's Account was correctly credited.
 - Goods returned to Naresh ₹2,000 were recorded through Purchases Book. However, Naresh's Account was correctly debited.
35. There was a difference of ₹430 in a Trial Balance. It was placed on the Debit side of a Suspense A/c. Later on the following errors were discovered. Pass rectifying entries and prepare Suspense A/c.
- Purchases book was overcast by ₹100
 - Sales book was overcast by ₹1,000
 - Goods for ₹800 purchased from Umakant, though entered in the purchase book, has not been posted to his account.
 - An amount of ₹500 has been posted to the credit side of commission account instead of ₹570.
 - Goods sold to Bharti for ₹4,400 has been posted to her account as ₹4,000
 - Goods sold to X for ₹750 were recorded in purchase book.
36. In taking out the Trial Balance, book-keeper finds that he is out ₹3,809 excess debit. Being desirous of closing his books he places the difference to a newly opened Suspense A/c which is carried forward. In the next period he discovered that
- ₹17,715 received from X has not been posted to his account
 - A sum of ₹9,500 written off as depreciation on fixtures has not been posted to the Depreciation A/c.
 - ₹1,50,000 paid for furniture purchased has been charged to Ordinary Purchases A/c
 - A discount of ₹3,742 allowed to a customer has been credited to him as ₹3,648.
 - The total of the inwards return has been added ₹900 short.
 - An item of Sale for ₹5,900 was posted as ₹9,500 in the Sales Account.
37. A Book-keeper failed to balance his trial balance, the credit side exceeding the debit side by ₹175. This amount was entered in a Suspense Account. Later on the under mentioned errors were discovered.
- Goods amounting to ₹ 620 sold to D & Co were correctly entered in the Sales book, but posted to the Company's A/c as ₹260
 - A credit balance of ₹775 of Rent Received account was shown as ₹ 570
 - The total of Returns outwards Book amounting to ₹200 was not posted to the Ledger.
 - Goods worth ₹100 were purchased from Prakash but the amount was entered in the Sales Book. The account of Prakash was correctly credited.
 - Sales Book was under cast by ₹100
 - The total of the credit side of Sohan's account was overcast by ₹100. Give journal entries to rectify these errors and prepare the Suspense Account.

38. The Trial Balance prepared by a Book-keeper showed a difference of ₹1,006 which was placed in a newly opened suspense Account and carried forward to the next year, When the following errors were discovered
- Good purchased for ₹99 had been posted to the credit of the supplier as ₹990
 - ₹75 received as discount from a creditor was duly entered in his account but it was omitted to be posted to discount account.
 - Sale of Furniture for ₹1,400 had been entered in sales book
 - ₹900 due from a customer were omitted to be taken to the Schedule of sundry debtors.
 - Goods of the value of ₹3,000 returned by a customer were taken into the stock but no entry was made in the books.
 - ₹355 entered in the Sales Returns book had been posted to the debit of the customer who returned the goods. Give necessary Journal entries to rectify the above errors and prepare suspense account.
39. A book – keeper finds that the debit side of the trial balance is short of ₹308 and so for the time being, he balances the side by putting the difference to suspense account. Subsequently, the following errors were disclosed.
- An entry for sale of goods for ₹102 to Madhav was posted to his account as ₹120.
 - ₹100 being the discount allowed to customers was credited to discount received account in the ledger.
 - ₹275 paid by Madhav were credited to Jadav's account
 - ₹26 appearing in the cash book as paid for the purchase of stationery for office use have not been posted to ledger.
 - The debit side of purchases account was under –cast by ₹100
- You are required to make the necessary journal entries and the suspense account.
40. The accountant of X prepared the Trail Balance at het end of the year on 31st March, 2015. But there was a difference and the accountant put the difference in a Suspense Account. Rectify the following errors found and prepare the Suspense Account.
- The total of the returns outwards book ₹ 420 has not been posted in the ledger.
 - A purchase of ₹350 from Y has been entered in the sales book. However Y's Account has been correctly entered.
 - A sale of ₹390 to Z has been credited to his account ₹290.
 - Old furniture sold for ₹5,400 had been posted as ₹4,500 in Sales Account.
 - Goods taken by the proprietor ₹ 500 have not been entered in the books at all.
41. Trail Balance of Madan did not agree and he put the difference to Suspense Account. He discovered the following errors
- Sales Returns book overcast by ₹800
 - Purchases returns to Sahu ₹2,000 were not posted to his account
 - Goods purchased on credit from Narula ₹4,000 though taken into stock but no entry was passed in the books.
 - Installation charges on new machinery purchased ₹500 were debited to sundry expenses account as ₹50
 - Rent paid for residential accommodation of Madan (the proprietor) ₹1,400 was debited to Rent A/c as ₹1,000

42. There was an error in the Trial Balance of Mr. Steel on 31st March , 2015, and the difference in Books was carried to a Suspense Account. On going through the Books you find that:
- (a) ₹5,400 received from Mr. A was posted to the debit of his account
 - (b) ₹1,000 being purchase return were posted to the debit of Purchases Account
 - (c) Discount received ₹ 2,000 was posted to the debit of Discount Account
 - (d) ₹2,740 paid for Repairs to motor Car was debited to Motor Car Account as ₹ 1,740
 - (e) ₹4,000 paid to B was debited to A's Account.
- Give Journal Entries to rectify the above errors and ascertain the amount transferred to Suspense Account on 31st March, 2015 by showing the suspense Account, assuming that the Suspense Account is balanced after the above corrections.
43. Rajesh Kumar was unable to reconcile his Trail Balance as on 31st March 2014 and has opened a suspense account from the difference. Later on the following errors were discovered.
- (a) There were three compensating errors
 - (i) The total of Sales Return Book was overcast by ₹100
 - (ii) The total of one page of the Purchases Book was carried forward as ₹1,286, instead of ₹1826.
 - (iii) Goods purchased from C for ₹400 was debited to his account as ₹40.
 - (b) ₹425 paid for wages to workmen for making office table were debited to wages account
 - (c) Rent paid ₹1,500 were posted to the credit of Rent account as ₹150
 - (d) Cash received from Ghanshyam ₹500 were correctly recorded in cash book but were posted to his account as ₹50
 - (e) ₹720 paid to Kamal has been debited to Kamlesh A/c as ₹520
 - (f) The total of Purchase Return Book ₹ 2,500 was left un-posted.
- Pass rectifying entries and prepare Suspense A/c
44. A Trial Balance showed excess credit of ₹ 2,728, which were placed in a suspense account. Later on the following errors were located. Pass rectifying entries and prepare suspense A/c.
- (a) ₹ 825, the total of purchase return book has been posted to the debit of sales return account.
 - (b) Goods purchased from Suresh ₹ 1,800 recorded in Sales book as ₹ 180
 - (c) An item of ₹ 328 written off as a bad debt from Ajay Sharma has not been debited to Bad Debts Account.
 - (d) Goods purchased from X ₹ 3,500 and from y ₹ 4,000, but were recorded in the purchase book as X ₹ 4,000 and Y ₹ 3,500.
 - (e) goods returned to Ramesh for ₹ 2,600 was correctly recorded in the return outward book but was wrongly posted to his account as ₹ 260.
 - (f) A sum of ₹ 2,210 stolen by an ex-employee stand debited to Suspense A/c
 - (g) A sum of ₹ 500 written off as depreciation on Machinery, were not posted to Machinery account.
45. A Book-keeper finds the difference in the Trial Balance amount in to ₹ 210 and puts it in the suspense account. Later on he detects the following errors. Rectify these and prepare the Suspense Account.
- (a) Goods purchased from Ram ₹ 700 was passed through sales book.
 - (b) Returned goods to Shyam ₹ 1,500 was passed through returns inward book.
 - (c) An item of ₹ 450 relating to prepaid rent account was omitted to be brought forward.

- (d) An item of ₹ 120 in respect of purchase returns, instead of being recorded in Returns outward book has been wrongly entered in the purchase book and posted there from to the debit of Personal A/c
- (e) Amount payable to Subhash for repairs done to radio ₹ 180 and a new radio supplied for ₹ 1,920, were entered in the Purchase book as ₹ 2,000.

Give full narrations for rectifying journal entries. Which of the above errors affected the agreement of Trial Balance?

46. In taking out of Trial Balance, an Accountant finds an excess debit of ₹ 1,098. Being desirous of closing his books, he places the difference to Suspense A/c. Later on he detects the following errors.

- (a) Goods purchased from Surinder for ₹ 350 have been credited to his account as ₹ 530.
- (b) Goods sold to Dinesh for ₹ 800 have been debited to his account as ₹ 880.
- (c) The cheque of ₹ 1,250 received from a debtor had correctly entered in the cash book but posted to his Personal A/c as ₹ 1,200.
- (d) ₹ 780 paid for freight on machinery purchased was debited to Freight Account as ₹ 708
- (e) Goods to the value of ₹ 130 returned by a customer Navin Kumar had been posted to the debit of his account.
- (f) ₹ 1,440 paid for repairs to Motor Car were debited to Motor Car A/c as ₹ 1,400.
- (g) Total of purchase return book ₹ 500 was posted to the debit of Purchase A/c.

Give necessary rectifying entries and prepare suspense account.

47. A Book-keeper finds that the total of his trial balance disagree by ₹ 2,800. He temporarily debits a Suspense Account with this amount and closes the books. On an examination of the books, the following errors are discovered:-

- (a) The total of Purchase Return Book ₹ 710 was posted Twice.
- (b) Goods costing ₹ 800 were distributed as free samples but no entry was passed in the books
- (c) Purchase of Machinery for ₹ 5,600 on credit was recorded in Purchase books as ₹ 6,500.
- (d) Cash Sales to Ram Lal for ₹ 1,200 were recorded in Cash Book as well as in Sales Book and were posted from both.
- (d) Closing Stock has been overvalued by ₹ 1,500.
- (e) Sales return book was untotalled, though personal accounts were posted ₹ 1,580.
- (f) No entries have been made in the Cash book for the insurance premium directly paid by bank ₹ 700 and interest charged on overdraft ₹ 320.
- (g) A sum of ₹ 200 for Drawings on the credit side of cash book was not posted to the drawings account.

Pass entries to rectify the above errors. Close the Suspense Account already opened.

48. Give rectifying journal entries for the following errors:

- (a) Sale of goods to Madan ₹ 6,000 were entered in the sales book as ₹ 600
- (b) A credit purchase of ₹ 1,500 from Ajay has been wrongly passed through the sales book.
- (c) Repairs to building ₹ 300 were debited to building account.
- (d) ₹ 2,050 paid to Rohit is posted to the debit of Mohit's account as ₹ 5,020.
- (e) Purchase return book is overcast by ₹ 400

49. Rectify the following errors:
- (a) The sales Book has been totally ₹ 1,000 short.
 - (b) Goods worth ₹ 1,500 returned by Green and Co. have not been recorded anywhere.
 - (c) Goods purchased worth ₹ 2,500 have been posted to the debit of the supplier, Gupta and Co.
 - (d) Furniture purchased from Gulab and Co. worth ₹10,000 has been entered in Purchases Day Book.
 - (e) Cash received from A ₹ 2,500 has not been posted in his account.
50. Rectify the following errors by means of Journal entries.
- (a) A cheque of ₹ 5,000 received from Ashish was dishonored and was debited to Discount Account
 - (b) Purchase of ₹ 540 from Ramneek was written in Sales day book, but was correctly posted to correct side of Ramneek's Account.
 - (c) Salary paid to Miss Yugakshi ₹ 1,000 was debited to her personal account as ₹ 900
 - (d) Furniture costing ₹ 500, purchased from Jyoti, was wrongly entered in purchase book as ₹ 450
51. During the course of an accounting year, the accountant prepared a trial balance which did not tally. He put the difference in a suspense account subsequently, he located the following errors in his books of account:
- (a) The total of the return outwards book, ₹ 21,500 has not been posted.
 - (b) A sale of ₹ 4,300 to Ramesh has been credited to him as ₹ 3,400
 - (c) A sale of ₹ 2,960 to Shyam has been recorded in sales book as ₹ 2,690.
 - (d) Old furniture sold for cash worth ₹ 5,400 has been posted in sales account as ₹ 4,500. There was no profit or loss on sale.
 - (e) Goods taken by proprietor worth ₹ 1,00 have not been recorded in the books of account at all.
- Pass journal entries to rectify the above mentioned errors and prepare suspense account assuming no error has remained undetected.
52. During the course of an accounting year, an Accountant found a difference in the trial balance. He puts this difference in a newly opened suspense account. Subsequently, he located the following errors in his books of account:
- (a) Goods purchased from Shiv for ₹ 10,000 but entered in sales book
 - (b) Received a bill receivable for ₹ 18,000 from Ganesh, but recorded in bills payable book
 - (c) An item of ₹ 4000 in respect of purchases returns, wrongly debited to purchases account.
 - (d) An item of ₹ 2,000 relating to pre-paid salary account omitted to be brought forward.
 - (e) Paid ₹ 1,000 on account of repair of furniture, but wrongly debited to furniture account.
- Pass journal entries to rectify the above mentioned errors and prepare suspense account assuming that no error remained undetected.
53. Pass journal entries to rectify the following errors. The trial balance had ₹ 1,260 excess credit. The difference has been posted to a suspense account:
- (a) The total of returns inwards book has been cast ₹ 2,000 short.
 - (b) The purchase of an office table costing ₹ 6,000 has been passed through the purchases day book
 - (c) A sum of ₹ 7,500 paid to workman for wages for making showcases has been charged to wages account.
 - (d) A purchase of ₹ 1,340 has been posted to the creditor's account as ₹ 600.
 - (e) A cheque of ₹ 4,000 received from Y has been dishonored; it has been posted to the debit of allowances account.
- After passing journal entries, prepare the suspense account.

54. The book of Ramesh did not agree. The difference of ₹ 12,700 in trial balance was placed to the debit of suspense account. Subsequently, the following errors were located. Pass journal entries to rectify the errors and prepare the suspense account:
- The total of the purchases returns book, ₹ 2,100 has not been posted.
 - A sale of ₹ 4,300 to Ram has been credited to his account as ₹ 3,400
 - A purchase from Suresh for ₹ 4,000 has been entered in the sales book. However, Suresh has been correctly credited with ₹ 4,000.
 - Old furniture sold on credit for ₹ 5,400 has been recorded in the sales account as ₹ 4,500
 - Goods taken away by Ramesh, the proprietor for his personal use worth ₹ 750 has not been recorded in the books of accounts at all.
55. Rectify the following errors by passing Journal entries:
- Old furniture sold for ₹ 500 has been credited to Sales Account.
 - Machinery purchased on credit from Raman for ₹ 2,000 recorded through purchases book ₹ 16,000
 - Cash received from Rajat ₹ 5,000 was posted to the debit of Bhagat as ₹ 6,000.
 - Depreciation provided on machinery ₹ 3,000 was posted to Machinery Account as ₹ 300.
56. Pass Journal entries to rectify the following errors which were located after preparing the Trial Balance.
- The Sales Book was overcast by ₹ 500
 - Credit purchases from Aradhya ₹ 6,000 were posted to the debit of her account as ₹ 9,000
 - Goods returned from Ayan ₹ 8,000 were recorded in Purchases Return Book
 - Wages paid ₹ 3,980 were recorded in the Cash Book as ₹ 3,890
57. Rectify the following errors:-
- ₹ 500 paid for the purchases of Radio set for the proprietor debited to General expenses account
 - Goods sold to Ram for ₹ 300 have been entered in the purchase book. However the account of Ram stands correctly posted.
 - An amount of ₹ 50 paid to Kewal has been credited to the account of Kanwal.
 - A sum of ₹ 450 paid to Kewal has been credited to the account of Kanwal
 - Wages paid for the month ₹ 300 was posted twice.
 - Sales return book was under cast by ₹ 10
 - Goods for ₹ 100 have been returned by a customer. These have been taken into stock but no entry in respect thereof has been made in the books.
 - Repairs ₹ 500 debited to machinery account as ₹ 550
58. Pass journal entries to rectify the following errors detected during preparation of Trial Balance:
- Purchases book is under cast by ₹ 1,000
 - Wages paid for construction of office debited to wages account ₹ 20,000.
 - A credit sale of goods ₹ 1,200 to Ramesh has been wrongly passed through the purchase book
 - Goods purchased for ₹ 5,000 were posted as ₹ 500 to the purchases account
 - An amount of ₹ 2,000 due from Mahesh Chand, which had been written off as a bad debt in a previous year was unexpectedly recovered and has been posted to the personal account of Mahesh Chand.
 - A credit purchase of ₹ 1,040 from Ramesh was passed in the books as ₹ 1,400.

- (g) Goods (Cost ₹ 5,000; Sales Price ₹ 6,000) distributed as free samples among prospective customers was not recorded anywhere.
- (h) Goods worth ₹ 1,500 returned by Green and Co. have not been recorded anywhere.
59. Rectify the following errors found in the books of Mr. Suhail by passing entries:
- (a) One item of purchase of ₹ 250 has been posted from the purchases book to the ledger as ₹ 350
- (b) Sales return of ₹ 2,000 from a party has not been posted to that account, through the party's account has been credited.
- (c) A cheque of ₹ 600 issued to the suppliers account (shown under Sundry Creditores) toward his dues had been wrongly debited to the purchases account.
- (d) Credit sale of ₹ 1,000 has been credited to the sales and also to the Sundry Debtor's Account.
60. Rectify the following errors:
- (a) Bought Radio for ₹ 1,000 for the proprietor was debited to General Expenses A/c.
- (b) Bought goods from Mohan ₹ 2,000 was passed through the Sales Book
- (c) Wages due ₹ 1,500 has not been taken into account
- (d) Goods Returned by Kamal ₹ 240 has been debited to his account ₹ 420
61. Rectify the following errors found in the books of Mr. Aryan by passing entries:
- (a) The purchase of ₹ 610 from Kabir was entered into sales book but Kabir's personal account was rightly credited.
- (b) Sale of old furniture of ₹ 2,500 was credited to sales account as ₹ 250
- (c) An item of ₹ 500 relating to prepaid insurance account was omitted to be brought forward from the previous year's books.
- (d) ₹ 220 discount received from a creditor had been dully entered in his account but not posted to discount received account.
62. Complete the following Rectification Entries:

Sl. No.	Particulars	L.F	Debit (₹)	Credit (₹)
(a)	..... Dr. To To (Furniture purchased for ₹ 5,000 wrongly debited to purchase account as ₹ 500, now rectified)			..... .....
(b)	..... Dr. To (Sale of machinery wrongly recorded in sales book, now rectified)		2,000	2,000
(c)	..... Dr. To (Total of sales returns book not posted to ledger, now rectified)		3,000	3,000
(d)	..... Dr. To (Purchases book undercast by ₹ 1,000)		.....	.....



Chapter – 9

FINANCIAL STATEMENTS**Introduction****Short Answer Question Type****[1 Mark]**

1. What is the use of Financial Statements for employees and trade unions?
2. What is the use of Financial Statements for Potential Investors?
3. What is meant by Operating Profit?
4. What is meant by Indirect Expenses? Give two examples.
5. Give four points of distinction between Trading Account & Profit and Loss Account.
6. What purpose does a Balance Sheet serve?
7. What is meant by 'Grouping' and 'Marshalling' a Balance Sheet?
8. Write the various Assets in order of liquidity in a Balance Sheet.
9. When assets are listed in order of their liquidity in a Balance Sheet, which -could be listed first — Buildings or Cash in hand?
10. Explain the Current Assets and Non-Current Assets.
11. Give two examples of each of Fixed Assets and Current Assets.
12. What do you mean by 'Contingent Liabilities'? Give its two examples.
13. Give any five points of difference between a Balance Sheet and a Trial Balance.
14. When liabilities are listed in order of liquidity in a Balance Sheet, which should be listed first — Capital or Creditors?

Very Short Answer Questions**[1 Mark]**

15. What are Financial Statements?
16. What is the primary objective of financial statements?
17. What is a Trading Account?
18. What is Gross Profit?
19. What is a Profit and Loss Account?
20. What is Net Profit?
21. Give a formula to calculate Operating Profit from Net Profit?
22. Give a formula to calculate 'Cost of Goods Sold'
23. What is a Balance Sheet
24. Give two characteristics of a Balance Sheet.
25. Write one difference between a Trial Balance and a Balance Sheet.
26. "Profit and Loss Account shows the financial position of the enterprise". Do you agree?
27. "Profit and Loss Account is a point statement whereas a Balance Sheet is a period statement." Do you agree?
28. What is meant by Marshalling of Assets and Liabilities?
29. "Under the liquidity approach, assets which are most liquid are presented at the top of the balance sheet". Do you agree?
30. When does closing stock appear inside the Trial Balance?
31. Give any two examples of Fictitious Assets.
32. 'T' form presentation of financial statements is known as 'Horizontal form' or 'Vertical form'? Horizontal form.

Objective Type Questions**[1 Mark]**

33. (A) State whether each of the following statement is 'True' or 'False'.
- Balance Sheet is prepared on a particular date and not for a particular accounting period.
 - Prepaid expenses are treated as liquid assets.
 - Goodwill is a tangible asset.
 - Current assets do not include closing stock.
 - Grouping means showing the items of similar nature under a common heading.
 - Marshalling means showing the assets and liabilities in a proper order in the Balance Sheet.
 - The asset which is most easily convertible into cash is shown first and the liability which is to be paid at the earliest will be shown last in order of liquidity.
 - The least liquid asset is shown first and the least urgent liability is shown last in order of permanence.
- (B) Rearrange the following assets in order of liquidity :—
- Debtors
 - Bills Receivable
 - Goodwill
 - Closing Stock
 - Prepaid insurance
 - Cash in hand
 - Short-term Investments
 - Loose Tools
 - Cash at bank
 - Plant
- (C) Choose the best Alternate:-
34. The purpose of preparing final accounts is to ascertain :
- Profit or loss
 - Capital
 - The value of assets
 - Profit or loss and financial position
35. The profit and Loss Account shows :
- Financial Position of the Concern
 - Gross Profit
 - Net Profit
 - Net Profit and Financial Position
36. Balance Sheet shows:
- Profit or Loss
 - Financial Position
 - Errors of Accounts
 - Total Debtors
37. Final Accounts are prepared :
- At the end of calendar year
 - At the end of Assessment year
 - On every Diwali
 - At the end of Accounting year
38. Trading and Profit and Loss Account is prepared :
- For a particular period
 - On a particular date
 - For the whole year
 - None of above
39. Balance Sheet is prepared :
- For a particular period
 - On a particular date
 - For the whole year
 - None of the above
40. Excess of debit in Profit and Loss Account is called :
- Net Profit
 - Net Loss
 - Gross Profit
 - Gross Loss
41. "Salaries and Wages" appearing in Trial Balance is shown :
- On the Debit Side of Trading A/c
 - On the Debit Side of P & L A/c
 - On the Asset Side of Balance Sheet
 - On the Liabilities Side of Balance Sheet

42. Balance Sheet is prepared with the balances of which of the following :
- (a) All balances in the Ledger (b) Balances of Personal Accounts
(c) Balances of Real Accounts (d) Balances of Personal and Real Accounts
43. Balance of Petty Cash is :
- (a) Expenses (b) Income (c) Liability (d) Asset
44. Fixed assets are kept :
- (a) For earning revenue
(b) For conversion into cash as quickly as possible
(c) For resale
(d) For getting loan by mortgage
45. Goodwill is :
- (a) Current Asset (b) Tangible Asset (c) Intangible Asset (d) Fictitious Asset
46. Choose the Current Assets from the following :
- (a) Cash (b) Stock (c) Debtors (d) All of these
47. Schedule of balances prepared from ledger accounts is known as :
- (a) Balance Sheet (b) Trial Balance
(c) Statement of Accounts (d) Statement of Affairs
48. Closing Stock appearing in the Trial Balance is shown :
- (a) On the Dr. side of Trading A/c
(b) On the Cr. side of Trading A/c
(c) On the Assets side of Balance Sheet
(d) On the Cr. side of Trading A/c and on the Assets side of Balance Sheet.
49. Calculate the gross profit if rate of gross profit is 25% on sales and cost of goods sold are Rs 1,80,000
- (a) 2,60,000 (b) 2,36,000 (c) 2,45,000 (d) 2,30,000
50. Opening Stock ₹ 8,500
Purchases ₹ 230,700
Direct Wages ₹ 4,800
Interest on Loan ₹ 2,800
Closing Stock ₹ 9,000
Cost of goods sold will be
- (a) ₹ 30,000 (b) ₹ 32,000 (c) ₹ 35,000 (d) ₹ 40,000
51. If sales are ₹ 2,000 and the rate of gross profit on cost of goods sold is 25%, then the cost of goods sold will be :
- (a) ₹ 1,600 (b) ₹ 1,500 (c) ₹ 1,700 (d) ₹ 1,800
52. Cost of Goods Sold ₹ 50,000; Closing Stock ₹ 40,000; Opening Stock ₹ 60,000; Amount of purchase will be
- (a) ₹ 1,30,000 (b) ₹ 1,70,000 (c) ₹ 50,000 (d) None of these

Practical Questions**[6/8 Mark]**

53. Prepare a Trading Account from the following particulars for the year en 31st March, 2017 :—

Particulars	₹	Particulars	₹
Opening Stock	2,50,000	Purchases Returns	22,000
Purchases	7,00,000	Sales Return	36,000

Particulars	₹	Particulars	₹
Sales	18,00,000	Gas, Fuel and Power	75,000
Wages	2,06,000	Dock Charges	8,000
Carriage Inward	34,000	Factory Lighting	96,000
Carriage Outward	20,000	Office Lighting	5,000
Manufacturing Expenses	2,48,000		

Closing Stock is valued at ₹ 6,00,0000

54. From the following information, prepare the Trading Account for the year ended 31st March, 2017. Adjusted Purchases ₹ 15,00,000; Sales ₹21,40,000; Returns Inwards ₹40,000; Freight and Packing ₹ 15,000; Packing Expenses on Sales ₹20,000; Depreciation ₹36,000; Factory Expenses ₹60,000; Closing Stock ₹1,20,000.
55. Calculate Gross Profit from the following information:

	₹
Closing Stock	70,000
Wages	40,000
Salary	30,000
Sales	6,88,000
Adjusted Purchase	5,50,000

56. Calculate cost of goods sold from the following:

	₹		₹
Opening Stock	40,000	Wages & Salaries	10,000
Net Purchases	50,000	Rent Paid	15,000
Net Sales	1,90,000	Closing Stock	15,000

57. Ascertain cost of Goods Sold and Gross Profit from the following : ₹

Opening Stock	32,000
Purchases	2,80,000
Direct Expenses	20,000
Indirect Expenses	45,000
Closing Stock	50,000
Sales	4,00,000
Sales Returns	8,000

58. Calculate Gross Profit on the basis of the following information:

	₹
Purchases	6,80,000
Return Outwards	30,000
Carriage Inwards	20,000
Carriage Outwards	15,000
Wages	50,000

$\frac{3}{4}$ of the goods are sold for ₹ 6,00,000.

59. Calculate closing stock and Cost of Goods Sold:

Opening Stock ₹ 5,000; Sales ₹ 16,000; Carriage Inwards ₹1,000; Sales Returns ₹1,000; Gross Profit ₹6,000; Purchase ₹10,000; Purchase Returns ₹900.

60. Calculate Closing Stock from the following:

Particulars	₹	Particulars	₹
Opening Stock	38,000	Sales	3,60,000
Purchases	3,40,000	Return Inwards	5,000
Return Outwards	4,000	Gross Loss	20,000
Freight Inwards	26,000		

61. Calculate gross profit and cost of goods sold from the following information:

Net Sales ₹ 8,00,000

Gross Profit is 40% on Sales

62. Calculate gross profit and cost of goods sold from the following information.

Net Sales ₹ 12, 00, 000

Gross Profit 33 1/3 % on Sales

63. Calculate the gross profit and cost of goods sold from the following information:

Net Sales ₹ 9,00,000

Gross Profit is 20% on cost.

64. Assertion the value of closing stock from the following:

	₹
Opening Stock	1,20,000
Purchases during the year	9,30,000
Sales during the year	15,60,000
Rate of Gross Profit	40% on Sales

65. Calculate closing stock from the following details:

	₹
Opening Stock	4,80,000
Purchase	13,60,000
Sales	19,50,000
G.P. is 30% on Cost.	

66. Calculate Net Sales and G.P. from the following:

Cost of Goods Sold ₹ 4,50,000

G.P. 25% on Sales

67. Prepare Profit and Loss Account for the year ended 31st March, 2017 from the following particulars.

General expenses	12,000	Gross profit	7,69,000
Charity	3,000	Carriage Outwards	20,000
Office Lighting	5,000	Office Expenses	16,000
Law Charges	5,800	Fire Insurance Premium	18,000
Advertisement	14,200	Telephone expenses	13,500
Bank Charges	1,200	Establishment expenses	2,500
Commission	7,000	Miscellaneous Expenses	7,100
Rent. Rates and Taxes	30,000	Discount Received	6,200
Interest on investments	12,000	Traveller's Salary	60,000
Sundry Receipts	6,000	Repair	4,300
Indirect expenses	2,100	Commission Cr.	2,000
Printing and Stationary	1,500		

68. Calculate the amount of gross profit, opening profit and net profit on the basis of the following balances extracted from the books of M/s Rajiv & Sons for the ended March 31, 2017.

	₹
Opening Stock	50,000
Net Sales	11,00,000
Net Purchases	6,00,000
Direct Expenses	60,000
Administration Expenses	45,000
Selling and Distribution Expenses	65,000
Loss due to Fire	20,000
Closing Stock	70,000

69. Calculate operating profit from the following:

	₹
Net Profit	5,00,000
Dividend Received	6,000
Loss on sale of Furniture	12,000
Loss by Fire	50,000
Salaries	1,20,000
Interest on Loan from Bank	10,000
Rent Received	24,000
Donation	5,100

70. A merchant has earned a Net Profit of ₹57,200 for the year ended 31st March, 2017. Other balance in his Ledger are as under: Prepare Balance Sheet.

Dr. Balances	₹	Cr. Balance	₹
Cash at Bank	4,800	Bills Payable	3,200
Cash in Hand	1,200	Creditors	61,300
Furniture and Fixtures	7,500	Loan	50,000
Debtors	80,100	Capital	3,32,300
Closing Stock	70,000		
Motor Car	40,000		
Building	1,50,000		
Plant and Machinery	1,20,000		
Bills Receivable	4,400		
Investments	20,000		
Drawings	6,000		

71. The Trial Balance shows the following balances as at 31st March, 2017. Prepare Trading, P/I & BLS. Closing stock valued at Rs. 35,000.

Dr. Balances	₹	Cr. Balance	₹
Purchases	60,000	Capital	1,13,075
Sales Returns	1,500	Sales	1,27,000
Plant and Machinery	90,000	Purchases Returns	1,275
Opening Stock	40,000	Discount Received	800
Discount Allowed	350	Sundry Creditors	20,000
Bank Charges	100	Bills Payable	5,000
Sundry Debtors	45,000		
Salaries	7,000		
Wages	10,000		
Freight : In	1,000		
Ret, Rates and Taxes	1,200		
Advertisement	2,000		
Cash at Bank	7,000		

72. Following is the Trial Balance of Sh. Damodar Parshad as at 31st, March, 2016;

Dr. Balances	₹	Cr. Balance	₹
Stock 1-4-2015	10,000	Discount Received	750
Purchases	58,000	Return Outwards	2,600
Wages	4,700	Sales	98,650
Returns Inwards	3,520	B/P	3,000
Carriage on Purchases	2,360	Sundry Creditors	5,600
Carriage on Sales	710	Creditors for Rent	500
Office Salaries	4,800	Capital	40,000
Rent and Taxes	2,400	Loan from X	10,000
Cash	1,100	Commission	1,200
Bank Balance	7,820		
Bad-debts	600		
Discount allowed	20,000		
Land and Building	6,600		
Scooter	850		
Scooter Repairs	3,500		
B/R	1,800		
Commission	25,400		
Sundry Debtors	1,500		
Interest on X' s Loan	6,000		
Drawings			

Prepare a Trading and Profit and Loss Account for the year ended on 31-3-2016 and the Balance Sheet as at that date. The stock on 31st March, 2016 was ₹ 22,000.

73. From the following balances extracted from the books of Sh. Badri Vishal on 31st March, 2017, prepare a Trading Account, P & L A/c and a Balance Sheet. Closing Stock valued on that date was ₹ 15,000.

	Dr ₹	Cr. ₹
Capital		1,28,200
Household Expenses	10,000	
Sales		1,80,000
Return Inwards	4,000	
Return outwards	1,50,000	6,000
Purchases	1,600	
Cash at Shop		
Bank Overdraft	1,500	15,000
Interest on Overdraft		
Creditors	18,000	17,800
Stock at the Commencement	8,500	
Freight	7,000	
Rent and Taxes	32,600	
Debtors		
Commission	3,000	2,200
Freehold property	30,000	
Sundry expenses	3,900	
Salaries and wages	20,000	

	Dr ₹	Cr. ₹
Life Insurance Premium	1,800	
Insurance Premium	1,600	800
Motor Vehicle	39,800	
Typewriter	8,000	
Interest		
Carriage inwards	2,000	
Carriage outwards	800	
Power Audit Fee	2,200	
Lighting	1,700	
	2,000	

74. From the following balances of the Ledger of Sh. Akhileshwar Singh, prepare Trading and Profit & Loss Account and Balance Sheet:

	Dr. ₹	Cr ₹
Stock on 1-4-2016	30,000	
Stock on 31-3-2017	46,200	
Purchases and Sales	2,30,000	
Returns	12,500	3,45,800
Commission on Purchases	1,200	15,200
Freight and Carriage	26,000	
Wages and Salary	10,800	
Fire : Insurance Premium	820	
Business Premises	40,000	
Sundry Debtors	26,100	
Sundry Creditors		26,700
Goodwill	8,000	
Patents	8,400	
Coal, Gas and Power	12,100	
Printing and Stationary	2,100	
Postage	710	
Travelling Expenses	4,250	
Postage	7,200	
Travelling Expenses	1,000	
Capital	8,3050	
Investments		89,760
Interest on Investments	8,000	
Cash in Hand	2,570	800
Banker's Account		5,200
Commission	4,600	4,400
Loan on Mortgage		30,000
Interest on Loan	3,000	
B/P		
B/R		2,280
Income Tax	4,540	
Horses and Carts	3,000	
Discount on Purchases	20,300	1,600
	<u>5,21,740</u>	<u>5,21,740</u>

75. From the following balances prepare Final Accounts as at 31st March 2017:

Particulars	₹	Particulars	₹
Stock 1-4-2016	23,500	Freight In	1,100
Purchases	46,800	Freight Out	3,000
Sales	1,30,000	Rent (Factory 1/3, Office 2/3)	7,500
Productive Expenses	27,000	Legal Expenses	800
Unproductive Expenses	5,800	Miscellaneous Receipts	500
Trade Expenses	1,200	Sundry Debtors	30,000
Returns In	6,600	Sundry Creditors	16,100
Returns Out	2,800	Donation	600
Loose Tools	7,200	Bad-Debts	4,750
Trade Marks	5,000	Bad-Debts Recovered	4,000
Discount Cr.	2,100	Bank Charges	2,800
Salaries	9,600	Loan on Mortgage	20,000
Fixed Deposit with Punjab		Interest on Loan	2,400
National Bank	10,000		
Cash in Hand	1,300		
Motor in Hand	50,000		
Lease hold Land	60,000		
Capital	1,37,450		
Life Insurance Premium	6,000		

76. Arrange assets in the order of permanence:

Sundry Debtors, Stock, Investment, Land and Building, Cash in Hand, Motor Vehicle, Cash at Bank, Goodwill, Plant and Machinery, Furniture, Loose Tools, Marketable Securities.

Higher Order Thinking Skills (HOTS) Questions

[1 Mark]

77. Goodwill is classified under which class of assets?
78. What type of liability is 'Bill Discounted but not matured'?
79. Where are Contingent Liabilities shown in financial statement?"?
80. What are Contingent Assets? Where do they appear in financial statement and why?
81. Give one example of Contingent Assets.
82. Mr. Khanna is the owner of a Theatre. He spent ₹ 60,000 to Mr. Ashok at a profit of 20% on sale. These goods are still in the go down of Modern Ltd. At the buyer's risk at the close of financial year. What treatment will be made for these goods by Modern Ltd.
83. Calculate the amount of 'Gross Profit' when net loss is ₹ 75,000. Operating Expenses are ₹ 1,20,000 and Net Profit ₹ 40,000.
84. Cost of Goods Sold + Gross Profit =?
85. Interest paid is deducted from interest earned in the Profit & Loss Account. Is it a correct treatment?



Chapter – 10

FINANCIAL STATEMENTS WITH ADJUSTMENTS**Introduction****Short Answer Questions****[1 Mark]**

1. What is the necessity of doing adjustments? Give four adjustment entries with their explanations.
2. Why is Provision for Doubtful Debts created? How is it shown in the Balance Sheet?
3. What is meant by Outstanding Expenses? Give its adjusting entry.
4. Write notes on the following :
(a) Accrued Income (b) Unearned Income (c) Provision for Doubtful Debts
5. Explain the following with examples:
(a) Capital Expenditure
(b) Revenue Expenditure
(c) Deferred Revenue Expenditure
6. Give any two examples of Capital Expenditure.
7. Distinguish between Capital Expenditure and Revenue Expenditure.
8. Show the treatment of the following in Final Accounts when given inside the Trial Balance.
(a) Prepaid Expenses (b) Depreciation
(c) Closing Stock (d) Interest on Capital
(e) Commission received in advance
9. Give the adjustment entry and the treatment in Final Accounts of the following :
(a) Accrued Income (b) Unearned Income
10. Give the adjustment entry and accounting treatment of the following items while preparing financial statements :
(a) Outstanding Salaries (b) Accrued Interest

Very Short Answer Questions**[1 Mark]**

11. Why is closing stock valued at lower of cost or realizable value?
12. What are outstanding expenses?
13. What journal entry will be passed for outstanding salary?
14. What adjustment is made of outstanding expenses while preparing final accounts?
15. What is the need for providing outstanding expenses in final accounts?
16. What are prepaid expenses?
17. What journal entry will be passed for prepaid insurance?
18. What treatment is made of prepaid expenses while preparing final accounts?
19. Accrued income and income due but not received are same. Do you agree?
20. What is the need for providing accrued incomes in final accounts?
21. Which account is debited for creating provision for doubtful debts?
22. Under which accounting concept provision is made for doubtful debts?
23. Provision for discount on debtors is made before making provision for doubtful debts. Do you agree?
24. Goods worth ₹1,00,000 were burnt by fire and a claim of ₹60,000 has been accepted by the Insurance Company. How it will be recorded in final accounts?

25. Give two examples of revenue expenditure.
26. What are deferred revenue expenditures?
27. Give an example of capital expenditure treated as revenue expenditure.
28. Net profit of a firm before charging manager's commission is ₹21,000. If the manager is entitled to 5% commission after charging such commission, calculate the commission payable to the manager.
29. Cost of obtaining license to carry out business is a Capital Expenditure or Revenue Expenditure?
30. How would you treat goods given away as charity while preparing financial statements of an organization?
31. State whether the following statements are true or false :
- (a) Assets side of Balance Sheet represents debit balance.
 - (b) Suspense Account appearing in the Trial balance is shown in the balance sheet.
 - (c) Accrued income appearing in the Trial Balance is shown in P & L A/c.
 - (d) Bank Overdraft is a contingent liability.
 - (e) Goods given away as charity are deducted from purchases and are shown on the Debit side of P & L A/c.
 - (f) Prepaid rent is personal account.
 - (g) Interest on drawings is an income for the business.
 - (h) Life Insurance Premium is treated as drawings.
32. State with reasons whether each of the following statements is true or false?
- (a) A profit and Loss Account is a point statement whereas a balance sheet is period statement.
 - (b) Outstanding wages given in the Trial Balance are transferred to Trading Account.
 - (c) Closing Stock given in the Trial Balance is shown only in the Balance Sheet.
 - (d) Goodwill is a fictitious asset.
 - (e) Balance Sheet is an account.
 - (f) The provision for discount on debtors is calculated after deducting the provision for doubtful debts from debtors.
 - (g) Any expenditure intended to benefit the current period is revenue expenditure.
 - (h) Repairs to second hand machinery before it is put to use are capitalized.
 - (i) Deferred Revenue Expenditure is current year's revenue expenditure to be paid in later years.
33. Choose the Best Alternative:
- (i) A new firm commenced business on 1st January, 2017 and purchased goods costing ₹90,000 during the year. A sum of ₹6,000 was spent on freight inward. At the end of the year the cost of goods still unsold was ₹15,000 (Releasable Value ₹12,000). Sales during the year was ₹1,20,000. What is the gross profit earned by the firm?
(a) ₹42,000 (b) ₹30,000 (c) ₹36,000 (d) ₹39,000
 - (ii) Income tax paid by a sole trader is reflected in his financial statements:
(a) On the debit side of the Trading Account
(b) On the debit side of the Profit and Loss Account
(c) As an asset in the Balance Sheet
(d) As way of deduction from capital in the Balance Sheet
 - (iii) Insurance paid ₹4,000 (including premium of ₹3,000 per annum paid upto 30th June, 2017). What will be the adjusting closing entry necessary as on 31st March, 2017:

- | | | |
|---------------------------|-----|-------|
| (a) Insurance Prepaid A/c | Dr. | 750 |
| To Insurance A/c | | 750 |
| (b) Insurance A/c | Dr. | 750 |
| To Insurance Prepaid A/c | | 750 |
| (c) Insurance A/c | Dr. | 4,000 |
| To Cash A/c | | 4,000 |
| (d) Insurance A/c | Dr. | 3,000 |
| To Cash A/c | | 3,000 |
- (iv) Which of the following statements is correct?
- (a) King's International – P & L A/c as on 31st March, 2017
 (b) King's International – P & L A/c for the year ended 31st March
 (c) King's International – P & L A/c for the year ended 31st March, 2017
 (d) King's International – P & L A/c for the current year (2016-2017)
- (v) Rent paid on 1st October, 2015 for one year upto 30th September, 2016 was ₹2,400. Rent paid on 1st October, 2016 for the year upto 30th September, 2017 was ₹3,200. Rent shown in the Profit and Loss Account for the year ended on 31st December, 2016, would be :
- (a) 6,000 (b) 3,200 (c) 3,000 (d) 2,600
- (vi) Accrued income is
- (a) A Liability (b) Revenue (c) An Asset (d) An Expense
- (vii) If closing stock appears in Trial Balance then it will be appearing in
- (a) Trading Account (b) Balance Sheet
 (c) Profit & Loss Account (d) Trading A/c & Balance Sheet
- (viii) Types of Account shown in Balance Sheet are
- (a) Nominal and Personal (b) Real and Nominal
 (c) Real and Personal (d) Real, Nominal and Personal
- (ix) Following information is given in Trial Balance
- | | | |
|-------------------------|---------|--|
| Bad Debt | ₹ 3,000 | |
| Provision for Bad Debts | ₹ 3,500 | |
| Debtors | ₹40,000 | |
- Additional information :**
- It is desired to make a provision for doubtful debts @of 10% on debtors. The amount debited to P & L A/c is
- (a) ₹4,000 (b) ₹5,000 (c) ₹6,500 (d) ₹3,500
- (x) Net Profit before the following adjustments ₹1,80,000
- | | |
|--------------------|---------|
| Outstanding salary | ₹10,000 |
| Prepaid Insurance | ₹13,000 |
- Calculate profit after adjustment
- (a) ₹1,83,000 (b) ₹1,77,000 (c) ₹2,03,000 (d) ₹1,87,000
- (xi) Net profit of a firm before charging manager's commission is ₹21,000. If the manager is entitled to 5% commission after charging such commission, how much manager will get as commission?
- (a) ₹1,050 (b) ₹1,000 (c) ₹2,100 (d) ₹2,000

- (xii) Closing stock is shown in Financial Statements at:
 - (a) Cost Price
 - (b) Releasable value
 - (c) Cost price or Releasable Value whichever is greater
 - (d) Cost price or Releasable Value whichever is less
- (xiii) General Manager gets 10% commission on net profit after charging such commission. Gross Profit ₹70,000 and general expenses other than manager's commission are ₹12,000. Commission amount will be :
 - (a) ₹5,273 (b) ₹6,073 (c) ₹5,373 (d) ₹5,173
- (xiv) Heavy amount spent for the advertisement of new company product is
 - (a) Revenue Expenditure (b) Deferred Revenue Expenditure
 - (c) Capital Expenditure (d) Either (a) or (c)
- (xv) Income Tax in case of sole trader is treated as
 - (a) Personal expenses (b) Debtors expenses
 - (c) Business expenses (d) None of the above
- (xvi) Business paid to Mr. A ₹50,000 as salary on 25th March, 2011. Mr. A went to bank to deposit cheque in his account on 3rd April, 2011. What is the entry to be passed in the Balance Sheet on the date of final accounts?
 - (a) No entry (b) Bank A/c Dr. To O/s Salary A/c
 - (c) Salary A/c Dr. To O/s Salary A/c (d) Salary A/c Dr. To A
- (xvii) A machine was purchased in Bihar. During transit the machine was damaged and the cost of repairs incurred is ₹20,000. This expense is treated as:
 - (a) Capital expense (b) Revenue expense
 - (c) Deferred Revenue expense (d) None of these

Practical Questions

[6/8 Marks]

34. The following are the balances extracted from the books of Raghunath Ji as on 31st March, 2019. From these balances, prepare his Trading and Profit & Loss Account and Balance Sheet as at that date:

	Dr. (₹)	Cr.(₹)
Opening Stock	12,000	
Purchases	40,000	
Sales		86,000
Discount		400
Sales Return	6,000	
Buildings	50,000	
Debtors	16,000	
Salaries	2,400	
Office Expenses	1,200	
Wages	10,000	
Purchase Return		4,000
Interest		800
Travelling Expenses	400	
Fire Insurance Premium	800	
Machinery	20,000	
Carriage on Purchases	700	

	Dr. (₹)	Cr. (₹)
Commission	400	
Cash in hand	2,300	
Rent and Taxes	1,800	
Capital		62,000
Creditors		10,800
	<u>1,64,000</u>	<u>1,64,000</u>

Adjustments:-

- (a) Closing Stock was valued at ₹16,000.
 (b) Wages ₹2,000 and salaries ₹1,200 are outstanding.
 (c) Rent for two months at the rate of ₹500 per month is outstanding.
 (d) Depreciate Buildings by 5% and machinery by 10%.
 (e) Prepaid Insurance ₹200.
 (f) Earned and Unearned Incomes:
35. From the following Trial Balance prepare Trading and Profit & Loss Account for the year ended 31st March, 2019 and Balance Sheet as at that date :

	Dr. (₹)	Cr. (₹)
Stock 1 st April, 2018	22,300	
Purchases and Purchases Return	2,30,000	5,200
Freehold Premises	1,00,000	
Incidental Trade Exp.	11,200	
Insurance	1,850	
Audit Fees	800	
Commission Received		2,700
Interest		1,400
Debtors and Creditors		24,830
Wages	32,400	
Salaries	30,200	
Capital	15,200	
Drawings		1,50,000
Income-Tax	12,000	
Investments	3,600	
Discount allowed & received	8,000	
Sales Return & Sales	7,500	4,200
B/R	6,400	3,17,400
Office Furniture	5,200	
Rent	9,000	
Cash in hand		2,600
Bank Balance	5,080	
	7,600	
	<u>5,08,330</u>	<u>5,08,330</u>

Adjustments:

- (a) Stock at 31st March, 2019 is ₹70,000.
 (b) Write off 5% Depreciation on Freehold Premises and 20% on office furniture.
 (c) Commission earned but not received ₹500.

- (d) Interest earned but not received ₹600.
- (e) ₹200 for rent has been received in advance.
- (f) Charge interest on Capital @6% and ₹500 on Drawings.

36. On 31st March, 2017 the following Trial Balance was extracted from the books of Mohan :-

	Dr. (₹)	Cr. (₹)
Capital		30,000
Drawings	5,000	
Debtors and Creditors	20,000	10,000
Bank Loan		9,500
Interest on Loan	300	
Cash	2,000	
Provision for Bad-Debts		700
Stock 1-4-2016	6,800	
Motor Vehicles	10,000	
Bank	3,500	
Land and Buildings	12,000	
Bad-Debts	500	
Purchases and Sales	66,000	1,10,000
Returns	8,000	1,500
Carriage Outward	2,500	
Carriage Inward	3,000	
Salaries	9,000	
Rent and Insurance	3,000	
Advertising	3,500	
Discount		500
General Expenses	3,400	
B/R and B/P	6,000	2,000
Rent received		300
	<u>1,64,500</u>	<u>1,64,500</u>

Prepare Trading and Profit & Loss Account for the year ended 31st March, 2017 and Balance Sheet as at that date after taking into account the following :-

Private purchases amounting to ₹4,000 have been debited to purchases account.

Depreciate Land and Buildings at $2\frac{1}{2}\%$ and Motor Vehicles at 20%.

Salaries outstanding ₹200.

Prepaid Insurance ₹200.

Provision for Doubtful Debts is to be maintained at 5% on Debtors.

Stock on 31st March, 2017 was valued at ₹7,000.

37. Prepare Trading and Profit & Loss Account for the year ended 31st March, 2017 and Balance Sheet as at that date from the following Trial Balance :-

	Dr. (₹)	Cr. (₹)
Capital		10,000
Cash	1,500	
Bank Overdraft		2,000
Purchases and Sales	12,000	15,000
Returns	1,000	2,000

	Dr. (₹)	Cr. (₹)
Establishment Expenses	2,200	
Taxes and Insurance	500	
Bad-debts and Bad-debt Provision	500	700
Debtors and Creditors	5,000	2,000
Commission		500
Deposits	4,000	
Opening Stock	3,000	
Drawings	1,400	
Furniture	600	
B/R and B/P	3,000	2,500
	<u>34,700</u>	<u>34,700</u>

Adjustments :-

Salaries ₹100 and taxes ₹200 are outstanding but insurance ₹50 is prepaid.

Commission ₹100 is received in advance for next year.

Interest ₹210 is to be received on Deposits and Interest on Bank overdraft ₹300 is to be paid.

Bad-debts provision is to be maintained at ₹1,000 on Debtors.

Depreciate furniture by 10%

Stock on 31st March, 2017 was valued at ₹4,500.

38. From the following Trial Balance extracted from the books of A, prepare Trading and Profit & loss Account for the year ending 31st March, 2019 and a Balance Sheet as at that date :

	Dr. (₹)	Cr. (₹)
Furniture		
Loose Tools	6,250	
Buildings	7,500	
Capital Account		12,500
Bad-debts	125	
Provision for Bad-debts		200
Sundry Debtors and Creditors	3,800	2,500
Stock on 1 st April, 2018	3,460	
Purchases and Sales	5,475	15,450
Bank Overdraft		2,850
Sales Return and Purchases Return	200	125
Stationery	450	
Interest Account	118	
Commission		375
Cash in hand	650	
Taxes and Insurance	1,250	
General Expenses	782	
Salaries	3,300	
	<u>34,000</u>	<u>34,000</u>

The following adjustments are to be made:

- (a) Stock in hand on 31st March, 2019 was ₹3,250.
 - (b) Depreciate Building at 5% and Furniture at 10%. Loose Tools are revalued at ₹5,000 at the end of the year.
 - (c) Salaries 300 and taxes ₹120 are outstanding.
 - (d) Insurance amounting to ₹100 is prepaid.
 - (e) Write off a further ₹100 as Bad-Debts and provision for Doubtful Debts is to be made equal to 5% on Sundry Debtors.
 - (f) Half of the stationery was used by the proprietor for his personal purposes.
39. From the following figures prepare the Trading and Profit and Loss Account for the year ended 31st March, 2019 and the Balance Sheet as at that date :

Particulars	₹	Particulars	₹
Stock (1 st April, 2018)	75,000	Sundry Debtors	82,000
Purchases	8,00,000	Loan from X	10,000
Sales	12,00,000	Interest on X Loan	1,500
Motor Car	1,50,000	Furniture	20,000
Car Expenses	42,000	Land and Building	2,00,000
Rent	5,500	Capital	2,50,000
Salaries	35,200	Sundry Creditors	91,300
Bad Debts	1,500	Returns Inward	7,500
Provision for bad debts	8,100	Returns Outward	6,000
Commission (Cr.)	4,600	Cash in hand	16,400
Wages	1,25,000		
Insurance	8,400		

Adjustments:

- (a) Commission include 1,600 being commission received in advance.
 - (b) Write off ₹2,000 as further Bad-debts and maintain Bad-debts provision at 5% on debtors.
 - (c) Expenses paid in advance are : Wages ₹5,000 and Insurance ₹1,200.
 - (d) Rent and Salaries have been paid for 11 months
 - (e) Loan from X has been taken at 18% p.a. interest.
 - (f) Depreciate furniture by 15% p.a. and Motor Car by 20% p.a.
 - (g) Closing Stock was valued at ₹ 60,000.
40. Prepare a Trading and Profit & Loss account for the year ending March 31, 2018, from the balances extracted of M/s Rahul Sons. Also prepare a balance sheet as at that date.

Debit Balances	₹	Credit Balances	₹
Stock	50,000	Sales	1,80,000
Wages	3,000	Purchase return	2,000
Salary	8,000	Discount received	500
Purchases	1,75,000	Provision for bad debts	2,500
Sales Return	3,000	Capital	2,90,000
S. Debtors	82,000	Bills Payable	22,000
Discount allowed	1,000	Commission received	4,000
Insurance	3,200	Rent	6,000
Rent, rates and taxes	4,300	Loan	34,800
Fixtures and fittings	20,000	Output CGST	15,000
Trade Expenses	1,500	Output SGST	15,000

Debit Balances	₹	Credit Balances	₹
Bad debts	2,000		
Drawings	32,000		
Repair and renewals	1,600		
Travelling expenses	4,200		
Postage	500		
Legal fees	500		
Bills Receivable	50,000		
Building	1,10,000		
Input CGST	10,000		
Input SGST	10,000		
	<u>5,71,800</u>		<u>5,71,800</u>

Adjustments:

- Commission received in advance ₹1,000.
- Rent receivable ₹2,000, subject to levy of CGST and SGST @9% each.
- Salary Outstanding ₹1,000 and insurance prepaid 800.
- Further Bad-debts ₹1,000 and provision for Bad-debts @5% on debtors and provision for discount on debtors @2%.
- Closing Stock ₹32,000.
- Depreciation on Building @6% p.a.

41. From the following balances, prepare Final Accounts of Mr. Bal Gopal :

Particulars	₹	Particulars	₹
Life Insurance Premium (self)	500	Capital	40,000
Stock (1-4-2017)	7,500	Plant and Machinery	12,500
Returns Inward	1,000	Purchases	36,000
Furniture	4,600	Sundry Debtors	10,500
Freehold Property	10,000	Coal, Gas and Water	1,000
Carriage Inwards	400	Carriage outwards	100
Advertising	200	Sales	60,000
Sundry Creditors	4,850	Discount (Dr.)	400
Returns outwards	500	Rent for Premises Sublet	500
Commission (Cr.)	600	Trade Expenses	8,650
Lighting	250	Stationery	2,000
Loan from bank	5,000	Interest Charged by Bank	450
Wages & Salaries	7,500	Cash	2,900
		Input IGST	5,000

Adjustments :-

- Stock on 31st March, 2018 was ₹10,000 and stationery unused at the end was ₹400.
- Rent of Premises Sublet received in advance ₹100.
- Provision for Doubtful Debts is to be created @10% on Debtors.
- Provision for discount on Debtors is to be created @2%.
- Stock of the Value of ₹4,000 was destroyed by fire on 25th March, 2018. Stock was purchased paying IGST @12%. A Claim of ₹3,000 has been admitted by Insurance Co.
- Bank Loan has been taken at 12% p.a. interest.

42. From the following balances, prepare Trading, Profit and Loss A/c and a Balance Sheet as at 31st March 2018 :-

Particulars	₹	Particulars	₹
Stock (1 st April 2017)	20,000	Goodwill	16,000
Purchases	2,92,000	Furniture and Fittings	58,000
Fuel and Power	34,000	Repair Charges	2,900
Capital	1,60,000	Bank	18,000
Sales	5,90,000	Salaries	1,10,000
Rent	10,000	General Expenses	18,000
Returns Inwards	16,000	Debtors	2,30,000
Cash Discount allowed	15,000	Creditors	1,35,000
Cash Discount received	19,000	Output CGST	5,000
Drawings	58,100	Output SGST	5,000
		Input CGST	8,000
		Input SGST	8,000

Take the following adjustments into account:

- General expenses include ₹5,000 chargeable to Furniture purchased on 1st October 2017.
 - Create a provision of 5% on debtors for Bad and Doubtful Debts after treating ₹30,000 as a Bad-debt.
 - Depreciation on Furniture and Fittings for the year is to be at the rate of 10% per annum.
 - Closing Stock was ₹40,000, but there was a loss by fire on 20th March to the extent of ₹8,000. Insurance Company admitted the claim in full.
 - (I) Goods costing ₹2,500 were used by the proprietor.
(II) Goods costing ₹1,500 were distributed as free samples.
Goods were purchased paying CGST and SGST @6% each.
43. From the following particulars taken out from the books of Subhash General Store, prepare Trading and Profit & Loss Account for the year ended 31st March, 2017 and Balance Sheet as at that date :

Particulars	₹	Particulars	₹
Plant & Machinery on 1-4-2016	80,000	Rent	12,000
Plant & Machinery Purchased on 1-7-2016	20,000	Insurance Premium paid from 1-1-2017 to 31-12-2017	1,200
Sundry Debtors	1,20,000	Cash at Bank	20,400
Creditors	32,000	Wages	4,800
Furniture	5,000	Advertising	10,200
Motor Car	70,000	Carriage Inwards	2,000
Purchases	1,60,000	Carriage Outwards	15,700
Sales	2,80,000	Fuel and Power	3,50,000
Sales Returns	15,000	Manoj's Capital	12,000
Salaries	36,000	Manoj's Drawings	700
Opening Stock	60,000	Brokerage	5,100
Motor Car Expenses	6,000	Donation	
Stationery	500		

The following information is relevant:

- Closing Stock ₹55,000. Stock valued at ₹10,000 was destroyed by fire on 18th March, 2017 but the Insurance Company admitted a claim of ₹6,800 only which was received in April, 2017.

- (b) Stationery for ₹150 was consumed by the Proprietor.
 - (c) Goods costing ₹1200 were given away as charity.
 - (e) A new signboard costing ₹1,500 is included in Advertising.
 - (f) Rent is to be allocated 2/3rd to Factory and 1/3rd to Office.
 - (g) Depreciate machinery by 10% and Motor Car by 20%.
44. Give journal entries for the following adjustments in final accounts:
- (a) Salaries ₹5,000 are outstanding.
 - (b) Insurance amounting to ₹2,000 is paid in advance.
 - (c) ₹4,000 for rent has been received in advance.
 - (d) Commission earned but not received ₹1,000.
 - (e) Interest on capital ₹1,500.
 - (f) Interest on Drawings ₹300.
 - (g) Write off ₹2,000 as further bad-debts.
 - (h) Closing Stock ₹3,000.

45. Give Journal Entries for the following adjustments in final accounts :
- (a) Extract of Trial Balance as on 31st March, 2019

Particulars	Debit (₹)	Credit (₹)
Sundry debtors	6,60,000	
Bad debts	15,000	
Provision for doubtful debts		40,000

Additional Information:

- (a) Additional Bad Debts ₹20,000
 - (b) Maintain the provision for doubtful debts @5% on debtors.
 - (b) Goods costing ₹20,000 were distributed among staff members as free of cost. These goods were purchased paying IGST @12%.
 - (c) Two month's rent @15,000 per month is outstanding. Rent is subject to levy of 12% IGST.
 - (d) Included in general expenses is annual Insurance Premium of ₹10,000 paid for the year ending 30th June, 2019. IGST is levied @12%.
 - (e) Accrued commission ₹5,000. IGST is levied @12%.
46. Give journal entries for the following adjustments in final accounts assuming CGST and SGST @9% each:
- (a) Closing Stock ₹80,000.
 - (b) Outstanding salaries ₹21,000.
 - (c) Insurance premium amounting to ₹15,000 is paid in advance.
 - (d) ₹9,000 received for rent related to the next accounting period.
 - (e) Commission accrued but not received during the accounting year ₹1,500.
 - (f) Write off ₹500 as further bad debts.
 - (g) Goods costing ₹8,000 destroyed by fire and insurance company admitted a claim for ₹5,000 only.
 - (h) Goods costing ₹10,000 (Market value 11,000) were taken by proprietor for personal use.

47. Following is the Trial Balance of Mr. Gautam as at 31st March, 2017:

Dr. Balances	₹	Cr. Balances	₹
Goodwill	30,000	Purchase Returns	2,650
Land & Buildings	60,000	Capital A/c	2,03,000
Plant & Machinery	40,000	Bills Payable	13,800
Loose Tools	3,000	Sundry Creditors	30,000
Bills Receivable	2,000	Sales	1,15,000
Stock 1 st April, 2016	40,000		
Purchases	51,000		
Wages	20,000		
Carriage Inwards	1,200		
Coal & Gas	5,600		
Salaries	4,000		
Rent	2,700		
Discount allowed	1,500		
Cash at Bank	25,000		
Cash in hand	1,400		
Sundry Debtors	45,000		
Repairs	1,800		
Printing & Stationery	600		
Bad-debts	1,200		
Advertisements	3,500		
Furniture and Fixtures	1,200		
General Expenses	250		
Investments	5,000		
Drawings	15,000		
Carriage Outwards	1,500		
Sales Returns	2,000		
	3,64,450		3,64,450

You are required to prepare Final Accounts after taking into account the following adjustments:

- Closing Stock on 31st March, 2017 was ₹60,000.
- Depreciate Plant and Machinery at 5%, Loose Tools at 15% and Furniture and fixtures at 5%.
- Provide $2\frac{1}{2}\%$ for discount on Sundry Debtors and also provide 5% for Bad and Doubtful Debts on Sundry Debtors.
- Only three quarter's rent has been paid, the last quarter's rent being outstanding.
- Interest earned but not received ₹600.
- Write off $\frac{1}{4}$ th of Advertisement expenses.

48. From the following Trial Balance, extracted from the books of Raga Ltd., prepare a Profit and Loss Account for the year ended 31st March, 2019 and a Balance Sheet as at that date:

Debit Balances	₹	Credit Balances	₹
Drawings Account	20,000	Sales	2,20,000
Land & Building	12,000	Capital	1,01,110
Plant and Machinery	40,000	Discount	1,260
Carriage Inward	100	Commission	5,230
Wages	500	Bills Payable	1,28,870

Debit Balances	₹	Credit Balances	₹
Salary	2,000	Purchase Return	10,000
Sales Return	200		
Bank charges	200		
Coal, gas and water	1,200		
Purchases	1,50,000		
Trade Expenses	3,800		
Stock (Opening)	76,800		
Cash at Bank	50,000		
Rates and Taxes	870		
Bills Receivable	24,500		
Sundry Debtors	54,300		
Cash in hand	30,000		
	<u>4,66,470</u>		<u>4,66,470</u>

The additional information's are as under :

- Closing stock was valued at the end of the year at ₹20,000.
 - Depreciation on Plant and Machinery charged at 5% and on Land and Building at 10%.
 - Make a provision for discount on debtors at 3%.
 - Make a provision at 5% on debtors for Bad-debts.
 - Salary outstanding was ₹100 and Wages prepaid were 40.
 - The manager is entitled to a Commission of 5% on Net Profit after charging such Commission.
49. The following balances were extracted from the books of Shri Krishan Kumar as at 31st March, 2017.

	Dr. (₹)	Cr. (₹)
Capital		24,500
Drawings	2,000	
General Expenses	2,500	
Buildings	11,000	
Machinery	9,340	
Stock (1-4-2016)	16,200	
Power	2,240	
Taxes and Insurance	1,315	
Wages	7,200	
Sundry Debtors	6,280	
Sundry Creditors		
Charity	105	2,500
Bad-debts	550	
Bank Overdraft		
Sales		
Purchases	47,000	11,180
Scooter	2,000	65,360
Scooter Expenses	500	
Bad-debts Provision		
Commission		900
Trade Expenses	1,280	1,320
Bills Payable		
Cash	100	3,850
	<u>1,09,610</u>	<u>1,09,610</u>

Adjustments :

- (a) Stock on 31st March, 2017 was valued at ₹23,500.
- (b) $\frac{1}{5}$ th of general expenses and taxes & insurance to be charged to factory and the balance to the office.
- (c) Write off further Bad-debts of ₹160 and maintain the provision for Bad-debts at 5% on Debtors.
- (d) Depreciate Machinery at 10% and Scooter by ₹240.
- (e) Provide ₹700 for outstanding interest on Bank Overdraft.
- (f) Prepaid Insurance is to be extent of ₹50.
- (g) Provide for Manager's Commission at 10% on the Net Profit after charging such Commission.
- Prepare final accounts for the year ended 31st March, 2017 after giving effect to the above adjustments.
50. On 31st march, 2017 the following Trail Balance was extracted from the books of Sh. Ghanshyam Das :

	Dr. ₹	Cr. ₹
Capital Account		2,00,000
Debtors and Creditors	40,000	25,000
Loan on Mortgage		30,000
Interest on Loan	2,250	
Discount		1,800
Stock on 1st April, 2016	20,000	
Motor Vehicle	50,000	
Cash at Bank	4,450	
Investments	16,000	
Wages	18,000	
Land and Building	2,80,000	
Bad-Debts	1,500	
Purchases and Sales	2,50,000	
Purchases and Sales Returns	12,000	
Carriage Outward	8,000	
Carriage Inward	6,500	
Salaries	7,200	
Outstanding Salaries		600
Rates, Taxes and Insurance	15,000	
Advertising	5,000	
General Expenses	6,400	
Bills Receivable and Payable	7,500	5,400
Prepaid Insurance	3,000	
	<u>7,52,800</u>	<u>7,52,800</u>

Prepare Trading and Profit & Loss Account for the year ended 31st March, 2017 and Balance sheet as at that date, after making adjustments for the following matters:

- (a) Depreciate Land and Building at 2.5% and Motor Vehicles at 20%
- (b) Interest on Loan at 15% p.a is unpaid for six months.

- (c) Ghanshyam Das withdrew ₹2,000 for his private use. This amount was included in general expenses.
 - (d) Interest on Investments is receivable for full year @10%
 - (e) Provide for Manager's Commission at 10% on Net Profit after charging such commission
 - (f) Stock in hand on 31st March, 2017 was valued at ₹25,000 (Realizable value ₹22,000)
51. Prepare Trading and Profit and Loss Account and Balance Sheet as at 31st March, 2017 from the following Balances of Mr. Sardari Lal:

Particulars	₹	particulars	₹
Capital Account	41,000	Purchase	5,000
Creditors-Trade	30,000	Carriage inwards	1,71,000
Creditors-Expenses	6,800	Wages	1,500
rent Received	600	Power	23,000
Purchases Returns	4,000	Rent and Insurance Salaries	9,000
sales	2,89,600	Discount Received	19,900
Bad-Debts Provision on 1st April, 2016		General Charges	34,400
Advertising Development	600	Sales Returns	1,800
Goodwill	8,000	Traveller's Commission	8,600
Plant and Machinery	5,000	Traveller's Salaries	600
Traveller's Samples	20,000	Discount Allowed	2,890
Stock on 1-4-2016	2,700		5,000
Debtors	32,000		
Cash at Bank	14,600		
Cash in hand	2,000		
	110		

Adjustments –

- The closing stock was ₹23,000 but there has been a loss by fire on 20th March, 2017, to the extent of ₹20,000 not covered by insurance. depreciate Plant and machinery by 10% and Traveler's Samples by 33 1/3%. Increase the Bad debts Provision to ₹ 2,000. Write 20% off Advertising Development Account. Annual premium on insurance expiring 1st June, 2017 was ₹1,200. Provide for Manager's commission @ 5% on Net Profits after charging such Commission .
52. State with reasons whether the following are capital or revenue expenditures :
- (a) A new machine is purchases for ₹60,000 , ₹800 were spent on its carriage and ₹1,500 were paid as wages for its installation
 - (b) A sum of ₹40,000 was spent on painting the new factory
 - (c) ₹6,000 were paid for annual insurance premium
 - (d) ₹20,000 were spent on repairs before using a second hand generator purchases recently.
 - (e) ₹5,000 were spent on the repair of a machinery
 - (f) ₹50,000 were spent for air conditioning of the office of the manager.
53. From the following Trial Balance of Mr. Alok, prepare Trading and Profit & Loss Account for the year ending 31st march , 2019, and a Balance Sheet as at that date-

Dr. Balance	₹	Cr . Balance	₹
Drawings	5,275	Capital	59,700
Bills Receivable	4,750	Loan at % p.a	
Machinery	14,400	(on 1.04.2018)	10,000

Dr. Balance	₹	Cr . Balance	₹
Debtors (including X for dishonoured Bill of ₹1,000)	30,000	commission Received	2,820
Wages	2,390	Creditors	29,815
Returns Inward	1,28,295	Sales	1,78,215
Purchases	2,810		
Rent	44,840		
Stock(1.4.2018)	5,500		
Salaries	945		
Travelling Expenses	200		
Insurance	9,750		
cash	1,685		
repairs	500		
Interest on Loan	2,435		
Discount Allowed	1,810		
Bad-Debt	4,480		
Furniture			
	<u>2,80,550</u>		<u>2,80,550</u>

The following adjustments are to be made:

- (a) Stock in the shop on 31st March, 2019 was ₹64,480
- (b) Half the amount of X' Bill is irrecoverable
- (c) Create a provision of 5% on other debtors.
- (d) Wages include ₹600 for erection of new Machinery
- (e) Depreciate Machinery by 5% and Furniture by 10%
- (f) Commission includes ₹300 being Commission received in advance

54. Extracts of Trial Balance as at 31st March 2017

	Dr. ₹	Cr. ₹
Sundry Debtors (including Dewan for dishonoured bill of ₹20,000)	4,80,000	
Provision for Doubtful Debts		24,000
Bad Debts	10,000	

Adjustment

- (a) 3/4th Dewan's bill is irrecoverable
- (b) Create a provision of 6% on Sundry Debtors

Show the effect on Profit and Loss Account and Balance Sheet.

55. From the following Trail Balance extracted from the books of S.Sujan singh, prepare a Trading and Profit & Loss Account for the year ended 31st March, 2016 and a Balance sheet as at that date:

	Dr. ₹	Cr. ₹
Capital Account		90,000
Drawings Account	6,480	
Land and Building	25,000	
Plant & Machinery	14,270	
Furniture & Fixtures	1,250	
Carriage (Inwards)	4,370	
wages	21,470	
Salaries	4,670	

	Dr. ₹	Cr. ₹
Bad-Debts Provision(as on 1st April, 2015)		2,470
Sales		91,230
Sales Returns	1,760	
Bank Charges	140	
Coal, Gas and Water	720	
Rates & Taxes	840	
Discount Account (Balance)		120
Purchases	42,160	
Purchases Returns		8,460
Bills Receivable	1,270	
Trade Expenses	1,990	
sundry Debtors	37,800	
sundry Creditors		12,170
Stock (1st April, 2015)	26,420	
Miscellaneous Receipt		500
Fire Insurance	490	
Cash at Bank	13,000	
Cash in Hand	850	
	<u>2,04,950</u>	<u>2,04,950</u>

Adjustment-

- Carry forward the following unexpired amounts:
 - Fire insurance ₹125
 - Rates and Taxes ₹240
 - Transfer to Building Account ₹3,000 from purchases and ₹2,000 from wages, representing cost of material and labor spent on additions to Building made during the year.
 - Charge Depreciation on Land and Buildings at 2.5% and on Plant & Machinery at 10%
 - Make a Provision of 5% on Sundry Debtors for Bad-debts
 - Charge 5% interest on Capital but not on Drawings
 - The value of Stock as on 31st March, 2016 was ₹29,390
56. From the following Trail Balance extracted from the books of Sh. Pawan Kumar, prepare a Trading Account, Profit & Loss Account for the year ended 31st march, 2019 and Balance Sheet as at that date:

Dr. Balance	₹	Cr. Balance	₹
Drawings	1,20,000	Capital	16,00,000
Plant and Machinery	12,00,000	Creditors	2,60,000
Horses and Carts	2,60,000	Sales	8,20,000
Debtors	3,40,000	Bills Payable	2,21,200
Purchases	2,00,000	Interest on Ram's Loan	1,800
Wages	80,000	Rent Received	12,000
Cash at Bank	2,60,000		
Salaries	80,000		
Repairs	5,000		
Stock (1-4-2018)	70,000		
Stock (31-3-2019)	92,000		
Rent	45,000		

Dr. Balance	₹	Cr. Balance	₹
Manufacturing expenses	15,000		
Bad-Debts	50,000		
Carriage	15,000		
Income Tax	20,000		
life Insurance Premium	30,000		
Loan to Ram at 12% p.a	20,000		
Insurance	12,000		
Insurance Prepaid	1,000		
	<u>29,15,000</u>		<u>29,15,000</u>

Adjustments-

- (a) Plant and machinery includes a new machinery purchased on 1st October, 2018 for ₹2,00,000.
 - (b) Depreciate Plant and Machinery by 10% p.a and Horses and Carts by 20% p.a
 - (c) Salaries for the month of February and March 2019 are outstanding
 - (d) Goods worth ₹15,000 were sold and dispatched on 27th March but no entry was passed to this effect
 - (e) Make a provision for Doubtful Debts at 5% on Debtors
57. The following balance were extracted from the books of Modern Traders as at 31st March, 2017

Particulars	₹	particulars	₹
Capital Account	85,000	Printing and Stationery	800
Drawings Account	5,000	Sundry Creditors	23,000
Plant and Machinery	40,000	Sales	1,20,000
Stock on 1-4-2016	15,000	Postage	800
Purchases	82,000	Bad-Debts	400
Sundry Debtors	20,600	Provision for Doubtful Debts	800
Furniture	5,000	Discount received	400
Freight Inward	2,000	Rent Revenue	1,200
Carriage Outward	500	Insurance	700
Rent, Rates and Taxes	4,600	Salaries	20,000
		Wages	1,300
		Cash in Hand	6,200
		Cash at Bank	25,500

Prepare Final Account for the year ended 31st March, 2017 after taking into account the following:

- (a) Stock on 31st March , 2017 was valued at ₹1500
 - (b) Goods costing ₹6,000 were sent to a customer on "Sale on Return basis" for ₹7,200 on 26th March, 2017 and had been recorded in the books as actual sales.
 - (c) Provision for Doubtful Debts is to be maintained at 5% of the Debtors.
 - (d) Prepaid Insurance was ₹100
 - (e) Provide Depreciation on Plant and Machinery @10% and on Furniture @ 5%
58. The following Trial Balance has been extracted from the books of Shri Santosh Kumar as at 31st March , 2017-

	Dr. ₹	Cr. ₹
Plant and Machinery	1,00,000	
Furniture	12,000	
Capital Account		1,91,000

Household Expenses	16,000	
Sales		4,68,000
Loose Tools	20,000	
Goodwill	10,000	
Opening Stock (1-4-2016)	20,000	
Returns Outward		4,000
Discount		6,000
Purchases	2,12,000	
Returns Inwards	8,000	
Wages	1,00,000	
Salaries	60,000	
Outstanding Salaries		5,000
Investments at 10% p.a	6,000	
Interest on Investments		300
Sundry Creditors		24,000
Miscellaneous Receipts		2,000
Carriage Inwards	12,000	
General Expenses and Insurance	39,000	
Advertisement Expenses	15,000	
Postage	4,000	
Sundry Debtors	56,000	
B.Barua	2,000	
Cash Balance	14,000	
Bank		3,200
Suspense Account		2,500
Total	<u>7,06,000</u>	<u>7,06,000</u>

The following additional information is available

- Stock on 31st March, 2017 was ₹30,800.
 - Depreciation is to be charged on Plant and Machinery at 5% and Furniture at 6% . Loose Tools are revalued at ₹16,000.
 - Create a provision of 2% for Discount on Debtors.
 - Salary of ₹2,000 paid to Shri B. Barua, a temporary employee, stands debited to his personal account and it is to be corrected
 - Write off 1/5th of advertisement expenses.
59. From the following Trial Balance of Sh. Swamy Narain, prepare Trading and Profit & Loss Account for the year ended 31st March 2018 and a Balance Sheet as that date:

Particulars	₹	particulars	₹
Opening Stock	50,000	Capital	20,00,000
Purchases	5,30,000	Sales	12,50,000
General Expenses	45,000	sundry Creditors	1,36,000
Stationary	6,000	Trade Charges due but not paid	5,000
Wages	2,15,000	Outstanding Rent	4,000
Trade Charges	25,000	Bank Balance	45,000
Rent	44,000		
Charity	5,000		
Advertisement Expenses	30,000		
Carriage on Sales	12,000		
Bills Receivables	30,000		

Particulars	₹	particulars	₹
sundry Debtors	2,20,000		
Cash Discount	16,000		
Cash in Hand	22,000		
Furniture	1,00,000		
advance for Furniture	40,000		
Plant & Machinery	6,00,000		
Building	14,50,000		
	<u>34,40,000</u>		<u>34,40,000</u>

- (a) Stock on 31st march, 2018 was valued at ₹60,000
 (b) A new machine was installed during the year costing ₹2,00,000 but it was not recorded in the books. Wages paid for its installation ₹10,000 have been debited to Wages Account.
 (c) An advance of ₹10,000 given along- with purchase order was wrongly recorded in purchases.
 (d) General expenses include ₹20,000 paid for wages
 (e) Wages include a sum of ₹50,000 spent on. The erection of a Scooter Stand for employees.
 (f) Advance for Furniture is for furniture at proprietor's residence.
 (g) Depreciate Furniture at 15% plant and Machinery at 20% and Building at 10%
 (h) Carry forward 2/3 of Advertisement Expenses as unexpired
 (i) A B/R of ₹20,000 was discounted with bank on 15 Nov. 2017 but not yet matured.
60. Following is the Trial balance as on 31st March 2016. Prepare Trading and Profit and Loss Account and Balance Sheet:

Particulars	Dr. ₹	Cr. ₹
Stock (1st April 2015)	8,000	2,20,000
Sales	1,26,000	
Purchases	56,500	
Productive Wages	16,000	
Salaries	6,050	
Stores Consumed	3,050	
Carriage	5,200	
Rent and Rates	1,320	
Insurance	52,000	
Machinery	67,000	
Building		1,45,600
Capital less Drawings	44,000	
Sundry Debtors		20,000
Sundry Creditors		15,000
Secured Loan	3,350	
furniture	2,600	
general Expenses	1,930	
cash in hand	1,020	
Bad Debts	6,580	
Bank		
	<u>4,00,600</u>	<u>4,00,600</u>

Additional information

- (a) Stock on 31st March 2016 is ₹20,600.
 (b) Depreciate machinery @ 10% p.a
 (c) Make a Provision @ 5% for Doubtful Debts
 (d) Provide 2 1/2% for discount on sundry debtors

- (e) Rent and Rates include security deposit of ₹400
- (f) Insurance prepaid ₹120

61. From the following Trial Balance and other information prepare Trading and Profit and Loss Account for the year ended 31st March 2016 and Balance sheet as at that date.

Particulars	Dr. ₹	Cr. ₹
Sundry Debtors	32,000	
Stock (1st April 2015)	22,000	
Cash in hand	35	10,650
Cash at bank	1,545	
Plant and Machinery	17,500	
Sundry Creditors	1,075	
Trade Expenses		1,34,500
Sales	2,225	
Salaries	400	
Carriage Outwards	900	
Rent		7,500
Bills Payable	1,18,870	
Purchases	1,100	
Discounts	34,500	79,500
Premises		
Capital (1st April 2015)		
	<u>2,32,150</u>	<u>2,32,150</u>

Additional information:

Stock on 31st March 2016 was ₹12,450. Rent was unpaid to the extent of ₹85 and ₹150 were outstanding for Trade Expenses. ₹400 are to be written off as bad debts of the above debtors, and 5% is to be provided for doubtful debts. Depreciate plant and machinery 10% and premises by 2% Manager is entitled a commission of 5% on net profit after charging his commission.

62. Following are balances from the trial balance of Ritesh Traders as at 31st March 2019

Particulars	₹	Particulars	₹
Opening Stock	5,620	Interest on Securities	6,400
Purchases	1,54,200	land and building	10,00,000
Sales	3,74,800	securities	6,00,000
Wages	1,26,000	Cash in Hand	25,600
Carriage Inward	900	Bank Overdraft	3,40,000
Freight on Purchase	4,900	Discount Allowed	1,500
Salaries	8,000	Discount Received	420
Insurance	2,800	Bills Payable	4,000
Repair to Machinery	1,400	Loan (Cr.)	11,000
Drawings	5,600	Bills Receivable	7,000
Customer's A/c	15,800	capital Account	13,47,600
postage	500	Suppliers A/c	40,000
Trade Expenses	1,000	X's Loan (Cr)	18,600
		Plant and Machinery	1,82,800

Prepare Trading and Profit & Loss Account for the year ended 31st March 2019 and Balance Sheet as at that date after taking into account the following adjustments:

- (a) Closing Stock was valued at ₹19,000
- (b) Depreciation to be provided on Land and Building @ 5% p.a and on Plant & Machinery @ 10% p.a

- (c) Write off ₹2,000 as Bad debt
 - (d) Insurance was prepaid ₹700
 - (e) Create provision for doubtful debts @5% on debtors.
 - (f) Wages include ₹ 4,800 for installation of new machinery
63. Prepare Trading and Profit and Loss Account and Balance Sheet from the following Trial Balance and information as on 31st March 2019

Particulars	Dr. ₹	Cr. ₹
Drawings and Capital	15,000	3,25,000
Plant and machinery	2,00,000	—
Motor Vehicle	1,50,000	—
Return Inward and Outward	25,000	37,000
Stock on 1st April, 2018	82,000	—
purchases and Sales	4,40,000	6,75,000
Carriage Inward	6,000	—
Trade Expenses	2,500	—
Bad Debts	4,250	—
Provision for Doubtful Debts	—	6,000
Commission	—	4,000
Rent, Rates & Taxes	12,000	—
Salaries and Wages	24,000	—
Debtors and Creditors	70,000	55,000
Fuel and Water	4,750	—
Cash in Hand	16,500	—
Cash at Bank	50,000	—
Total	<u>11,02,000</u>	<u>11,02,000</u>

Adjustments:

- (a) Closing Stock was valued at ₹ 1,12,500
 - (b) Commission include ₹1,200 being commission received in advance
 - (c) Salaries and wages outstanding for the month of Feb & March 2019
 - (d) Depreciate Plant and Machinery by 15% and Motor Vehicle by 20%
 - (e) Write off ₹500 as further Bad Debts and maintain provision for doubtful debts at 1% on debtors.
64. The following balance were taken from the books of Shri R.Lal as at 31st march, 2017.

Particulars	₹	Particulars	₹
Capital	1,00,000	Rent (Cr.)	2,100
Drawing	17,600	Railway Freight on sales	16,940
Purchases	80,000	Carriage Inwards	2,310
Sales	1,40,370	Office Expenses	1,340
Purchase Returns	2,820	Printing & Stationery	660
Stock on 1.04.2016	11,460	Postage	820
Bad Debts	1,400	Sundry Debtors	62,070
Bad Debts provision on 1.04.2016	3,240	Sundry Creditors	18,920
Rates & insurance	1,300	Cash at bank	12,400
Discount (Cr)	190	Cash in Hand	2,210
Bills Receivable	1,240	Office Furniture	3,500
Sales Returns	4,240	Salaries & Commission	9,870

Particulars	₹	Particulars	₹
waves	6,240	Addition to Building	7,000
Building	6,280		
	25,000		

Prepare Trading and Profit & Loss A/c and a Balance Sheet as at 31st March, 2017, after keeping in view the following adjustments:

- (a) Depreciate old Building at 2 1/2% and addition to Building at 2% and Office Furniture at 5%
- (b) Write off further Bad-debts ₹570
- (c) Increase the Bad-debts Provision to 6% of Debtors
- (d) On 31st March, 2017 ₹570 are outstanding for salary
- (e) Rent receivable ₹200 on 31 March 2017
- (f) Interest on capital at 5% to be charged
- (g) Unexpired Insurance ₹240
- (h) Stock was valued at ₹14,290 on 31st March, 2017

65. From the following balance extracted from the books of Karan and the additional information, prepare the trading and profit and loss account for the year ended 31st March ,2010 and also show the balance sheet as at that date :

Particulars	Debit Balance (₹.000)	Credit Balance (₹.000)
Stock on 1st April , 2009	625	—
Purchase and Sales	903	1,372
Returns	22	13
Capital Account	—	300
Drawings	45	—
Land and Buildings	300	—
Furniture and Fittings	80	—
Trade Debtors and Trade Creditors	250	450
Cash in hand	35	—
	100	—
	—	5
	—	30
	75	—
	25	—
	20	—
	90	—
	—	400
	<u>2,570</u>	<u>2,570</u>

Additional Information:

- (a) Closing stock on 31st March , 2010 is valued at ₹6,50,000 Goods worth ₹5,000 are reported to have been taken away by the proprietor for his personal use at home during the year
- (b) Interest on investments ₹ 5,000 is yet to be received while ₹10,000 of the commission received is yet to be earned
- (c) ₹5,000 of the fire insurance premium paid is in respect of the quarter ending 30th June, 2010
- (d) Salaries ₹10,000 for March, 2010 and bank overdraft interest estimated at ₹ 20,000 are yet to be recorded as outstanding charges.

- (e) Depreciation is to be provided on land and buildings @ 5% per annum and on furniture and fittings @10% per annum
- (f) Make a provision for doubtful debts @5% of trade debtors.

66. The following is the trail balance of Mr. Amar Chand as at 31st March, 2016

Particulars	Debit Balance (₹.000)	Credit Balance (₹.000)
stock on 1st April, 2015	62,000	4,48,000
Purchase and Sales	3,15,000	2,500
Returns	3,700	43,000
Sundry Debtors and Creditors	80,000	4,300
Bills Receivable and Payable	12,100	2,00,000
Drawings and Capital	30,000	
Cash in Hand	24,800	
Balance with Bank of Tokyo	32,800	
discount	2,600	3,800
Carriage on Purchases	7,500	
Carriage on Sales	1,200	
Bad-Debts	2,400	
Bad Debts Provision		3,000
Furniture on 1st April, 2015	10,000	
New Furniture purchases on 1st January, 2016	6,000	
Rent	10,000	
Salaries	25,000	
Commission		2,400
repairs		
Insurance (Annual Premium paid on 1st Jan, 2016)	2,300	
Salaries Outstanding	3,600	5,000
Sales Van		
Sales Van Expenses	75,000	
	6,000	
	<u>7,12,000</u>	<u>7,12,000</u>

Taking into account the following adjustments, prepare Trading and Profit & Loss Account and the Balance Sheet as at 31st March, 2016

- (a) Stock on 31st March, 2016 was valued at ₹46,000
 - (b) Depreciate Furniture at 15% p.a and Sales Van at 20% p.a
 - (c) A Sum of ₹2,00 is due for repairs
 - (d) Write off ₹2,000 as further bad-debts and create a provision for doubtful debts @ 5% on Debtors. Also provide 2% for discount on Debtors.
 - (e) Rent is paid at the rate of ₹1,000 per month
 - (f) Allow 8% interest on Capital and charge ₹1,500 as interest on Drawings
67. From the following balances extracted from the books of Sharma, prepare the Trading and Profit & Loss Account for the year ended 31st march 2019 and Balance Sheet as at that date after taking into consideration the adjustments given below:

Particulars	Debit Balance (₹.000)	Credit Balance (₹.000)
Drawing and Capital	7,500	50,000
purchases and Sales	72,100	95,000
returns	1,300	2,700
Sundry Debtors and Creditors	18,200	35,750
Stock (1.04.2018)	19,800	
Bad Debts	3,000	
Bill Receivable and payable	12,000	23,000
cash in Hand	300	
Office Expenses	6,210	
Sales Van	15,000	
Sales Van Expenses	1,400	
Discount		2,910
Rent and Taxes	10,700	
Telephone Charges	1,050	
postage	950	
Furniture	5,000	
printing and Stationery	2,750	
commission	8,400	
	3,200	
	20,500	
	<u>2,09,360</u>	<u>2,09,360</u>

Adjustments:

- (a) Closing Stock was valued at ₹61,700.
- (b) Depreciate Furniture and Machinery @10% p.a and Sale Van @ 20% p.a
- (c) Outstanding Rent amounted to ₹900
- (d) Bad Debts ₹200
- (e) Make a provision for Doubtful Debts @5% on Debtors
- (f) Charge one-fourth of salaries and wages to the Trading Account
- (g) A new machinery was purchased on credit and installed on 31st December 2018 costing ₹15,000 . No entry for the same has yet been passed in the books.

68. Prepare a trading and profit & loss account of M/s Green Club Ltd. for eh year and a Balance Sheet as at that date from the following figures taken from their trial balance:

Debit Balances	₹	Credit Balances	₹
Opening Stock	1,25,000	Sales	2,50,000
Purchases	35,000	purchase Return	6,000
Return inward	25,000	Creditors	55,000
Postage	600	Capital	50,000
Salary	12,300	Discount received	1,000
wages	3,000	Provision for bad debts	4,500
Rent and rates	1,000	Commission received	5,400
packing and transport	500		
General expenses	400		
Insurance	4,000		
Debtors	50,000		

Debit Balances	₹	Credit Balances	₹
cash in hand	20,000		
Closing Stock	40,000		
Machinery	20,000		
Lighting	5,000		
Discount	3,500		
Bad debts	3,500		
Investments	23,100		
	<u>3,71,900</u>		<u>3,71,900</u>

Adjustments:

- Depreciation charged on Machinery @ 5% p.a
 - Further Bad-debts ₹1,500 provision for discount on debtors @ 5% and provision for Doubtful Debts on debtors @ 6%
 - Wages prepaid ₹1,000
 - Interest on investments @ 5% p.a
69. Below is given the Trial Balance of Mr. Ram as at 31st December, 2015. You are required to prepare Trading and Profit & Loss Account and Balance Sheet as at that date.

Debit Balances	₹	Credit Balances	₹
Opening stock	42,000	Sales	4,10,000
Purchases	2,00,000	Sundry Creditors	20,000
Plant	60,000	Purchases Return	8,000
Salary	33,000	commission	7,500
wages	44,000	Bank	24,000
Discount	2,000	Capital	1,50,000
Rent	27,500	Interest on Investments	700
Furniture (including Furniture of ₹5,000 purchased on 1st July, 2015)	20,000	Special Rebate	800
Carriage in	5,800		
Carriage out	3,200		
Sundry Debtors	1,00,000		
Office Expenses	6,600		
Cash in hand	5,400		
Investments at 14% p.a	10,000		
Insurance (Paid to 30th April, 2016)	1,500		
Stock on 31st December, 2015	60,000		
	<u>6,21,000</u>		<u>6,21,000</u>

Adjustments:

- Create a provision for Doubtful Debts @5% on Debtors and 2% for discount on Debtors
- Provide up-to-date interest on Investment
- Expenses for rent, wages, salaries and office expenses are uniform throughout the year and those for December, 2015 have not been paid.
- Depreciate Plant by 10% p.a and Furniture by 20% p.a
- Unearned Commission ₹1,500

70. On 31st March, 2017 the following Trail Balance of Sh. Ajay Oswal was taken out. Prepare Trading and Profit and Loss Account for the year and Balance Sheet at that date after making the following adjustments:

- (a) Stock on 31st March, 2017 was valued ₹26,000
- (b) General Manage is entitled to a Commission of 5% on Net Profits after charging such Commission
- (c) ₹2,000 paid for Salary & Wages have been include in sundry Debtors.
- (d) Increase bad – debts by ₹800 and create provision for Doubtful Debts at 10%.
- (e) General Expenses include insurance premium paid up to 30th June, 2017 @ ₹3,000 per annum
- (f) ₹600 out of the Advertisement Expenses are to be carried forward to the next year
- (g) Charge one-fourth of 'Salaries and Wages' to Trading A/c
- (h) Accrued Income ₹2,500

Particulars	Debit ₹	Credit ₹
Capital	8,000	3,00,000
Income Tax	16,000	
Stock on 1-04-2016	5,600	
Return Inwards	8,200	
Carriage Inwards	15,000	
Deposit with PNB		4,100
Return Outwards	3,700	
Carriage Outwards	10,000	
Loan to Mr. Malik @ 18% p.a given on 1-7-2016		900
Interest on the above	13,000	
Rent		1,000
Outstanding Rent	1,48000	
Purchases	75,800	
Debtors	25,000	
Goodwill	2,00,000	
Land and Buildings	15,000	
Furniture	38,000	26,200
Salaries & Wages		
Creditors	3,000	
Advertisement Expenses		3,500
Provision for Doubtful Debts	2,000	
Bad-Debts	6,000	
patents and Patterns	8,900	
cash in hand		2,700,000
Sales	4,500	
General Expenses		
	<u>6,05,700</u>	<u>6,05,700</u>

71. Prepare Trading and Profit & Loss Account ad Balance Sheet as at 31st March, 2017, from the following balances

Debit Balances	₹	Credit Balances	₹
Capital A/c	5,00,000	stock on 1.4.2016	67,000
Drawings A/c	36,000	salaries & Wages	24,000
Bills Receivable	5,800	outstanding Salaries and wages	2,000
Plant & Machinery	3,80,000	insurance (including premium of ₹	

Debit Balances	₹	Credit Balances	₹
Sundry Debtors	58,000		2,600
Loan A/c (Cr) at 12% p.a	20,000		46,600
Manufacturing Wages	40,000		15,000
Returns Inwards	3,000		1,600
Purchase	1,20,000		4,400
Sales	2,60,000		4,000
Rent	28,000		30,000
Commission Received	6,000		12,000

Adjustments:

- (a) Stock on hand on 31st March, 2017 was ₹ 80,000.
 - (b) Further Bad-debts written off ₹2,000 and create a provision of 5% on Sundry Debtors.
 - (c) Rent has been paid up to 31st may, 2017
 - (d) Manufacturing wages include ₹10,000 of a new Machinery purchases on 1st October, 2016
 - (e) Depreciate Plant and machinery by 10% p.a and Fixtures and Fittings by 20% p.a
 - (f) commission earned but not received ₹1,000
 - (g) Interest on Loan for the last two months is not paid.
 - (h) Goods worth ₹4,000 were distributed as free samples
72. From the following Trial Balance extracted from the books of Mr. Karuna Sagar, Prepare a Trading and Profit & Loss A/c for the year ended 31st March, 2019 and a Balance Sheet as at that date:

Debit Balances	₹	Credit Balances	₹
Purchases	3,30,000	Sales	5,30,000
Rent Paid	7,480	Returns	8,000
Wages	33,000	Trade Creditors	37,000
Salaries	30,800	Discount	3,000
Power	5,400	Capital	2,00,000
Stock on 1-04-2018	15,000	Miscellaneous Income	3,060
Stock on 31-3-2019	36,000		
Charity	500		
Debtors	53,000		
furniture	8,000		
Motor Car	2,00,000		
Motor Car Expenses	18,000		
Insurance	3,600		
Unexpired Insurance	600		
Drawings	5,000		
Cash Balance	34,680		
	<u>7,81,000</u>		<u>7,81,000</u>

Information's:-

- (a) Goods costing ₹2,000 were taken away by the proprietor for his personal use and goods costing ₹1,500 were given away as charity
- (b) Expenses for wages, rent and salaries are uniform throughout the year and those for March have not been paid.
- (c) Provide 10% depreciation on furniture and 20% on Motor Car
- (d) Provide for Manager's Commission at 10% on Net Profit after charging such Commission.

73. From the following Trial Balance of Sh. Parveen Kumar , prepare Trading and Profit & Loss Account for the year ending 31st March, 2019 and a Balance Sheet as at that date:

Debit Balances	₹	Credit Balances	₹
stock at Commencement	40,000	Sales	5,10,000
Purchases	3,20,000	Loan from Mr. Naresh @ 15% p.a	40,000
Returns Inward	7,000	Returns Outwards	8,000
Sundry Debtors	80,000	Bank	24,200
Cash	9,400	Provision for Doubtful Debts	2,500
Manufacturing Expenses	44,000	Discount	1,800
Trade Expenses	7,200	Rent of Premises sublet, for the year to 30th Spt. 2019	4,000
Carriage	3,500	Capital	1,20,000
Salaries and Wages	15,800	Sundry Creditors	47,000
Postage	1,500		
Stationery	800		
Freight Inwards	4,300		
Land and building	2,00,000		
Patents	8,000		
Furniture	10,000		
Insurance Premium	6,000		
	<u>7,81,000</u>		<u>7,81,000</u>

Information's-

- Closing Stock was valued at ₹60,000. You are informed that goods valued ₹12,000 were sold and dispatched on 29th March, 2019, but no entry was passed to this effect.
 - Insurance Premium include ₹1,200 paid on 1st October, 2018 to run for one year from Oct 1,2018 to Sept. 30,2019.
 - Loan from Mr. Naresh was taken on 1st July, 2018 Interest has not been paid so far
 - Create provision for Doubtful Debts at 5% on Sundry Debtors after writing off ₹600 as Bad-debts during the year
 - A bill of ₹3,200 for advertisement in newspaper remained unpaid at the end of the year.
 - Purchase include Furniture costing ₹ 5,000 purchased on 1st April, 2018
 - Charge 10% p.a depreciation on Furniture and write off 1/5th of patents.
74. The following Trial Balance was extracted from the books of Mr. Gupta as 31st march 2019:

Debit Balances	₹	Credit Balances	₹
Stock on 1-4-2018	65,000	Capital	2,50,000
Purchase	7,10,000	Rent Received	3,900
wages	22,000	Loan from Mr. Yadav @ 15% p.a	20,000
Trade Expenses	5,000	Sales	9,5,000
Freight and Dock Charges	8,000	Discount	600
Travelling Expenses	3,800	Outstanding Wages	2,000
Lighting and heating (Factory)	7,200	Trade Expenses accrued but not paid	
stores Consumed	2,000	Sundry Creditors	500
rent Paid	16,500		80,000
Establishment Charges	18,000		
interest of Mr. Yadav's Loan	1,500		
sundry Debtors	1,42,000		
cash	6,000		
Fixed Assets	3,00,000		

Adjustments-

- Goods costing ₹20,000 were purchases and included into stock but no entry was passed to record the purchase
- Loan from Mr. Yadav was taken on 1st June, 2018
- Sundry Debtors include an amount of ₹2,000 due from a customer who has become insolvent and nothing is recoverable from his estate.
- Create a provision of 5% for Doubtful Debts and 2% for discount on Debtors.
- Three months lighting and heating bill due but not paid ₹3,000
- Rent is paid for 11 months but is received for 13 months
- Stock amounted to ₹90,000 on 31st March, 2019

Prepare Trading and Profit & Loss Account for the year ended 31st March, 2019 and a Balance Sheet as at that date.

75. From the following Trail balance of Mr. Tarun chose, prepare Trading and Profit and Loss A/c for the year ending 31st March, 2017 and a Balance Sheet as at that date:

Debit Balances	₹	Credit Balances	₹
Opening Stock	38,000	Capital	3,00,000
Purchases	12,60,000	Secured Loan	20,000
Wages: Factory	20,000	Sales	15,40,000
Office	1,600	Sundry Creditors	40,000
Salary	54,000	Returns Outwards	15,000
Business Premises	2,00,000	Bills Payable	12,000
Furniture and Fixtures	40,000	Bank	33,000
Packing Machinery	60,000		
Tools	15,000		
Rent	58,400		
Loan to Mr. Ram Narain on 1st November, 2016 @ 12% p.a	10,000		
Sundry Debtors	1,31,500		
Cash in Hand	7,400		
Drawings	60,000		
Bills Receivable	4,100		
	<u>19,60,000</u>		<u>19,60,000</u>

Adjustments-

- Closing Stock amounted to ₹ 50,000
- Goods costing ₹8,000 were sent to a customer on sale or return basis for ₹10,000 on 30th March, 2017 and had been recorded in the books as actual sales
- Allow 8% interest on Capital and charge ₹3,000 as interest on drawings.
- Depreciate: Business Premises by 5% Furniture and Fixtures by 20% and Packing Machinery by 10%. Tools are to be revalued at ₹12,000.
- 2 1/2% for discounts is to be provided on Debtors
- ₹1,500 is to be provided for bad and Doubtful Debts.

76. The following balances were extracted from the books of Mr. din dayal as at 31st March 2019

Debit Balances	₹	Credit Balances	₹
stock at the beginning	41,000	Purchases	2,20,000
rent	9,600	Sales	2,80,000
salary	20,000	Returns (Dr.)	6,000
Bad-Debts	400	Returns (Cr)	2,000
Provision for Doubtful Debts	3,000	Carriage Inward	3,500
Travelling expenses	1,400	Carriage Outward	500
insurance Premium	1,800	Capital	1,75,000
Proprietor's Withdrawals	4,000	Loan (Cr.)	20,000
Telephone Charges	7,300	Debtors	40,000
Printing and Advertising	5,000	Creditors	27,000
commission (Cr.)	6,000	Investments	5,000
Rent from Sublet	4,800	Invest on Investments	600
Landing and Building	1,40,000		
Furniture	10,000		
Cash	2,900		

Prepare Trading and Profit & Loss Account for the year and a Balance Sheet as at 31st March, 2019, after taking into account the following:

- Stock was valued at ₹ 75,000 on 31st March, 2019. You are informed that a fire occurred on 28th March, 2019 in the godown and stock of the value of ₹10,000s destroyed. Insurance Company admitted a claim of 75%
- One-third of the commission received is in respect of work to be done next year.
- Create provision of 5 % of Doubtful Debts.
- 50% of Printing and Advertising is to be carried forward as a charge in the following year
- ₹900 is due for interest on loan
- Provide for Manager's Commission at 10% on Net Profit before charging such commission

77. From the following information prepare financial Statements of M/s Raj & Bros, for the year ending march 31, 2017

	Dr. Bal ₹		Cr. Bal ₹
Stock (1-4-2016)	16,800	Capital	78,000
Sales Return	8,000	Sales	3,09,000
Purchases	2,43,000	Returns Outward	5,700
Freight –in	8,600	Trade Creditors	4,800
Rent and Taxes	5,700	10% Bank Loan (1-7-2016)	24,000
Salaries	9,300	Income from Investment	3,600
Trade debtors	24,000	Discount Received	2,250
Bank interest	1,000		
Printing and Advertising	14,600		
Cash at bank	18,300		
Discount Allowed	1,340		
Investment	25,000		
Furniture	3,800		
General Expenses	3,610		
Audit Fees	500		
Insurance	800		
Travelling Expenses	3,000		
Plant & Machinery	30,000		
Drawings	10,000		
	<u>4,27,350</u>		<u>4,27,350</u>

Additional Information:

- (a) Depreciation on Plant and Machinery @ 10% p.a a Machine has been purchased on July 01,2016 for ₹12,000
- (b) The manager is entitled to a commission of 10% of the net profit before charging such commission
- (c) Closing stock in trade is valued at ₹ 6,000 (cost); ₹6,200 (Market Price)
- (d) Rent outstanding ₹5,000

Higher Order Thinking Skills (Hots) Questions

78. What is the adjustment entry passed for Accrued Commission of ₹10,000? CGST and SGST are levied @9% each
79. What is the adjustment entry passed for provision for discount on Debtors?
80. What is the adjustment entry passed for provision for discount on Creditors?
81. Manager of a firm is entitled for a commission of 6%. The profit after the commission is ₹4,70,000. What is the amount of profit before commission?
82. Insurance Premium paid by affirm on 1st December 2017 for the year upto 30th November 2018 was ₹18,000 and insurance premium paid on 1st December 2018 for the year upto 30th November 2019 was ₹30,000. What amount will be debited to Profit & Loss Account for the year ended 31st March 2019?
83. Following are the Extracts of Trial Balance:

Sundry Debtors (including a B/R for ₹5,000 received from Giriraj)	1,20,000	
bad Debts	3,000	
Provision for Doubtful Debts		1,800

Giriraj became insolvent and only 40% could be realized from his estate. You are required to make a provision of 5% for doubtful debts. What will be the amount of provision?

84. Mr. Gauri Shankar, a businessman pays ₹ 1 lac per month as installment for his newly acquired business premises. Is it a revenue expenditure of capital expenditure?
85. Goods costing ₹ 26,000 were sent to a customer at 20% profit on sale on sale or return basis. Customer returned goods of the selling price of ₹7,000. At what amount the remaining goods with the customer will be shown in the Balance Sheet?
86. A Company purchased a Machine on 1-04-2008 at a cost of ₹3,10,000, estimated residual value ₹10,000 with a useful life of 15 years. Depreciation is charged under straight line method till 31-3-2018. After 10 years, an expert recommended that the asset to be used for 10 more years. What is the depreciation for the year 2018-19 under straight line method assuming residual value to remain same?
87. The accountant of a firm desires that adjustments for outstanding expenses and prepaid expenses would not be made while preparing financial statements.
- (a) What will be the effect on financial statements?
 - (b) Which accounting concept will be violated?



Chapter – 7

FORMATION OF A COMPANY**Formation of Company: Stages:-****Very Short Answer Type Questions****[1 Mark]**

1. Is forming a company an easy job?
2. State the various stages of formation of a company.
3. What is the first stage in the formation of a company?
4. What does promotion stage of formation of a company involve?
5. Who is a Promoter?
6. Who analyses the prospects of a business opportunity and brings together the various resources and managerial abilities to form a company?
7. What is the primary function of a promoter?
8. What type of business opportunity does a promoter identify?
9. What is the first and foremost activity of a promoter?
10. What does a promoter do to test the profitability or feasibility of a business?
11. State different feasibility studies.
12. When is a business idea said to be technically feasible?
13. Krishan intends to start a business of toys' manufacturing. He finds that the plastic needed to manufacture toys is available in the neighboring country. The plastic cannot be imported because of poor political conditions with that country. Is his business idea feasible?
14. When is a business idea said to be financially feasible?
15. DLF Ltd. intends to start the business of construction of Malls. It requires large funds which it cannot arrange for. Is the idea feasible?
16. When is a business idea said to be economically feasible?
17. What does a promoter do after conducting feasibility studies about a given business idea?
18. When does the Register of Companies give approval to the name of business?
19. Who are the first Directors of the company?
20. Who decides about members signing the Memorandum of Association of the proposed company?
21. Who appoints professionals like bankers, auditors etc. to help them in the preparation of necessary documents?
22. Name the statement containing the names and addresses of shareholders and the number of shares allotted to each.
23. Who prepares Memorandum of Association and Articles of Association?
24. To whom are the memorandum of Association and Articles of Association submitted?

Documents required to be submitted:-**Very Short Answer Type Questions****[1 Mark]**

25. Name any two documents required to be submitted to Registrar of Companies for its formation.
26. Which is the most important document of the company that defines its objective?
27. State any two clauses contained in the Memorandum of Association.
28. What is contained in the name clause of the Memorandum of Association?

29. Who gives approval to the name of the company?
30. Which clauses of Memorandum of Association mentions the name of the state in which the registered office of the company is proposed to be situated?
31. Which clause states the main aim for which company is established?
32. Which activity cannot be legally undertaken by the company?
33. Give the two divisions of object clause of Memorandum of Association of the company.
34. What would be the status of an act which is either essential or incidental for the attainment of the main objects of the company but has not been explicitly stated in sub clause of Memorandum of Association?
35. What would the company do if it wishes to undertake a business included in the 'other objects' clause of Memorandum of Association?
36. What would the company do if it wishes to undertake a business included in the 'other objects' clause of Memorandum of Association?
37. In which clause of Memorandum of Association liability of the members of the company is stated?
38. How does liability clause of Memorandum of Association limit the liability of shareholders?
39. Mr. X is a shareholder of Daksh Ltd. and has purchased 500 shares of ₹ 10 each. He has already paid ₹ 6 per share. What amount is he liable to pay to the company?
40. What does the capital clauses of Memorandum of Association state?
41. What does Association clause of Memorandum of Association state?
42. How many persons should sign Memorandum of Association in case of Public and Private company?
43. Name the article that contains rules and regulations regarding internal management of a company?
44. Which document is subsidiary to the Memorandum of Association and does not contradict or exceed anything stated in it?
45. Who signs Articles and Association of a company?
46. What does the document "consent of proposed director" contain?
47. What does "Statutory Declaration" state?
48. Who signs "Statutory Declaration"?
49. How is the amount of fee, to be paid while filling necessary documents with the register, determined?

Position of Promoters:-

Very Short Answer Type Questions

[1 Mark]

50. Why are promoters not considered as Trustees or Agents of the company even though they have performed various activities in order to get the company registered and commence the business?
51. For which contract are promoters held personally liable?
52. Why type of position does promoters have in the company?
53. What can the company do against promoters in case of non disclosure of material information?
54. How can a company remunerate promoters for the services offered by them?
55. Give any one difference between Memorandum of Association and Articles of Association.

Incorporation:-**Very Short Answer Type Questions****[1 Mark]**

56. Which is the second stage in the formation of the company?
57. Name any one document required to be submitted at the time of incorporation the company.
58. To whom is the application for the incorporation of the company submitted?
59. Who issues Certificate of Incorporation to the company?
60. Which certificate is known as the birth certificate of the company?
61. Which certificate is considered to be the conclusive evidence for the legal existence of the company?
62. When does a private company commence business?
63. A public company is required to undergo two more stages before the formation. Name those states.

Capital Subscription:-**Very Short Answer Type Questions****[1 Mark]**

64. What is the third stage in the formation of a company?
65. What is prospectus?
66. Which authority's permission must a company take to raise funds from public?
67. Who issues guidelines for the disclosure of information and investor protection?
68. Who receives application money for shares on behalf of the company?
69. How does a broker help in raising funds for the company?
70. Who may be appointed by the company, if it is not reasonably assured of good public response to issue of shares?
71. Who are underwriters?
72. What is Minimum Subscription?
73. What is the limit of Minimum subscription?
74. What would the company do if it receives applications for less than 90% of total issue?
75. Why does the company make an application to stock exchange?
76. Within which period the permission from stock exchange should be received?
77. What would happen if the company does not get permission from the stock exchange?
78. What would the company do with the persons to whom no share is allotted?
79. Who are given allotment letters by the company?
80. Which document is filed with the Registrar of Companies within 30 days of allotment?

Commencement of Business**Very Short Answer Type Questions****[1 Mark]**

81. Who issues certificate for commencement of business to a company?
82. What can a company do after receiving the certificate for commencement of business?
83. Name the document required to be submitted to Register of Companies to obtain the certificate for commencement of business.

Important Documents to be used in formation of a company:-**Very Short Answer Type Questions****[1 Mark]**

84. Name any two documents required to be submitted to Registrar of companies for its formation.
85. Which is the most important document of the company that defines its objective?
86. State any two clauses contained in the Memorandum of Association.

87. What is contained in the name clause of the Memorandum of Association?
88. Who gives approval to the name of the company?
89. Which clause of Memorandum of Association mentions the name of the state in which the registered office of the company is proposed to be situated?
90. Which clause states the main aim for which company is established?
91. Which activity cannot be legally undertaken by the company?
92. Give the two divisions of object clause of Memorandum of Association of the company.
93. What would be the status of an act which is either essential or incidental for the attainment of the main objects of the company but has not been explicitly stated in sub clause of Memorandum of Association?
94. What would the company do if it wishes to undertake a business included in the other objects clause of Memorandum of Association?
95. In which clause of Memorandum of Association liability of the members of the company is stated?
96. How does liability clause of Memorandum of Association limit the liability of shareholders?
97. How does liability clause of memorandum of Association limit the liability of shareholders?
98. Mr. X is a shareholder of Daksh Ltd. and has purchased 500 shares of ₹ 10 each. He has already paid ₹ 6 per share. What amount is he liable to pay to the company?
99. What does the capital clause of Memorandum of Association state?
100. What does Association clause of Memorandum of Association state?
101. How many persons should sign Memorandum of Association in case of Public and private company?
102. Name the article that contains rules and regulations regarding internal management of a company?
103. Which document is subsidiary to the Memorandum of Association and does not contradict or exceed anything stated in it?
104. Who signs Articles of Association of a company?
105. What does the document "consent of proposed directors" contain?
106. What does "Statutory Declaration" state?
107. Who signs "Statutory Declaration" state?
108. Who signs "Statutory Declaration"?
109. How is the amount of fee, to be paid while filling necessary documents with the registrar, determined?

Starting a business-Basic Factor

Very Short Answer Type Questions

[1 Mark]

110. State any two factors considered by a person to start a business.
111. Give any two factors on which choice of ownership of business depends.
112. Give any two factors on which location of business enterprise depends.
113. What is plant layout?
114. Business can be operated on large scale or small scale. What kind of business should be opted for by the new entrepreneur if he is confident that the demand for his products is likely to be high?
115. Name any two factors on which the choice of form of ownership depends.
116. Why should the decision regarding location of business enterprises be taken carefully?
117. What is required for starting as well as for running the business?

118. Name any two physical facilities required by business firms.
119. What does a business firm need for commissioning of raw material into finished products?

Choice of the form of business organization:-

Very Short Answer Type Questions

[1 Mark]

120. How can you determine the most appropriate form of business organization?
121. There are various forms of business organization. Name that form which is the simplest.
122. Name the form of business where there is change of entering a business with minimum legal formalities.
123. Which form of business organization is preferred from the view point of least initial cost and ease of formation?
124. Which form of business organization is considered most suitable from the point of view of investors?
125. Which form of business organization is suitable for small or medium size business?
126. Which form of business organization is preferred if professional services are required?
127. Sole proprietorship form of organization would be more suitable where more personal skill is required. Give one example of such type of business activity.
128. In which form of business organization, trade agreement made by one member is binding on the others jointly and individually?
129. Name the business organization where there is separation between ownership and management.
130. Which form of business organization is best suited from the point of view of availability of resources?
131. Which form of business organization is best suited from the point of view of liability of members?
132. Which form of business organization is best suited from the point of view of continuity of its operations?

HOTS

Very Short Answer Type Questions:

[1 Mark]

True/False Answer Questions

133. It is necessary to get every company incorporated, whether private or public.
134. Statement in lieu of prospectus can be filed by a public company going for a public issue.
135. A company can commence business after incorporation.
136. Experts who help promoters in the promotion of a company are also called promoters.
137. A company can ratify preliminary contracts after incorporation.
138. If a company is registered on the basis of fictitious names, its incorporation is invalid.
139. 'Articles of Association' is the main document of a company.
140. Every company must file Articles of Association.
141. If a company suffers heavy issues and its assets are not enough to pay off its liabilities, the balance can be recovered from the private assets of its members.

Short Answer Questions

[3/4 Marks]

142. Name the stages in the formation of a company.
143. List the documents required for the incorporation of a company.
144. What is a prospectus? Is it necessary for every company to file a prospectus?
145. Briefly explain the term 'Return of Allotment'.
146. At which stage in the formation of a company does it interact with SEBI.

Long Answer Questions**[5/6 Marks]**

147. What is meant by the term 'Promotion'? Discuss the legal position of promoters with respect to a company promoted by them.
148. Explain the steps taken by promoters in the promotion of a company.
149. What is a 'Memorandum of Association'? Briefly explain its clauses.
150. Distinguish between 'Memorandum of Association' and 'Articles of Association.'
151. What is the meaning of 'Certificate of Incorporation'?
152. Discuss the stages of formation of a company?

Case Study

153. A Group of 8 people decides to form a company and hence approaches Sindhwani Pvt. Ltd.- a well known group of promoters. The promoters identify the different business opportunities and suggest them to set up mobile phones manufacturing company. Before converting this business opportunity into a real project, Sindhwani Pvt. Ltd. made arrangements for conducting various feasibility studies (Technical, Financial and economic). For this they took the help of specialists like CAs, Engineers etc. During the analyses, various results were observed:
- (A) The manufacturing of mobile phones requires special type of metal that is available in the neighboring country. But it cannot be imported from there as India is having poor political relations with that country.
 - (B) The promoters also estimated the funds required for manufacturing mobile phones. They concluded that funds could be easily arranged for by issuing shares, debentures and loans from banks etc.
 - (C) They also felt that economically too idea was feasible as its future prospects were good and that would bring maximum profits for the company.

Questions:-

- (a) Who are appointed to identify business opportunity?
 - (b) What are the different types of feasible studies undertaken by promoters?
 - (c) Who help them in conducting such studies?
 - (d) Is the business idea feasible?
154. Adlakha Pvt. Ltd., the famous group of promoters submitted an application to the Register of companies for the approval of the name for mobile manufacturing company. They selected "Nokia Ltd." of the company so as to increase the sales because Nokia was a well known brand.
- (a) Who selects the name for the company?
 - (b) Would the proposed name be accepted by register of companies? Give reasons.
155. A group of 10 persons appointed Shrivastava Ltd. as the promoters to form their company. Shrivastava Ltd. purchased land on behalf of the company. But it did not disclose the material fact that the land was agricultural land. Later on, the company was not allowed to carry on its business operations by the government.
- (a) What is the mistake of Promoters?
 - (b) What can the company do now?
 - (c) Why did government disallow the company?
156. Vijay Ltd. the famous group of promoters filed documents related to registration of the company with the Registrar of companies on 8th March, 2011. The Registrar of companies, after getting satisfied about the completion of formalities of registration, issued Certificate of Incorporation to

the company on 12th March, 2011. However, the data mentioned on certificate was 8th March. The company had entered into the contract of buying land from X Ltd. on 10th March, 2011. Now, X Ltd. is not interested in selling land as the value of land has appreciated. It refused to honour the contract on the pretext of company not being in existence on 10th March, 2011 as the Registrar of companies had issued Certificate of Incorporation on 12th March, 2011

(a) What would be the status of the contract signed on 10th March, between the company and X Ltd?

(b) Why did X company refuse to honour the contract?

(c) What is the data of birth of the company 8th March, 2011. 10th March or 12th March, 2011.

157. Pankaj Ltd. issued prospectus, inviting public to subscribe for its shares. It came up with public issue for ₹ 20 crores of 20 lakh shares worth ₹ 100 each. It received applications for 16 lakh shares.

(a) Should the company proceed with allotment of shares?

(b) How much shares were issued to the general public?

(c) What was the face value of Pankaj Ltd.?

(d) How much applications were receive?

(e) What is the minimum subscription of shares of a public limited company?



Chapter – 8

SOURCE OF BUSINESS FINANCE**Concept of Business Finance:-****Very Short Answer Type Questions:****[1 Mark]**

1. Define Business Finance.
2. State the two categories of financial requirements of the business.
3. Define fixed capital.
4. The funds required to purchase fixed assets like land and building, plant and machinery, furniture etc. refer to which type of capital requirement.
5. State any two factors affecting the amount of fixed capital of a business.
6. Define working capital.
7. Give any two examples of working capital.

Short Answer Type Questions:**[3/4 Marks]**

8. Which business firm will require more working capital, the firm selling goods on credit and having slow sales turnover or the firm selling goods on cash basis and having high sales turnover?
9. When does the requirement for fixed and working capital increase?
10. How can you classify sources of funds?
11. How can you classify sources of funds on the basis of period?
12. What are long term sources of business finance?
13. Give an example of long term source of business finance.
14. In which type of business finance debentures are included?
15. What are medium term sources of business finance?
16. Give an example of medium term source of business finance.
17. In which type of business finance lease financing is included?
18. What are short term sources of business finance?
19. Give an example of short term source of business finance.
20. In which type of business finance commercial papers are included?
21. What is the classification of sources of finance on the basis of ownership?
22. What are owners' funds in business finance?
23. Apart from capital contributed by owners in business, what else is included in owners' funds?
24. In which category of funds are retained earnings included on the basis of ownership?
25. For what period of time owners' funds remain in business?
26. What are borrowed funds in business finance?
27. Give an example of borrowed funds in business finance.
28. For what period of time do borrowed funds remain in business?
29. How do borrowed funds put a lot of burden on business?
30. What are internal sources of funds?
31. Give an example of internal source of funds.
32. Do Internal sources of funds fulfill all the needs of the business?
33. What are external sources of funds?
34. Give an example of external source of funds.
35. Trade credit is an example of which type of business finance-internal source or external source?

Case Study:-

36. Abdullaha decided to start the business of shoes manufacturing. He discussed with his father about the funds that he would require to start and run the business. His father suggested to him to divide the financial need of his business as fixed capital requirement and working capital requirement.

The funds, that Abdullaha needed to start his business, can be referred to as fixed capital requirement. This includes purchasing land for setting up factory, construction of factory building, machines, furniture for office ect. All these items would lead to investment of funds for longer period of time.

Funds were also required to conduct day to day operations. This is known as working capital requirement. For example, stock of leather, bills receivables, paying wages, salaries, taxes, rent, etc. Infact, this requirement would increase if he decides to sell goods on credit basis instead of cash basis.

- (a) What are the two categories of financial needs of business?
- (b) What is fixed capital?
- (c) Give examples of fixed capital.
- (d) What is working capital?
- (e) Give example of working capital.

Owner's Funds:-**Very Short Answer Type Questions:****[1 Mark]**

36. What is a share?
37. What is share capital?
38. What are the two types of shares issued by the company?
39. What is equity share capital?
40. What is the position of equity shareholders with respect to the company?
41. Why are the funds raised by issue of equity shares known as owners' funds or ownership capital?
42. Why are equity shareholders known as 'residual owners'?
43. Give any one merit of equity shares.
44. Why is there no burden on the company in respect of dividend payable to equity shareholders?
45. Give any one limitation of issuing equity shares.
46. Why do the investors who want steady income not prefer equity shares?

Preference Shares:-**Very Short Answer Type Questions:****[1 Mark]**

47. What is preference share capital?
48. What rate of dividend is paid to preference shareholders?
49. Who is paid dividend first preference shareholders or equity shareholders?
50. At the time of liquidation of the company, whose capital is returned first preference shareholders or equity shareholders?
51. Give any one merit of preference share?
52. How by issuing preference shares the control of equity share holders over the management of the company is not affected?
53. How do preference shares assure steady income?

54. Which investors prefer to invest in preference shares?
55. Give one limitation of preference share.
56. Which investors do not prefer preference shares?
57. Why is there no tax saving in case of preference shares?
58. Why is there no consistent return for the investors in case of preference shares?
59. Give different types of preference share.
60. What are participating preference shares?
61. Which type of preference share do not enjoy right to participate in the surplus of the company after a certain rate of dividend has been paid to equity shareholders?
62. What are cumulative preference shares?
63. What are Non Cumulative preference shares?
64. What are convertible preference shares?
65. Which type of preference shares cannot be converted into equity shares after a specified period of time?

Global Depository Receipts (GDRs):-

Very Short Answer Type Questions:

[1 Mark]

66. State any one difference between equity share and preference share.
67. What do you mean by American Depository Receipts (ADRs)?
68. What are retained earnings?
69. Which source of business finance does "ploughing back of profit" indicate?
70. Which source of business finance does "self-financing" indicate?
71. Which business finance ensures greater degree of operational freedom and flexibility?
72. Give any one merit of retained earnings as a source of business finance.
73. Give any one limitation of retained earnings.
74. Why are retained earnings considered as an uncertain source of funds?
75. Why does excessive retaining of earnings cause dissatisfaction amongst the shareholders?

Borrowed Funds:-

Very Short Answer Type Questions:

[1 Mark]

76. What is a debenture?
77. What is the position of debenture holders in relation to the company?
78. Which capital is also called debt capital?
79. Give one merit of Debentures?
80. Which type of investors want to invest in debentures?
81. How does issue of debentures not affect the control of equity shareholders on management?
82. Why is the cost of financing through debentures low as compared to the cost of equity or preference shares?
83. Give one limitation of debentures.
84. How does debenture lead to burden on the earnings of the company?
85. What are Secured Debentures?
86. Name the types of debentures that do not create a charge on the assets of the company.
87. What are First Debentures?
88. What are Second Debentures?

89. What are Registered Debentures?
90. Name the debentures which are transferable by mere delivery.
91. What are Convertible debentures?
92. Name the type of debentures which cannot be converted into equity shares.
93. What are zero interest debentures?
94. How does zero interest debenture holder get return?

Loan from Financial Institutions:-

Very Short Answer Type Questions:

[1 Mark]

95. Name any one financial institution that is established all over the country to provide financial help to business organisations.
96. Why are financial institutions termed as 'development banks'?
97. Give any one merit of loan taken from financial institution.
98. Which other services do financial institutions provide in addition to financial service?
99. How do financial Institutions restrict the powers of the borrowing company?

Loan from Commercial Banks:-

Very Short Answer Type Questions:

[1 Mark]

100. Which type of requirements of fund are met by commercial banks?
101. Name the financial services provided by commercial bank.
102. Name the agreement under which the customer having current account with bank is allowed to overdraw his account.
103. How do loans taken from commercial banks prove to be a flexible source of business finance?
104. Give one merit of loans taken from commercial banks.
105. How does taking loans from commercial banks, after the normal functioning of the business?
106. Give one limitation of loan taken from a commercial bank.

Public Deposits:-

Very Short Answer Type Questions:

Changing your Tomorrow

[1 Mark]

107. What are Public Deposits?
108. By investing in which deposits can a person get higher rate of interest as compared to bank deposits?
109. What is a deposit receipt?
110. Which would be less costly source of finance for business borrowings from banks or deposits from public?
111. Give any one merit of Public Deposits.
112. How can funds be obtained very easily by way of Public Deposits?
113. Give any one limitation of public deposits.
114. When does the business find collection of public deposits difficult?

Trade Credit:-

Very Short Answer Type Questions:

[1 Mark]

115. What is trade credit?
116. What type of business finance is trade credit long term or short term?
117. Give any two factors affecting the values and period of trade credit.

118. Give any one advantage of trade credit
119. Which source of business finance is beneficial in case when an organization wants to increase its inventory level in order to meet expected rise in the sales volume in the near future?
120. Which source of business finance is easily available when the creditworthiness of customers is known to sellers?
121. Give any one limitation of Trade Credit.
122. How does trade credit add to the risk of business?
123. What is inter corporate deposit?

Other Sources of funds:-

Very Short Answer Type Questions:

[1 Mark]

124. What is factoring?
125. What are the two methods of providing factoring?
126. What is Recourse factoring?
127. What is non recourse factoring?
128. What type of information is possessed by factors?
129. Give two examples of agencies offering factoring services.
130. Give any one merit of factoring.
131. Which source of business finance provides protection to the firms against bad debt losses?
132. How does factoring enable a client to concentrate on other functional areas of business?
133. How does factoring help a client to promptly meet the liabilities as and when they arise?
134. Give any one limitation of factoring.

Case Study:-

135. Rehman and Company is the leading manufacturer of toys. Toys manufacturing requires a special kind of machine that involves a kind of technology which keeps on changing in few years. The business suffers huge losses on account of such changes as it has to purchase new machinery after every 3 years. Their financial advisor suggested taking the machine on lease financing. Under lease financing, one party (owner of asset) grants the other party right to use the asset in return for a periodic payment for some specified period. This will protect the business against incurring losses on account of asset becoming obsolete.
 - (a) What is lease financing?
 - (b) For which type of asset is it best suited?
 - (c) Why did they feel the need for lease financing?
 - (d) What is a lease?
 - (e) Who is a lessor?
 - (f) Who is a lessee?
 - (g) What is a lease rental?
 - (h) Which type of business finance is very helpful in the acquisition of assets which become obsolete very soon?
 - (i) Give an example of asset that becomes obsolete very soon.
 - (j) Why is lessee under lease financing not required to bear the risk of obsolescence?
 - (k) Give any one merit of lease financing.
 - (l) Give any one limitation of lease financing.

Commercial Paper (CP):-**Very Short Answer Type Questions:****[1 Mark]**

136. What is a commercial paper?
137. To whom are commercial papers issued by business firms?
138. Why can commercial papers be issued only by the firms having good credit rating?
139. Give any one merit of commercial paper.
140. Why does commercial paper enjoy high liquidity?
141. Give any one limitation of commercial papers.

Factors affecting the choice of the source of funds:-**Case Study:-**

142. Kartik Ltd. is in need of funds. The company has analyzed various options of procuring funds like issue of equity shares, preference shares, debentures etc. At present, the company is not financially strong. It is not able to repay its past loans. Moreover, the earnings and operations of company are highly unstable. The company's financial advisor has suggested not issuing fixed charge securities like preference shares, debentures. It'll put burden on the company. The company won't be able to pay interest amount. It can issue equity shares, as the dividend needs to be paid only when it'll earn profits and capital will be repaid only at the time of winding up of the company.

- (a) What is the financial position of Kartik Ltd?
- (b) Why should it not issue debentures?
- (c) Why should it issue equity shares?

Case Study:-

143. Green Tree Ltd. is a software company. The company has issued equity and preference shares to meet its financial requirements. Other sources of finance have not been considered at all. This has resulted in payment of large amount of taxes to the government, as the dividend on preference and equity shares is not tax deductible. The company wants to seek tax benefits and hence approaches its financial advisors. They advise the company to involve certain fixed charge bearing financial securities like loans or debentures too in its capital structure. This is because interest payable on the debenture and loan is treated as an expense and deducted from profits before tax.

- (a) Why does issue of equity and preference shares do not provide tax benefits to the company?
- (b) How, by including fixed charge financial securities like debentures, can a company avail itself of tax benefits?
- (c) What advice has been given to Green Tree Ltd. by its financial advisors?

HOTs**Very Short Answer Questions****[1 Mark]**

144. Name the two categories into which the financial needs of a business can be grouped.
145. Name any two factors affecting the fixed capital requirements of a business.
146. Give any two factors affecting the working capital requirement of a business.
147. Name any two sources of long term funds.
148. Enumerate any two sources of medium term finance.
149. List any two sources of short term finance.

150. State the two categories into which the sources of finance can be classified on the basis of ownership.
151. Give the classification of funds on the basis of source of generation.
152. Give any two internal sources of finance.
153. List any two external sources of finance.
154. Name any two factors which affect the volume and time duration of trade credit.
155. Enumerate the two types of shares normally issued by a company.
156. State the two processes enjoyed by preference shareholders over equity shareholders.
157. Name any two types of preference shares.
158. Identify the instrument which is an acknowledgement of debt of a company.
159. Identify the source of finance which is referred to as creditorship securities.
160. This type of preference shares do not enjoy any right to participate in the surplus profits of the company.
161. Name the authority which regulates the issue of public deposits in India?
162. Name any one credit rating agency authorised to who give the credit rating of a public issue of debentures.

Short Answer Questions**[3/4 Marks]**

163. Distinguish between ownership funds and borrowed funds.
164. Distinguish between external sources and internal sources of funds
165. Write a short note of retained earnings
166. State any three features of trade credit.
167. State any four features of trade credit.
168. Explain any four features of equity shares.
169. Explain any four features of preference shares.
170. State any four features of debentures.
171. Why are public deposits known as 'fair weather friends'?
172. State any three advantages of issuing equity shares from company's point of view.
173. Describe any three advantages of equity shares from investor's point of view.
174. Give any three advantages of preference shares as a source of finance from company's point of view.
175. Outline any three advantages of preference shares from investor's point of view.
176. What are the limitations of equity shares as a source of finance from company's?
177. State the limitations of equity shares from investors point of view.
178. What are the limitations of preference shares as an investment option for the investors?
179. Why do you think investors should not buy preference shares?
180. What are the advantages of trade credit from the purchasing firm's point of view?
181. Why should a business firm use trade credit as a source of finance?
182. What are the limitations of trade credit as a source of finance from selling firm's point of view? Describe briefly any two financial institutions.
183. Why is return on equity shares said to be variable? Explain with the help of a suitable example.
184. The amount of dividend paid on face is not considered to be a tax deductible expense. Explain the statement with the help of a suitable example.

185. The interest paid on debentures is treated as a tax deductible expense. Explain the statement with the help of a suitable example.
186. What are ADR's? State its features.
187. Write a short note on Financial Institutions.
188. What are GDR's? State its features.
189. What are IDR's? State its features.
190. Distinguish between American depository receipts and global depository receipts.

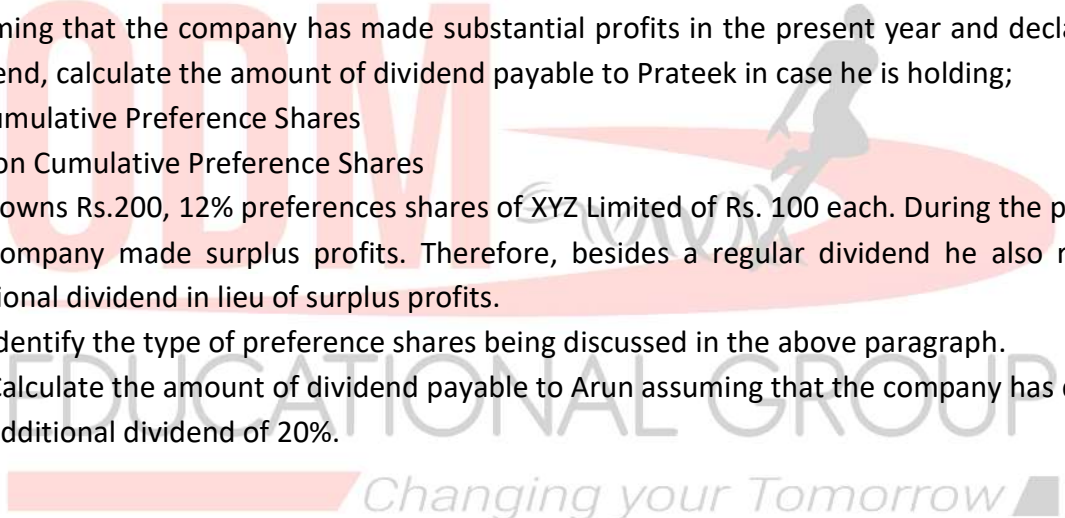
Long Answer Questions**[5/6 Marks]**

191. Describe briefly the different types of sources of finance on the basis of time period.
192. State the merits and limitations of retained earnings.
193. State the merits and limitations of equity shares.
194. State the merits and limitations of trade credit.
195. Outline the merits and limitations of debentures as a source of finance.
196. Commercial banks are considered to be an important source of finance for business. State its merits and limitations.
197. What are the merits and limitations of raising funds from financial institutions?
198. Describe briefly the various sources of international Finance.

Case Study Based Questions

199. Jia is planning a Start up to launch smart phone apps for healthcare, based on the study that mobile medical apps market has a great future in the country the app will help the users in doing everything from helping them to manage existing health conditions and preventing new concerns to arise, thereby reducing the need for face-to-face consultations. In order to assess the financial needs of her business she met her aunt Pragya, who works as a financial advisor for Startup Ventures. Pragya told her that the financial needs of a business can be divided into two categories. Also, a loan from commercial bank would be an ideal source of business finance for her business.
 - (a) Identify and explain the two categories into which the financial needs of Jia's business can be grouped.
 - (b) Give any two advantages and two limitations of using commercial any source of finance by her.
200. Considering the fact that travel industry in India has witnessed a boom in the past decade, Lalit promoted a travel agency three years back. In order to start the business, he had then purchased an office space in a popular complex in New Delhi. Moreover, he continues to make investments on different types of office equipments, besides meeting the day today running cost of the business. Six months back he decided to offer a complementary one day trip to local Resorts, to his most privileged customers. As he thought this promotional initiative, would help to promote loyalty amongst his customers and help to increase his business manifolds in future. Identify and explain the different types of funds being described in the above paragraph on the basis of time period.
201. Nilesh, works as a digital marketing campaign manager in a firm. Over the years, the business of his firm has increased by leaps and bounds as the marketing has gone digital. The firm obtains its stock of office stationery on a one month credit from the suppliers and at the same time the company offers 15 days credit period to its clients (business firms).

- (a) Identify and explain the source of business finance being described in the above paragraph.
- (b) State any two favourable factors because of which the firm is able to make credit purchases.
- (c) Give any two limitations of the source of business finance as identified in part (a) of the question.
202. 'Healtho Ltd.' is a popular health management company offering a wide range of healthcare products to the customers. Two years back, the company started a series of online fitness classes and this segment of business has been a big hit right from its inception. It has helped the company to make huge profits. By taking into consideration, the requests from many of its regular clients, the company has now decided to start fitness centres at five strategic locations within the country. The management of the company has decided to use the portion of their undistributed earnings to finance the new business venture.
- (a) Identify and explain the source of business that the company intends to use for financing its expansion plans.
- (b) State any two merits and two limitations of this source.
203. Prateek purchased one hundred 12% preference shares of ABC Limited. The face value of each share is Rs.200. Due to insufficient profits, the company did not declare any dividend last year. Assuming that the company has made substantial profits in the present year and declared to pay dividend, calculate the amount of dividend payable to Prateek in case he is holding;
- (a) Cumulative Preference Shares
- (b) Non Cumulative Preference Shares
204. Arun owns Rs.200, 12% preferences shares of XYZ Limited of Rs. 100 each. During the present year the company made surplus profits. Therefore, besides a regular dividend he also received an additional dividend in lieu of surplus profits.
- (a) Identify the type of preference shares being discussed in the above paragraph.
- (b) Calculate the amount of dividend payable to Arun assuming that the company has declared an additional dividend of 20%.



Chapter – 9

MSME AND BUSINESS ENTREPRENEURSHIP**Entrepreneurship Development****Very Short Answer Type Questions:****[1 Mark]**

1. Define the term 'entrepreneurship'
2. Who is known as an Entrepreneur?

Characteristics of Entrepreneurship:-**Very Short Answer Type Questions:****[1 Mark]**

3. Explain the characteristics and need of entrepreneurship.
4. Name any four entrepreneurs who mastered their line of business and became very successful.

Process of Entrepreneurship Development:-**Very Short Answer Type Questions:****[1 Mark]**

5. How is the term entrepreneur originated?
6. Describe importance of enterprise in production.
7. Describe salient features or characteristics of entrepreneurship.
8. Why entrepreneurship is needed in developed country?
9. Is Entrepreneurship in favour of developing country?
10. What are few advantages of entrepreneurship?
11. What are various aspects of feasibility analysis of entrepreneurship?

Startup India :- (Objectives and Initiative)**Very Short Answer Type Questions:****[1 Mark]**

12. Define Startup Company.
13. When startup India campaign was announced?
14. What was the plan of action of this campaign?

Ways to fund Startup:-**Very Short Answer Type Questions:****[1 Mark]**

15. Define Bootstrapping.
16. Define venture capital and angel investor.
17. What is meaning of Crowd Funding?
18. What is the meaning of Incubator Funding?
19. Describe any four ways of funding startup in India. Describe briefly various types of intellectual property rights.

Intellectual Property Rights:-**Very Short Answer Type Questions:****[1 Mark]**

20. What do you understand by the term intellectual property?
21. What is a patent?
22. What is a copyright?
23. What is a trademark?

Short Answer Type Questions**[3/4 Marks]**

24. Describe briefly any one recent business startup in India which has been very successful.
25. Distinguish between patent and copyright.
26. Differentiate between copyright and trademark.
27. In what respects is a patent different from a trademark?

Meaning and Nature of Small Business:-**Very Short Answer Type Questions:****[1 Mark]**

28. Give any two examples of modern small industries.
29. Give any two examples of traditional small industries.
30. What are the criteria for deterring small scale manufacturing enterprises under the MSMED Act 2006?
31. What are the criteria for determining small scale service enterprises under the MSMED Act 2006 in case of small scale industry?
32. What is the investment limit in plant and machinery in case of micro enterprise if it falls under manufacturing sector?
33. What is the investment limit in plant and machinery in case of small enterprise if it falls under manufacturing sector?
34. What is the investment limit in plant and machinery in case of medium enterprise if it falls under manufacturing sector?
35. What is the investment limit in equipment in case of micro enterprise if it falls under service sector?
36. What is the investment limit in equipment in case of small enterprise if it falls under service sector?
37. What is the investment limit in equipment in case of medium enterprise if it falls under service sector?

Administrative set up for the small scale, agro and rural industries:-**Very Short Answer Type Questions:****[1 Mark]**

38. Why has Government of India created the Ministry of small scale industries and agro and rural industries?
39. What is the concern of Ministry of agro and rural industries?
40. Give the full form of KVIC.
41. State any two features of small scale industry.

Role of small business in India and Role of small business in rural India:-**Very Short Answer Type Questions:****[1 Mark]**

42. What percentage do small industries form of the total industrial units in the country?
43. What percentage do small industries contribute to the industrial production?
44. What percentage do small industries contribute to the total exports from India?
45. Why is cost of production in small business very low?
46. How do small industries capture new business opportunities at the right time?
47. How are small industries best suited for customized production?
48. What is customized production?

49. Which industry is the second largest provider of employment in India?
50. How do small scale industries prove to be a boon for an overpopulated country like India?
51. Name any two products provided by small scale industries.
52. How have small scale industries made a noteworthy contribution towards balanced regional development of our country?
53. State any two roles played by small business in Rural India.

Problems of Small Business in India:-

Very Short Answer Type Questions:

[1 Mark]

54. State any two problems faced by small business.
55. Why are small scale industries not able to raise capital from the capital market?
56. Why do banks hesitate to lend money to small scale units?
57. Attracting talented and skilled employees is a major problem faced by small business units. Why?
58. Why are small scale industries not able to maintain the quality?
59. Why do small scale industries operate below full capacity?
60. What are the internal problems faced by small scale industries leading to their sickness?

Government schemes and agencies for small scale industries:-

Very Short Answer Type Questions:

[1 Mark]

61. Which type of assistance is provided by the government to small business?
62. What is the full form of NABARD?
63. In which year was NABARD established?
64. What is the main aim of NABARD?
65. What is the full form of RSBDC?
66. What is the main objective of RSBDC?
67. Who has sponsored RSBDC?
68. Give the full form of NSIC?
69. When was NSIC established?
70. Give any two function of NSIC?
71. Which institution has introduced a new scheme of 'Performance and Credit Rating'?
72. Give the full form of SIDBI?
73. Give two functions of SIDBI.
74. Give the full form of NCEUS.
75. Give any two objectives of NCEUS.
76. Give the full form of RWED.
77. State any two services provided by RWED.
78. Give the full form of WASME.
79. Write the full form of SFURTI.
80. Give any two objectives of SFURTI.
81. Write the full form of DIC.
82. When was DIC launched?
83. What is the main aim of DIC?
84. Give any two incentives offered by government to attract small industries in backward areas.
85. What is the incentive with respect to water in case of small business?

86. What is the incentive with respect to water in case of small business?
87. What is the incentive with respect to sales tax in case of small business?
88. What is the incentive with respect to octroi in case of small business?
89. What is the incentive in respect to finance provided to small business?

Short Answer Type Questions**[3/4 Marks]**

90. State the Meaning of manufacturing sector?
91. State the meaning of service sector?
92. State the types of criteria for enterprises covered under manufacturing sector.
93. State the types of criteria for enterprises covered under service sector.
94. Enumerate the various problems faced by small business units?
95. Explain the problems of managerial skills and marketing faced by small business units?

Long Answer Type Questions**[5/6 Marks]**

96. Describe the role of small business in India?
97. Discuss the role of small business in rural India?
98. Describe the various problems faced by small scale enterprises?
99. Discuss the functions of National Small Industries Corporation and District Industries Centres.
100. What are the incentive provided by the government for Industries in backward and hilly areas?
101. What measures has the government taken to solve the problem of finance and marketing in the small scale sector?

HOTS**Very Short Answer Questions****[1 Mark]**

102. Name the two categories into which Micro Small and Medium Enterprises can be classified as per MSMED Act 2006.
103. Name any two government agencies set up for providing support to you small scale industries?
104. Define the term 'entrepreneurship'.
105. Who is known as an Entrepreneur?
106. What do you understand by the term intellectual property?
107. What is a patent?
108. What is a copyright?
109. What is a trademark?
110. What are micro enterprises with reference to manufacturing sector?
111. What are small enterprises with reference to manufacturing sector?
112. What are medium enterprises with reference to manufacturing sector?
113. What is the limit of investment in equipment for micro Enterprises?
114. What is the limit of investment in equipment for small Enterprises?
115. What is the limit of investment in equity payment for medium enterprises?

Short Answer Questions**[3/4 Marks]**

116. State the features of entrepreneurship.
117. Outline the need for entrepreneurship development.
118. Write a short note on startup India.
119. Describe any four ways of funding startup in India. Describe briefly various types of intellectual property rights.
120. Describe briefly anyone recent business startup in India which has been very successful.

121. Distinguish between patent and copyright.
122. Differentiate between copyright and trademark.
123. In what respects is a patent different from a trademark?

Long Answer Questions**[5/6 Marks]**

124. Describe briefly the process of entrepreneurship development.
125. What does NSIC stand for? Describe its functions in brief.
126. What are district Industries centres? Outline their functions in brief.
127. Describe briefly the role of small business in India.
128. Outline the marketing support provided to Micro Small and Medium Enterprises Through National Small Industries Corporation.
129. Explain in brief, the incentives provided by the government to small scale industries in rural backward and hilly areas.

Case Study Based Questions

130. Narayana Murthy, he is an Indian IT industrialist and the co-founder of Infosys, a multinational corporation providing business consulting, technology, engineering, and outsourcing services. Murthy and six software professionals founded Infosys in 1981 with an initial capital investment of Rs 10,000, which was provided by his wife Sudha Murthy. Identify and explain the concepts which are being highlighted in the given paragraph in context of establishment of the company.
131. Latha has decided to pursue a Startup Venture to offer organic pet food. She has already done a self introspection to be assured of her potential in the concerned field. Furthermore, she has conducted an online research with participation of pet owners, regarding the extent to which the need for availability of organic pet food is unsatisfied.
 - (a) Identify the steps involved in the process of entrepreneurship development which have been discussed in the given paragraph.
 - (b) State briefly the remaining steps which need to be carried out by Latha in order to complete the process.
132. Noori is planning a Startup venture for launching portable air conditioners. These air conditioners will help to save energy to a great extent because of their inbuilt special technology. Furthermore, these air conditioners can be easily transported inside a home or office. Although being competent in terms of technology, Noori is completely ignorant about the different ways to fund a Startup. You have been asked to help her in this regard by suggesting any four suitable options for raising finance for her project.



Chapter – 10

INTERNAL TRADE**Wholesale Trade:-****Very Short Answer Type Questions:****[1 Mark]**

1. Define Trade.
2. Give the two broad categories of trade.
3. What is Internal Trade?
4. Give the classification of Internal trade.
5. Which trade can be defined as buying and selling of goods and services in large quantities for the purpose of resale or intermediate use?
6. Who buys goods in large quantities from the manufacturer and sells the them in small quantities to the retailer?
7. State any two services provided by a wholesaler to manufacturer.
8. How does a wholesaler facilitate large scale production to the manufacturer?
9. How does a wholesaler provide financial assistance to the manufacturer?
10. Which information is provided by a wholesaler to the manufacturer?
11. How does a wholesaler relieve the manufacturer from the burden of providing storage facilities for the finished goods?
12. How does a wholesaler facilitate continuity of production activity?
13. Give any two services provided by the wholesaler to the retailer.
14. How does a wholesaler help a retailer to manage his business with small amount of working capital?
15. How does a wholesaler provide marketing support to the retailer?

Retail Trade and Types of Retail Trade:-**Very Short Answer Type Questions:***Changing your Tomorrow* ■**[1 Mark]**

16. Which trade is defined as purchasing of goods in small quantities for the purpose of selling them to the consumers?
17. Who buys goods from the wholesalers and sells then to consumers?
18. State any two services offered by a retailer to manufacturer and wholesaler.
19. Give any two services offered by retailer to consumers.
20. State the main types of Itinerant Retailers.
21. Which type of itinerant trades move from place to place to sell their products at the doorsteps of the consumers?
22. Which type of itinerant trader sells his goods at different places on fixed days, say every Saturday or Sunday etc.?
23. Who are fixed shop retailers?
24. Give any two features of fixed shop retailers.
25. Give the types of fixed shop retailers.
26. Give the different types of small shop retailers.
27. Which shops deal in specific line of products?

28. Which type of retailers are generally found at places having heavy flow of population such as street crossings, main roads etc.?
29. Which shops deal in secondhand goods?
30. Which stores deal in single product line?

Large Scale Retailers:-

Very Short Answer Type Questions:

[1 Mark]

31. What is a Departmental store?
32. Which retail outlet satisfies all the needs of the customer?
33. Which retail outlet provides all items from pin to plane?
34. Which retail outlet provides various facilities like telephone booth, restrooms, restaurants etc. to its customers?
35. State any two advantages of a Departmental Store.
36. Why do Departmental stores not attract customers of lower income group?

Chain Stores of Multiple Shops:-

Very Short Answer Type Questions:

[1 Mark]

37. Which retail outlet is owned and operated by same organization and has same merchandising strategies with same products and display?
38. Give an example of chain store.
39. What is the other name of Chain Stores?
40. Which retail outlets are located in family populous localities?
41. Which retail outlets sell the goods on fixed price?
42. Which retail outlets sell the goods on cash basis?
43. State any two advantage of chain stores.
44. How do chain stores provide the benefit of diffusion of risk?
45. Why are there no losses due to bad debts in case of chain stores?
46. Why are the chances of dead stock reduced in case of chain stores?
47. State any two limitations of chain stores.
48. Why does Branch Manager lack initiative in case of chain stores?
49. Differentiate between Departmental Store and Chain Store on the basis of range of products.
50. Differentiate between departmental store and chain store on the basis of pricing of the product.

Mail Order Business:-

Very Short Answer Type Questions:

[1 Mark]

51. What is Mail Order House?
52. In which type of retail outlet does the trade contact the customer through advertisement in newspapers or magazines, circulars etc. to sell his product?
53. Give any two alternatives for receiving payments in Mail Order House.
54. State any two advantages of Mail Order House.
55. Why does Mail Order House require limited capital?
56. Why is there absence of bad debts in case of Mail Order House?
57. How does mail order house provide convenience to customers?
58. State any two limitations of Mail Order House.
59. Why are there chances of delayed delivery in Mail Order House?

Consumer Cooperative Store:-**Very Short Answer Type Questions:****[1 Mark]**

60. What are consumer cooperative stores?
61. How is the profit earned during the year treated by cooperative stores?
62. How many persons are required to form a cooperative society?
63. State any two advantages of cooperative store.
64. Why is the requirement for working capital reduced in cooperative stores?
65. How do the members of cooperative store enjoy limited liability?
66. Why are the prices of products low in case of consumer cooperative stores?
67. State any two limitations of consumer cooperative store.

Super Markets:-**Very Short Answer Type Questions:****[1 Mark]**

68. What is the main difference between departmental store and super market?
69. State any two features of super market.
70. State any two advantage of super market.
71. Why are there no chances of bad debt in case of super market?
72. Why are super markets able to attract a large number of people?
73. State any two limitations of supermarket.
74. Why does supermarket lack in providing personal attention to the customers?

Concept of Automatic Vending Machine:-**Very Short Answer Type Questions:****[1 Mark]**

75. What are Vending Machines?
76. Write the full form of ATM.
77. Which machine has made it possible to withdraw money any time without visiting any bank?
78. Give the major limitations of Vending Machines.

Chambers of Commerce and Industry:-**Very Short Answer Type Questions:****[1 Mark]**

79. What is Chambers of Commerce and Industry?
80. Write the full form of CII.
81. Write the full form of FICCI.
82. State any two services provided by Chambers of Commerce and Industry.
83. What does Chambers of Commerce and Industry do with respect to excise duty?

Short Answer Type Questions**[3/4 Marks]**

84. Define internal trade?
85. What is meant by wholesale trade?
86. What purpose is served by wholesalers providing warehousing facilities?
87. How does the wholesaler help the manufacturer in availing the economies of scale?
88. How does market information provided by the wholesalers benefit the manufacturers?
89. Enumerate the main features of retail trade?
90. Discuss the main features of fixed shop retailers?
91. Distinguish between single line store and specialty store?

92. State any two benefits of super market?
93. Explain briefly the services offered by wholesaler to the retailer?
94. What are the services offered by retailer to the consumers?
95. Differentiate between itinerant and fixed shop retailers?
96. Explain the concept of mail order house?
97. Explain the concept of vending machines?
98. Differentiate between wholesale trade and retail trade?

Long Answer Type Questions**[5/6 Marks]**

99. Discuss the features of departmental store. How are they different from multiple shops/ chain stores?
100. Explain the usefulness of mail order houses. What type of products are generally handled by them? Explain.
101. What are super markets? Explain their advantages and limitations?
102. Describe the role and functions of Chambers of Commerce?
103. Why are consumer cooperative stores considered to be less expensive? What are their relative advantages over large scale retailers?
104. Itinerant traders have been an integral part of internal trade in India. Analyze reasons for their survival in spite of competition from large scale retailers?
105. What difficulties will a consumer face if there is no retail shop?
106. Discuss the main document used in internal trade?
107. Discuss the various terms of trade.

HOTS**Very Short Answer Questions****[1 Mark]**

108. Give the classification of internal trade.
109. Name any two kinds of risks borne by a wholesaler.
110. Name any two services provided by the retailers to the consumers.
111. How would you classify retail trade on the basis of size?
112. How would you classify retail trade on the basis of merchandise handled?
113. How would you classify retail trade on the basis of mobility?
114. How would you classify retail trade on the basis of ownership?
115. Narrate the different types of itinerant retailers.
116. Name the different types of fixed shop small scale retailers.
117. Name the different types of fixed shop large scale retailers.
118. What is internal trade?
119. Give the meaning of 'wholesale trade'.
120. What is retail trade?
121. Define the term 'retailing':
122. How does wholesale trade facilitate large scale production?
123. How do wholesalers provide financial assistance to the manufacturers?
124. How do wholesalers help in marketing of goods?
125. Explain 'expert advice' as a service provided by the whole salers to the manufacturers.
126. How do retailers help in distribution of goods?
127. How do retailers facilitate large scale production?

128. How do retailers promotion of goods and services?

129. What are mail order houses?

Short Answer Questions

[3/4 Marks]

130. Distinguish between wholesale trade and retail trade.

131. State the characteristics of itinerant retailers.

132. State the features of fixed shop retailers.

133. State the features of a Departmental Stores.

134. What are the advantages of multiple shops?

135. State the limitations of multiple shops.

136. Enumerate the features of a Departmental Stores.

137. What are the advantages of Departmental Stores?

138. What are the limitations of a Departmental Stores.

139. Distinguish between Departmental Stores and multiple shops.

140. What are the advantages of multiple shops?

141. State the limitations of multiple shops.

142. Discuss the suitability of mail order houses.

143. Write a short note on goods and services tax.

Long Answer Questions

[5/6 Marks]

144. Explain briefly the various services provided by the wholesaler to the manufacturers.

145. Describe briefly the various services provided by the wholesalers to the retailers.

146. Outline the functions performed by a retailer in distribution of goods and services.

147. Explain the services provided by a retailer to the manufacturer and wholesalers.

148. Describe briefly the most common types of itinerant retailers operating in India.

149. Briefly outline the different types of fixed shop small scale retailers.

150. Describe briefly different types of fixed shop large scale retailers.

151. Distinguish between Departmental Store and Multiple Shop.

Case Study Based Questions

152. Tarun and Arun are the first cousins involved in the family business of woolen garments. Tarun runs a shop in a popular market in Jammu. He collects small orders from a number of retailers located at different places in Northern India and passes on the pool of such orders to the manufacturers. Arun on the other hand, helps the wholesalers and manufacturers in distribution of woolen garments by making them available to a large number of consumers spread over a large geographical area. He is in direct and constant touch with the customers.

(a) Identify the two categories of internal trade been described in the above paragraph.

(b) Give any three differences between these two categories as identified in part (a) of the question

153. Sunaina is running a fashion studio in Dehradun. She keeps stock of a wide variety of dresses from different manufacturers. Many a times, she sells goods on credit to the regular clients. She makes a special effort to make the customers aware about the changing trends in fashion, makes effective display of new arrivals and so on. She undertakes different types of promotional activities like advertisement, free gifts, etc. to increase the sale of products of different manufacturers. She keeps the manufacturers updated about the changes in the taste and preferences of the consumers so as to enable them take appropriate market decisions.

- (a) Identify the different types of services provided by Sunaina to the wholesalers and manufacturers and also to the consumers.
- (b) Describe briefly any one service of each of the two categories which has not been mentioned in the given paragraph.
154. When Guneet's aunt visited Delhi for the first time. She had prepared of a list of different things that she wanted to buy during her visit. Guneet helped her in making purchases by accompanying her to market places. Guneet first took her to a retail store in the city, which specialises in organic food items. After that they visited a shop, which deals in old and used books, as his aunt wanted to buy some old novels.
- (a) Identify the two types of fixed shop small scale retailers been described in the given paragraph.
- (b) Describe briefly, the other types of such retailers which have not been mentioned in the paragraph.
155. After marriage Tanu and Manu decided to settle down in Pune. As they had to buy a extensive range of products for their new house, one of their colleagues suggested to them, to visit a particular business establishment in the city which was well classified into defined departments and aimed at satisfying practically every consumer's needs under one roof. Tanu and Manu liked the place for the matter, that didn't have to run from one place to another to complete their shopping. Moreover, it had provision for restrooms and restaurants. At the same time, they felt that the staff at the business establishment did not pay enough attention towards them.
- (a) Identify the type of business establishment which is being discussed in the above paragraph.
- (b) Name any another business establishment which belongs to the same category of retailers.
- (c) Describe briefly the various advantages and limitation of the type of establishment as identified in part (a) of the question which are being described in the given paragraph.
156. Riya wanted to buy a particular type of footwear of a good brand. Her mother took her to a branded store located in a popular market in the city. To her disappointment, she could not find her size in the style that she had liked. But her mother pacified her by saying that should not lose heart, as there are three more stores of the same brand in the city. When they visited another store of the same brand in the city, she was surprised to see that it had the identical products and display like the previous store.
- (a) Identify the type of retailer been described in the given paragraph.
- (b) State any four features of such type of retailers.
- (c) Also, discuss its any two limitations.



Chapter – 11

INTERNATIONAL TRADE**Concept and Types of International Business****Very Short Answer Type Questions:****[1 Mark]**

1. What is International Business?
2. Give the different types of International Business?
3. What is export?
4. What is buying of goods and services from other countries known as?
5. What is Entre or Re-export?
6. State any two reasons for International Business.
7. Why is conducting and managing international business a complex task as compared to domestic business?
8. What is the nationality of buyers and sellers in case of domestic Business?
9. What is the nationality of buyers and sellers in case of International Business?
10. Differentiate between Domestic and International business on the basis of 'Mobility of factors of production'.
11. Differentiate between Domestic and International business on the basis of 'Political system and risk'.
12. Which business regulations and policies are followed by Domestic business?
13. Which business regulations and policies are followed by International Business?
14. Which currency is used in domestic business?
15. Which currency is used in International business?
16. What is the nationality of stakeholders in case of International Business?
17. What is the nationality of stakeholders in case of Domestic Business?
18. Which type of business systems and practices are followed by Domestic business?
19. Which type of business systems and practices are followed by International business?

Scope of International Business:-**Very Short Answer Type Questions:****[1 Mark]**

20. Give the scope of International Business.
21. What is the meaning of merchandise?
22. What is merchandise exports?
23. What is merchandise imports?
24. What is invisible trade?
25. Name any two types of services that are traded internationally.
26. What is Licensing?
27. Which is used in regard of providing services, licensing or franchising?
28. What is Foreign Investment?
29. State the two types of Foreign Investment.
30. Write the full form of FDI.
31. What is Foreign Direct Investment?
32. What is Joint Venture?
33. What is Portfolio Investment?

Importance of International Business:-**Very Short Answer Type Questions:****[1 Mark]**

34. State any two benefits of International business to the nation.
35. How does international business result in increasing the standard of living of a nation?
36. State any two benefits of international trade to the firms.
37. How does international trade offer the benefit of prospects for higher profits to a business firm?
38. What is the way out for firms to tackle the problem of intense competition in domestic market?

Problems of International Trade:-**Very Short Answer Type Questions:****[1 Mark]**

39. State any two modes of entry into International Business.
40. What is direct importing/ exporting?
41. What is indirect importing/ exporting?
42. State any two advantages of Exporting and Importing as a mode of entry into International Business.
43. Why is the amount of risk low in case of exporting and importing as compared to other modes of entry into international business?
44. State any two limitations of exporting and importing as a mode of entry into international business.

Contract Manufacturing:-**Very Short Answer Type Questions:****[1 Mark]**

45. What is the other name for contract manufacturing?
46. What is contract manufacturing?
47. State any two forms of contract manufacturing.
48. State any two advantages of contract Manufacturing.
49. How is contract manufacturing beneficial for local producers?
50. State any two limitations of contract manufacturing.
51. Why does the local manufacturer lose control over the manufacturing process in case of contract manufacturing?

Licensing and Franchising:-**Very Short Answer Type Questions:****[1 Mark]**

52. Who is licensor under the licensing?
53. Who is a licensee under the licensing?
54. Which is more stringent, franchising or licensing?
55. What is the main difference between Franchising and Licensing?
56. Who is a franchiser?
57. Who is a Franchisee?
58. State any two advantages of Franchising/ Licensing.
59. Why is Licensing/ Franchising a less expensive mode of entering into international business?
60. Why is there lower risk of business takeover or government intervention in case of licensing and franchising?
61. State any two limitations of Licensing/ Franchising.
62. List out of matters over which conflicts might arise between licensor/ franchiser and licensee/ franchisee.

Joint Ventures:-**Very Short Answer Type Questions:****[1 Mark]**

63. What is Joint Venture?
64. State any two forms of Joint Venture.
65. State any two advantages of Joint Venture.
66. Why is there risk of disclosure of technology and secrets to others in Joint Venture?

Wholly Owned Subsidiaries:-**Very Short Answer Type Questions:****[1 Mark]**

67. State the two forms in which a wholly owned subsidiary can be established.
68. State any two advantages of wholly owned subsidiary as an entry mode for international business.
69. State any two limitations of wholly owned subsidiary as an entry mode for international business.

India's involvement in world business:-**Very Short Answer Type Questions:****[1 Mark]**

70. What is the total share of Indian foreign trade in GDP during the year 1990-91?
71. What is the total share of Indian foreign trade in GDP during the year 2003-2004?
72. What are the main products exported by India?
73. What are the main products imported by India?
74. Name the major trading partners of India.
75. List out the services exported and imported by India.

Short Answer Type Questions**[3/4 Marks]**

76. Explain the difference between international trade and international business.
77. Explain briefly any three advantages of international business.
78. Why is it said that licensing is an easier way to expand globally?
79. What is the major reason underlying trade between nations?
80. Enumerate limitations of contract manufacturing.
81. Differentiate between Contract manufacturing and setting up wholly owned production subsidiary abroad.
82. List the major countries with whom India trades.
83. List major items of India's exports.
84. Enumerate the benefits of international business to nations.
85. What are the major items that are exported from India?

Long Answer Type Questions**[5/6 Marks]**

86. Differentiate between Domestic business and International business.
87. "International business is more than international trade". Comment.
88. Explain the benefits of international business to firms
89. In what ways is exporting a better way of entering into international markets than selling up wholly owned subsidiaries abroad?
90. Explain the scope of international business.
91. What is invisible trade? Discuss salient aspects of India's trade in services.
92. Explain the main advantages and limitations of licensing and franchising.
93. Define Contract manufacturing.
94. Briefly explain the advantages and limitations of wholly owned subsidiaries abroad.
95. Explain the problems faced by international trade.

Introduction and Export Procedure:-**Very Short Answer Type Questions:****[1 Mark]**

96. What is the first step in the export procedure?
97. What is proforma invoice?
98. What is an indent?
99. Why does the exporter undertake an enquiry regarding the creditworthiness of the importer?
100. From whom does the exporter obtain import export code (IEC)?
101. Write the full form of ECGC.
102. Why does the exporter approach his banker to obtain per shipment finance?
103. Why is pre shipment inspection necessary?
104. Who issues the excise clearance?
105. What is duty drawback?
106. From whom does the exporter obtain the certificate of origin?
107. What is a shipping order?
108. Why does the exporter get the goods insured with an insurance company?
109. Give any two documents submitted alongwith the shipping bill by the exporter.
110. What is carting order?
111. Who appoints Clearing and Forwarding agent?
112. Why does the exporter appoint clearing and Forwarding agent?
113. Who issues the mate's receipt?
114. What does mate's receipt contain?
115. Name any two documents required by the importer for getting the goods cleared from the customs.
116. Documents used in Export transactions:-
117. Name any two documents used in export transaction.
118. Name any two export documents related to goods.
119. What is export invoice?
120. What is certificate of inspection?
121. What is a Packing list?
122. Which certificate specifies the country in which the goods are being manufactured?
123. Which certificate enables the importer to claim tariff concessions or other exemptions on the imported goods?
124. Name any two export documents related to shipment.
125. What is a shipping bill?
126. What is Mate's receipt?
127. What is a bill of lading?
128. What is a cart ticket?
129. Name any two export documents related to payment.
130. What is a letter of credit?
131. Which is the most secure and appropriate mode of payment for setting international transactions?
132. What is Bank Certificate of Payment?

Import Procedure:-**Very Short Answer Type Questions:****[1 Mark]**

133. What is the first step in Import procedure?
134. What is Proforma Invoice?
135. Who regulates foreign exchange transactions in India?
136. What is meant by retirement of import documents?
137. What is import general manifest?
138. What is delivery order?
139. What is a trade enquiry?
140. What is a Proforma Invoice?
141. What is shipment advice?
142. What is a bill of entry?
143. What is a Sight draft?
144. What is a usance draft?
145. What is a Dock challan?

Foreign Trade Promotion:-**Very Short Answer Type Questions:****[1 Mark]**

146. State any two promotion measures adopted by the government to encourage foreign trade.
147. What is Duty drawback?
148. Name the scheme under which the firms can produce goods without payment of excise and other duties.
149. Under which scheme is an exporter allowed duty free supply of both domestic and imported inputs required for manufacturing export products?
150. What is the objective of Export Promotion Capital Goods Scheme?
151. State any two export service houses.
152. Name the two types of finance required by exporter.
153. Define pre shipment finance.
154. Define post shipment finance.
155. Write the full form of EPZ.
156. What is EPZ?
157. Where are EPZs located?
158. Name any two places where EPZs are located.
159. Write the full form of SEZ.
160. Which are more advanced EPZ or SEZ?
161. What is SEZ?
162. Write the full form of EOU.
163. What is Export Oriented Unit?

Organisational Support:-**Very Short Answer Type Questions:****[1 Mark]**

164. Name any two institutions set up in order to facilitate the process of foreign trade.
165. Name the apex body in the Ministry of commerce responsible for all matters related to the external trade of the country.

166. Write the full form of EPC.
167. What are Export Promotion councils?
168. What are Commodity Boards?
169. How many commodity boards are there in India?
170. Name any two commodity boards in India
171. Write the full form of EIC.
172. How has EIC been set up?
173. What is the main aim of Export Inspection Council?
174. Write the full form of ITPO.
175. When was ITPO set up?
176. Who has set up ITPO?
177. Where is the head quarter of ITPO located?
178. Give any two functions of ITPO.
179. Give the full form of IIFT.
180. When was IIFT set up?
181. What is the main aim of IIFT?
182. Write the full form of IIP.
183. When was IIP set up.
184. When is IIP's head quarter located?
185. When was State Trading Organisation established?
186. What is the main aim of State Trading Organisation?

World Trade Organisation (WTO) and Major Agreements:-

Very Short Answer Type Questions:

[1 Mark]

187. When was World Trade Organisation established?
188. Write the full form of WTO.
189. Where is the headquarter of WTO located?
190. Give any two objectives of WTO.
191. State any two functions of WTO.
192. Give any two benefits of WTO.
193. Write the full form of GATT.
194. State any two WTO agreements.
195. Write the full form of ACT.
196. Which agreement is considered to be a landmark achievement as under it the developed countries agreed to remove the quota restrictions on export of textiles and clothing?
197. What is the main aim of Agreement on Agriculture?
198. Write the full form of GATS.
199. Write the full form of TRIPS.
200. Define Intellectual Property.
201. What does agreement on Trade Related Aspects of Intellectual Property Rights lay down?
202. Name any two intellectual properties covered under TRIPS.

International Trade Institution and Trade Agreements:-**Very Short Answer Type Questions:****[1 Mark]**

203. Name any two International Trade Institution.
204. What is the other name of World Bank?
205. Write the full form of IBRD.
206. Give any two functions of World Bank.
207. Which association is known as Soft Loan Window of the IBRD?
208. What is the main aim of International Development Association?
209. Write any two objectives of International Development Association.
210. Write the full form of IFC.
211. When was International Finance Corporation set up?
212. What is the main aim of IFC.
213. Write the full form of MIGA.
214. When was MIGA established?
215. Give any two objectives of MIGA.
216. Give the full form of IMF.
217. When was IMF established?
218. Where is the headquarter of IMF located?
219. What is the main aim of IMF?
220. Give any two objectives of IMF.
221. Write any two functions of IMF.

HOTS**Very Short Answer Questions****[1 Mark]**

222. Name any two benefits of international trade to the nation.
223. Enumerate any two benefits of international trade to the firms.
224. Name any two authorities who can issue an export licence in India.
225. Give the full form of IEC and DGFT.
226. What does ECGC and EEPC stand for in the context of export trade?
227. What is RCMC in context of export procedure?
228. Name the Act relating to the pre shipment inspection.
229. Who is authorised to issue a pre inspection certificate?
230. Who is authorised to issue a certificate of origin?
231. Name the document which is issued by the shipping company as an instruction to the captain of the ship that the specified goods after their customs clearance at a designated port be received on board.
232. Name the document which is prepared by the exporter to get the custom clearance before the goods are loaded on the ship.
233. Name the document issued by the commanding officer of the ship, when the cargo is loaded on board.
234. Who issues the mate's receipt and to whom?
235. Who issues a bill of lading?
236. Name the two types of bill of exchange.

237. Name the document which is prepared by the imported for assessment of customs import duty.
238. What is international trade?
239. What is domestic business?
240. What is export trade?
241. What is import Trade?
242. How does international trade leads to more efficient use of resource?
243. How does international trade has to increase standard living?
244. How does international trade help to improve business vision?
245. What is an indent?
246. Why is it considered advisable for a exporter to be registered with Export Credit Guarantee Corporation?
247. What is pre shipment Finance?
248. What does Central Excise Tariff Act relates to?
249. To whom does the exporter need to apply for excise clearance?
250. Why has the Government of India made inspection of certain products compulsory?
251. What is duty drawback?
252. What is a shipping order?
253. What is a shipping bill?
254. What is a carting order?
255. What is a bill of lading?
256. When is an exported asked to issue a letter of indemnity and by whom?
257. What is a bill of exchange?
258. What is an airway bill?
259. What is a documentary bill of exchange?
260. Explain the term 'retirement of import documents'.
261. What is an 'Import general manifest'?

Short Answer Questions**[3/4 Marks]**

262. How is international business different from international trade?
263. State the benefits of international trade to the nation.
264. State the benefits of international trade to the business firm.
265. Outline the objectives of export trade.
266. What are the objectives of import trade?
267. What is the difference between proforma invoice and invoice? Explain with the help a suitable example.
268. Write a short note on 'letter of credit'.
269. What is a certificate of origin? Why is it considered important in international trade?
270. Outline the process involved in obtaining an export licence.
271. Briefly outline the process involved in getting the custom clearance.
272. Describe briefly any four documents used in import procedure.
273. Explain briefly any four documents used in export procedure.
274. Give the difference between Sight draft and Usance draft.
275. How is a bill of lading different from an airway bill?

276. Discuss in brief the procedure followed by the imported in getting the custom clear and release of goods.
277. Distinguish between bill of entry and bill of lading.
278. How is a shipping bill different from a bill of entry?
279. What is the difference between shipping bill and and bill of lading?
280. State the meaning of World Trade Organization. Discuss the objectives of World Tra Organization in promoting international trade.

Long Answer Questions**[5/6 Marks]**

281. Distinguish between internal trade and external trade
282. Explain the important steps involved in executing export trade.
283. Discuss the important steps involved in executing import trade.

Short Answer Type Questions**[3/4 Marks]**

284. Explain the formalities involved in getting an export license.
285. What is IEC number?
286. What is a letter of credit? Who needs this document and why?
287. Why is it necessary to get registered with an export promotion council?
288. What is duty council?
289. What is pre shipment finance?
290. What is bill of lading? How is it different from bill of entry?
291. Why is it necessary for an export firm to go in for preshipment inspection?
292. Discuss the procedure related to excise clearance of goods.
293. Discuss the process of customs clearance of export goods.
294. What is shipping bill?
295. Write short notes on following
 (a) MIGA (b) World Bank (c) IMF (d) ITPO
 (e) MIGA (f) UNCTAD
296. List out major affiliated bodies of the World Bank.
297. Explain the meaning of mate's receipt.
298. Discuss the process involved in securing payment for exports.
299. Differentiate between the following:
 (a) Bill of lading and airway bill
 (b) Sight and usance drafts
 (c) Pre shipment and post shipment finance.
300. Explain the following documents used during import of goods:
 (a) Trade enquiry (b) Import general manifest (c) Import license
 (d) Bill of entry (f) Shipment advice
301. Write short note on Export Processing Zones (EPZs)
302. What are 100 percent export oriented units?

Long Answer Type Questions**[5/6 Marks]**

303. Discuss the principal documents used in exporting.
304. What is IMF? Explain its functions and objectives.
305. Write a detailed note on features, structure, objective and functioning of WTO.
306. What is World Bank? Explain the objectives and role of its affiliated agencies.

307. List and explain various incentives and schemes that the government has evolved for promoting the country's exports.
308. Explain the export procedure.
309. Explain the import procedure.
310. Explain briefly various organizations that have been set up in the country by the government for promoting.

HOTs**Short Answer Questions****[3/4 Marks]**

311. Differentiate between international trade and international business.
312. Discuss any three advantages of international business.
313. What is the major reason underlying trade between nations?
314. Why is it said that licensing is an easier way to expand globally?
315. Differentiate between contract manufacturing and setting up wholly owned production subsidiary abroad.
316. Discuss the formalities involved in getting an export licence.
317. Why is it necessary to get registered with an export promotion council?
318. Why is it necessary for an export firm to go in for pre-shipment inspection?
319. What is bill of lading? How does it differ from bill of entry?
320. Explain the meaning of mate's receipt.
321. What is a letter of credit? Why does an exporter need this document?
322. Discuss the process involved in securing payment for exports.

Long Answer Questions**[5/6 Marks]**

323. "International business is more than international trade". Comment.
324. What benefits do firms derive by entering into international business?
325. In what ways is exporting a better way of entering international markets than setting up wholly owned subsidiaries abroad.
326. Rekha Garments has received an order to export 2000 men's trousers to Swift Imports Ltd., located in Australia. Discuss the procedure that Rekha Garments would need to go through for executing the export order.
327. Your firm is planning to import textile machinery from Canada. Describe the procedure involved in importing.
328. Identify various organisations that have been set up in the country by the government for promoting country's foreign trade.
329. What is IMF? Discuss its various objectives and functions.
330. Write a detailed note on features, structure, objectives and functioning of WTO.

Case Study Based Questions

331. Nikhil deals in different types of gems and stone jewellery. Over the years, his business, has gained good reputation. When his son, Sushil joined him in the business, he expressed his desire to expand their business beyond the boundaries of the home country. He also shared with his father, that this approach will increase the prospects of both higher profit! and growth of their business.

- (a) Identify the concept which will help Sushil to expand his family business beyond the boundaries of the home country
- (b) Name the two benefits of this concept to their business firm that have been mentioned in the paragraph.
- (c) Also, explain any two of its other benefits which have not been mentioned in the given paragraph.
332. Ayush is desirous of expanding his business into foreign territory. He has ahead] procured an export order and advised the importer to open a letter of credit in his favour. He has now obtained an export licence and started with the manufacturing of the goods to be exported. His friend, Ayushi has told him that there are four more steps that he needs to perform before reserving a space in the ship for transportation of the goods to the importer.
- (a) Enumerate the steps which have already been performed by Ayush.
- (b) Describe briefly the four steps which his friend Ayushi has told him to perform before a preparing a shipping bill.
333. Daksh is planning to import a special packaging machine from Germany for his business Being, ignorant about the procedure, he has hired the services an import agent, ML: Gagan. Mr. Gagan has asked him to first browse through the websites of the exporters who are dealing in desired machinery. Then, he should send a written request to the short listed exporters asking them for the supply of information regarding the price and various terms and conditions on which the latter is ready to exports goods. Mr. Gagan has also informed him, that in response to this request the exporters will forward him a document containing information with respect to the quality, features, design, size, weight and price of the export product along with the terms and conditions on which their export will take place.
- Moreover, once the order is confirmed, he will have to get registered with the Directorate General Foreign Trade (DGFT) in order to obtain a special code number which is required to be mentioned on most of the import documents. since, the foreign trade may take place in a different currency, Daksh will also have to apply for foreign exchange.
- (a) Identify the two documents being described in the first paragraph of the question.
- (b) What does the special code number mention in the case study refers to?
- (c) To whom does Daksh needs to approach for obtaining foreign exchange?
334. One month back Manoj had placed an import order, with Blaze Limited' for the supply of illumination lights from Japan. He has now received, a set of documents from Blaze Limited informing him about the shipment of the goods. He was also forwarded a bill of exchange along with a set of documents to his bank. Manoj has accepted the bill of exchange and made the payment to the bank in order to get the documents of title.
- (a) Name the various documents being described in the above paragraph.
- (b) Discuss in brief, the remaining steps that need to be performed by Daksh in order to get the goods released from the port on their arrival.
335. In response to an export order, Jai has got the consignment on board and the commanding officer of the ship has issued a document containing the information about the name of the vessel, berth, date of shipment, description of packages, marks and numbers and condition of the cargo at the time of receipt on board the ship.
- (a) Identify the document being described in the given paragraph.
- (b) Explain in brief, the remaining steps that Jai needs to perform in order to complete the export procedure.

336. Kajal and Kiran have been asked to conduct a quiz in their class based on 'Export and Import procedure' by their Business Studies teacher. They had put in a lot of hard work and prepared a list of questions for the quiz. But, they have jumbled some of the answers to these questions in the process of re arranging the questions in a particular order. You are being requested to edit their answers wherever needed.

Sl. No	Description	Document
1.	The importer confirms his order through this document.	Indent
2.	It's a guarantee from the importer bank that it will honour payment up to a certain amount of export bills to the bank of the exporter.	Railway receipt
3.	It is the finance that the exporter needs for processing the export order.	Pre-shipment finance
4.	This document contains an instruction to the captain of the ship that the specified good after their custom clearance at the designated post be received on board.	Shipping bill
5.	If the goods are transported to the port through railways this document is issued by the railway authorities after loading of goods on the wagon.	Shipping order
6.	Before the goods can be loaded on the ship, the exporter obtains this document in order to get the custom clearance.	Letter of credit

Unit - 6

PRODUCER BEHAVIOUR AND SUPPLY**Production Function****Objective****Fill in the Blanks****[1 Mark]**

1. _____ Factors refer to those factors, which can be changed in the short run.
2. Average Product is also known as _____ or _____.
3. Marginal Product = $\frac{?}{\text{Change in units of Variable Factor}}$
4. A rational producer will always seek to operate in Phase _____ of Law of Variable Proportions.
5. _____ refers to the functional relationship between inputs and output for a given state of technology.
6. When average product is less than marginal product, then average product _____.
7. When total product is constant, average product will _____.
8. TP, AP and MP are _____ shaped curves.
9. _____ refers to addition to total product, when one more unit of variable factor is employed.
10. When TP increases at a _____ rate, MP starts decreasing.
11. Production function establishes a relation between inputs and output, which is _____ and not _____ in nature.
12. Rising average product is possible only when MP is _____ than AP.
13. MP curve cuts AP curve at its _____ point.

True or False with Reasons:-**[1 Mark]**

14. When there are diminishing returns to a factor, total product always decreases.
15. Total product will increase only when marginal product increases.
16. Increase in total product always indicates that there are increasing returns to factor.
17. When marginal product falls, average product will also fall.
18. The distinction between short and long run is based on a fixed time period.
19. When there are diminishing returns to a factor, marginal and total product both always fall.
20. Production function establishes a relation between inputs and output, which is technical and not economical in nature.
21. When marginal product is zero, total product is at its maximum point.
22. Both average product and marginal production can be negative.
23. Both average product and marginal product can be zero.
24. In the operation of the Law of Variable Proportions, all the factors are assumed to be variable.
25. Average product curve and Marginal product curve are U-shaped curve.
26. In the long run, all factors of production are variable.
27. Only variable factors are used for production in the short period.
28. Both variable and fixed factors exist in case of zero output.
29. A rational producer aims to operate in first phase of Law of Variable Proportions as total product increases at increasing rate.
30. When average product is maximum, marginal product is greater than average product.

31. Under Law of Variable Proportions, factor ratio keeps on changing.
32. Average product can rise even when marginal product starts declining.
33. Marginal product cuts average product from its top.
34. When marginal product is less than average product, average product falls.
35. Rising average product is possible only when MP is more than AP.
36. Marginal product always rises when average product is increasing.
37. The production function does not depend on the state of technology.
38. Average product will increase only when marginal product increases.
39. Under diminishing returns to a factor, total product continue to increase till marginal product reaches zero.
40. Under diminishing return to a factor, marginal product and total product both increase at a diminishing rate.
41. When total product is constant, average product will fall.
42. Average product falls only when marginal product is less than average product.
43. Law of Variable Proportions operates in the long period.

Multiple Choice Questions (MCQs):-

[1 Mark]

44. Which of the following statements accurately describe the relationship between AP and MP?
 - (a) AP rises when MP is above it and falls when MP is below it
 - (b) AP and MP are always parallel to each other
 - (c) MP intersects AP at its minimum point
 - (d) AP is always rising when MP is falling and vice-versa
45. When MP is zero, what can you say about TP?
 - (a) TP is increasing
 - (b) TP is maximum
 - (c) TP is falling
 - (d) None of the above
46. Marginal Product refers to addition to total output when one more:
 - (a) Unit is produced
 - (b) Unit is sold
 - (c) Unit is consumed
 - (d) Unit of variable factor is employed
47. The period of time in which the plant capacity can be varied is known as:
 - (a) Short run
 - (b) Long run
 - (c) Both (a) and (b)
 - (d) Neither (a) nor (b)
48. _____ is the extension of "Law of Diminishing Returns"
 - (a) Law of Variable Proportions
 - (b) Law of Demand
 - (c) Law of Equi-marginal utility
 - (d) Law of Diminishing Marginal Utility
49. Law of Variable Proportions is also known as:
 - (a) Law of Returns
 - (b) Returns to Variable Factor
 - (c) Law of Returns to Factor
 - (d) All of these
50. The maximum possible output for a firm with two units of labour (L) and ten units of capital (K), if its production function is given as $5L + 2K$.
 - (a) 0 units
 - (b) 30 units
 - (c) 200 units
 - (d) 50 units
51. Identify the phase in which TP increases of an increasing rate and MP also increases.
 - (a) Increasing returns to a factor
 - (b) Diminishing returns to a factor
 - (c) Negative returns to a factor
 - (d) None of these
52. Which of the following is not a reason for operation of increasing returns to a factor?
 - (a) Better utilization of fixed factor
 - (b) Limitation of fixed factor
 - (c) Increase in efficiency of variable factor
 - (d) Indivisibility of fixed factor

53. When average product increases, the marginal product is
 (a) Less than average product (b) Equal to the average product
 (c) More the average product (d) None of these
54. What happens to AP, when MP is more than AP?
 (a) AP rises (b) AP falls
 (c) AP remains constant (d) None of these
55. What is the behavior of TP, when MP becomes negative?
 (a) TP increases at an increasing rate (b) TP increases at diminishing rate
 (c) TP is at its maximum point (d) TP decreases
56. According to Law of Variable Proportions, there are _____ phases.
 (a) 1 (b) 3 (c) 2 (d) 4
57. Average product cannot be negative because.
 (a) Total product can never be zero (b) Total product can never be negative
 (c) Neither (a) nor (b) (d) Both (a) and (b)
58. The law of diminishing returns refers to an eventual fall in:
 (a) Productivity of factors of production (b) Total earning of the firm
 (c) Marginal product of the variable factor (d) None of these
59. The 2nd phase (diminishing returns to a factor) is exhibited by the following total product sequence:
 (a) 50, 50, 50, 50 (b) 50, 110, 180, 260 (c) 50, 100, 150, 200 (d) 50, 90, 120, 140
60. Which phase of Law of Variable Proportions has been ruled out on the grounds of technical inefficiency?
 (a) Increasing returns to a factor (b) Diminishing returns to a factor
 (c) Negative returns to a factor (d) None of these
61. A rational producer always aims to operate in _____ of Law of Variable Proportions:
 (a) 1st Phase (Increasing returns to a factor) (b) 2nd Phase (Diminishing returns to a factor)
 (c) 3rd Phase (Negative returns to a factor) (d) Either 1st Phase or 2nd Phase
62. In general, most of the production functions measures:
 (a) Productivity of factors of production
 (b) Economical relation between factor of production
 (c) Technical relation between inputs and output
 (d) None of these
63. Product per unit of labour employed is termed as: _____
 (a) Average product (b) Marginal product (c) Total product (d) None of these
64. When AP is maximum, MP is equal to:
 (a) AP (b) TP (c) Zero (d) One
65. Variable factors refer to those factors of production
 (a) Which can be only changed in the long run
 (b) Which can be changed in the short run
 (c) Which can never be changed
 (d) None of these
66. Both AP and MP curves are generally:
 (a) U-shaped (b) Inversely U-shaped (c) Rising (d) Falling

67. In describing a given production technology, the short run is best described as lasting:
 (a) Up to six months from now (b) Upto five years from now
 (c) As long as all inputs are fixed (d) As long as at least one input is fixed
68. _____ is the period of time in which all the factors of production are variable.
 (a) Short-run (b) Long-run (c) Medium-run (d) None of these
69. The 'Marginal Product' of a variable input is best described as:
 (a) Product divided by the number of units of variable input
 (b) Additional output resulting from a unit increase in the variable input
 (c) Additional output resulting from a unit increase in both variable and fixed inputs
 (d) Additional output resulting from a unit increase in the units produced
70. What is the maximum point of TP?
 (a) When AP becomes zero (b) When MP becomes zero
 (c) When MP cuts AP (d) None of these

Assertion Reason Questions**[1 Mark]**

71. Read the following statements: Assertion (A) and Reason (R). Choose one of the correct alternatives given below.

Assertion (A) : Variable Factors can be changed in the short run.

Reason (R): Variable Factors are not required in case of zero output.

Alternatives

- (a) Both Assertion (A) and Reason (R) are True and Reason (R) is the correct explanation of Assertion (A).
 (b) Both Assertion (A) and Reason (R) are True and Reason (R) is not the correct explanation of Assertion (A).
 (c) Assertion (A) is True but Reason (R) is False.
 (d) Assertion (A) is False but Reason (R) is True.

Statement Based Questions**[1 Mark]**

Read the following statements carefully and choose the correct alternative from the following.

Alternatives:

- (a) Both the statements are true
 (b) Both the statements are false
 (c) Statement 1 is true and Statement 2 is false
 (d) Statement 2 is true and Statement 1 is false
72. **Statement 1:** Production function is an expression of the economic relation between inputs and output of a good.
Statement 2: Production function specifies the maximum quantity of inputs needed to produce a given level of output.
73. **Statement 1:** The distinction between short run and long run is based on calendar period.
Statement 2: Factors are classified as variable and fixed factor in the short run and long run.
74. **Statement 1:** Variable factors are not required in case of zero output.
Statement 2: Variable factors can be changed in the short run, but fixed factors remain same in the short run irrespective of level of output.
75. **Statement 1:** Law of Variable Proportions applies to all fixed factors excluding land.
Statement 2: Law of Variable Proportions applies to the field of production only.

76. **Statement 1:** The second phase of Law of Variable Proportions ends when MP is zero and TP is maximum.

Statement 2: A rational producer always seeks to operate to operate in phase III of law of variable proportions.

77. **Statement 1:** Law of Variable Proportions is an extension to Law of Diminishing Returns.

Statement 2: Law of Diminishing Returns considers only the rising phases of MP and ignores the phase of falling MP.

Very Short Answer Type Questions (VSAQs)

[1 Mark]

78. What is meant by production?
79. Give the meaning of production function
80. What is short run?
81. What is Long run?
82. In which period, some factors of production are fixed and others variable?
83. What do you mean by variable factors?
84. What do you mean by fixed factors?
85. Can Average product be zero or negative?
86. Define marginal physical product.
87. Can marginal product be zero or negative?
88. What change will take place in marginal product, when total product increases at a diminishing rate?
89. As the variable input is increased by one unit, total output falls. What can you say about the marginal productivity of variable input?
90. Four units of labour produce 100 units of output and 5 units of labour produce 120 units of output.
91. Name the law expressing the relationship between the quantities of a variable factor and the quantities of output.
92. In which phase of Law of Variable Proportions, a rational firm aims to operate?
93. How will MP react, when TP rises at a diminishing rate?
94. When MP is zero, what can you say about TP?
95. Define Average Product.
96. Give meaning of "Returns to a Factor".
97. Give the meaning of "Long run production function".

Short Answer Type Questions

[3/4 Marks]

98. What is meant by variable factor and fixed factor? Give two examples of each.
99. Define the following terms: (a) Total product (b) Average product (c) Marginal product
100. What is meant by returns to a factor? State the law of diminishing returns to a factor.
101. State the relation between Average product (AP) and Marginal Product (MP) using a schedule or diagram.
102. What is meant by returns to a factor? What leads to increasing returns to a factor? Explain.
103. What is meant by diminishing returns to a factor? Why does it occur?
104. In which phase a rational producer will operate in the short run?
105. What does the law of variable proportions show? State the behavior of total product according to this law.

106. What does the law of variable proportions show? State the behavior of marginal product according to this law.
107. State the phases in the behavior of total product as per the law of variable proportions. Use diagram.
108. Giving reasons, explain the Law of variable proportions
109. Discuss the concepts of short run production function and long run production function.
110. What type of production function is this in which only one input is increased and others kept constant? State the behavior of total product in this production function.
111. Define production function. State the behavior of marginal product when only one input is increased and other inputs are held constant.
112. State the behavior of Marginal Physical Product under Returns to a Factor.
113. What is meant by 'negative returns to a factor'? Discuss any two reasons behind negative returns to a factor.

Long Answer Type Questions**[5/6 Marks]**

114. Explain the Law of Variable Proportions with the help of total and marginal physical product curves.
115. Explain the likely behavior of Total Product and Marginal Product when for increasing production only one input is increased while all other inputs are kept constant.
116. Explain the law of diminishing returns with the help of a hypothetical schedule and diagram.
117. Explain reasons for: (a) Increasing returns to a factor (b) Diminishing returns to a factor
118. Discuss the relationship between (a) MP and TP (b) AP and MP
119. Distinguish between (a) Variable factors and fixed factors (b) Short-run and Long run
120. What are the different phases in the Law of variable proportions in terms of marginal product? Give reason behind each phase. Use diagram.
121. Explain the changes that take place in total product and marginal product under diminishing returns to a factor.
122. State with the help of a marginal product schedule the different phases of the Law of Variable returns to a factor.

Cost**Fill in the Blanks****[1 Mark]**

1. In Economics, cost is the sum total of _____ cost and _____ cost.
2. Minimum point of MC curve comes _____ the minimum points of AC and AVC curves.
3. TVC curve is _____ shaped.
4. _____ refer to those costs which do not vary directly with the level of output.
5. At zero level of output, total fixed cost is equal to _____ cost.
6. _____ refers to addition to total cost when one more unit of output is produced.
7. _____ refers to the functional relationship between cost and output.
8. When AC is more than MC, AC _____ with increase in the output.
9. _____ Cost is the cost of self supplied factors.
10. Both AVC and MC curves are U-shaped due to the _____.
11. _____ Cost is the payment made to outsiders for hiring factor services.

True or False with Reasons**[1 Mark]**

12. Average variable cost can fall even when marginal cost is rising.
13. The difference between total cost and total variable cost falls with increase in output.
14. Average cost can rise even when marginal cost is falling.
15. If a machinery has no possible alternative use, its opportunity cost will be very high.
16. Average variable cost falls when it is more than marginal cost.
17. The minimum point of average cost curve lies to the right of average variable cost curve?
18. Average cost and average variable cost curves coincide when average fixed cost is zero.
19. Total fixed cost remains same even if output is zero.
20. Total fixed cost is more than total variable cost at zero level of output.
21. Total cost can be obtained as summation of marginal costs.
22. As soon as marginal cost starts rising, average variable cost also starts rising.
23. Average cost must exceed marginal cost at the point when average cost is minimum.
24. Insurance premium on factory building paid to Oriental Insurance is a fixed cost.
25. Average fixed cost curve touches the Y-axis because at zero output, average fixed cost is zero.
26. The MC curve may be rising or falling just before it becomes equal to AVC and ATC curves.
27. All per unit cost curves (i.e AC, AVC and AFC curves) are U-shaped.
28. With increase in level of output, average fixed cost goes on falling till it reaches zero.
29. Total cost rises only when marginal cost rises.
30. Average cost will rise only when marginal cost rises.
31. The difference between average cost and average variable cost is always constant.
32. As output increases the difference between average cost and average variable cost decreases.
33. Total cost curve and Total variable cost curve are parallel to each other.

Multiple Choice Questions (MCQs)**[1 Mark]**

34. Identify the two cost curves which start from the same point on the Y-axis:
 (a) TVC and TFC (b) TFC and AVC (c) TFC and TC (d) TFC and AFC
35. "Salary of Permanent staff" is which type of cost?
 (a) Variable and implicit cost (b) Fixed and implicit cost
 (c) Fixed and explicit cost (d) Variable and Explicit Cost
36. The cost curve, which is inversely S-shaped is:
 (a) Average Cost Curve (b) Total Fixed Cost Curve
 (c) Total Variable Cost Curve (d) Marginal Cost Curve
37. Which curve is not affected by fixed cost?
 (a) MC Curve (b) TC Curve (c) AC Curve (d) AFC Curve
38. Marginal cost refers to addition to the total cost when one more unit of output is _____
 (a) Wasted (b) Produced (c) Employed (d) Sold
39. MC can be directly derived from:
 (a) TFC (b) TVC (c) AC (d) AFC
40. Average fixed cost:
 (a) Remains same at all levels of output (b) Increases as output increases
 (c) Decreases as output increases (d) Initially increases and then decrease
41. All the curves except _____ are U-shaped curves:
 (a) Average Fixed Cost Curve (b) Average Variable Cost Curve
 (c) Average Cost Curve (d) Marginal Cost Curve

42. Normal Profits earned by a firm are included in:
 (a) Implicit cost (b) Explicit cost (c) Fixed cost (d) Variable cost
43. The shape of total fixed cost curve is:
 (a) U-shaped (b) Downward sloping
 (c) Inversely S-shaped (d) Horizontal straight line parallel to x-axis
44. Cost function is a _____ concept:
 (a) Economical (b) Functional (c) Financial (d) Technical
45. MC curve intersects AC curve at its _____ point and AVC curve at its _____ point.
 (a) Maximum, Minimum (b) Minimum, Maximum
 (c) Minimum, Maximum (d) Maximum, Maximum
46. AC, AVC and MC curves are 'U' shaped because of:
 (a) Law of Diminishing Marginal Utility (b) Law of Diminishing Returns
 (c) Law of Variable Proportions (d) None of these
47. Which two curves are intersected by MC curve at their minimum points:
 (a) AC and AVC (b) AVC and AFC (c) AC and AFC (d) AC and TVC
48. Minimum point of MC curve comes before the minimum point of:
 (a) AC Curve (b) AVC Curve (c) Both (a) and (b) (d) Neither (a) nor (b)
49. The cost which is never zero even when production is stopped is known as:
 (a) Supplementary Cost (b) Prime Cost (c) Explicit cost (d) Implicit cost
50. AC is obtained by dividing TC by the level of:
 (a) Labour employed (b) Output produced (c) Units consumed (d) Output sold
51. When change in total cost is divided by change in output, we get:
 (a) Average cost (b) Total variable cost (c) Marginal cost (d) Average variable cost
52. Which of the following cost curves is rectangular hyperbola?
 (a) Average cost curve (b) Marginal cost curve
 (c) Average variable cost curve (d) Average fixed cost curve
53. When AC is rising MC is _____
 (a) Equal to AC (b) More than AC (c) Less than AC (d) Constant
54. Minimum point of AC occurs to the right of minimum point of:
 (a) TC (b) TVC (c) AFC (d) AVC
55. MC curve is common to both:
 (a) AFC and TFC (b) AC and AVC (c) AVC and AFC (d) AC and AFC
56. In the short run, total cost curve starts from:
 (a) Origin (b) Positive vertical intercept
 (c) Positive horizontal intercept (d) None of these
57. Identify the correct mathematical expression.
 (a) $TC = TFC - TVC$ (b) $TVC = TFC - TC$ (c) $TFC = TC - TVC$ (d) $TC = TVC - TFC$
58. The distinction drawn between fixed and variable costs is based on:
 (a) Whether the costs can or cannot be changed during the life of the plant
 (b) Whether the costs do or do not vary with the output produced in the long run
 (c) Whether the costs do not enter the calculation of total costs.
 (d) Whether the costs do or do not vary with the output produced in the short run.

59. Which of the following is an example of “Implicit cost”?
- (a) Interest that could have been earned on retained earnings used by the firm to finance expansion
 - (b) Payment of Rent by the firm
 - (c) Interest payment made by the firm for funds borrowed from a Bank
 - (d) Payment of Wages by the Firm
60. If a resource can be put only to a particular use, then opportunity cost is:
- (a) Applicable and quantifiable
 - (b) Applicable but not quantifiable
 - (c) Not applicable at all
 - (d) None of these
61. If a firm produces zero output in the short period, then
- (a) Total cost will be zero
 - (b) Variable cost will be positive
 - (c) Fixed cost will be positive
 - (d) Marginal cost will be positive
62. With which of the following, the concept of marginal cost is closely related?
- (a) Variable cost
 - (b) Fixed cost
 - (c) Opportunity cost
 - (d) Implicit cost
63. Out of the following costs, which cost can never be zero:
- (a) AFC
 - (b) AVC
 - (c) TVC
 - (d) None of these

Assertion Reason Questions (ARQs)

[1 Mark]

Read the following statements: Assertion (A) and Reason (R). Choose one of the correct alternatives given below.

Alternatives

- (a) Both Assertion (A) and Reason (R) are True and Reason (R) is the correct explanation of Assertion (A).
 - (b) Both Assertion (A) and Reason (R) are True and Reason (R) is not the correct explanation of Assertion (A).
 - (c) Assertion (A) is True but Reason (R) is False.
 - (d) Assertion (A) is False but Reason (R) is True.
64. **Assertion (A)** : Normal Profit is a part of implicit cost
Reason (R): Normal Profit is the imputed value of entrepreneurial services provided by the owner.
65. **Assertion (A)**: TFC curve is a vertical straight line parallel to the Y-axis.
Reason (R): TFC remains same at all levels of output, even if the output is zero.
66. **Assertion (A)**: Total Variable Cost (TVC) can be changed in the short run.
Reason (R): TVC increases initially at a decreasing rate, then at constant rate and finally at an increasing rate.
67. **Assertion (A)**: TC and TVC curves are parallel to each other
Reason (R): The vertical distance between TC and TVC curves is TFC, which remains constant at all levels of output.
68. **Assertion (A)**: AFC curve can never touch the Y-axis
Reason (R): TFC can never be zero.

Statement Based Questions

[1 Mark]

Read the following statements carefully and choose the correct alternative from the following.

Alternatives:

- (a) Both the statements are true
- (b) Both the statements are false
- (c) Statement 1 is true and Statement 2 is false
- (d) Statement 2 is true and Statement 1 is false

69. **Statement 1:** The sum of explicit cost and implicit is the total cost of production of a commodity.
Statement 2: Explicit Cost is in the nature of contractual payment, while no contractual obligation for payment is required in case of implicit cost.
70. **Statement 1:** Fixed Cost is also known as Supplementary Cost.
Statement 2: Total Fixed Cost (TFC) curve is a vertical straight line parallel to the Y-axis because TFC remains same at all levels of output, even if the output is zero.
71. **Statement 1:** Total Variable Cost Curve is S-shaped as it initially increases at increasing rate and later it increases at decreasing rate.
Statement 2: Variable Costs are incurred till there is production and become zero at zero level of output.
72. **Statement 1:** The change in Total Cost (TC) is entirely due to Total Variable Cost (TVC) as Total Fixed Cost (TFC) is constant at all levels of output.
Statement 2: The vertical distance between TFC curve and TC curve is equal to TVC and it goes on decreasing with increase in the output.
73. **Statement 1:** AFC curve is a U-shaped due to the application of Law of Variable Proportions.
Statement 2: As the output increases, the gap between AC and AVC curves also increases.
74. **Statement 1:** MC is affected by change in TVC and is independent of TFC
Statement 2: MC is a U-shaped curve due to operations of returns to a factor input.

Very Short Answer Type Questions (VSAQs)**[1 Mark]**

75. Give the meaning of cost.
76. What is meant by explicit cost?
77. Give the meaning of opportunity cost.
78. What are the 2 broad divisions of short run costs?
79. Define fixed costs
80. What is meant by supplementary costs?
81. Define variable costs
82. What is the meaning of prime costs?
83. What is meant by total cost?
84. Why are TC and TVC curves parallel to each other?
85. Why does average fixed cost fall as the output rises?
86. How is MC related to TFC?
87. Why is average total cost greater than average variable cost?
88. What is the behavior of average fixed cost as output increases?
89. What is the behaviour of Total Variable Cost as output increases?
90. Give two examples of fixed costs.
91. Give two examples of implicitly cost.
92. What is the relation between marginal cost and average variable cost when marginal cost is rising and average variable cost is falling?
93. What is the relation between marginal cost and average cost when average cost is constant?
94. What is the relation between marginal cost and average cost when average cost is rising?
95. What is the relation between Average Variable Cost and Average Total Cost, if Total Fixed Cost is zero?

96. What happens to the difference between Average Total Cost and Average Variable Cost as production is increased?
97. What happens to the difference between Total Cost and Variable Cost as output is increased?
98. A producer borrows money to run a business but manages the business himself. Identify implicit cost.
99. An owner withdraws Rs. 10, 000 from his personal bank account and purchases machinery for the business. Identify the explicitly cost and implicit cost.
100. Why average cost falls upto a greater output level as compared to average variable cost?
101. At what level of production is total cost equal to total fixed cost?

Short Answer Type Questions**[3/4 Marks]**

102. Give examples, explain the meaning of cost in economics.
103. Explain, in brief, the meaning of opportunity cost.
104. State the distinction between explicit cost and implicitly cost. Give an example of each.
105. What is the meaning of fixed cost? Draw a fixed cost curve with the help of imaginary schedule. Also, give two examples of fixed cost.
106. Explain, in brief, the meaning of variable cost with the help of a hypothetical schedule and diagram.
107. Distinguish between fixed costs and variable costs. Give two examples of each.
108. Define average fixed cost (AFC). Discuss the shape of AFC curve with the help of a schedule and a diagram.
109. What is meant by average variable cost (AVC)? Why is AVC curve U-Shaped?
110. Explain the concept of marginal cost with the help of a hypothetical schedule and diagram.
111. Why does the vertical distance between AC curve and AVC curve gradually decline?
112. What is the relationship between marginal cost and average variable cost?
113. Explain the relation between marginal cost and average cost.
114. Draw average total cost, average variable cost and marginal cost curves in a single diagram. Also, explain the relationship between ATC and AVC.
115. State the relation between total cost and marginal cost.
116. Discuss the relationship between TVC and MC.
117. Draw a diagram showing TVC in terms of the area under Mc curve.
118. State the behavior of Total Variable Cost. Draw Total Variable Cost, Total Cost and Total Fixed Cost Curves in a single diagram.
119. Explain the behavior of Average Fixed Cost. Use diagram.
120. What is the behavior of average fixed cost as output is increased? Why is it so?
121. What is the behavior of (a) Average Fixed Cost and (b) Average Variable Cost as more and more units of a good are produced?
122. Define cost. State the behavior of (a) Total fixed cost and (b) Total Variable Cost as output is increased.
123. Justify the statement, 'In economics, normal profits are always a part of total cost'.
124. Why is the Total Fixed Cost curve parallel to the horizontal axis (X-axis)?
125. State and discuss the reason behind the U-shape nature o Average Variable Cost curve.

Long Answer Type Questions**[5/6 Marks]**

126. Explain in brief, the various points of difference between fixed cost and variable cost.
127. Explain the relationship between average variable cost and marginal cost with the help of a diagram.
128. Draw Average Variable Cost (AVC), Average Total Cost (ATC) and Marginal Cost (MC) curves in a single diagram. State the relation between MC curve and AVC and ATC curves.
129. Explain the relationship between TC, TVC and TFC with the help of a hypothetical schedule and diagram.
130. Why does the difference between Average Total Cost and Average Variable Cost decreases with an increase in the level of output? Can these two be equal at some level of output? Explain.
131. Define average fixed cost (AFC), average variable cost (AVC) and average cost (AC). Draw a diagram with the help of an imaginary schedule and discuss the shapes of AFC, AVC and AC curves.
132. State the relationship between (a) Marginal cost and average variable cost (b) Total cost and marginal cost.

Revenue**Objective Type Questions****Fill in the Blanks****[1 Mark]**

1. As long as MR is positive, TR _____.
2. _____ is defined as the revenue per unit of output sold.
3. Total revenue curve always starts from the _____.
4. AR increase as long as MR is _____ than AR.
5. If total revenue is ₹ 30,000 when 12,000 units are sold, then average revenue is equal to _____.
6. When MR is _____, TR is at its maximum point.
7. _____ is the additional revenue generated from the sale of an additional unit of output.
8. If a seller gets ₹ 6,000 by selling 50 units and ₹ 7,500 by selling 65 units, his Marginal Revenue is _____.
9. When MR becomes _____, TR starts falling.
10. When total revenue is constant, average revenue _____.

True or False with Reasons**[1 Mark]**

11. Average revenue and marginal revenue curves slope downwards when more output can be sold by reducing the prices.
12. AR and price are one and the same thing.
13. In case of constant prices, average revenue is more than marginal revenue.
14. Average revenue can become negative when price falls with rise in output.
15. Total revenue curve is a positively sloped straight line when price remains same at all levels of output.
16. Marginal Revenue can never be negative.
17. Total revenue curve always starts from the origin.
18. Marginal revenue is zero when every additional unit is sold at the same price.
19. Total revenue can be obtained by adding up revenue generated from every additional unit.
20. Total revenue can be obtained by adding up revenue generated from every additional unit.
21. Total revenue is at its maximum point when marginal revenue is zero.

22. When marginal revenue is positive and constant, average and total revenue will both increase at constant rate.
23. When total revenue is constant average revenue, will also be constant.
24. When marginal revenue falls to zero, average revenue becomes maximum.
25. When marginal revenue is zero, average revenue will be constant.
26. Marginal revenue is always the price at which last unit of a commodity is sold.

Multiple Choice Questions (MCQs)**[1 Mark]**

27. If average revenue curve is a horizontal straight line, then marginal revenue curve will be:
(a) Downward sloping (b) Horizontal straight line
(c) Upward Sloping (d) Inversely S-shaped
28. AR curve is downward sloping when:
(a) Price falls with rise in output
(b) Price initially rises at an increasing rate, then at a diminishing rate
(c) Price remains same at all levels of output
(d) None of these
29. When MR remains same, TR increases at a:
(a) Constant rate (b) Decreasing rate (c) Increasing rate (d) None of these
30. When price remains same with rise in output, AR curve is:
(a) Vertical straight line parallel to Y-axis (b) Horizontal straight line parallel to X-axis
(c) Downward sloping (d) Positively sloped
31. When price falls with rise in output, TR is _____ when MR is zero.
(a) Maximum (b) Minimum (c) Zero (d) None of these
32. When price falls with rise in output then:
(a) MR curve is steeper than AR curve
(b) AR curve is steeper than MR curve
(c) MR and AR curves coincide in a horizontal straight line parallel to the X-axis
(d) None of these
33. What happens to TR when MR is positive?
(a) TR increases (b) TR decreases (c) TR is Maximum (d) TR remains same
34. When total revenue is constant, what will be the effect on average revenue?
(a) AR will fall (b) AR will increase
(c) AR will also be constant (d) No effect on AR
35. If TR curve is a horizontal straight line parallel to the X-axis, then MR curve will:
(a) Coincide with X-axis (b) Slope downwards
(c) Slope upwards (d) Horizontal straight line parallel to the X-axis
36. When the rate of fall in MR is more than fall in AR:
(a) Price increases with increase in output
(b) Price decreases with increase in output
(c) Price remains constant with increases in output
(d) None of these
37. If firm's total revenue curve takes the form of a straight line which passes through the origin, then:
(a) Price > Marginal Revenue (b) Price = Marginal Revenue
(c) Price < Marginal Revenue (d) None of these

38. At any given level of a firm's output, marginal revenue is the revenue earned by selling:
- (a) Entire output (b) Additional unit of output
(c) Both (a) and (b) (d) Neither (a) nor (b)
39. Marginal revenue refers to:
- (a) Addition to total revenue when one more unit of output is produced
(b) Addition to total revenue when one more unit of output is sold
(c) Addition to total revenue when one more unit of variable factor is employed
(d) None of these
40. At a price of ₹ 20, 15 units are sold and at price of ₹ 19, 16 units are sold. Based on this information, what is the marginal revenue resulting from an increase in output from 15 units to 16 units?
- (a) ₹ 6 (b) ₹ 4 (c) ₹ 5 (d) ₹ 300
41. If $TR = \text{Total Revenue}$ and $Q = \text{Quantity sold}$, then $TR \div Q$ refers to:
- (a) Zero Revenue (b) Average Revenue (c) Marginal Revenue (d) None of these
42. When 5 units of a good is sold, total revenue is ₹ 100. When 6 units are sold, marginal revenue is ₹ 8. At what price are 6 units sold? (Choose the correct alternative)
- (a) ₹ 28 per unit (b) ₹ 20 per unit (c) ₹ 18 per unit (d) ₹ 12 per unit
43. Suppose total revenue is rising at a constant rate as more and more units of a commodity are sold, marginal revenue would be:
- (a) Greater than Average Revenue (b) Equal to Average Revenue
(c) Less than Average Revenue (d) Rising
44. A firm is able to sell any quantity of a good at a given price. The firm's marginal revenue will be:
- (a) Greater than Average Revenue (b) Less than Average Revenue
(c) Equal to Average Revenue (d) Zero
45. A firm is able to sell more quantity of a good only by lowering the price. The firm's marginal revenue, as he goes on selling, would be:
- (a) Greater than average Revenue (b) Less than Average Revenue
(c) Equal to Average Revenue (d) Zero
46. Average revenue equals: (Choose the correct alternative)
- (a) Total revenue divided by the quantity produced
(b) Price
(c) Both (a) and (b)
(d) None of the above
47. If the Marginal Revenue curve is parallel to the X-axis the price of the commodity would be _____ (Choose the correct alternative)
- (a) Equal to Marginal Revenue (b) More than Marginal Revenue
(c) Zero (d) Less than Marginal Revenue
48. Which of the following is a true statement?
- (a) AR indicates Price (b) AR Curve and Demand Curve are the same
(c) TR is maximum when $MR = 0$ (d) All of the above

Assertion Reason Questions (ARQs)**[1 Mark]**

Read the following statements: Assertion (A) and Reason (R). Choose one of the correct alternatives given below.

Alternatives

- (a) Both Assertion (A) and Reason (R) are True and Reason (R) is the correct explanation of Assertion (A).
(b) Both Assertion (A) and Reason (R) are True and Reason (R) is not the correct explanation of Assertion (A).
(c) Assertion (A) is True but Reason (R) is False.
(d) Assertion (A) is False but Reason (R) is True.
49. **Assertion (A):** When price remains same at all levels of output, then Total Revenue (TR) curve is positively sloped straight line
Reason (R): In case of constant prices, MR is constant, i.e TR increases at a constant rate.
50. **Assertion (A):** Total revenue is at its maximum point when marginal revenue is zero.
Reason (R): When every additional unit is sold at the same price, marginal Revenue = Average Revenue.
51. **Assertion (A):** Total Revenue (TR) curve always starts from the origin.
Reason (R): TR is 0 at zero level of output.
52. **Assertion (A):** When MR becomes negative, TR starts falling.
Reason (R): When price falls with rise in output, then MR is more than AR.

Statement Based Questions**[1 Mark]**

Read the following statements carefully and choose the correct alternative from the following.

Alternatives:

- (a) Both the statements are true (b) Both the statements are false
(c) Statement 1 is true and Statement 2 is false (d) Statement 2 is true and Statement 1 is false
53. **Statement 1:** Price and Average Revenue are one and the same thing
Statement 2: Slope of Total Revenue Curve is represented by Marginal Revenue.
54. **Statement 1:** When price remains same at all output levels, both AR and MR curves coincide in a horizontal straight line parallel to the X-axis
Statement 2: When MR is constant, TR increases at an increasing rate.
55. **Statement 1:** Both AR and MR can fall to zero and can even become negative.
Statement 2: Demand Curve or AR curve is perfectly elastic when price remains same at all output levels.
56. **Statement 1:** When price falls with rise in output then both AR and MR curves slope upwards.
Statement 2: When firms can increase their volume of sales only by decreasing the price, then AR curve is steeper than the MR curve.
57. **Statement 1:** MR can be zero when TR remains same with rise in output.
Statement 2: When MR is zero, TR is at its minimum point.

Very Short Answer Type Questions (VSAQs)**[1 Mark]**

58. Given the meaning of revenue.
59. Define total revenue.
60. Define average revenue.
61. Define marginal revenue.

62. What is the relationship between price curve and MR curve, when price remains same at all output levels?
63. What are the shapes of AR and MR curves, when each unit is sold at the same price?
64. Can MR be zero or negative?
65. What will be the shape of MR curve when TR increases at constant rate?
66. Can the average revenue curve lie in the negative axis?
67. What is the behavior of Average Revenue in a market in which a firm can sell any quantity of good at a given price?
68. What is the shape of TR curve, when price remains same at all output levels?
69. What happens to TR when MR is positive?
70. How does TR react when MR is zero?
71. Comment on the shape of the MR curve in case the TR curve is a horizontal straight line.
72. What is the behavior of average revenue in a market in which a firm can sell more only by lowering the price?
73. What is the behavior of Marginal Revenue in a market in which a firm can sell any quantity of the output it produces at a given price?
74. Under which situation, will MR fall when an additional quantity of a good is sold?

Short Answer Type Questions**[3/4 Marks]**

75. Explain the relation between marginal revenue and average revenue when a firm is able to sell more quantity of output: (a) at the same price, (b) only by lowering the price
76. Explain the relationship between total revenue and marginal revenue with the help of a revenue schedule.
77. What change in total revenue will result in (a) a decrease in marginal revenue, and (b) an increase in marginal revenue?
78. How do changes in marginal revenue affect total revenue?
79. What is revenue of a firm? Give meaning of average revenue and marginal revenue.
80. What happens to average revenue when marginal revenue is: (a) Greater than average revenue (b) Equal to average revenue, (c) Less than average revenue?
81. Draw average revenue and marginal revenue curves in a single diagram of a firm which can sell more units of a good only by lowering the price of that good. Explain.
82. State the relationship between Average Revenue (AR) and Marginal Revenue (MR) using a schedule or diagram, under imperfect competition market.
83. Draw in a single diagram the average revenue and marginal revenue curves of a firm which can sell any quantity of the good at a given price. Explain.
84. What is revenue? Explain the relation between marginal revenue and average revenue.
85. State the relation between marginal revenue and average revenue.
86. Why is Average Revenue always equal to price?
87. "Demand curve is the Average Revenue (AR) curve of a firm". Do you agree? Discuss briefly, with reason in support of your answer.

Long Answer Type Questions**[5/6 Marks]**

88. Explain the relationship between total revenue and marginal revenue with the help of a diagram.
89. Discuss the relationship between AR and MR when: (a) Price remains constant, (b) Price falls with rise in output.

90. Briefly discuss the shapes of TR, AR and MR curves with the help of an imaginary schedule and diagram (when price remains same)
91. What is the relationship between: (a) Marginal Revenue and Average Revenue, (b) Total Revenue and Marginal Revenue.
92. What is revenue in microeconomics? State the relation between marginal revenue and average revenue under perfect competition using suitable diagram or schedule.

Producer's Equilibrium

Objective Type Questions

Fill in the Blanks

[1 Mark]

1. Profit refers to the excess of _____ over _____.
2. Producer's Equilibrium refers to that price and output combination which brings _____ profit to the producer and profit _____ as more is produced.
3. "For a firm to be in equilibrium, Marginal Revenue (MR) and Marginal Cost (MC) must be _____ and beyond that level of output Marginal Cost must be _____".
4. The state of Producer's equilibrium either reflects _____ profits or _____ losses.
5. When MC is greater than MR after equilibrium, it means producing more will lead to _____ in profits.
6. If MC is more than MR at a particular level of output, then producer will _____ the production to maximize the profits.

True or False with Reasons

[1 Mark]

7. At the state of producer's equilibrium, marginal cost of the firm should be rising.
8. To maximize the profits of a firm, the only condition needed is equality between marginal cost and marginal revenue.
9. If marginal cost is equal to marginal revenue at two output levels, then any one of the output level can be taken as state of producer's equilibrium.
10. Excess of marginal revenue over marginal cost is always better than equality between the two in order to achieve the equilibrium for a producer.

Multiple Choice Questions (MCQs)

[1 Mark]

11. Producer's Equilibrium under MR-MC approach is achieved when:
(a) $MR = MC$
(b) $MC > MR$ after the equality between MR and MC
(c) Either (a) or (b)
(d) Both (a) and (b)
12. _____ refers to a situation when a firm has no intention to expand or contract the output.
(a) Producer's Equilibrium
(b) Market Equilibrium
(c) Consumer's Equilibrium
(d) None of these
13. Excess of receipts from sale of goods over expenditure incurred on producing them is termed as:
(a) Average Revenue (b) Revenue (c) Profits (d) Marginal Revenue
14. Producer is not at equilibrium when $MC > MR$ because:
(a) Profits can be increased by producing more (b) Benefit is less than cost
(c) Both (a) and (b) (d) None of these

15. If MR is more than MC at a particular level of output, then producer will:
 (a) Reduce production (b) Increase production
 (c) Keep the production at current level (d) None of these
16. Producer's equilibrium refers to stage of that output level when:
 (a) Firm earns maximum profits
 (b) Firm bears minimum losses
 (c) Firm has no inclination to expand or contract the output
 (d) All of these
17. In case of perfect competition, a firm is in equilibrium when:
 (a) $MC = MR$ (b) MC cuts MR from below
 (c) MC is rising when it cuts MR (d) All of these
18. The profits of a firm diminishes when _____ exceeds _____.
 (a) Marginal Revenue, Marginal Cost (b) Marginal Cost, Marginal Revenue
 (c) Marginal Revenue, Average Cost (d) Average Revenue, Average Cost
19. If Marginal Cost = MC and Marginal Revenue = MR, then for achieving equilibrium output:
 (a) MC Curve should cut MR Curve from above (b) MC Curve should cut MR Curve from below
 (c) MC Curve should not cut MR Curve at all (d) MC Curve should be tangent to MR Curve

Assertion Reason Questions (ARQs)**[1 Mark]**

Read the following statements: Assertion (A) and Reason (R). Choose one of the correct alternatives given below.

Alternatives

- (a) Both Assertion (A) and Reason (R) are True and Reason (R) is the correct explanation of Assertion (A).
 (b) Both Assertion (A) and Reason (R) are True and Reason (R) is not the correct explanation of Assertion (A).
 (c) Assertion (A) is True but Reason (R) is False.
 (d) Assertion (A) is False but Reason (R) is True.
20. **Assertion (A):** When price remains same at all levels of output, then $Price = MC$ at the equilibrium level.
Reason (R): When MC is greater than MR after equilibrium, it means producing more will lead to decline in profits.
21. **Assertion (A):** The state of Producer's Equilibrium either reflects maximum profits or minimum losses.
Reason (R): When $MC > MR$ after equilibrium, it means producing more will lead to rise in profits.
22. **Assertion (A):** A firm is at equilibrium when $MR = MC$ and beyond that level of output, MC must be falling.
Reason (R): MC curve should cut MR curve from below to achieve Producer's Equilibrium.

Statement Based Questions**[1 Mark]**

Read the following statements carefully and choose the correct alternative from the following.

Alternatives:

- (a) Both the statements are true (b) Both the statements are false
 (c) Statement 1 is true and Statement 2 is false (d) Statement 2 is true and Statement 1 is false
23. **Statement 1:** A producer is said to be in equilibrium when he wishes to expand the output.
Statement 2: The difference between revenue and cost is termed as profit.

24. **Statement 1:** Producer's Equilibrium refers to stage of that output level at which $MC = MR$ and MC greater than MR after $MC = MR$ output level.
Statement 2: As long as MC is more than MR , it is profitable for the producer to go on producing more because it adds to its profits.
25. **Statement 1:** Every producer aims to maximize the total profits and profits increase as long as MR exceed MC .
Statement 2: When price remains same at all levels of output, then Price or AR is equal to MR at equilibrium.
26. **Statement 1:** When more output can be sold only by reducing the prices, then MC is more than price at the equilibrium level.
Statement 2: Equality between MC and MR is the only condition needed to achieve producer's equilibrium.

Very Short Answer Type Questions (VSAQs)**[1 Mark]**

27. What is meant by profit?
28. What are the two methods for determination of producer's equilibrium?
29. What is meant by equilibrium output of a producer?
30. What is the general profit maximizing condition for a producer (MR and MC approach)?
31. Is it enough to say that profit is maximized when $MC = MR$?
32. At a certain level of output, the marginal cost of a firm is above its marginal revenue. Can this be its equilibrium output?
33. What is Producer's Equilibrium?

Short Answer Type Questions**[3/4 Marks]**

34. Explain producer's equilibrium with the help of a diagram.
35. "To achieve producer's equilibrium, MC curve should cut the MR curve from below". Defend or refute.
36. "Producer is also not in equilibrium when marginal revenue is more than marginal cost". Comment.
37. Explain the conditions of producer's equilibrium with the help of numerical example.
38. Give the meaning of producer's equilibrium. A producer produces that quantity of his product at which marginal cost and marginal revenue are equal. Is he earning maximum profits? Give reasons for your answer.
39. Explain a firm's equilibrium under perfect competition, using a hypothetical schedule.

Long Answer Type Questions**[5/6 Marks]**

40. Explain the conditions of producer's equilibrium with the help of a schedule, assuming that the producer can sell more at the same price.
41. Explain the conditions of producer's equilibrium under perfect competition.
42. What is producer's equilibrium? Explain the conditions of producer's equilibrium through the marginal cost and marginal revenue' approach. Use diagram.
43. Explain the conditions of producer's equilibrium with the help of a schedule, assuming that the producer can sell more only by lowering the price.
44. Explain the conditions of producer's equilibrium with the help of numerical example. Use marginal cost and marginal revenue approach.
45. Explain the condition of equilibrium of a firm based on marginal cost and marginal revenue.

46. Explain the rationale behind the conditions of equilibrium of a producer.
47. Explain the conditions of producer's equilibrium.
48. A producer is producing output at which $Mc = MR$. However, if he produces more, then MC becomes less than Mr . Is he in equilibrium? Use diagram.

Supply

Objective Type Questions

[1 Mark]

1. What is the supply curve of a firm in the short run?
2. What is the supply curve of a firm in the long run?
3. How does technological progress affect the supply curve of a firm?
4. How does the imposition of a unit tax affect the supply curve of a firm?
5. How does an increase in the price of an input affect the supply curve of a firm?
6. How does an increase in the number of firm in a market affect the market supply curve?
7. What does the price elasticity of supply mean? How do we measure it?
8. What is the price elasticity of supply, when
 - (a) Supply curve passes through the origin
 - (b) Supply curve is a vertical straight line
 - (c) Supply curve is a horizontal straight line
9. Trendz produces both Jeans and Shirts. How will an increase in the price of jeans affect the supply curve of shirts?
10. There are three different supply curves passing through the origin. Curve A makes an angle of 60° . Curve b makes an angle of 45° and curve C makes an angle of 30° . What will e the price elasticity of curves A, B and C?
11. Give one point of difference between individual supply and market supply.
12. Supply curve is the rising portion of marginal cost curve over and above the minimum of Average Variable cost curve. Do you agree? Support your answer with valid reason.

Fill in the Blanks

[1 Mark]

13. Supply relates to a _____ of time, while stock relates to a particular _____ of time.
14. _____ refers to a graphical representation of supply schedule.
15. Law of supply states the _____ relationship between price and quantity supplied, _____.
16. Slope of *Supply Curve* = $\frac{\text{Change in Price } (\Delta P)}{?}$.
17. Fall in productivity of rice due to a cyclone will lead to _____ the supply curve of rice.
18. All the supply curves, which pass through the origin are _____ elastic.
19. In case of zero elastic supply, supply curve is a _____ straight line.
20. Style Ltd. produces both Trousers and Shirts. An increase in the price of Trousers will lead to a _____ shirt in the supply curve of shirts.
21. If quantity supplied increases by 75% due to a 50% increase in price, then elasticity of Supply is _____.
22. A cost saving technology shirts the supply curve of a commodity towards _____.
23. The supply function of a product X is given as $S_x = 4P_x + 2$, where P_x stands for price. The firm will be willing to supply 22 pieces in the market at a price of _____.
24. Individual supply curves are _____ as compared to market supply curve.

25. The supply function of a product X is given as : $S_x = 9P_x + 2$, where P_x stands for price. The supply at price of ₹ 4 will be _____ units.
26. A supply curve forms an angle of 45° at the origin. Its price elasticity of supply will be equal to _____.
27. If quantity supplied does not change at all as price changes, then price elasticity of supply is _____.
28. With decrease in GST from 28% to 18%, the tax liability of the producers have decreased. As a result, supply curve of the good will _____ towards _____.
29. When price of a commodity becomes twice the original price, the quantity supplied increased by an amount equal to 3 times of original quantity supplied. The coefficient of price elasticity of supply will be _____.
30. When percentage change in the quantity supplied is more than percentage change in price, then demand for such a commodity is said to be _____.
31. When two supply curves intersect each other then the _____ curve is more elastic at the point of intersection.
32. A positive sign with coefficient of price elasticity of supply denotes _____ relation between price and quantity supplied.
33. A 5% rise in the price of X leads to a 20% rise in its supply. In case of Good Y, a 3% rise in price leads to a 9% rise in its supply. In the given case, commodity _____ is more elastic.

True or False with Reason**[1 Mark]**

34. Contraction of supply occurs due to change in factors other than price of the given commodity.
35. Supply is always unitary elastic for all supply curves starting from the origin.
36. A producer changes supply of a commodity only when there is change in price of the given commodity.
37. In case of zero elastic supply, supply curve is a horizontal straight line.
38. Fall in productivity of wheat due to a cyclone will lead to a downward movement along the same supply curve of wheat.
39. Law of Supply does not indicate the magnitude of change in quantity supplied of a commodity due to change in its price.
40. A cost saving technology shifts the supply curve of a commodity towards left.
41. An increase in excise tax leads to fall in supply of the given commodity, without any change in its market price.
42. A supply curve cutting quantity axis in its positive range has highly elastic supply.
43. A fall in price of wheat will shift the supply curve of rice towards left.
44. Individual supply curves are steeper as compared to market supply curve.
45. An increase in number of firms leads to 'Expansion in Supply'.
46. An infinitely elastic supply curve is parallel to the price axis.

Multiple Choice Questions (MCQs)**[1 Mark]**

47. In the long period, the supply for a commodity is:
(a) Perfectly Inelastic (b) Less Elastic (c) Highly Elastic (d) Perfectly Elastic
48. All the supply curves, which pass through the origin are:
(a) Highly elastic (b) Unitary elastic (c) Perfectly inelastic (d) Less elastic

49. Which one of the following is not an essential element of supply?
(a) Price of the commodity (b) Period of time
(c) Willingness to buy (d) Quantity of the commodity
50. Which one of the following is the result of increase in price of factors of production?
(a) Rightward shift in supply curve (b) Leftward shift in supply curve
(c) Expansion in supply (d) Contraction in supply
51. Market period is a time period during which:
(a) Supply cannot be adjusted to meet changed demand conditions
(b) Supply can be fully adjusted to meet changed demand conditions
(c) Change in supply is limited to available capacity
(d) Any change in supply is possible.
52. In case of _____ supply falls at the same price.
(a) Decrease in supply (b) Contraction in supply
(c) Increase in supply (d) Expansion in supply
53. In case of _____ supply curves is a vertical straight line parallel to the Y-axis.
(a) Perfectly Elastic Supply (b) Unitary Elastic Supply
(c) Perfectly Inelastic Supply (d) Less Elastic Supply
54. Which one of the following is not a determinant of Individual supply?
(a) Price of the given commodity (b) Taxation Policy
(c) State of Technology (d) Number of Firms
55. A straight line supply curve cuts the Y-axis in its negative range. What is the elasticity of supply?
(a) Highly elastic (b) Unitary elastic
(c) Less elastic (d) Perfectly Inelastic Supply
56. Change in the price of the given commodity will lead to:
(a) Expansion in Supply (b) Either (a) or (c)
(c) Contraction in Supply (d) Neither (a) nor (b)
57. Due to installation of a machine with latest technology, the cost of production has decreased. It will lead to:
(a) Expansion in supply (b) Increase in supply
(c) Contraction in supply (d) Decrease in supply
58. The market supply of commodity is affected by:
(a) State of Technology (b) Number of firms (c) Government policy (d) All of the above
59. In case of less elastic supply, supply curve:
(a) Makes an intercept on the positive X axis
(b) Is a vertical straight line parallel to the Y-axis
(c) Makes an intercept on the positive Y-axis
(d) Is a horizontal straight line parallel to the X-axis
60. "Increase in Supply" of a product is caused by:
(a) Improvement in Technology (b) Fall in the Prices of other goods
(c) Fall in Prices of Factors of Production (d) All of these
61. If the supply curve is a straight line parallel to the vertical axis (Y-axis), supply of the good is called as _____.
(a) Unitary Elastic Supply (b) Perfectly Elastic Supply
(c) Perfectly Inelastic Supply (d) Perfectly Elastic Demand

62. Which of the following statement is correct with respect to supply?
 (a) Price and quantity have direct relationship (b) Supply curve rises from left to right
 (c) Supply is affected by many factors (d) All the above

Assertion Reason Questions (ARQs)**[1 Mark]**

Read the following statements: Assertion (A) and Reason (R). Choose one of the correct alternatives given below.

Alternatives

- (a) Both Assertion (A) and Reason (R) are True and Reason (R) is the correct explanation of Assertion (A).
 (b) Both Assertion (A) and Reason (R) are True and Reason (R) is not the correct explanation of Assertion (A).
 (c) Assertion (A) is True but Reason (R) is False.
 (d) Assertion (A) is False but Reason (R) is True.
63. **Assertion (A):** An individual supply curve slope upwards
Reason (R): There exists positive relationship between price and quantity supplied.
64. **Assertion (A):** Contraction in Supply leads to a downward movement along the same supply curve.
Reason (R): Downward movement along the same supply curve occurs due to an increase in price of the commodity, other factors remaining constant.
65. **Assertion (A):** Law of Supply is a Qualitative Statement.
Reason (R): Law of Supply indicates the magnitude of change in the quantity supplied.
66. **Assertion (A):** Price Elasticity of Supply is more than one in case of elastic supply.
Reason (R): Proportionate change in price is more than proportionate change in supply.
67. **Assertion (A):** In case of perfectly inelastic supply, supply curve is a vertical straight line supply curve.
Reason (R): Supply does not change with change in price in case of $E_s = 0$.

Statement Based Questions**[1 Mark]**

Read the following statements carefully and choose the correct alternative from the following.

Alternatives:

- (a) Both the statements are true (b) Both the statements are false
 (c) Statement 1 is true and Statement 2 is false (d) Statement 2 is true and Statement 1 is false
68. **Statement 1:** Supply of a commodity can be expressed without reference to price.
Statement 2: Supply of a commodity comprises the entire stock of the commodity.
69. **Statement 1:** Whenever supply for the given commodity changes due to factors other than price, then such change in supply is known as 'Change in Quantity Supplied'.
Statement 2: Individual supply is influence by all the factors affecting market supply.
70. **Statement 1:** Supply Curve slope upwards due to positive relationship between price and quantity supplied.
Statement 2: Supply curve can be drawn only for individual producer and not for all the producers in the market.
71. **Statement 1:** Market supply curve is obtained by horizontal summation of individual supply curves.
Statement 2: Market supply curve is flatter than all individual supply curves.
72. **Statement 1:** Slope of supply curve is based on the percentage change in price and quantity.
Statement 2: Due to direct relationship between price and supply, slope of supply curve is positive.

73. **Statement 1:** Law of supply is two sided as it explains the effect of change in price on supply and also the effect of change in supply on the price.

Statement 2: Law of supply indicates the direction of change in quantity supplied, but it does not indicate the magnitude of change.

Very Short Answer Type Questions (VSAQs)

[1 Mark]

74. Define supply
75. Define market supply
76. State any two factors determining supply
77. What effect does an increase in input price has on the supply of the commodity?
78. How will you get the market supply schedule from the supply schedules of individual firms?
79. What is the shape of a supply curve?
80. State the law of supply.
81. According to the law of supply, in what direction will the supply of a commodity move with a change in its price?
82. What causes a movement along the supply curve of a good?
83. What causes a downward movement along a supply curve?
84. Which term is used when more quantity is supplied with a rise in the price of a commodity?
85. What causes an upward movement along the supply curve of a commodity?
86. Which term is used when less quantity is supplied with a fall in the price of a commodity?
87. What is meant by shift in supply curve?
88. What is meant by increase in supply?
89. What happens to the supply curve in case of an increase in supply?
90. What is decrease in supply?
91. In which situation does the supply fall at the same price?
92. Mention one factor that causes a rightward shift in the supply curve.
93. Give one reason for an increase in supply of a commodity.
94. If a farmer grows rice and wheat, how will an increase in the price of wheat affect the supply curve of rice?
95. Give one difference between law of supply and price elasticity of supply.

Short Answer Type Questions

[3/4 Marks]

96. Define supply. Distinguish between supply and stock.
97. How is the supply of a commodity affected by changes in the price of other commodities?
98. Explain any four determinates of the market supply of a commodity.
99. Explain any two determinates of supply of a commodity.
100. Define market supply of a good. Give three causes of a rightward shift of supply curve.
101. What is meant by supply function? Show its algebraic expression.
102. Distinguish between individual supply curve and market supply curve.
103. Explain the law of supply with the help of a supply schedule and supply curve.
104. State the law of supply. What is meant by the assumption other things remaining the same on which the law is based?
105. Distinguish between change in supply and change in quantity supplied of a commodity. (Use diagrams)

106. What is meant by change in supply? State three factor that can cause a change in supply.
107. Explain the effect of the following on the supply of a commodity: (a) Fall in the prices of factor inputs, (b) Rise in the prices of other commodities.
108. Explain the meaning of increase in supply and increase in quantity supplied with the help of a schedule.
109. Distinguish between increase in quantity supplied (expansion of supply) and increase in supply. Use diagrams.
110. Discuss the various points of differences between contraction and decrease in supply
111. State any three causes of a rightward shift of supply curve.
112. State three causes of increase in supply.
113. Define Market supply. What is the effect on the supply of a good when government imposes a tax on the production of that good? Explain.
114. Explain the effect of technical progress on the supply of a good.
115. Explain how technological progress is a determinant of supply of a good by a firm.
116. What is a supply schedule? What is the effect on the supply of a good when Government gives a subsidy on the production of the good? Explain.
117. Briefly discuss the percentage method for measuring price elasticity of supply.
118. Distinguish between stock and supply.
119. How does subsidy influence the supply of a good by a firm? Explain.

Long Answer Type Questions**[5/6 Marks]**

120. Explain the concept of supply schedule and supply curve with the help of hypothetical schedule and diagram.
121. State and explain law of supply with the help of a hypothetical schedule and diagram.
122. Explain the difference between “Shift of Supply Curve” and “Movement along Supply Curve”. State one factor responsible for each. Use diagrams.
123. Define price elasticity of supply. Explain the percentage method for measuring price elasticity of supply.
124. Explain any three factors causing a shift of supply curve of a commodity.
125. Discuss in brief the various kinds of price elasticity of supply.
126. Explain any three factors that determine supply of a commodity.
127. What is meant by change in supply and change in quantity supplied?
128. Explain the effect of the following on market supply of a good (a) increase in input prices, (b) reduction in per unit tax.
129. Examine the effect of : (a) Fall in the own price of good X, (b) Rise in tax rate on good X, on the supply curve. Use diagrams.
130. When the market price of cheese rises from ₹ 20 per kg to ₹ 21 per kg, a producer expands his supply from 3,000 kg to 3,500 kg. Calculate his price elasticity of supply.



Unit - 7

PRICE DETERMINATION AND SIMPLE APPLICATIONS**Price Determination and Simple Applications****Objective****Fill in the Blanks****[1 Mark]**

- _____ refers to an industry for which supply curve and demand curve intersect each other in positive axes.
- Excess demand refers to a situation, when quantity demanded is _____ than quantity supplied at the prevailing market price.
- Market Equilibrium is determined when the quantity demanded of a commodity becomes equal to the _____.
- When there is an increase in supply, demand remaining unchanged, Equilibrium price _____ and equilibrium quantity _____.
- _____ refers to fixing the maximum price of a commodity at a level lower than the equilibrium price.
- _____ is an important tool in the hands of government to ensure price floor.
- When increase in demand is proportionally less than increase in supply, Equilibrium price _____ while equilibrium quantity _____.
- _____ may be termed as a direct consequence of price ceiling.
- When the supply decreases, demand remaining unchanged, Equilibrium price _____ and equilibrium quantity _____.
- _____ refers to the minimum price fixed by the government, which is above the equilibrium price and the producers must be paid for their produce.
- _____ refers to a situation, when the quantity supplied is more than the quantity demanded at the prevailing market price.
- When decrease in demand is proportionately less than increase in supply, Equilibrium price _____, while equilibrium quantity _____.
- Price Floor is also known as _____ or _____.
- For a non-viable industry, supply curve lies _____ the demand curve.
- An increase in price of Pepsi will lead to _____ in equilibrium price of Coke.
- With _____ in price of inputs, equilibrium price of the commodity will decrease.
- When equilibrium price of a good is less than its market price, there will be competition among the _____.
- As fixed by government, maximum price of a commodity is known as _____.
- If market demand function is given as $Q_d = 50 - 2P$ and market supply as $Q_s = 40 + 3P$ then equilibrium price will be ₹ _____ and equilibrium quantity will be _____ units.

True or False with Reasons**[1 Mark]**

- Excess supply leads to fall in equilibrium price.
- For a non-viable industry, supply curve lies above the demand curve.
- Change in supply will not change the equilibrium quantity in case of perfectly elastic demand.
- An increase in price of coffee will lead to rise in equilibrium price of tea.

24. If both demand and supply increase simultaneously, the equilibrium price will also change.
25. Equilibrium quantity and equilibrium price remain same even with increase or decrease in demand in case of perfectly inelastic supply.
26. If income of the consumers rises then equilibrium price of the inferior commodity will also rise.
27. A simultaneous increase in demand and supply for a given commodity will result in more of the commodity being purchases.
28. With rise in price of inputs, equilibrium price of the commodity will increase.
29. At a price higher than the equilibrium price, there is an excess demand.
30. If productivity of a commodity improves due to technological up gradation, then equilibrium price tends to increase.
31. Excess supply of a commodity exists when its equilibrium price.
32. When equilibrium price is greater than market price, there will be excess supply in the market.

Multiple choice Questions (MCQs)**[1 Mark]**

33. Which of the following statements about price ceiling is accurate?
 - (a) An effective Price Ceiling must be at a price below the equilibrium price
 - (b) Price Ceiling will increase the quantity of good supplied.
 - (c) An effective Price Ceiling must be at a price more than the equilibrium price.
 - (d) Price Ceiling will decrease the quantity demanded.
34. When market demand is more than market supply, it refers to a situation of:
 - (a) Excess Supply
 - (b) Equilibrium Level
 - (c) Excess Demand
 - (d) None of these
35. _____ refers to the minimum price, fixed by the government, which is above the equilibrium price.
 - (a) Price Floor
 - (b) Minimum support price
 - (c) Both (a) and (b)
 - (d) Neither (a) nor (b)
36. Equilibrium price is determined when:
 - (a) Market Demand for a commodity is zero
 - (b) Market Supply for a commodity is zero
 - (c) Market Demand and Market Supply are equal
 - (d) Market Demand is either more or less than Market supply
37. Which of the following statement is correct in case of non-viable industry?
 - (a) Supply curve lies above the demand curve
 - (b) Supply curve lies below the demand curve
 - (c) Supply curve and demand curve intersect each other
 - (d) Supply curve coincide with the demand curve
38. What would happen to be Market Equilibrium of a good if decrease in demand is equal to increase in supply?
 - (a) Equilibrium quantity rises
 - (b) Equilibrium price rises
 - (c) Equilibrium quantity remains same
 - (d) Equilibrium price remains same
39. What will be the effect of increase in price of factor inputs on the equilibrium price and equilibrium quantity?
 - (a) Equilibrium price will rise and equilibrium quantity will fall
 - (b) Both equilibrium price and quantity will fall
 - (c) Equilibrium price will fall and equilibrium quantity will rise
 - (d) Both equilibrium price and quantity will remain same

40. Both equilibrium price and quantity rise when:
- (a) Increase in demand > Increase in supply
 - (b) Decrease in Supply when the demand is perfectly inelastic
 - (c) Increase in supply when the demand is perfectly inelastic
 - (d) Decrease in demand < Increase in supply
41. In case of _____ an increase in demand will lead to rise in equilibrium quantity, but no change in equilibrium price.
- (a) Perfectly elastic supply
 - (b) Perfectly inelastic supply
 - (c) Highly elastic supply
 - (d) Less elastic supply
42. Equilibrium price remain the same when:
- (a) Increase in Demand = Increase in Supply
 - (b) Increase in Demand > Decrease in Supply
 - (c) Decrease in Demand > Increase in Supply
 - (d) Increase in Demand = Decrease in Supply
43. What will be the effect on equilibrium price and equilibrium quantity when income increases in case of normal goods?
- (a) Both equilibrium price and quantity falls
 - (b) Both equilibrium price and quantity rises
 - (c) Equilibrium price rises and equilibrium quantity falls
 - (d) Equilibrium price falls and equilibrium quantity rises.
44. How does cost saving technology affect the equilibrium price and equilibrium quantity?
- (a) Equilibrium price will fall and equilibrium quantity will fall
 - (b) Equilibrium price will fall and equilibrium quantity will rise
 - (c) Both equilibrium price and quantity will fall
 - (d) Both equilibrium price and quantity will rise
45. Price Floor can also be described as:
- (a) Minimum support price
 - (b) Minimum price above the equilibrium price
 - (c) Price at which quantity supplied exceeds the quantity demanded
 - (d) All of these
46. Equilibrium price falls and equilibrium quantity rises when:
- (a) Decrease in demand < Decrease in supply
 - (b) Increase in demand = Increase in supply
 - (c) Decrease in demand < Increase in supply
 - (d) Decrease in demand = Increase in supply
47. If decrease in supply is less than the decrease in demand, then:
- (a) Both equilibrium price and quantity increase
 - (b) Both equilibrium price and quantity decrease
 - (c) Equilibrium price increases and quantity decreases
 - (d) Equilibrium price increases and quantity increases
48. Which of the following situation does not lead to an increase in equilibrium price?
- (a) An increase in demand without a change in supply
 - (b) A decrease in supply accompanied by proportionately equal increase in demand
 - (c) A decrease in supply without a change in demand
 - (d) An increase in supply accompanied by proportionately equal decrease in demand.

Assertion and reason Questions (ARQs)**[1 Mark]**

Read the following statements: Assertion (A) and Reason (R). Choose one of the correct alternatives given below.

Assertion (A) : Variable Factors can be changed in the short run.

Reason (R): Variable Factors are not required in case of zero output.

Alternatives

- (a) Both Assertion (A) and Reason (R) are True and Reason (R) is the correct explanation of Assertion (A).
- (b) Both Assertion (A) and Reason (R) are True and Reason (R) is not the correct explanation of Assertion (A).
- (c) Assertion (A) is True but Reason (R) is False.
- (d) Assertion (A) is False but Reason (R) is True.
49. **Assertion (A):** In a non-viable industry, demand and supply curves never intersect each other in the positive range of both the axes.
Reason (R): Supply Curve lies above the demand curve in case of non-viable industry as price is too high for the consumers.
50. **Assertion (A):** Price Ceiling involves imposition of upper limit on the price of a good by the government.
Reason (R): Government intervenes through Price Ceiling when the equilibrium price determined by free play of demand and supply is not remunerative from the producers' point of view.
51. **Assertion (A):** Minimum Wage Legislation is an example of imposition of Price Ceiling
Reason (R): Under minimum wage legislation, minimum wages are set above the equilibrium wage level by the government.

Statement Based Questions**[1 Mark]**

Read the following statements carefully and choose the correct alternative from the following.

Alternatives:

- (a) Both the statements are true
- (b) Both the statements are false
- (c) Statement 1 is true and Statement 2 is false
- (d) Statement 2 is true and Statement 1 is false
52. **Statement 1:** The price determined corresponding to market equilibrium is known as equilibrium price and corresponding quantity is known as equilibrium quantity.
Statement 2: At equilibrium price, there is neither shortage nor excess of demand and supply.
53. **Statement 1:** In case of industry, supply curve and demand curve intersect each other in the negative axes.
Statement 2: In a non-viable industry, supply curve lies above the demand curve
54. **Statement 1:** When supply is perfectly elastic, then change in demand does not affect the equilibrium price of the commodity
Statement 2: When demand is perfectly inelastic, then change in supply does not affect the equilibrium quantity.
55. **Statement 1:** Minimum Price refers to imposition of upper limit on the price that may be charged for a particular product.
Statement 2: The need for price floor arises when government feels that equilibrium price is too high for the producers.

56. **Statement 1:** Price Ceiling is generally imposed on essential items and is fixed below the market determined price.

Statement 2: Price Ceiling is also known as Minimum Price Ceiling.

Very Short Answer Type Questions (VSAQs)

[1 Mark]

57. What is market equilibrium?
58. Give the meaning of equilibrium market price of a good
59. What is meant by equilibrium quantity?
60. What is equilibrium point?
61. Give the meaning of excess demand for a product.
62. At a price of ₹ 5 per chocolate, the demand is 70 chocolates and the supply is 90 chocolates. What is likely to be its effect on the price of chocolates?
63. For a non-viable industry, where does the supply curve lie in relation to demand curve?
64. How does a cost saving technology affect the price and quantity exchanged?
65. What happens to the equilibrium price of a good when the demand for that good increases?
66. Mention the situation in which an increase in demand will lead to rise in equilibrium quantity, but no change in equilibrium price.
67. What will be the effect of a rightward shift of the supply curve on the equilibrium price and quantity transacted?
68. How does an increase in the income affect the equilibrium price of a product?
69. A severe drought results in a drastic fall in the output of wheat. Analyze how it will affect the market price of wheat.
70. How does an increase in input price affect the equilibrium price and quantity?
71. What will be the effect on equilibrium price and equilibrium quantity of telephone instruments, if China exports a large number of telephone instruments to India.
72. What is meant by Price Floor?
73. Out of 'Price Floor' and 'Price Ceiling', which concept is used by the government to control the price of essential commodities?
74. On what type of goods, Maximum Price Ceiling is normally imposed by the government?

Short Answer Type Questions

[3/4 Marks]

75. Define the following terms: (a) Equilibrium (b) Equilibrium price (c) Equilibrium quantity (d) market equilibrium.
76. Explain the process of price determination under perfect competition with the help of a schedule and a diagram.
77. Explain the concept of non-viable industry with the help of an example
78. What is meant by viable industry? Explain with the help of a diagram.
79. Explain the chain of effects of an increase in supply of a commodity on its equilibrium price.
80. Briefly discuss the effect on equilibrium price and quantity, when decrease in supply is more than the decrease in demand.
81. Explain the chain effects on demand, supply and price of a commodity caused by a leftward shift of a demand curve. Use diagram.
82. A product market is in equilibrium. Suppose the demand for the product decreases. What changes will take place in the market? Use diagram.

83. Discuss the effect on equilibrium price and equilibrium quantity, when: (a) Supply is perfectly elastic and demand increases (b) Demand is perfectly inelastic and supply decreases.
84. Explain the changes that will take place in the market for a commodity if the prevailing market price is less than the equilibrium price.
85. How is the equilibrium price of a commodity affected by a rise in the prices of its substitutes? Explain the chain of effects.
86. Cigarette smoking is injurious to health. How can the government reduce its consumption but only through the normal market forces? Explain the chain of effects of government's action.
87. Market for an essential item of consumption is in equilibrium, but the equilibrium price is too high for the common man. What can the government do to bring down if market price but only through the normal market forces? Explain the chain of effect of the government's action.
88. What is meant by 'Price Ceiling'? Explain using a suitable example.
89. Explain the effects of a 'Price Ceiling'.
90. What is maximum price ceiling? Explain its implications.
91. What is minimum price ceiling? Explain its implications
92. Explain the chain effects, if the prevailing market price is below the equilibrium price.
93. If the prevailing market price is above the equilibrium price, explain its chain of effects.
94. What is meant by 'Price floor'? Explain using a suitable example.

Long Answer Type Questions**[5/6 Marks]**

95. How is equilibrium price of a commodity determined? Explain with the help of demand and supply schedule.
96. If at a given price of a commodity, there is excess demand, how will the equilibrium price be reached? Explain by diagram.
97. If there is excess supply at a given price, then how will the equilibrium price be reached? Explain by diagram.
98. Explain with the help of a diagram the effect of a rightward shift of supply curve of a commodity on its equilibrium price and quantity.
99. Market for a good is in equilibrium. Supply of the good 'increase'. Explain the chain of effects of this change.
100. Discuss the effect of change in supply on equilibrium price and equilibrium quantity, when demand is perfectly inelastic.
101. Market for a good is in equilibrium. There is an 'increase' in demand for the good. Explain the chain of effects of the change. Use diagram.
102. How is the equilibrium price and equilibrium quantity of a normal commodity affected by an increase in the income of its buyers? Explain with the help of a diagram.
103. X is a normal good for its consumers. Their income increases. Explain its chain of effects on equilibrium price, demand and supply of X. Use diagram.
104. Market for a good is in equilibrium. What is the effect on equilibrium price and quantity if both market demand and market supply of the good increase in the same proportion? Use diagram.
105. There is a simultaneous decrease in demand and supply of a commodity. When will it result in : (a) No change in equilibrium price (b) a fall in equilibrium price. Use diagram.
106. When will (a) simultaneous increase and (b) simultaneous decrease in both demand and supply not affect the equilibrium price? Explain with the help of diagrams.

107. Market for a product is in equilibrium. Demand for the product decreases. Explain the chain of effects of this change till the market again reaches equilibrium. Use diagram.
108. If the demand and supply of a commodity both increase, the equilibrium price may not change, may increase, may decrease. Explain using diagrams.
109. How is the equilibrium price of a good determined? Explain with the help of diagram a situation when both demand and supply curves shift to the right but equilibrium price remains the same.
110. Market for a good is in equilibrium. There is simultaneous increase both the demand and supply of the good. Explain its effect on market price.
111. Suppose there is a sudden increase in birth rate. The increase in population has raised the demand for shirts. At the same time, due to fall in price of cotton, the supply of shirts have also increased. How will it affect the equilibrium price and equilibrium quantity of shirts?
112. Market for a good is in equilibrium. There is simultaneous decrease both in demand and supply of the good. Explain its effect on market price.
113. Market for a good is in equilibrium. There is simultaneous increase both in demand and supply but there is no change in price. Explain how it is possible. Use a schedule.
114. Briefly discuss the meaning of Price Floor with the help of diagram.
115. Define Price Ceiling. What is the common purpose for the price ceiling imposed by the government? Explain any one likely consequence of this nature of intervention by the government in the price determination process.
116. Market for a good is in equilibrium. Due to some technical innovation, production technology of the good improves. Explain the likely effects of this change on equilibrium price and equilibrium quantity of the good.

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Unit – 1

ENTREPRENEURSHIP: CONCEPT AND FUNCTIONS**Entrepreneurship: Concepts****Very Short Answer Type Question****[1 Mark]**

1. Who is an entrepreneur?
2. What is an enterprise?
3. What is an enterprise?
4. Who is an Entrepreneur?
5. Who plays the role of an entrepreneur in a socialist country?

Short Answer Type Question**[2 Marks]**

6. Mention the inter-relatedness between entrepreneurship, entrepreneur and enterprise.
7. In the present era, is the concept of entrepreneurship idea centric or product centric?
8. 'An enterprise may be defined as an undertaking or adventure involving uncertainty and risk and requiring innovation'. Keeping the above statement in mind, give the distinct features of an enterprise.
9. Differentiate between an entrepreneur and entrepreneurship.
10. Differentiate between entrepreneur and entrepreneurship.

Long Answer Type Question**[6 Marks]**

11. "Entrepreneurs, in their drive and pursuit to create something new, at times, results in causing major loss to the Nation's natural resources. Shouldn't they be discouraged? Justify giving reasons for your answers.

Entrepreneurship: Functions**Very Short Answer Type Question****[1 Mark]**

12. Which functions relate to the day to day working of an enterprise?

Short Answer Type Question**[2 Marks]**

13. Staffing is a difficult function for an entrepreneur. Do you agree? Explain your answer.
14. Commercial functions are aimed at making the venture a success and to increase its profit earning capacity. In relation to this explain the production and marketing functions performed by an entrepreneur.

Short Answer Type Question**[3/4 Marks]**

15. Describe the entrepreneurial functions of an entrepreneur.
16. Explain the four promotional function of an entrepreneur.
17. "Innovation is the hallmark of entrepreneurship". Why is "innovation" referred as the basic function of an entrepreneur?
18. Mehak wants to start a textile unit near Gurgaon. Discuss the commercial functions which she will require to plan and perform for the same.
19. Differentiate between Entrepreneurial functions and managerial functions of an entrepreneur.
20. Describe entrepreneurial functions of an entrepreneur?
21. Explain any four managerial functions of an entrepreneur?
22. Explain any four promotional functions of an entrepreneur?
23. "Innovation is the hallmark of Entrepreneurship". Why is "innovation" referred as the basic function of an entrepreneur?

Long Answer Type Question**[6 Marks]**

24. Differentiate between Entrepreneurial functions and Managerial functions of an Entrepreneur?

Need, Myths and Process of Entrepreneurship**Very Short Answer Type Question****[1 Mark]**

25. 'Most entrepreneurs start business in attractive industries'. Justify your answer.

Short Answer Type Question**[2 Marks]**

26. Why are entrepreneurs as called 'agent of progress' for a nation? What role do they play in the nation's development?

27. New entrepreneurs believe in several myths related to entrepreneurship. State any two.

28. Vinay lives in a village and had always wanted to start a new business. He believed that starting a new business is very easy but was reluctant to start a new enterprise as he was told by his friends that bank do not provide loans for new business enterprise. Name the two myths that Vinay perceives in his thoughts?

29. Starting a venture is not an easy task. A series of activities needs to be planned and undertaken to create an enterprise. Discuss them briefly.

Short Answer Type Question**[3/4 Marks]**

30. Karan, a rural boy, identifies the potential of organic farming in the village. He meets the zonal agricultural officer, who, looking at the determination of this 20 years old boy, helps him to arrange and procure multiple resources required for his farm land. Then Karan takes a loan of Rs. 50000 from SBI as hissed money of Rs. 10000 is not enough to cater the requirement. Karan tries up with a nearby city's vegetable shop owner to sell his yield. His hard work pays and the organic vegetables are a hit. This organic vegetable producer exhibits to be a good entrepreneur with good entrepreneurial skills. Do you agree? Justify giving reasons to your answer.

31. What is the need of entrepreneurship in an economy?

32. Mehak wants to start a textile unit near Gurgaon. Discuss the commercial functions which she will require to plan and perform for the same.

33. Why are Entrepreneurs called,, agents of progress" for a nation? What role do they play in the Nation"s development?

Long Answer Type Question**[6 Marks]**

34. The reason for slow progress of Indian economy during first four decades of independence can be attributed to the lack of innovation. Explain the need of entrepreneur in relation to innovation.

35. Describe the process of entrepreneurship.

36. What is the need of entrepreneurship in an economy? Give at least six benefits.

37. Describe the process of entrepreneurship?

38. What is the need of entrepreneurship in an economy? Give at least six benefits.

Advantages and disadvantages of Entrepreneurship**Short Answer Type Question****[2 Marks]**

39. Explain any two advantages of being an Entrepreneur?

40. Explain any two disadvantages of being an Entrepreneur?

Short Answer Type Question**[3/4 Marks]**

41. Explain about the advantages of being an entrepreneur.

42. Explain about the disadvantages of being an entrepreneur.

Application based exercise:

43. Shivi, a dropout from 10thstd is forced by her mother to start working as a domestic help. Shivi agrees on the condition to do only „cooking“ in 2-3 houses. One family turns out to be Punjabi, other Gujrati and the third one is Rajasthani. She cooked their kind of food for an year and to everyone“s surprise, she expressed her desire to open up a small eating joint of her own. All alone, determined, she finally opens „Apna Bhoj“, a small eating joint with her savings and it became a hot spot because of the fusion food platter being offered. Do you think Shivi is an entrepreneur? Give reasons for your answers.
44. Karan, a rural boy, identifies the potential of Organic Farming in the village. He meets the zonal agricultural officer, who, looking at the determination of this 20 years old, helps him arrange and procure multiple resources required for his farm land. Then Karan takes a loan of Rs. 50,000/- from SBI as his seed money of Rs.10,000/- is not enough to cater the requirement. Karan ties up with a nearby city“s vegetable shop owner to sell his yield. His hard work pays and the organic vegetables are a hit. This organic vegetable producer exhibits to be a good entrepreneur with good entrepreneurial skills. Do you agree? Justify giving reasons for your answers.



Unit – 2

TYPES OF ENTREPRENEURS AND ENTREPRENEURSHIP**Entrepreneur: Types****Very Short Answer Type Question****[1 Mark]**

1. They are commonly found in developed countries where opportunities and resources are in abundance and contribute towards building a modern capitalist economy. Which type of entrepreneur is being discussed in the above lines?
2. These are those entrepreneurs who refuse to embrace opportunities that come their way. They are generally traditional and conventional in their approach. The given lines are indicative of which entrepreneurs?
3. State one crucial feature of Fabian entrepreneurs.
4. List the fields in which trailblazers have business strengths.
5. They are highly ambitious and are normally not satisfied by slow progress in their jobs. This applies for which entrepreneurs?
6. According to Wagner, what distinct characteristics are possessed by authoritarians?
7. List the fields in which motivators have business strengths.
8. List the fields in which collaborators have business strengths.
9. List the fields in which diplomats have business strengths.
10. These entrepreneurs tend to deal with even the most negative arguments by using the 3 F's- Feel, Felt and Found. Identify the entrepreneur being discussed in the given lines.
11. A person starts a business venture because he lost his job. Which form of entrepreneurs is he?

Short Answer Type Question**[2 Marks]**

12. Entrepreneurs can be classified on a number of basis. State them
13. Name the types of entrepreneurs according to Danhof.
14. Bill Wagner classified entrepreneurs on the basis of their personality. State the different types of entrepreneurs, as given by him.
15. Describe the characteristics of a 'go-getter' type of personality.
16. Explain in brief 'business entrepreneurs'.

Short Answer Type Question**[3/4 Marks]**

17. "Entrepreneurs venture to take risks but some entrepreneurs are very shy and lazy by nature". Mention the name of such entrepreneurs and explain.
18. Briefly explain the characteristics exhibited by the following types of entrepreneurs, as given by Wagner. (a) Trailblazers (b) Authoritarians
19. Briefly discuss the following types of entrepreneurs. (a) Collaborators (b) Diplomats
20. Explain the types of entrepreneurs on the basis of 'use of technology'.

Long Answer Type Question**[6 Marks]**

21. What do you mean by entrepreneurs? Mention the types of entrepreneurs.
22. Explain the types of business entrepreneurs.
23. Classify entrepreneurs on the basis of motivational factors.
24. Classify entrepreneurs on the basis of different generations in a family business.
25. Give the classification of entrepreneurs as given by Wagner.
26. Classify entrepreneurs on the basis of types of business and use of technology.

Intrapreneur: Meaning and Importance

Short Answer Type Question

[2 Marks]

27. What is the importance of an intrapreneur in an organization?
28. What is 'innovation time off' intrapreneurship program?
29. A company is bound to suffer if it does not promote 'intrapreneurship'. Give the consequences that a company can face if it does not encourage intrapreneurship.
30. A company is bound to suffer if it does not promote 'intrapreneurship'. Give the consequences that a company can face if it does not encourage intrapreneurship.
31. Differentiate between entrepreneur and employee on the basis of
(a) Difficulty in retaining innovative employees (b) Loss of profit generating ideas.
32. Differentiate between entrepreneur and employee on the basis of, (a) Status (b) Risk-bearing

Short Answer Type Question

[3/4 Marks]

33. 'We can appoint an employee but not an entrepreneurs'. Describe difference between an employee and an entrepreneur in the light of this statement.
34. Differentiate between an intrapreneur and an entrepreneur.
35. Intrapreneurship has become a necessity in today's corporate world. Why?
36. Do you think intrapreneur is necessary for an organization? Support your answer with strong reasons.

Long Answer Type Question

[6 Marks]

37. Give examples of intrapreneurship from the corporate world.
38. Differentiate between an entrepreneur and an employee.

Application Based Question

39. The government launched a programmed for pollution free zones and provides financial assistance to entrepreneurs. By including such assistance. Ms. A was induced to enter into entrepreneurship. This included in which category? Explain.
40. Mr. Subhash Bhalla is the owner of Anupam Coffee Plantations' in Darjeeling. To which category of entrepreneurs does he belong to? He uses organic methods of agriculture. Identify any one value communicated by him.
41. Ram Prakash is the owner of a small eatery operating in the suburbs of Delhi. He is making just enough to make his ends meet. Since, his eatery was in a strategic location, quite close to a school, he got an offer from Freezo ice cream to install an ice cream freezer and sell their products from his shop. But Ram Prakash refused to embrace this opportunity. To which category of entrepreneurs do Ram Prakash belong to?
42. Mr. Vikram Singhal is a highly successful businessman, ranking among the top 10 industrialists of India. His company 'Singhal Group of Industries' operates in the fields of fertilizers, power generation and 3G network. His son Virat Singhal, after completing his management degree from Oxford, decides to join the family business. Which type of entrepreneur is Virat?
43. Divij is a highly innovative person working in a cement company. He devised a new form of grey cement which is made from plastic fillets and organic waste. His company immediately realised the potential of his idea and made his the head of the project to develop the above product commercially. He was also offered a share in profits of the above project. Is Divij an employee or an entrepreneur? Discuss. Also identify one value communicated by him by developing such a product.



Unit – 3

ENTREPRENEURSHIP JOURNEY**Self Assessment of Qualities, Skills, Resources and Dreams****Very Short Answer Type Question****[1 Mark]**

1. List the fields in which collaborators have business strength.

Short Answer Type Question**[2 Marks]**

2. Mention the characteristics of a go getter type of personality.
3. Bill Wagner classified entrepreneur years on the basis of their personality. State the different types of entrepreneurs as given by him.
4. List the fields in which 'Trailblazer' has business strengths.
5. List the fields in which 'Motivator' has business strengths.
6. List the fields in which 'Collaborator' has business strengths.
7. List the fields in which 'Diplomat' has business strengths.
8. Describe the characteristics of a 'go-getter' type of personality.

Short Answer Type Question**[3/4 Marks]**

9. Briefly discuss the following types of entrepreneurs collaborators trail blazers authoritarian

Business Idea and its feasibility study**Very Short Answer Type Question****[1 Mark]**

10. Define business idea.
11. Use the following questions to make decisions about a business idea of your choice. Be sure to write out your answers...to remember your decisions and build on them.
 - (i) How can you describe the business...in only one paragraph please?
 - (ii) What is your product, or service?
 - (iii) Who will buy it?
 - (iv) Where should you locate the business?
 - (v) How can you attract customers?
 - (vi) What is your competition?
 - (vii) How much should you charge for the products or service?
 - (viii) What advice do you need and who can provide it?
 - (ix) How will you organize the managers and/or workers of the business?
 - (x) How will you split the profits? Who is responsible for the losses?
 - (xi) How much money is needed to get the business started?
 - (xii) How many customers will you have per month and how much will they buy per month?
 - (xiii) How much does it cost to make the product or provide the service?
 - (xiv) What are your operating costs? (Include your own salary)
 - (xv) How much money will your business earn each month by selling your product or service?
 - (xvi) How much investment will you need to keep the business going until you make a profit?
 - (xvii) How much money do you need to borrow to start this business?
 - (xviii) How will you make the business grow in the future?

Short Answer Type Question**[2 Marks]**

12. What is brainstorming?
13. Give the outline of a feasibility study.
14. What do you mean by opportunity assessment?
15. What is 'Brainstorming'?
16. Why are feasibility studies more important?
17. Explain any four main sources of ideas.

Short Answer Type Question**[3/4 Marks]**

18. Explain the importance of evaluating ideas.
19. To check the feasibility of an idea a number of feasibility studies are conducted. Explain the different types of feasibility study.
20. Give the distinct features of feasibility study.

Long Answer Type Question**[6 Marks]**

21. Explain feasibility study. Discuss the importance of visibility study for entrepreneurs.
22. Explain the different methods through which idea can be generated.

Business plan and its execution**Very Short Answer Type Question****[1 Mark]**

23. Define a business plan.
24. A business plan serves many purposes. State any two purposes.
25. Families are ready to take loans to fund for professional education of a youth but are not ready to give them money to start a business. Why?

Short Answer Type Question**[2 Marks]**

26. Vandan is planning to start a new business by opening a jewellery shop in an up-market Mall. Which management tool will help him by providing him a blueprint of the operations to be performed while opening the jewellery shop?
27. Sarthak wants to know about the basic details of the business. Which part of the business plan should he look into? List the information contained in it.
28. Explain the causes of failure of a business plan.
29. 'Ideas can also be generated through intuition'. Do you agree? Explain.
30. What do you think is the reason for failure of business plan Execution?
31. What do you mean by 'Opportunity Assessment'?
32. What purposes does a business plan serve?

Short Answer Type Question**[3/4 Marks]**

33. Give the difference between feasibility study and business plan
34. Differentiate between feasibility study and business plan.

Long Answer Type Question**[6 Marks]**

35. Discuss about the elements of a business plan.
36. Give the general format of a proposed business plan.
37. Explain in detail the elements of business plan
38. Although there is no singular process to manage the execution of a business plan, there are basic processes and fundamentals to be followed. Enlist them.



Unit – 4

ENTREPRENEURSHIP AS INNOVATION AND PROBLEM SOLVING**Entrepreneur's as Problem Solves in Innovators****Very Short Answer Type Question****[1 Mark]**

1. What is meant by creativity?
2. What is the source of the most innovative ideas?

Short Answer Type Question**[2 Marks]**

3. Which two characteristics can be referred to as distinguishing marks of an entrepreneur?
4. Write about two innovations that lead to entrepreneurial Ventures.

Short Answer Type Question**[3/4 Marks]**

5. Explain the role of entrepreneurs as innovators.

Social Entrepreneurship**Very Short Answer Type Question****[1 Mark]**

6. Who is a social entrepreneur?
7. Give an example of a social entrepreneur.
8. Define 'social entrepreneurship'.
9. Social entrepreneurs help to improve the standard of living of the underprivileged. How?

Short Answer Type Question**[2 Marks]**

10. Social entrepreneurs help to improve the standard of living of the underprivileged. How?
11. Give the contribution of the following social entrepreneurs:
(a) Bhave (b) Ela Bhatt

12. Define 'social entrepreneur'.

13. Give the contribution of the following social entrepreneurs.

(a) Vinoba Bhawe (b) Bunker Roy

14. State the different characteristics of social entrepreneurs.

Short Answer Type Question**[3/4 Marks]**

15. Differentiate between social entrepreneurship and entrepreneurship.
16. Why there is a need for social entrepreneurs?
17. Briefly explain the concept of social entrepreneurship and social entrepreneurs. Also, explain why social entrepreneurs are the need of hour?

Long Answer Type Question**[6 Marks]**

18. Enumerate the characteristics of social entrepreneurs.
19. Discuss the various characteristics possessed by social entrepreneurs.
20. Discuss the contributions made by the following social entrepreneurs.

(a) Muhammad Yunus

(b) Ela Bhatt

(c) Dr. Abraham M George

(d) Nand Kishore Chaudhary

(e) Harish Hande

Application Based Question

21. Dinesh, after completing his studies, returned to his hometown, Jablpur, Jabalpur is famous for its soft marble and many craftsmen make beautiful statues from this marble. Yet, he was surprised to learn that they made barely enough to fulfill their basic needs. On researching about the probable reasons for their plight, he found that they were unorganized and lacked the financial strength to

market their produce. He decided to organize these craftsmen in the form of a cooperative society. The cooperative society provided finance to the craftsmen, and helped them to market their products through a e-portal. Within 2 years, the standard of living of the craftsmen improved considerably.

- (a) To which category of entrepreneur does Dinesh belong to?
(b) Identify the values exhibited by Dinesh.

Risk Taking:

Very Short Answer Type Question

[1 Mark]

22. What do you understand by business risk?
23. What is an insurable risk?
24. What are non-insurable risks?
25. Give one example each of insurable and non-insurable risk.
26. The business of Manish collapsed completely due to an earthquake in his city. Which factor is responsible for the loss caused to Manish?
27. Give the classification of business risk based on the protection of risk.
28. What is the economic barrier?
29. What does GPS stand for?
30. Although, commonly associated with the automotive industry, telemetric applications are being developed for use in other fields also. Name such fields.
31. Name some common social media networks.

Short Answer Type Question

[2 Marks]

32. Differentiate between internal and external risks.
33. 'Political factors result from political changes in a country'. State these changes.
34. Name any two institutions involved in the entrepreneurship development program.

Short Answer Type Question

[3/4 Marks]

35. Classify the factors responsible for business risks.
36. Explain the various external factors which lead to business risk.
37. Explain how 'economic factor' can be the cause of external risk.
38. Explain the various internal factors which lead to business risk.
39. Discuss the various external factors responsible for business risks.
40. Explain smart mobility and information collection as new business forms.

Long Answer Type Question

[6 Marks]

41. Explain the various factors responsible for business risk.

Application Based Question

42. Vashakha runs an export unit, which exports handicrafts to the gulf countries. With the gulf countries imposing quota restrictions on the Indian Government relating to oil imports, the relationship between these countries has become strained so much that the Indian Government has stopped trade with these countries. Which factor is responsible for the risk faced by Vishakha? Identify the value violated by the government of gulf countries.
43. Swarna runs a high-end boutiques. With growing competition from readymade clothes, she decided to venture into the field of e-commerce, trading in the handicrafts of our country. Suggest to her certain new technological advancements and also identify any one value being communicated by her.

HOTs

44. "The more or larger problems and entrepreneurial organisation solves the more profit it can generate". Is this statement true?
45. Explain the role played by entrepreneur as that of a problem solver with the help of a diagram.
46. Explain the role of entrepreneurs as innovators.
47. Discuss any five innovations which led to successful Ventures.
48. Who is a social entrepreneur?
49. Differentiate between social entrepreneurship and entrepreneurship.
50. Social entrepreneurs help to improve the standard of living of the underprivileged. How?
51. Discuss about the different characteristics of social entrepreneurs.
52. Why there is a need for social entrepreneurs? Give any three examples of social entrepreneurs.
53. What do you understand by business risk?
54. What is insurable risk?
55. What is non insurable risk?
56. Give an example of each insurable and non insurable risk.
57. The business of Manish collapsed completely due to an earthquake in his city. Which factor is responsible for loss caused to Manish?
58. Classify the factors responsible for business risk.
59. Explain the various external factors which lead to business risk.
60. Discuss the various internal factors which lead to business risk.
61. Business intelligence is the ability of an organisation to collect maintain and organise data. In the light of the above statement, give the benefit of business intelligence for an organisation.
62. Explain 'smart mobility' and 'information collection' as new business forms.
63. State the broad classification of the factors relating to barriers to entrepreneurship.
64. What is economic barrier?



Unit – 5

CONCEPT OF MARKET**Market Concepts and Types****Very Short Answer Type Question****[1 Mark]**

1. What is the microenvironment?
2. A buyer buys more during the boom than during the recession. His buying behavior is being affected by which factor?
3. What is meant by the term demographic forces?
4. A producer becomes his supplier. What type of integration is this?
5. The manner which can help the company to achieve, defend, grow, expand, and diversify depends on the type of plan. Name it.
6. The market expansion grid considers two main factors. What are they?
7. Give another name for the market expansion grid.
8. As per the market expansion grid, which strategy is followed when new products are introduced in the current market?
9. What is the outcome of industrial activity?
10. What is marketing?
11. Certain aspects of marketing are uncontrollable. Name any two such aspects.
12. When does a firm opt to pursue expansion strategy?

Short Answer Type Question**[2 Marks]**

13. 'Markets have a very dynamic concept which is constantly evolving with the changing times'. In light of the above statement, state the different concepts of the market.
14. The traditional concept of the market emphasizes two conditions. What are they?
15. Which concept of the market is not restricted by boundaries? Identify it and explain it.
16. Which two options are normally available to the business enterprise in the face of growing competition?
17. Demographics are used to classify customers into various segments. Name some common grounds of classification.
18. An entrepreneur should be aware of certain factors before entering into new geographical markets. State those factors.
19. State the factors responsible for the invasion of foreign companies in India.
20. In the initial years of business, an entrepreneur prefers to follow stability maintain strategy. Why?
21. Housewife sells old newspapers. Can her activity be termed as a business?
22. How can an entrepreneur enter a foreign market?
23. Why an entrepreneur selects to follow stability strategy?
24. How can an entrepreneur enter a foreign market?
25. Enlist any four characteristics of business.

Short Answer Type Question**[3/4 Marks]**

26. Enlist any four characteristics of a business.
27. What activities are performed by tertiary industries? Also, list the functions performed by them to remove the hindrances and the production and distribution of goods and services.

28. Give three points of difference between the traditional market and the modern market
29. Explain briefly the market expansion grid with the help of a diagram.
30. In 'market penetration strategy' an enterprise attempts to increase the sale of its current product in the current market by adopting certain approaches. Explain the various approaches briefly.
31. Difference between backward integration and forward integration.
32. Discuss about the vertical integrative expansion in brief.
33. Define diversification strategy? Explain the different types of diversification strategy.

Long Answer Type Question**[6 Marks]**

34. What are the secondary industries? Discuss briefly the different types of secondary industries.
35. Define commerce and discuss their functions.
36. List the different forms of intensive expansion. Explain the forms of penetration strategies available to the firm.

Micro and Macro en. And Market survey**Very Short Answer Type Question****[1 Mark]**

37. Give one point of difference between the primary forces and the secondary forces.
38. What is the market survey?
39. A market survey is undertaken for a specific purpose. What is that purpose?
40. There are two common methods used for surveying. State them.
41. State the conditions in which a market survey can be used as a research instrument.
42. List the types of the market survey conducted to extract information.
43. What is the objective of conducting a market survey?
44. When does an entrepreneur select to follow stability strategies?
45. The Government of India collects data related to the population every 10 years. Which type of survey do they conduct?
46. As Priyanka's children had grown up, she exchanges their old cloth with steel utensils. She also donated some of their clothes to an orphanage. Which form of exchange has Priyanka indulged in?
47. 'Market survey is an useless tool'. Do you agree with the statement? Should it be dispensed away with? Support your answer with reasons.

Short Answer Type Question**[2 Marks]**

48. A research instrument facilitates in collecting information. State any two such instruments.
49. Market survey is a process comprising a series of steps. State the steps of the market survey?
50. Give one major difference between market research and market survey.

Short Answer Type Question**[3/4 Marks]**

51. Discuss vertical integrative expansion in brief.
52. Difference between backward integration and forward integration.
53. What is intensive expansion? Explain with the help of an example.
54. Differentiate between the micro and macro environment.
55. Explain the term secondary forces. What is the external environment comprise of? Explain with suitable examples.
56. Give two differences between the micro and macro environment.

Long Answer Type Question**[6 Marks]**

57. In 'market penetration strategy', an enterprise attempts to increase the sale of its current product in the current markets by adopting certain approaches. Explain the various approaches briefly.
58. "Survey is a customized technique". Which methods are generally used for it? Throw some light on the importance and precautions of these techniques.
59. What do you understand by the market environment? State the elements of the market environment.
60. What do you understand by market environment? Discuss the components of external environment of business at micro level.
61. Explain the term secondary forces. What are external environment comprise of? Explain with suitable examples.

Market Research**Very Short Answer Type Question****[1 Mark]**

62. What is market research?
63. State the first step of the marketing research process.
64. Name the industry which is related to the reproduction and multiplication of certain species of animals and plants to earn profit for their sale.
65. 'Family snacks' is a leading German company. It plans to invest \$ 200 million in India in the next two years. The company has adopted which method of going global?

Short Answer Type Question**[2 Marks]**

66. How does marketing research facilitate quick and correct decision making?
67. Good marketing information should possess many characteristics. State any two which according to you are the most important?
68. Manufacturing industries can further be classified into four industries. Name them.
69. Name the various types of trade.
70. Explain any two business activities which are auxiliaries to trade.
71. Give one major difference between market research and market survey.
72. Market survey is undertaken for a specific purpose. What is that purpose?

Short Answer Type Question**[3/4 Marks]**

73. Manufacturing industries convert raw materials into semi-finished goods or finished goods and create utility. Which type of utility is created in these industries? Explain with the help of an example.
74. Human life is centered on activities that help in satisfying diverse needs. What are these activities referred to as? Also, give the classification of these activities.
75. State the main steps involved in marketing research.
76. "Survey is a customized technique". Which methods are generally used for it? Throw some light on the importance and precautions of these techniques.
77. Discuss the steps involved in conducting the market survey.

Long Answer Type Question**[6 Marks]**

78. What is market research? Explain the important role of marketing research.
79. Discuss the marketing research process in detail.

Market Mix

Very Short Answer Type Question

[1 Mark]

80. Name the arrangement which is in the form of a temporary partnership between two or more forms to undertake a specific venture.
81. Give any two sales promotion techniques which can be used by a business to attract new clients.
82. Arvind, the manufacturer of footwear sells the same two different retailers, who then sell to the consumers. Name the channel and level of distribution involved.
83. Explain the various characteristics of good marketing information.

Short Answer Type Question

[2 Marks]

84. Give one point of difference between personal selling and sales promotion.
85. Megha has just launched an e-portal to sell the handicrafts of the tribal people of Bastar. Which form of business has Megha launched? Explain it.

Short Answer Type Question

[3/4 Marks]

86. 'Market offering' can be prepared by following a step-by-step process. Explain the steps involved in the process of preparing a 'market offering'.
87. Define the product mix. What dimensions of the product are to be considered by the entrepreneur herein?
88. What is the pricing? Discuss the various factors that determine the price of a product.
89. Discuss the role of e-business in promoting the business community.

Long Answer Type Question

[6 Marks]

90. Discuss the different methods used for pricing.
91. Explain the various factors affecting the choice of the channel of distribution.
92. Discuss the role of E-business in promoting the business community?

Application Based Question

93. 'Pack and Go' is a leading bag manufacturer company in India. It recently launched new range of bags for school going children with bottle holders and a detachable compass. Which element of the marketing mix are they laying stress on? State and explain that element.
94. Jadish is a farmer. His elder brother Manmohan is a doctor while his sister Kamlesh is a clerk in an office. Name the activities in which they are engaged and distinguish among them based on reward, capital and investment risk.
95. Sun and Rise limited has a disinfectant soap in the market by the name of 'sanitizer'. The company and its new advertisement propagate that washing hands two times after coming home by 'sanitize' reduces the risk of infection by 80%. It also distributes the soap, free of cost to people of the slum. What strategy is being followed by the sun and rise limited?



Unit – 6

BUSINESS ARITHMETIC**Business Arithmetic****Very Short Answer Type Question****[1 Mark]**

1. Is profit earned by a business an inflow for the business?
2. A cash register can be maintained in two formats. What are they?
3. Contra entries are to be made in two conditions. What are those conditions?
4. An entrepreneur generally avoids selling goods on credit. Why?
5. What do you mean by unit cost?
6. What do you mean by the unit of sale?
7. Give two examples of start-up costs.
8. Unit cost is also referred to as the 'cost of goods sold'. Why?
9. Name the statement that enables us to determine the profit over a while.
10. Why the motive of the business is to earn profit and not a loss?
11. The importance of _____ in business is similar to that of blood in the human body.
12. A notebook in which we write to keep track of all the daily transactions which happens in the business is called as the _____.
13. Sometimes when the businesses have trust in people, cash does not cross hands but instead they are given what is called _____ or _____.
14. The money which comes into the business is called _____ and the money which goes out of the business is called _____.
15. When the buyer pays the money to the seller at a later date it is called _____.
16. Balance in the cashbook (or the cash box) does not represent the _____. (outflow, profit, credit transactions, cashbook, credit or loan, inflow, cash flow, cash, expenses)
17. _____ can be defined as individual item that a company sells.
18. The cost incurred by a company to produce, store and sell one unit of a particular product is referred to as _____.
19. Unit cost refers to the _____ cost.
20. Gross profit equals _____ minus the _____.
(Variable, cost of goods sold, unit of sale, net sales, unit cost, unit price)
21. The two types of costs are _____ and _____.
22. Quite often the terms —Start-up|| and _____ are used interchangeably.
23. It is important to remember that fixed costs are —fixed in _____|| and not necessarily —fixed in --_____.||
24. Do not fall in to the trap of classifying an expense in one or the other category, without knowing which _____ it refers to.
(one time cost, fixed, amount, Start-up cost, business, operational cost, nature, variable)
25. A business's break-even point is the amount or level of _____ that it must generate in order to equal its _____.
26. At the break-even level _____ is equal to the total expenses.
27. Break even volume per month is equal to _____/_____.

28. The business is at neither _____ nor _____, when it is at breakeven point. (Fixed cost per month, profit, sales or revenues, loss, expenses, total revenue, gross margin per unit, income, fixed cost).
29. A _____ is one that cannot be shifted by the taxpayer to someone else, whereas an _____ can be.
30. _____ or _____ is a local tax on buildings, along with the belonging land, and imposed on owners.
31. If tax is levied on the price of a good or service, then it is called an _____
32. Governments collect taxes so as to collect revenue and later spend it for _____

Short Answer Type Question

[3/4 Marks]

33. What is the operational cost? Give its classification.
34. Distinguish between expenses and expenditure.
35. Distinguish between fixed cost and variable cost.
36. Explain in detail the various types of costs.
37. The income statement has certain distinct features. State any two.

Business Finance

Very Short Answer Type Question

[1 Mark]

38. Financial information can be used by several persons. Name them.
39. 'When you sell your product but the buyer does not pay money immediately', it is known as?
40. What do you understand by break-even point?
41. Give the formula for computing break-even volume?
42. Gross margin per unit is also referred to by another name. What is it?
43. Taxes can be classified into two broad categories. Name them.
44. Besides finding the break-even level of a firm, what other use can break-even analysis be put into?
45. Why should an entrepreneur take expert guidance on matters relating to tax?
46. Why does the government need taxes?

Short Answer Type Question

[2 Marks]

47. Cash flow projection is thought to be an important management tool. Why?
48. Give one difference between the cash flow statement and income statement.
49. Give one difference between direct tax and indirect tax.
50. An entrepreneur can use the information generated from break-even analysis in making a wide range of business decisions. What are they?

Short Answer Type Question

[3/4 Marks]

51. Suman has just started when the picture into a business dealing in home furnishings. After two months of operation, she experiences a shortage of cash in meeting her day-to-day expenses. She seeks your advice as a finance consultant, as to which states will help to assess the cash requirements. What will be your advice and why?
52. What is the cash register? Why is it important for any business?

Application Based Question

53. The following information relates to a company which produces a single product

Direct labor per unit	Rs. 22
Direct material per unit	Rs. 12
Variable overheads per unit	Rs. 6
Fixed costs	Rs. 400000
Selling price per unit	Rs. 60

Use the figure above to show the maximum number of units that must be sold for the company to break- even.

54. Mohan, who manufactures a toy car using non-toxic components, wants to compute his break-even point. His fixed expenses in the form of rent, depreciation, and salaries of administrative staff amount to Rs. 25000 per month. He sells the car for Rs. 200 and His variable cost per car are Rs. 150. Find his break-even point?
55. A company makes a product with a selling price of Rs20 per unit and variable cost of Rs 12 per unit. The fixed costs for the period are Rs40000. What is the required output level to market a target profit of Rs10000?
56. From the information given below prepare the income statement of Mr. A pharmacy.

Revenue from operation	Rs 1200000
Expenses	
Purchase of stock in trade	Rs 750000
Changes in the inventory of stock in trade	Rs 20000
Depreciation expenses	Rs 12000
Other expenses	Rs 25,000
Tax rate	40%

57. Rajat is planning to open a retail shop selling high-end customized furniture. As a cost manager, advice Rajat on the cost required to transform his plan into a successful venture.
58. Samiksha, an entrepreneur student, takes up a job in a phone call center during her summer break. While having a conversation with the accountant of the company and going over the cost records, she is surprised to see telephone charges as being recorded as a variable cost, as she is of the view that they are a part of fixed cost. Is Samiksha's view valid? Comment.
59. Where would you record the following transactions in a two-column cash book?
 - (a) Paid into Bank Rs. 20000
 - (b) Withdrew for private expenses Rs. 1500
 - (c) Withdrew from Bank Rs 5000
 - (d) Withdrew from the bank for private use Rs2500
 - (e) Purchase goods Rs10000 and payment made through cheque.
60. Transactions for August 2016 are given below. You are required to enter the same in an appropriate cash book.

1st August	Cash in hand Rs 1200 and cash at Bank Rs2500
2nd August	Paid salary by cheque Rs1000
5th August	Made cash purchases Rs 700
15th August	Received Rs 830 by cheque from Sanjeev and allowed him a discount of Rs20
16th August	Paid cheque to Rajiv Rs300 full settlement of his account Rs 320
18th August	Donated Rs 250 to an old age home
19th August	Cash sales Rs1000
20th August	Brought furniture Rs500 paid by cheque
22nd August	Bank credited Rs 150 as interest
25th August	Received a cheque for Rs1250 from Renu
31st August	Deposited cash into Bank Rs 500



Unit – 7

RESOURCE MOBILIZATION**Resources and their Mobilization****Very Short Answer Type Question****[1 Mark]**

1. Define the term resources.
2. Why do entrepreneurs need resources?
3. What do you mean by mobilization of resources?
4. The human resources required by an enterprise can be broadly classified into three categories. State those categories.
5. Name the resources that are made by a human through their skills and abilities.
6. What basic resources are required to commence any enterprise?
7. What do you mean by 'mobilization of resources'?
8. Long term finance is used for meeting certain common expenses of all businesses. Identify those expenses.
9. What do you mean by intangible resources? Give some examples.

Short Answer Type Question**[2 Marks]**

10. How can an entrepreneur book your professional assistance?
11. What factors help in determining the resources required?
12. The efficient utilization of human resources is only possible if the entrepreneur can decide on certain factors. State those factors.
13. Name any four factors to be kept in mind while selecting physical resources.
14. The success of an enterprise lies in the capacity and ability of the entrepreneur to perform 3 functions. What are these functions?
15. Prem is planning to start a 3 star hotel in the city of Jaipur. For this, he needs to mobilize various resources. Give him the step by step process to mobilize resource. He has also decided that he will fulfil the electricity requirements of his hotel by installing solar panels.
16. What are physical resources? Give two examples.
17. Name any four factors to be kept in mind while selecting physical resources.
18. What is said to be an 'efficient utilization of human resources'?
19. Why should entrepreneurs ensure that there is a 'right individual at the right job'?
20. To achieve specialization, entrepreneurs outsource certain services. State some of them.

Business finance and Financial Planning**Very Short Answer Type Question****[1 Mark]**

21. Many companies have crumbled down for want of a sound financial plan. State any one point highlighting its importance for a business.
22. Financial decision making requires great questions and wisdom on the part of the entrepreneur to take to a financial decision. What are those decisions?
23. The sources of business finance can be classified into two broad categories. State them.
24. A financial plan comprises of two important components. State those components.
25. There are different sources of financing. Name them.

26. What is public financing?
 27. Financial planning requires an entrepreneur to take certain decisions. State those decisions.
 28. The capital requirement of a business enterprise can be classified into two categories. Name them.

Short Answer Type Question**[2 Marks]**

29. Define the term business finance?
 30. Why is the finance required for businesses?
 31. Explain the two types of financial requirements witnessed during the early stage of financing.
 32. Financial planning is important for a business. Why?

Short Answer Type Question**[3/4 Marks]**

33. Explain the term fixed capital requirement. Discuss the factors to be kept in mind while planning for fixed capital.
 34. Discuss the factors that determine the amount of working capital required by an enterprise.

Long Answer Type Question**[6 Marks]**

35. Discuss financial planning and its objective and importance for a business.

Sources of Finance**Very Short Answer Type Question****[1 Mark]**

36. Why equity share capital is called 'risk capital'?
 37. What are loans repayable in installments known as?
 38. From which type of capital are raw materials purchased?
 39. Funds can also be raised from internal sources. Name such sources.
 40. Define personal financing. Give its sources.
 41. Define capitalization.
 42. There are different sources of raising finance through debt. Name them.

Short Answer Type Question**[2 Marks]**

43. Based on duration, classify the sources of finance.
 44. Explain 'retained profits' as a method of equity financing.
 45. What are the major sources of capital as a public limited company?
 46. Define preference shares with the priorities enjoyed by them.
 47. What factors should be considered by an entrepreneur before selecting the source of capital?
 48. When is a unit referred to as 'micro-business enterprise'?
 49. List the parameters used to measure the volume of business.
 50. On the basis of duration classify the sources of finance.
 51. Briefly discuss the following two sources of venture capital finance.
 (a) venture capitalist (b) Angel investors
 52. Differentiate between owners fund and borrowed funds.
 53. What do you mean by business mentor? Mention the different types of mentoring.
 54. Classify, on the basis of size, the business enterprise.
 55. Anjali Limited has decided to expand its production capacity by modernizing its plant and machinery at an estimated cost of Rs 2 crores. The company doesn't have enough reserves to finance modernization. Suggest two sources to the company from where they can be raising finance?

Short Answer Type Question**[3/4 Marks]**

56. Differentiate between equity shares and preference share.
57. Differentiate between fixed capital requirements and working capital requirements.
58. Discuss the factors affecting capital structure.
59. Define personal financing. Give its sources.
60. Differentiate between the primary, secondary and tertiary sources of information.

Long Answer Type Question**[6 Marks]**

61. Discuss the role and importance of mentoring.

Business and its classification**Long Answer Type Question****[6 Marks]**

62. Explain the different types of small scale industries.
63. Discuss the types of business based on ownership.
64. Explain the role of micro and small enterprises in the Indian economy.
65. Discuss the factors that determine the amount of working capital required by an enterprise.

Mentorship and Sources of logo**Very Short Answer Type Question****[1 Mark]**

66. Who is the mentor?
67. Who is a business mentor?
68. Information can be gathered from several sources. Name them.
69. What is informal mentoring?

Short Answer Type Question**[2 Marks]**

70. What are the methods of collecting data?

Long Answer Type Question**[6 Marks]**

71. Discuss the factors to be considered before selecting the method for collecting data.
72. Discuss the role and importance of mentoring.
73. Explain mentoring. What are its characteristics?

Application Based Question

74. Arpit wanted to start a business dealing in solar equipment. He seeks the help of his uncle Mr. Shubhas, who is a successful entrepreneur. Mr. Subhash agrees to help him in his venture. What role is played by Mr. Subhash?
75. Shalini plans to set up a printing press in Ludhiana. She looks up to her cousin Amit, who is successfully running a similar unit in Jaipur, for all possible help guidance and suggestions. What kind of mentoring is this?
76. Anjali Limited has decided to expand its production capacity by modernizing its plant and machinery at an estimated cost of Rs 2 crores. The company doesn't have enough reserves to finance modernization. Suggest two sources to the company from where they can be raising finance?

