



Delhi Public School Guwahati

"Under the aegis of the Delhi Public School Society, Delhi"

Cycle 7

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Revision for Term 1 MCQ Based Examination

Chapter 1

Business, Trade and Commerce

1. Yuvraj is a college going youth doing a bachelors course in computer applications. He is extremely technology savvy and likes to invest his pocket money in the latest smart phone to be able to utilize its features to understand the evolving technology. He studied commerce in high secondary and has an inclination to understand business activities. Yuvraj wanted to buy a new model of smart phones introduced by Samsung. In order to meet the required cost, he decides to sell off his existing smart phone, also Samsung, to one of his friends. He earns a handsome price given that the phone is well maintained and only two years old.
Identify the statement that best describes this situation.
 - a. Yuvraj engages in business of selling smart phones at profit
 - b. Yuvraj is engaged in an economic activity
 - c. Yuvraj is not selling the phones on a regular basis and so he is not involved in the business of selling smart phones.**
 - d. Yuvraj is thinking of expanding his business activity.
2. Gurudas Singh owns a factory that manufactures chemicals used by other industries as input to manufacture other products. Gurudas has to procure some raw materials that are highly explosive to manufacture the chemicals. Keeping that in mind he has created a special space, that is apart from the storage of other raw material, to store the explosive material. One evening a new consignment of explosive raw material arrives at the factory. Since Gurudas Singh is not well, he instructs a subordinate at the factory to take the delivery. The subordinate further instructs the workers to store the raw material. However, the instructions given are not very clear and as a result the explosive raw material is stored in the common storage place. The very same night there is an explosion in the factory and as a result Gurudas Singh suffers a loss of nearly Rs.15 Lakhs.
Identify the risk that best describes this situation.
 - a. Physical Cause
 - b. Economic Cause
 - c. Human Cause**
 - d. Natural Cause
3. Naman Kumar is born and raised in a business family. He studied commerce in his graduation, followed by a management degree at the post graduate level from a reputed business school. He is very clear in his mind that he wants to start his own

business and not be absorbed in an MNC working under a boss. He also is clear that he does not want to get deep into the process of producing goods as it requires a more specific knowledge and training. At the same time, he does not want to engage with customers directly. He wants to be in the supply chain but wants to sale goods in large quantities to other businesses. He decides to approach a bank for a loan to give shape to this business plan.

Which types of business activity will he tell the bank he wants to undertake?

- a. Analytical Industry
- b. Retail Trade
- c. **Wholesale Trade**
- d. Entrepôt

4. HKM Group of Industries is a well-established brand with its presence in multiple industries not only in India, but also other South-East Asia and Middle East. The business is planning to open a new factory in Bihar for which it is planning to raise a capital of 100 Crores. The business approaches a developmental bank for a loan of 60 crores while the remaining sum they plan to raise it as equity share capital. The bank manager peruses through the proposal and agrees to grant the loan to HMK Group without any delay.

Why did the bank agree very quickly to extend the loan to HMK group?

- a. HMK Group wants to go for expansion and growth as they have enough profits
- b. **HMK Group has gained reputation and goodwill due to high profitability over the last few years.**
- c. HMK Group is looking at survival in the market
- d. All of the above

5. Softskin Care Ltd. Has been producing skin care products in India for the last 50 years. They have built a reputation for themselves as business that delivers quality products at reasonable rates by not advertising unnecessarily. The business has also left its mark in the community as it has established nearly 5 progressive schools in north India particularly for meant to provide high quality education to children from economically backward families. The business has a very reputation among the environmentalists as aspires to leave a minimum carbon foot print on the planet through its factories.

Softskin Care Ltd. meets the following social objective/s:

- a. Supply of desired quality of products
- b. Community service
- c. Avoidance of pollution
- d. **All of the above**

6. Human Resource is the most valuable resource for the success of any business. This motto is well followed by Fresh Water Industries Ltd. That produces bottled water and supplies it all the regions in India as well as Bangladesh and Burma. Most of the

employees working at their factories and offices have been working for an average of 8 years or above. Not only that, each employee works dedicatedly to accomplish the work assigned to him or her.

What makes the employees working with Fresh Water Industries so motivated and dedicated towards their employers?

- a. They must have good working conditions
- b. Their salary and wages must be competitive
- c. The manager often organizes training and development workshops for the employees for their personal growth
- d. All of the above**

7. Ultimate Soaps Ltd. Produces a range of bathing soaps for different types of Indian customers. It mixes a range of chemicals with a lot of fresh herbs and flowers of different fragrances and skin care properties to produce its vastly popular soap range. Identify the type of industry mentioned in the case study above.

- a. Consumer Goods
- b. Processing Industry
- c. Synthetic Industry**
- d. Extractive Industry

8. Generally the consumer and the buyer are not aware of the new products being produced by the manufacturer as there is no direct communication between the manufacturer and the ultimate consumer. Commerce fills this void by removing

- a. Hindrance of exchange
- b. Hindrance of place
- c. Hindrance of knowledge**
- d. Hindrance of persons

9. Textile industry is an example of

- a. Analytical Industry
- b. Synthetic industry
- c. Processing Industry**
- d. Assembly Industry

Chapter 2

Forms of Business (including)

1. Sadanand started a small business of manufacturing fashion clothing for teenage girls. He set up a network of dealers who helped his clothing range reach retail shops in different parts of Assam. In order to start the business, Sadanand had taken loan from different sources including suppliers of raw material, Biren Nath. Unfortunately, due to very high competition from other producers especially from Maharashtra and Delhi, the demand for his range of clothes starts to fall. Soon the business heads towards bankruptcy. Biren Nath, who has been asking for loan repayment with interest for a long time, decides to file a law suit against Sadanand.

In such circumstances, what will Sadanand do to pay off his debt towards Biren Nath?

- a. Sadanand pays Biren Nath whatever money he has
- b. Sadanand sells of his business assets and pays Biren Nath whatever he can
- c. Sadanand pays Biren Nath the amount due by selling off the car he owns
- d. All of the above

2. Identify the limitations of Sole Proprietorship as a form of business

- a. Direct Incentive
- b. Sense of Accomplishment
- c. Limited Managerial Skills
- d. Both a and c

3. Identify the incorrect statement:

- a. Sole Proprietorship is suitable for of business for small scale business.
- b. Sole proprietorship is suitable for business that require personal attention
- c. Sole Proprietor himself brings in the finance from his wealth and there is no limit on his loan raising capacity.
- d. There is no legal compulsion for a sole proprietor to publish his accounts

4. The two conditions for existence of Joint Hindi Family Business are:

- a. There must be a Karta and co parceners to share the profits and losses of the business
- b. There must be a minimum of two male members in the family
- c. The family must have some ancestral property
- d. Both b and c

5. Identify the correct statement

- a. In a JHFB, a minor can become a member of the JHFB by virtue of birth in the family.
- b. There is no law that governs the functioning of JHFB
- c. The co parceners have unlimited liability
- d. The decisions of the JHFB are taken jointly by all the members of the JHFB.

6. Identify the law that can governs a partnership business:

- a. The Partnership Act, 1932
- b. Limited Partnership Act, 2008
- c. The Partnership Act, 1923
- d. Both a and b

7. Ram, Sham, Mohan and Ganesh have decided to start a small business manufacturing spare parts for machines. Due to certain health related issues, Ganesh said that he will not be able to take active part in the day to day decision making of the business. Also, Ram is already engaged in three other business activities and so he does not want to reveal that he is a part of this business to the outside world. Sham and Mohan agree to manage the affairs of the business. However, since they require funds, they decide to use their friend Mahesh's name since he is a well established businessman with high credibility.

Identify the incorrect statement:

- a. Ram is a dormant partner
- b. Ganesh is a sleeping partner
- c. Mohan is an active partner
- d. Mahesh is a nominal partner

8. Identify the incorrect statement:

- a. A partnership firm can be registered any time, i.e. at the time of formation or later when the partners agree.
- b. A registered firm can file a case against any of the partners.
- c. A partner of an unregistered firm cannot file a case against any other partner.
- d. Legally, it is compulsory for a partnership firm to get itself registered.

9. Identify the incorrect statement:

- a. Cooperative society is voluntary association of person.
- b. Cooperative society works on a principle of one-man-one-vote.
- c. The Government provides various concessions and rebates to a cooperative society.
- d. The main motive of cooperative society is maximizing its profits.

10. This cooperative society consists of small producers who find it difficult to sell their products at profit. One of the objectives of this society is to eliminate middlemen and have direct dealing with the customers.

Identify the type of cooperative society.

- a. Cooperative Farming Society
- b. Cooperative Marketing Society
- c. Producers' Cooperative Society
- d. Consumers Cooperative Society

11. Identify the company that which is not allowed to subscribe its share capital to general public.

- a. Public Ltd. Company
- b. Private Ltd. Company
- c. One Person Company
- d. None of the above

12. The board of directors of a joint stock company are elected by:

- a. Employees
- b. Debenture holders
- c. Bankers
- d. Shareholders

13. It is not compulsory for Private Ltd. Company to

- a. Maintain index of member
- b. Issue Prospectus
- c. Conduct Statutory Meeting
- d. All of the above

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14. Ram opened a café in Guwahati in a residential area. He raised the capital by investing 5 lakhs from his own savings and 12 lakhs by borrowing from his friend. Unfortunately, the café does not do well and as a result Ram is compelled to shut down. Since he is unable to repay his friend the loan amount along with interest, his friend decides to file a law suit. The court verdict is in favour of Ram's friend and Ram is asked to sell off his personal property to repay the dues to his friend.

Which features are reflected in the above case?

- a. Unlimited Liability
- b. No Separate Legal Entity
- c. Lack of business continuity
- d. Both a and b

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15. Identify the incorrect statement:

- a. A minor can only be admitted to the benefits of the existing partnership business.
- b. After attaining the age of majority, the minor automatically ceases to be a partner in the partnership firm.
- c. Minors do not contribute to the capital.
- d. The minor partner is liable to the outsiders.

16. Identify the incorrect statement:

- a. There is no limit in the credit raising capacity of a sole proprietor.
- b. Sole proprietorship form of business is suitable for small scale enterprises.
- c. In sole proprietorship, there is a direct relation between effort and reward.
- d. There is no legal compulsion for a sole proprietor to publish his accounts.

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17. In case of a Limited Liability Partner, identify the incorrect statement:

- a. The special partner is not allowed to participate in the management of the firm.
- b. The partner with unlimited liability is called a special partner.
- c. The special partner has a right to inspect the accounts.
- d. The special partner can withdraw his partnership whenever he wants to.

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1. Identify the correct statement:

- a. Secret partners do not have unlimited liability.
- b. Partners by estoppel does not contribute to capital.
- c. Dormant partner does not get share in the profit.
- d. Active partners do not participate in the management of the firm.

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Chapter 3

Public, Private and Global Enterprises

1. This form of public sector enterprise is suitable when utmost secrecy and government control is absolutely necessary.

Identify the public sector enterprise highlighted in the given statement.

- a. Departmental Undertaking
- b. Public Corporation
- c. Government Company
- d. Both a and b

2. This JSC is governed by The Companies Act 2013, and at least 51 percent of its equity share capital is held by the state or central government.

Identify the JSC highlighted in the given statement.

- a. Public Ltd. Company
- b. Private Ltd. Company
- c. Government Company
- d. All of the above

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Chapter 4

Business Services

15. Ram went to a mall for shopping for his wedding. He shopped for goods worth Rs. 86,000 even though his bank balance was Rs.80,000. Ram can do so by using

- a. NEFT
- b. RTGS
- c. Debit Card
- d. Credit Card

16. Mira invested in a Life Insurance policy for 25 years for herself and her husband of two years, Jatin. But due to marital discord, they both decided to part ways and took a formal divorce 5 years after they married each other. One year after the divorce, Jatin dies due to a road accident. Mira files for compensation to the Life Insurance Company. Under which principle will Mira be entitled to receive a compensation for the death of her ex-husband?

- a. Principle of Causa Proxima
- b. Principle of Subrogation
- c. Principle of Insurable Interest
- d. Principle of Mitigation of Loss

17. Harpreet Singh owns a transport business. He receives several consignments for transporting perishable goods from Punjab to the other parts of India. He always takes a cover of accident insurance for all transport consignments. While transporting a truck full of wheat bags, one of the trucks meets with an accident. The truck is severely damaged and as a result the goods have to be unloaded and reloaded on to a new truck. This causes a delay of nearly 32 years during which there is a heavy rain and the wheat bags get wet in the process. As a result most of the wheat gets fungus. Jaspreet Singh files for compensation with the insurance company but the insurer turns down the claim. Which principle underlines the insurer's decision?

- a. Principle of Utmost Good Faith
- b. Principle of Causa Proxima
- c. Principle of Insurable Interest
- d. Principle of Indemnity

18. Kiara Thakur owns a factory that makes chemicals used by different industries as raw materials. She took a fire insurance policy for the factory worth Rs. 5 Lakhs. However while taking the policy, Kiara does not share an important fact that one of the chemicals her factory manufactures is highly explosive. Due to an accident, fire breaks out in her factory and destroys everything very quickly. Kiara files for compensation with the fire insurance company but the insurer denies to cover for damages. Under which principle of insurance has the insurer denied compensation to Kiara?

- a. Principle of Mitigation of Loss
- b. Principle of Utmost Good Faith**
- c. Principle of Contribution
- d. All of the Above

19. Lakshita Narayan gets a health insurance from two companies A and B worth Rs. 1Lakhs and 2 Lakhs respectively. She meets with an accident and is admitted to hospital with severe injuries and has to undergo a surgery. The medical bill amounted to the tune of Rs 2.5 Lakhs. Her family files for compensation from both the insurers. Which principle of insurance will decide the amount of compensation received by Lakshita from each insurer?

- a. Principle of Insurable Interest
- b. Principle of Indemnity
- c. Principle of Contribution**
- d. Principle of Subrogation

20. Brian opens a bank account with a commercial bank that promises him easy withdrawal as per his convenience coupled with minimum risk of default on cheque payments to his business clients. Brian does not earn interest on this account, instead a service charge is debited to his account periodically. Identify the type of account Brian must have opened.

- a. Savings account
- b. Current account**
- c. Multiple Options account
- d. Recurring Deposit account

21. Identify the incorrect statement :

- a. The services cannot be separated from the provider of services
- b. To experience a service, participation is not essential**
- c. Services are performed each time according to the demands and expectations of the customer.
- d. Ownership of goods can be transferred.

22. Identify the correct statement

- a. RTGS is suitable for high value transactions that are above Rs.2 Lakhs**
- b. The Fee levied on RTGS is uniform for all the banks
- c. Under RTGS, the fund is directly transferred from one account to the other
- d. The key difference between RTGS and NEFT is that RTGS is on net settlement whereas NEFT is on gross settlement basis.

23. Identify the element of Marine Insurance

- a. The compensation is paid only when the loss is due to sea peril and as a result the doctrine of causa Proxima is followed
- b. The insurable interest must be present at the time of taking the policy and at the time of loss
- c. Insured gets compensation covering only loss amount or policy amount whichever is more
- d. All of the above

24. This form of insurance includes the goods contained in the ship and the personal belongings of the crew and passengers of the ship.

- a. Marine Insurance
- b. Hull Insurance
- c. Cargo Insurance
- d. Freight Insurance

Chapter 5 Emerging Modes of Business

1. Identify the incorrect statement.

- a. E-business is a wider term and includes e-commerce.
- b. E-commerce deals exclusively in production, sale, distribution after sale, inter firm, intra firm business transactions.
- c. E-business has made it possible for businesses to work round the clock.
- d. E-business includes planning, organizing, marketing, production etc electronically.

2. Intra-B transactions may involve:

- a. Recruitment, selection and training of employees
- b. After sale service
- c. Placing orders and giving instructions to the suppliers
- d. Both a and c

3. Selling and distribution, after sale Services, promotion and other marketing activities Lodging complaints by customers etc are types of

- a. B2B Transactions
- b. B2C Transactions
- c. C2C Transactions
- d. Intra-B Commerce

Chapter 6 Social Responsibility

1. Identify the statement/s that highlight the social responsibility of the business towards its customers.

- a. Business must develop a sense of belongingness
- b. Business must provide good and safe working conditions
- c. Business must ensure a regular supply of goods and services
- d. All of the above

2. Identify the statement/s that highlight the social responsibility of the business towards its Government

- a. Business must protect small scale suppliers by placing orders with them
- b. Business must help preserve social and cultural values
- c. Business must help in solving social problems
- d. Business provide more employment opportunities

3. ' There is a moral argument that business has an obligation to help in solving social problems because it helped in creating and perpetuating those problems.' Identify the reason that cites the stated argument for a business rendering its social responsibility.

- a. Social Power
- b. Self Interest
- c. Contribution to social problems
- d. Better environment for business

Chapter 7 Formation of Company

1. Identify the incorrect statement:

- a. Promotion is the stage of planning and organizing all the resources required to form a company.
- b. Memorandum of Association is considered the charter of the company.
- c. Doctrine of indoor management refers to the appeal to the public to subscribe in the share capital of the company.
- d. Association or Subscription clause in the Memorandum of Association cannot be altered.

2. A company was issued the certificate of incorporation on 7th October 2020. The date mentioned on the certificate was 3rd October, 2020.

Identify the correct statement:

- a. All dealings carried on 7th October onwards are considered legal.
- b. On 9th October it was discovered that one person had forged his signatures in MOA and so the incorporation was rendered invalid
- c. All dealings carried on 4th October onwards are considered legal.
- d. Both b and c

3. Preliminary contracts are signed

- a. Before the incorporation
- b. After incorporation but before capital subscription
- c. After incorporation but before commencement of business
- d. After commencement of business

4. If a company plans to issue 1 lakh shares of Rs. 10 each, then it must receive applications for how many minimum shares before allotment?

- a. 9000 shares
- b. 99000 shares
- c. 90000 shares**
- d. 99000 shares