



JG COLLEGE OF COMMERCE

(Affiliated to GUJARAT UNIVERSITY)

B.Com. Semester 3

Short Answers

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AHMEDABAD

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(ONE MARK ANSWERS)

OR

(SHORT ANSWERS)

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Subject: Corporate Accounting

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Subject: Corporate Accounting

(Short Answers)

All Units

1. Calculate goodwill from the following information on the basis of 3 years' purchase of super profit. Capital employed Rs.5, 50,000. Expected Rate of return is 12%. Average Profit is Rs. 80,000.
 - a) Rs. 42,000
 - b) Rs. 66,000
 - c) Rs. 14,000
 - d) Rs. 24,000
2. Find out the Value of goodwill by the method of capitalisation of average profit (Capitalized profit Method) :
 - I. Average annual profit Rs. 53,760
 - II. Total Assets Rs. 15,68,000
 - III. Total Liabilities Rs. 8,96,000
 - IV. Expected Rate of Return 6%
 - a) Rs. 2,24,000
 - b) Rs. 6,72,000
 - c) Rs. 8,96,000
 - d) Rs. 94,080
3. What is the Capitalised Value of Average Profit on the Basis of expected Rate of Return?
 - a) Super Profit
 - b) Goodwill
 - c) Capitalisation of Profit
 - d) None Of the Above
4. When Risk is more in the business, Value of Goodwill is _____.
 - a) Less
 - b) More
 - c) Zero
 - d) None of these.
5. When there is any increase and decrease in profit, which profit is taken into account for valuation of goodwill?
 - a) Simple Average Profit
 - b) Weighted Average Profit
 - c) Super Profit
 - d) None of these.
6. Which of the following types of investment is not included while deciding capital employed or average capital employed to calculate goodwill?
 - a) Permanent Investment
 - b) Trading investment
 - c) Non-Trading Investment
 - d) None of these.
 - e)

49. The Liquidation has a cash balance of Rs. 2, 63,989 after paying to debenture holders. 3% remuneration is payable to liquidator on the amount paid to unsecured Creditors?

- a) Rs. 7,689
b) Rs 2,56,069.33
c) Rs 7919.67
d) Rs 2,56,300

50. Calculate the amount of Preferential Creditors:

Outstanding salary of four clerks for two months, monthly Rs 15,000 each.

Provident Fund Rs. 20,000, Staff Welfare Fund Rs. 4,000

Outstanding Municipal Tax for current year Rs 6,000

Directors' Fees Rs. 5,000.

Outstanding Income Tax before two years Rs 15,000

- a) Rs. 1,70,000
b) Rs 1,10,000
c) Rs 1,25,000
d) Rs 1,30,000



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Subject: Cost Accounting - I

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Subject: Taxation - I

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Subject: Taxation – I

(Short Answers)

All Units

- 1) TDS is required to be deducted if interest on fixed deposit exceeds Rs.10,000/50,000. The TDS rates will be _____.
A) 10% B) 20% C) 30% D) None of the Above
- 2) Agriculture income earn outside India is _____ for resident and ordinary resident of India.
A) Exempt B) Taxable C) Partly exempt D) None of the Above
- 3) An Assessee is considered as resident of India during previous year if he was present in India for minimum _____ days or more.(He left India for the purpose of employment during P.Y.)
A) 60 B) 365 C) 182 D) None of the Above
- 4) In the context of “Person” YMCA club would be treated as _____.
A) AOP B) Local Authority C) Company D) HUF
- 5) Which of the following is applicable rate of “Health and education cess”?
A) 2% B) 4% C) 3% D) None of the Above
- 6) What would be the total tax liability of an Indian resident Mrs. Trupti (Age 59 years), whose total income for the assessment year 2020-21 is Rs. 80,00,000.
A) Rs.25,31,100 B) Rs.22,04,000 C) Rs.23,56,640 D) None of the Above
- 7) Magar is the owner of a house property which is given on annual rent of Rs. 80,000. Local taxes paid by Magar for the house amounts to Rs. 20,000.What would be his taxable income under the head of house property.
A) Rs. 42,000 B) Rs. 60,000 C) Rs. 80,000 D) Rs. 24,000
- 8) Construction of house property owned by Mr. Dinu was completed on 31st may 2019. It was immediately let out on a monthly rent of Rs. 6,000 (local taxes paid by him amounted to Rs. 9,000). What would be the net annual value of the let out property?
A) RS. 72,000 B) Rs. 51,000 C) Rs. 60,000 D) Rs. 63,000

- 9) Net Annual Value of any self-occupied property will be _____.
A) Zero B) Rs. 1,000 C) Rs. 2,000 D) None of the Above
- 10) Standard Deduction is _____ of Net Annual Value.
A) 10% B) 30% C) 40% D) 20%
- 11) Interest on loan is allowed as a deduction on _____ Basis.
A) Accrual B) Payment C) Both A & B D) None of the Above
- 12) Capitalised Interest is allowed for _____ Years from the year of construction completed.
A) 3 Years B) 5 Years C) 7 Years D) 2 Years
- 13) Municipal Tax paid by tenant is _____.
A) Not Allowed B) Allowed C) Partly Allowed D) None of the Above
- 14) Daily allowance received by member of parliament is considered as _____.
A) Exempt B) Taxable C) Partly Taxable D) None of the Above
- 15) What is the maximum amount of exemption in case of gratuity received by non-government employee at the time of retirement?
A) Rs.15 lakhs B) Rs.10 lakhs C) Rs.5 lakh D) None of the Above
- 16) Commuted pension received by government employee is _____.
A) Exempt B) Taxable C) Partly Taxable D) None of the Above
- 17) The advance tax is payable by Assessee if the amount of tax payable during the previous year exceeds _____.
A) Rs. 10,000 B) Rs. 5,000 C) Rs. 15,000 D) None of the Above
- 18) Employers Contribution to RPF is Exempt up to _____ of salary.
A) 12% B) 12.5% C) 9.5% D) None of the Above
- 19) Which of the following is treated as direct tax?
A) Income-Tax B) Custom Duty C) GST D) None of the Above
- 20) What is the maximum amount of rebate that can be claim under section 87A?
A) Rs. 5,000 B) Rs. 12,500 C) Rs. 10,000 D) None of the Above
- 21) What would be the total tax liability of an Indian resident Mrs. Mande (Age 35 years), whose total income for the assessment year 2020-21 is Rs. 4,50,000.
A) Nil B) Rs.2,500 C) Rs.2575 D) None of the Above

- 22) In the context of "Person" Ahmedabad Municipal Corporation would be treated as _____.
 A) Firm B) Local Authority C) Company D) HUF
- 23) The last date of filing the return of income U/s 139(1) for the assessment year 2013-14 in case of an individual assessee who does not have any income from profit and gains of Business & Profession is:
 A) 31st July of the assessment year
 B) 31st March of the assessment year
 C) 30th September of the assessment year
- 24) TDS is required if winning from lotteries exceeds Rs. 10,000. The TDS rate will be _____.
 A) 20% B) 30% E) 10% F) None of the Above
- 25) An Assessee can file an appeal to commissioner (Appeals) within _____ days of the service of the order of income tax officer.
 A) 60 B) 30 C) 90 D) None of the Above
- 26) In the context of "Person" Gujarat University would be treated as _____.
 A) Firm B) Local Authority C) Company D) Artificial Juridical person
- 27) An Assessee can file an appeal to supreme court within _____ days of judgement of high court.
 A) 60 B) 30 C) 90 D) None of the Above
- 28) What is the amount of exemption for education allowance?
 A) Rs. 100 per month per child (Max. 2 children) B) Rs. 200 per month per child (Max. 2 children) C) Rs. 300 per month per child (Max. 2 children) D) None of the Above
- 29) If an employer is giving , 2000 CC engine car with a driver to its employee for both the purpose and all the expenses are paid by employer. What would be monthly value of this perquisite?
 A) Rs. 1500 B) Rs. 3300 C) Rs. 1600 D) None of the Above
- 30) When did India's 1st Income tax act come into being?
 A) 1860 B) 1910 C) 1922 D) 1880
- 31) What is the basic exemption limit for a resident individual whose age is 82year in the previous year 2019-20?
 A) Rs. 2,50,000 B) Rs. 5,00,000 C) Rs. 3,00,000 D) Rs. 10,00,000
- 32) GST is applicable to whole India.
 A) True B) False C) Except Jammu D) Except Kashmir
- 33) In the context of "Person" ICAI would be treated as _____.
 A) Firm B) Local Authority C) Company D) BOI
- 34) Any income accrued and received outside India to NRI is _____ in India.
 A) Fully Taxable B) Not Taxable C) Partly Taxable D) None of the Above

- 35) In the context of “Person” Reliance industries Ltd. would be treated as _____.
 A) Firm B) Local Authority C) Company D) HUF
- 36) Which of the following is not an income tax authority under the income tax act?
 A) CBDT B) ITAT C) ITO D) None of the Above
- 37) Which of the following is authorised to appoint Income tax authority below the rank of Deputy commissioner of Income Tax?
 A) CBDT only B) Central Gov. C) Supreme Court D) DG/CC if authorised by CBDT
- 38) In the context of “Person” Bhati Associates would be treated as _____.
 A) Firm B) Local Authority C) Company D) HUF
- 39) Which is the last date to submit the income tax return for company for whom audit is compulsory?
 A) 31st July B) 31st March C) 30th September D) None of the Above
- 40) Gratuity received by any employee during the service is _____.
 A) Fully taxable B) Fully exempt C) Exempt up to Rs. 5,00,000 D) Exempt up to Rs. 10,00,000
- 41) What amount is allowed as a standard deduction under the head of Salary?
 A) Rs. 40,000 B) Rs. 50,000 C) Rs. 30,000 D) None of the Above
- 42) Interest credited to RPF in excess of _____ is taxable.
 A) 9.5% B) 10% C) 12% D) 15%
- 43) What is the maximum amount of exemption available to government employees in case of entertainment allowance?
 A) Rs. 2,000 B) Rs. 5,000 C) Rs. 10,000 D) Fully exempt
- 44) What is the maximum amount of exemption in case of compensation received on voluntary retirement?
 A) Rs. 5,00,000 B) Rs. 10,00,000 C) Rs. 15,00,000 D) Rs. 20,00,000
- 45) Allowances received by High court and Supreme court judges are _____.
 A) Taxable B) exempt C) Partly taxable D) not an income
- 46) Leave encashment received by other than government employee is exempt for maximum of Rs. _____.
 A) Rs. 3,00,000 B) Rs. 4,00,000 C) Rs. 5,00,000 D) Rs. 8,00,000
- 47) Mr. A was employed on 1st of April 2013 in the scale of Rs. 15000-5000-17000-1,000-25000. What would be the gross salary of Mr. A for the previous year 2019-20?
 A) Rs. 2,28,000 B) Rs. 2,04,000 C) Rs. 2,76,000 D) Rs. 2,00,000

- 48) Free lunch provided to employees by the employer is tax free up to Rs. _____ per meal.
A) 50 B) 100 C) 80 D) 150
- 49) A property used by assessee for his own business & profession is taxable under the head of _____.
A) Salary B) House property C) PGBP D) Capital Gain
- 50) Which of the following items is not subject to GST?
A) Gold B) Petroleum C) Clothes D) None of the above products



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S.Y.B.Com. Sem. 3
Subject: Taxation – I

S

Answers

Q. No.	Answer	Q. No.	Answer	Q. No.	Answer	Q. No.	Answer	Q. No.	Answer
1.	A	11.	A	21.	A	31.	B	41.	B
2.	B	12.	B	22.	B	32.	A	42.	A
3.	C	13.	A	23.	A	33.	D	43.	B
4.	A	14.	A	24.	B	34.	B	44.	A
5.	B	15.	B	25.	B	35.	C	45.	B
6.	A	16.	A	26.	D	36.	B	46.	A
7.	A	17.	A	27.	C	37.	D	47.	A
8.	B	18.	A	28.	A	38.	A	48.	A
9.	A	19.	A	29.	B	39.	C	49.	C
10.	B	20.	B	30.	A	40.	A	50.	B

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Subject: Statistics - III

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Subject: Statistics – III

(Short Answers)

Unit – 1

LIMIT AND CONTINUITY OF A FUNCTION

DO AS DIRECTED:

1. Find the limit of $\lim_{x \rightarrow 0} \frac{3x^3 + 5x^2 - 13x}{8x^2 + 2x}$
2. If $f(x) = 2x^2 + 5x - 1$, then find $f(0)$ and $f(1)$.
3. For which value of x , $f(x) = \frac{x^3 - 2x^2 + 7x - 11}{x^2 - 9}$ is discontinuous.
4. If $\lim_{x \rightarrow 4} (5x + 2k) = 22$, find k .
5. Explain: Linear Function
6. Explain: Quadratic Function
7. Explain: Exponential Function
8. Explain: Continuity
9. Explain: $x \rightarrow \infty$
10. Explain: $x \rightarrow a$
11. Explain: $x \rightarrow 0$
12. If the limit of $f(x)$ when $x \rightarrow a$ is required and if a _____ value is obtained by putting $x = a$ in the given function, then that value becomes the limit of the function.

13. If by putting $x = a$ in the function, only the _____ becomes zero, then it can be said that the function has no limit

14. If by putting $x = a$, both numerator and denominator become zero, then _____ is a common factor of numerator and denominator.

15. $\lim_{x \rightarrow a} \frac{x^n - a^n}{x - a} = \underline{\hspace{2cm}}$.

16. $\lim_{x \rightarrow 0} \frac{a^x - 1}{x} = \underline{\hspace{2cm}}$.

17. If $x \rightarrow a, f(x) \rightarrow b$ and $g(x) \rightarrow c$ then $\lim_{x \rightarrow a} \frac{f(x)}{g(x)} = \dots\dots\dots$

18. $\lim_{x \rightarrow 0} \frac{2x^3 - 4x^2 + 5x}{4x^2 + 5x} = \dots\dots\dots$

19. $\lim_{x \rightarrow 0} \frac{4x^4 + 5x^3 + 7x^2 + 5x}{2x^4 - 9x^3 - 7x^2 - 4x} = \dots\dots\dots$

20. $f(x) = 5x - 2, x \in \{-1, 0, 1, 2\}$ Find its range.

21. $\lim_{x \rightarrow 0} \frac{3x^2 - 5x + 3}{7x^2 + 11x + 7}$. Find its value.

22. Explain the term "Function".

23. $\lim_{x \rightarrow 0} \frac{x^2 + 10x + 20}{x^2 + 4x + 9}$, find the limit of the function.

24. If $f(x)$, at $x = 4$ is continuous & $f(4) = 7$ then $\lim_{x \rightarrow 4} f(x) = \dots\dots\dots$

25. If $f(x)$ is continuous at point a and $\lim_{x \rightarrow a^+} f(x) = 5$ then $f(a) = \dots\dots\dots$

26. Find the value of $\lim_{x \rightarrow 0} a^x + x^a$

27. Find the type of the function for $f(x) = x^2$, $x \in Z$
28. Define Real function.
29. If $f(x) = 3x - 1$ then find $f\left(-\frac{1}{3}\right)$.
30. If $f(x) = 2x - x^2$ then find $f(0)$.
31. If $g(x) = x^2 - 1$ find $g(1) - g(-2)$.
32. If the demand function of commodity is $d = 243 - 5p^2$, then find demand at the price of ₹ 5.
33. If $f(x) = k$ then give the name of type of function.
34. Explain the meaning of $\lim_{x \rightarrow a} f(x) = l$
35. Explain importance of continuity.

Unit - 2

PROBABILITY

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ANSWER IN SHORT:

1. Why probability theory should be studied?
2. Give one example where we cannot apply probability theory.
3. Give an example of classical probability.
4. Give an example of relative probability.
5. Give an example of subjective probability.
6. Define random experiment.

7. What do you mean by finite sample space?
8. Give one example of infinite sample space?
9. State complementary law of probability.
10. Define union of two events.
11. Define intersection of two events.
12. If a coin and a die is tossed simultaneously then obtain its sample space.
13. Define difference of event.
14. What is the condition for the events to be mutually exhaustive?
15. What is the condition for the events to be mutually exclusive?
16. Give one example for the mutually exclusive events.
17. Give one example of mutually exhaustive events.
18. Give one example, illustrating mutually independent events.
19. If the events are mutually exclusive then can, they be mutually independent?
20. Give limitations of mathematical definition of probability.
21. Define conditional probability $P(A/B)$.
22. What do you mean by equi-probable events?
23. Give definition of favorable out comes.
24. For what purpose Bayes' Theorem is used?
25. When the conditional probability $P(A/B)$ is defined?
26. If A, B and C are mutually exclusive and exhaustive events and $P(A) = 0.3$, $P(C) = 0.24$ then find $P(B)$.

Unit – 3

MATHEMATICAL EXPECTATION AND MOMENTS

ANSWER IN SHORT:

1. What is the use of moments?
2. Define moments about mean.
3. Define moments about origin.
4. Give the formula for calculating mean by using moments.
5. Which moment gives variance of data? Give its formula.
6. A random variable x takes value 1 with probability 0.4 and value 2 with probability 0.6 then what is its expected value.
7. If $E(x) = 10$ and $V(x) = 15$ then what is the value of $E(x - 2)^2$?
8. For a bivariate data $E(x) = 5$, $E(y) = 4$ and $E(x, y) = 20$. Can we say the x and y are independent events?
9. Define kurtosis.
10. If $E(x) = 5$ then what is the value of $E(2x + 3)$?
11. What is skewness?
12. For a given data second and fourth central moments are 40 and 40 respectively. Find its coefficient of kurtosis.
13. What is the skewness for symmetrical distribution?
14. If for a data second and third central moments are 9 and -3. What is its coefficient of skewness.
15. If $E(x) = 8.5$ and $E(y) = 06$ then find $E(x + y)$.
16. What are the types of skewness?

17. Which measures are obtained for statistical analysis of data?
18. For what purpose the concept of mathematical expectation is use.
19. When the data is called normal data.
20. For a data $V(x) = 3$. Then find $V(2x - 3)$
21. For a data $V(x) = 5$. Find $V(3 - 2x)$
22. For a data if $\mu_4 = 100$ and $\mu_2 = 8$. Then what is the type of the curve of kurtosis?
23. The first two moments about origin are 2 and 8. Find the mean and variance of that data.
24. For a data a student has calculated that $E(x) = 15$ and $E(x^2) = 200$. Is this calculations are correct?
25. For a data $E(x) = 15$ and $E(x^2) = 250$. Find $V(x)$.
26. If for a data S.D. of x is 5 then S.D. $(4 + 3x)$
27. For a data, $S_x = 10$ then find S.D. of $(3 - 5x)$
28. The random variable x assumes values -1, 0 and 1 with respective probabilities 0.3, 0.4 and 0.3. Find the mean and variance of x .
29. In a certain business, there are 70% chances to have a profit of Rs. 5000 and 30% chance to have to have a loss of Rs. 12000. Can you advise the person to do the business?
30. Check whether the following distribution is a probability distribution or not.

x	-1	0	1	2	3
P(x)	0.12	0.18	0.30	0.12	0.18

31. If $E(x) = 15$, Standard deviation is 5 then find $E(x^2)$.

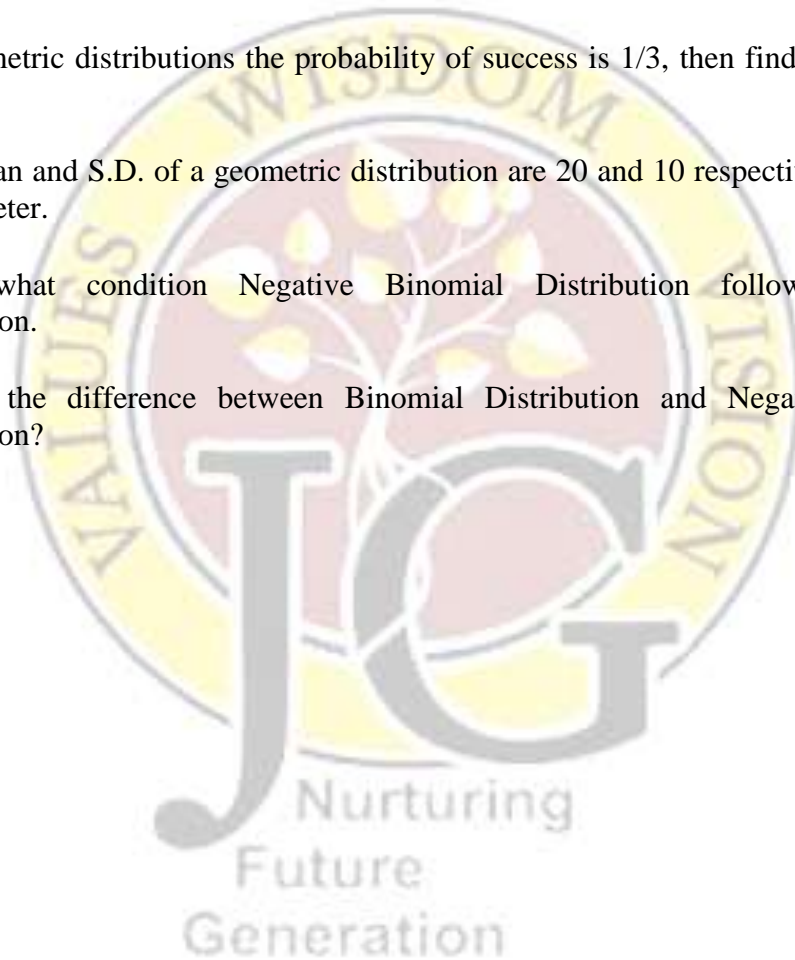
Unit – 4

NEGATIVE BINOMIAL AND GEOMETRIC DISTRIBUTION

DO AS DIRECTED:

1. Give probability mass function of negative binomial distribution.
2. Give the relation between mean and variance between negative binomial distribution.
3. What are the parameters of negative binomial distribution?
4. What is the mean and variance of negative binomial distribution?
5. When negative binomial distribution follows Poisson distribution?
6. Give one use of negative binomial distribution.
7. What is the relation between negative binomial and geometric distribution?
8. Give probability mass function of geometric distribution.
9. What is the parameter of geometric distribution?
10. Give mean and variance of geometric distribution.
11. Give use of geometric distribution.
12. For a negative binomial distribution mean is 9 and variance is 36. Find its parameters.
13. For a geometric distribution mean is 5 and variance is 30. Find its parameters.
14. Mean and variance of negative binomial distribution are 8 and 24 respectively. Find its parameters.
15. For negative binomial distribution mean is 6 and variance is 24. Find its parameters.
16. The probability of getting head when a coin is tossed is 0.5. Find the probability of obtaining first head at the third trial.
17. The probability that a person can hit a target in any trial is 0.7. Find the probability that he will hit the target for the first time at the 4th trial.
18. Both negative binomial and geometric distributions are distribution of a _____ variable.

19. In Geometric distribution the variance is _____ than mean in this distribution.
20. When $n \rightarrow \infty$ and $\frac{q}{p} \rightarrow 0$, negative binomial distribution tends to _____ distribution.
21. When $n = \underline{\hspace{2cm}}$, negative binomial distribution becomes geometric distribution.
22. For Geometric distributions the probability of success is $1/3$, then find the mean and variance.
23. If the mean and S.D. of a geometric distribution are 20 and 10 respectively, then find its parameter.
24. Under what condition Negative Binomial Distribution follows Geometric Distribution.
25. What is the difference between Binomial Distribution and Negative Binomial Distribution?



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**Subject: International Economics and Public
Finance - I**

(Short Answers)

Unit – 1

1. International trade is the outcome of

- a) Geographical division of labour
- b) Political relationship
- c) Cultural ties
- d) Social contract

2. Trade does not arise in a situation of

- a) Comparative Cost difference
- b) Equal Cost difference
- c) Absolute Cost difference
- d) Zero Cost difference

3. Who developed the factor proportions theory of trade?

- a) Adam Smith
- b) David Ricardo
- c) Heckscher
- d) Marshall

4. Which of the following are not advantages of foreign trade?

- a) Increase in world output
- b) Competition
- c) Expansion of markets
- d) Dependence

5. Absolute cost advantage theory of international trade based on _____.

- a) Demand side
- b) Cost of production
- c) Comparative advantages
- d) All of the above

6. Trade between Maharashtra and Gujarat is called _____.

- a) International trade
- b) Inter cities trade
- c) Internal trade
- d) None of these

7. Who has given absolute cost advantage theory?

- a) Adam Smith
- b) David Ricardo
- c) Heckscher
- d) Ohlin

8. Who has given comparative cost advantage theory?

- a) Adam Smith
- b) David Ricardo
- c) Heckscher
- d) Ohlin

9. Who were in favours of a separate theory of international trade?

- a) Classical Economist
- b) Neo-classical Economist
- c) Modern Economist
- d) None of these

10. Ricardo's theory of international trade is based on

- a) General theory of equilibrium
- b) Labour theory of value
- c) Marginal Productivity theory of distribution
- d) Liquidity reference theory of interest

11. Whose theory adopts 2 + 2 + 2 model of trade?

- a) Adam Smith
- b) David Ricardo
- c) Heckscher-Ohlin
- d) Kindleberger

12. Which of the following are not differences between internal trade and external trade?

- a) Specialization
- b) Currencies
- c) Economic Policies
- d) Climate

13. Factor endowment means _____.

- a) Factor Productivity
- b) Factor Mobility
- c) Factor Price
- d) Factor Proportions

14. According to Ohlin, comparative cost differences arise because of

- a) Differences in technology
- b) Differences in labour productivity
- c) Differences in production functions
- d) Differences in factor proportions

15. Trade between India and China is called _____.

- a) International trade
- b) Domestic trade
- c) Internal trade
- d) None of these

Unit – 2

16. If a country has to give more units of his product to obtain the another good of other country, then the terms of trade are known as

- a) Unfavourable
- b) Favourable
- c) Stable
- d) None of the given

17. For any country if demand of export goods is value inelastic, then what can you say about its terms of trade?

- a) Unfavourable
- b) Favourable
- c) Stable
- d) None of the given

18. From the following which factor does not affect the terms of trade?

- a) Devaluation
- b) More population
- c) Emigration
- d) Trade policy

19. The theory of offer curve was developed by

- a) Heckscher
- b) J.S. Mill
- c) Tausing
- d) Marshall-Edgeworth

20. The theory of reciprocal demand was developed by_____.

- a) Heckscher
- b) J.S. Mill
- c) Tausing
- d) Marshall-Edgeworth

21. For any country if demand of export goods is value elastic, then what can you say about its terms of trade?

- a) Unfavourable
- b) Favourable
- c) Balanced
- d) None of the given

22. If a country has to pay less units to his product to obtained the another good of other country, then the terms of trade are known as

- a) Unfavourable
- b) Favourable
- c) Balanced
- d) None of the given

23. The terms of trade is

- a) The exchange rate
- b) Import and Export
- c) The ratio of export prices to import prices
- d) The exchange of services

24. According to Mill the terms of trade are influenced by

- a) Mutual bargaining
- b) Without bargaining
- c) Supply of commodities
- d) Elasticity of Demand

25. When a country devalues currency,

- a) Export increases
- b) Import increases
- c) Export decreases
- d) None of the above

26. For the tariff imposing country, terms of trade will

- a) Deteriorate
- b) Improve
- c) Remain unchanged
- d) Impose loss of welfare

27. Underdeveloped countries are generally faced with

- a) Favourble terms of trade
- b) Neutral terms of trade
- c) Unfavourable terms of trade
- d) Unchanged terms of trade

28. The equilibrium international terms of trade is given by the intersection of two nations

- a) Demand curves
- b) Indifference curves
- c) Offer curves
- d) Production possibilities curve

Unit – 3

29. Due to free trade, welfare of the customers_____.

- a) Increase
- b) Stable
- c) Decrease
- d) Uncertain

30. Which economist argues infant industries in protection policy?

- a) Adam Smith
- b) Friedrich List
- c) Nicolson
- d) Hicks

31. Which of the following is not a protection tool?

- a) Import Quota
- b) Import Tariff
- c) Contract of Goods
- d) Exchange Controls

32. Result due to import duty is _____.

- a) Price increase
- b) Import increase
- c) Production increase
- d) Consumption increase

33. Who first argued in favour of protection policy in America in 19th century?

- a) Fisher
- b) Henry Charles
- c) Hamilton
- d) Friedrich List

34. Which economist given unemployment argument in protection policy?

- a) Hamilton
- b) Adam Smith
- c) Fedrick List
- d) Marshall

35. Protection given to infant industry has to be a_____.

- a) Short term relief measure
- b) Medium term relief measure
- c) Long term relief measure
- d) None of the above

36. _____ Economist has advocated free trade.

- a) Adam Smith
- b) Hamilton
- c) Marshall
- d) Friedrich List

37. Which of the following methods of protection work through price mechanism?

- a) Quantitative restrictions
- b) Tariff duties
- c) Exchange control measures
- d) None of the above

38. Which of the following types of unemployment cannot be dealt with or cured by a protective tariff?

- a) Frictional unemployment
- b) Structural unemployment
- c) Cyclical unemployment
- d) All of the above

Unit – 4

39. Rate of exchange means

- a) External value of currency
- b) Internal value of currency
- c) Price of money
- d) Price of commodity

40. Who propounded purchasing power parity theory of exchange rate?

- a) Nurkse
- b) Gustav Cassel
- c) Ricardo
- d) Samuel

41. What shows exchange rate with one currency to other?

- a) Production rate
- b) Income rate
- c) Convertible rate
- d) Sales rate

42. Mint parity theory is valid under _____ currency system.

- a) Gold standard
- b) Commodity money
- c) Paper money
- d) Credit money

43. PPP theory of exchange rate is valid under _____.

- a) Gold standard
- b) Inconvertible paper money standard
- c) Silver standard
- d) All of the above

44. If exports exceed imports, price of foreign currency will _____.

- a) Fall
- b) Remain Constant
- c) Rise
- d) Uncertain

45. The pegged rate of exchange is called _____.

- a) Forward rate
- b) Flexible rate
- c) Fixed rate
- d) Floating rate

46. What is the relation between interest rate and exchange rate?

- a) Inverse
- b) Positive
- c) Direct
- d) Uncertain

47. How is the demand curve of foreign exchange?

- a) Negative
- b) Equal
- c) Positive
- d) None of the above

48. How is the supply curve of foreign exchange?

- a) Negative
- b) Equal
- c) Positive
- d) None of the above

49. Which system is accepted by most of the developing countries of the world?

- a) Bound Exchange Rate
- b) Fixed Exchange Rate
- c) Flexible Exchange Rate
- d) None of the above

50. If India invest large sum abroad, price of foreign currency in India will

- a) Fall
- b) Remain Constant
- c) Rise
- d) Uncertain

51. The monetary authority is required to maintain a reserve of foreign currency under the system of

- a) Flexible exchange rate
- b) Managed stability of exchange rate
- c) Floating exchange rate
- d) Fluctuating exchange rate

52. When the question of exchange rate arises?

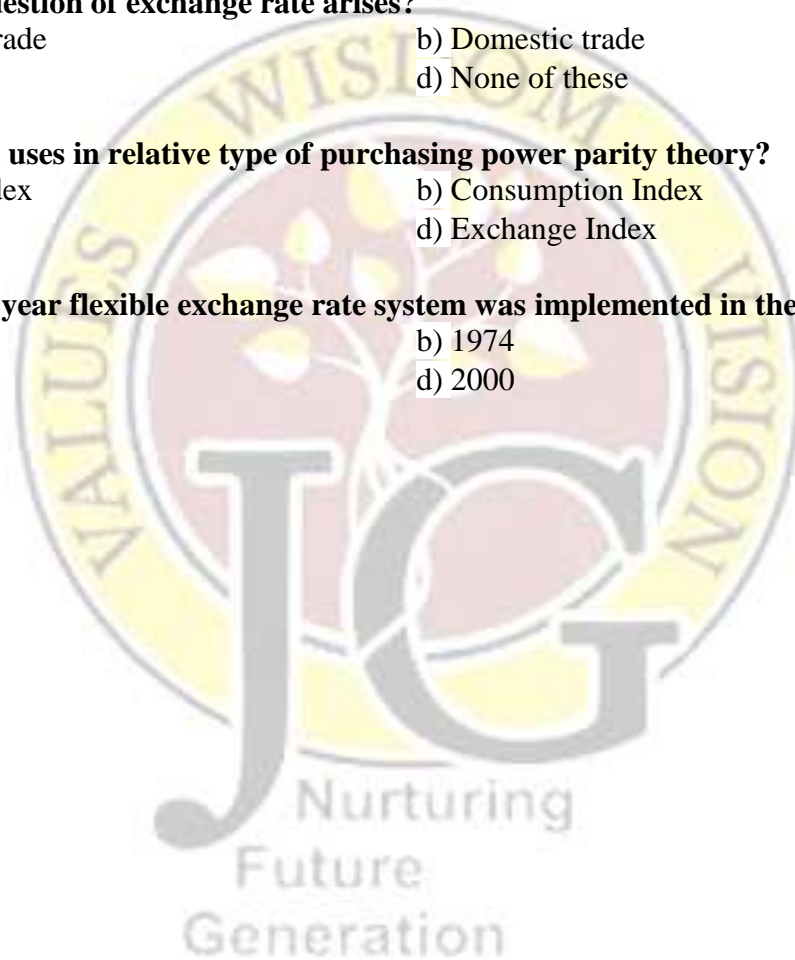
- a) International trade
- b) Domestic trade
- c) Internal trade
- d) None of these

53. Which index uses in relative type of purchasing power parity theory?

- a) Production Index
- b) Consumption Index
- c) Price Index
- d) Exchange Index

54. From which year flexible exchange rate system was implemented in the world?

- a) 1944
- b) 1974
- c) 1991
- d) 2000



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Finance - I

Answers

Q. No.	Answer	Q. No.	Answer	Q. No.	Answer
1.	a	21.	a	41.	c
2.	b	22.	b	42.	a
3.	c	23.	c	43.	b
4.	d	24.	d	44.	a
5.	b	25.	a	45.	c
6.	c	26.	b	46.	a
7.	a	27.	c	47.	a
8.	b	28.	c	48.	c
9.	a	29.	a	49.	c
10.	b	30.	b	50.	c
11.	c	31.	c	51.	b
12.	a	32.	a	52.	a
13.	d	33.	c	53.	d
14.	d	34.	a	54.	a
15.	a	35.	a		
16.	a	36.	a		
17.	b	37.	b		
18.	c	38.	d		
19.	d	39.	a		
20.	b	40.	b		



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(Short Answers)

Unit – 1

1. What is money market?

A. The money market is a market for short term borrowing and landings. Financial assets that are close substitute for money , facilitate the exchange of money in primary and secondary market.

2. What is financial market?

A. A financial market can be described as the market in which financial assets and instruments are created or transferred. Financial markets attracts funds from investors and different channels . In this market financial assets or instruments represents a claim to the payment of money.

3. What is financial system?

A. A ‘Financial system’ is a structure to provide finance to the needy person with the help of various components of financial system such as financial market , financial intermediaries , financial instruments and financial services. These various components of financial system are interdependent.

4. What does organized money market include?

A. The organized money market consists of the RBI, SBI & its seven associate banks, 19 Nationalized banks, Private Indian scheduled banks , foreign exchange banks , Co-operative banks and some specific development banks.

5. What is unorganized money market?

A. The unorganized sector of the money market is largely made up of indigenous bankers, money lenders, traders, Commission agents etc., In India indigenous bankers and Money lenders are important segment of money market.

6. What is FOREX market?

- A. The forex market is a market which deals in multi electronic requirements , which are meant for the exchange of currency .The transfer of funds take place in market depending on the exchange rate prevailing on the date of transaction.

7. What is credit market?

- A. It is a place where banks , financial institutions ,Non-banking financial companies offer short term , medium and long term loans to corporate sector and individuals.

8. Define the financial intermediaries.

- A. Financial intermediaries are those persons or institutions which collect saving from public and provide it to those who need funds. They help in industrial development by pooling funds of small and scattered savers and supply them for investment in such a manner that there would be optimum allocation of funds.

9. Define financial instruments.

- A. Financial instruments are the tools through which the financial need of the various parties can be satisfied. It is used as a means to raise funds . The types on financial instruments depends upon the retirement of the issuer and investor.

10. What is financial service?

- A. Financial services means all kind of services provided in the term of finance as a part of financial system. These services include Housing finance , vehicle finance, mutual funds , credit finance etc.

11. Give the example of financial instruments money market.

- A. call/ notice money, Inter-bank term loan ,Treasury Bills certificate of deposits Repo instruments commercial paper etc are the examples of financial instruments money market.

12. Give the example of financial instruments capita Market.

- A. Equity shares, Preference shares, Debentures, Zero Coupon bonds etc are the examples of financial instruments of capital market.

13. Define secondary financial market.

- A. The secondary financial market is a market in which previously issued financial instruments such as shares, bonds, options and futures are bought and sold.

14. Define short term debt market.

- A. Short-term loan market consists instruments in the form in the form of Trade credit or Acc ONT payable. A firm can purchase goods from a supplier on credit and pay the amount to that supplier later as per agreement.

15. Define long term debt market.

- A. The loan provided for the expansion and development of plan is long term in nature. Generally it is used for fixed assets like plants, machineries , building and Equipment.

16. Give the full form of:-

- 1) GDR :- Global Depository Receipt
- 2) ADR :- American Depository Receipts
- 3) NABARD :- National Bank for Agriculture & Rural Development.
- 4) IFC :- International Finance Corporation
- 5) IDBI :- Industrial Development Bank of India
- 6) UTI :- Unit Trust of India
- 7) ICICI :- Industrial Credit and Investment Corporation Of India.
- 8) IRDA :- Insurance Regulatory and Development Authority
- 9) RBI :- Reserve Bank of India
- 10) SEBI :- Securities and Exchange Board of India
- 11) FII :- Foreign Institutional Investor
- 12) NSDL :- National Securities Depository Limited

17. SEBI function as what in security market?

- A. SEBI function known as Watchdog in security market.

18. Write enforcement of SEBI act.

- A. The enforcement of SEBI Act was in 1992.

19. RBI was established and nationalized in which year?

- A. RBI was nationalized on 1st January,1949.

20. Write components / elements of financial system.

A. Components/elements of financial system:-

(1) Financial Markets

(2) Financial Institutions/Intermediaries

(3) Financial Instruments

21. History of financial system can be described in which two period?

A. History of financial system can be described into 2 periods.

(1) Pre-reform period (1947 to 1991)

(2) Post-reform period (1991 onwards)

22. What does financial system consist of?

A. Financial system consists of stock exchange which is components of capital market.

23. When was Indian Financial System was liberalized?

A. Indian financial system was liberalized in the year 1991.

24. During the pre-reform period IFS was dominated by whom?

A. During pre-reform period Indian Financial System was dominated by the Government and public sector.

25. When was Development Bank were established In India?

A. Development banks were established between 1948 to 1991.

26. When was LIC established?

A. LIC was established in the year 1956.

27. When was SEBI established?

A. During post liberalization period SEBI was established to Regulated working of stock exchange.

28. Financial Intermediaries consist of-_____

A. Financial intermediaries consists of Banks, non-banking institution Mutual funds, & Insurance companies.

29. Derivates consists of?

A. Derivatives are consists of future, forward & option trading.

30. When was RBI established?

A. RBI was established in 1934

31. Who works as central bank of INDIA?

A. Reserve Bank of India (RBI) works as central bank of India.

32. RBI was set to take an functions came on by whom?

A. RBI was set to take function carried on by Imperial Bank of India.

33. Who can decide physical policy?

A. RBI decides physical policy.

34. When was SEBI established?

A. SEBI was established in 1992.

35. Why SEBI was established?

A. SEBI was established to control the stock exchange in India.

36. Before established of SEBI, the regulation of stock Market was managed by whom?

A. Before establishment of SEBI, the regulation of stock market was managed by controller of capital issues.

37. Define main function of SEBI.

A. The main function of SEBI is to register and regulate the securities issues and dealing in secondary market.

38. When and from which act IRDA was established?

A. IRDA was established in the year 1999 by act of parliament.

39. Write constitution of IRDA.

A. According to constitution of IRDA it should have a chairman and not more than 9 members.

40. Write main object of IRDA.

A. Objective of IRDA is to take care of policy holders interest.

41. IRDA was regulated by which act and company?

A. Under section 14 of IRDA Act 1999, IRDA has power to Regulate investments of funds by insurance companies.

42. State two functions of SEBI?

- A. The functions of SEBI are as follows:-
- (1) Issue guidelines to companies
 - (2) Regulations of Stock exchanges

43. Define financial system?

- A. A Financial system is a structure to provide finance to the needy person with the help of various components of financial system such as financial market , financial intermediaries , financial instruments and financial services . These various components of financial system are interdependent.

44. FCCB stands for_____.

- A. Foreign Currency Convertible Bond.

45. Define Meaning of Private allotment shares.

- A. When financial intermediaries purchases the shares in a bulk and thereafter they sale the shares to their customers, this is known as Private allotment of shares.

46. When was RBI established and Nationalized?

- A. The RBI was nationalized with effect from 1st January ,1949 on the basis of the reserve bank of India Act,1948.

47. State two objectives of SEBI.

- A. Two objectives of SEBI is as follows:-
- 1) To monitor the activities of the stock exchange.
 - 2) To define the code of conduct for the brokers, underwriters, and other intermediaries.

Unit - 2

1. What are hybrid instruments in capital market?

- A. Hybrid instruments are having both the features of equity shares and debentures . This kind of instruments is called as hybrid instruments. E.g. :- convertible debentures, warrants etc.

2. What is primary Capital market?

- A. The markets in which companies issues shares and other securities to obtain the capital is called primary capital market. New capital is raised by issuing equity shares , preference shares , debentures .

3. What is IPO, FPO?

- A. IPO –IPO is the source available with those companies which has already issued securities to public by IPO.(Initial Public Offer)

FPO- When a company which has already issued capital to public again invite public is called FPO.(Further Public Offer).

4. What is Underwriters?

- A. An underwriter is one who gives guarantee to purchase the remaining share when the issue has not been subscribed as per legal provision.

Anybody can be an underwriter but he should obtain a certificate of his registration from SEBI.

5. What is bonus shares?

- A. Bonus share means the shares given to the shareholders Bonus share means the shares given to the shareholders

6. Define book building.

- A. Book building is the process by which demand for the securities proposed brought out and built up the price of such securities is considered for fixing of the volume of such securities to be issued by mean of circular, prospectus , memorandum , notice , advertisement or offer document . This book building is one kind of auction shares.

7. What is preferential shares allotments?

- A. When securities are allotted to individuals , without considering their status in the company at a predetermined price on a preferential base, it is called Preferential Allotment of securities.

8. Define public issue.

- A. Public issue means to raise funds from public at large . Company invites the public at large to subscribe their shares and securities .This is one of the common sources to raise fund.

9. What is Right share?

- A. When a company issues additional share capital and gives the first right of purchasing to the existing shareholders, these are called as Right Shares

10. What is private placement of share/debenture?

A. when the financial intermediaries purchases the shares in a bulk and thereafter they sale that shares to their customers is called Private Placement of shares/Debentures.

11. Write a full form of s follows:-

1) OTCET :- Over The Counter Trading Exchange

2) NSE :- National Stock Exchange

12. What is name of main Stock Exchange of INDIA?

A. Bombay Stock Exchange and National Stock Exchange are the main stock exchange of India.

13. What is the fractional bonus share?

A. When company decides to give one bonus share for two shares or for three shares , the shareholders does not get one complete share.

14. Which market is known for short term funds?

A. Money Market is known for short term funds.

15. Who got amalgamated with DFHI and in with year?

A. SBI got amalgamated with DFHI in the year 2004.

16. which are the instruments of money market?

A. T-Bills & Commercial papers are the example of instruments of money market.

17. Indigenous bankers are a part of which market?

A. Indigenous bankers are the part of unorganized money market.

18. What is Treasury Bills duration?

A. Treasury bills of 14 days duration are popular.

19. What was established to develop Bill Market and when?

A. Discount and Finance House of India Ltd (DFHI) was established to develop the Bill market in the year 1988.

20. Define full form of DFHI.

A. Discount and Finance House of India

21. When was DFHI established?

A. DFHI was established in 1988.

22. Money market in India is regulated by whom?

A. Money Market in India was regulated by RBI.

23. Capital market in India is controlled by whom?

A. The Ministry of Finance, Security and Exchange Board of India (SEBI) and RBI are the three regulatory authorities governing Indian capital market.

24. Full form of RBI :-

A. Reserve Bank of India

25. Full form of SEBI :-

A. Securities and Exchange Board of India.

26. What is bidding form?

A. The investors who desire to buy shares issued by a company through public offer has to apply in a prescribed form of a company. This prescribed share application form is known as "Bidding form".

27. Who fix up the security prices?

A. The company itself fixes the security prices.

28. Right shares can be offered to?

A. Right shares can be offered only existing shareholders under section 81 of companies act.

29. Which markets are complementary to each other?

A. Capital Market and Money Market are complementary for each other.

30. Which market consists mainly of stock market?

A. Capital Market consists mainly of stock market.

31. Who controls stock exchange?

A. SEBI controls stock exchange.

32. Indian stock exchanges are _____ and _____ in recent years.

A. Indian stock exchange are corporatized and demutualized in recent years.

33. Listing of securities means?

A. listing of security means registering the securities with recognized stock exchanges.

34. Who manages all the stock exchanges?

A. Board of directors manages as they are incorporated as a joint stock companies manages all stock exchanges.

35. All recognized stock exchanges are controlled by whom?

A. All recognized stock exchanges are controlled by SEBI by issuing various guidelines .

36. When can commercial papers be issued for maturities?

A. Commercial papers can be issued for maturities ranging from 15 days and not more than 1 year.

37. Write Full form of as follows:

- 1) CP :- Commercial Paper
- 2) CD :- Certificate of Deposit
- 3) T-Bills :- Treasury Bills

38. When are the most popular T-Bills are auctioned?

A. The most popular T-Bills are from 91 days duration and those are auctioned every Friday by the RBI.

39. Define share brokers?

A. Share Broker is a registered member of stock exchange.

He does the work of sales and purchase of securities on behalf of the customer. It's compulsory to obtain certificate from SEBI for working as shareholder. He gets the brokerage according to the rules of stock exchange.

40. Give the main player of Money market.

A. 1) RBI 2) SBI, DFHI 3) BANKERS 4) Financial Intermediaries 5) Brokers 6) Trusts, Firms, Individuals etc. are the players of money market.

41. Write a full form of :

- 1) FERA :- Foreign Exchange Regulation Act
- 2) IPO :-Initial Public Offer
- 3) FPO :- Further Public Offer

42. Define capital market.

A. Capital market is the part of a financial system concerned with raising capital by dealing in shares, bond, and other long-term investments.

43. Write a two characteristics of capital market.

A. Two characteristics of capital market:

- 1) Regulated by SEBI
- 2) Scope of Investment is wide.

44. Give two function of capital market.

A. Two function of capital market

- 1) It is allocates fund
- 2) Indicator of Growth

45. State the matters to be considered in primary capital market.

A. Matters to be considered in primary capital market-

- 1) Deciding the types of primary issue i.e. public issue, Right issue, bonus share.etc.
- 2) Deciding the types of securities.
- 3) Deciding the method of issuing of share.

46. State list of expenses incurred for public issue?

A. Expenses incurred for public issue

- 1) Underwriting commission
- 2) Brokerage
- 3) Registration charge of the issue
- 4) Fees pf manager of the issue
- 5) Postage and stationary expanse
- 6) Advance Expanse
- 7) Registration fees foe shares
- 8) Stamp duty expense etc.

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47. When can a public limited Company issue right share?

A. public limited Co. can issue right share after two months of its incorporation as one year after issuance of share for the first time which data as earlier of the two.

48. What is a secondary market?

A. The secondary market is the financial market which previously issued financial instruments such as stock, Bond. This market is also known as After Market.

49. Define stock exchange.

A. A stock exchange is a place for buying and selling of industrial and financial securities such as shares and debentures of joint stock companies, government securities, municipal bonds.

50. Define the list of securities.

A. In a stock exchange is making an authorized listing of securities in stock-exchange so that the same can be authoritatively traded in the market of their transaction become rightful and legal.

Unit – 3

1. What is Nationalisation of Bank? (2019)

-Nationalization refers to the act to transfer private control banks to public or under government control .

2. What is Non-Performing Assets?(2019)

-Non- Performing assets is define as credit facility(loan or lease) in respect of which the interest and/ or instalment of principal has remained due for a specified period of time(90 days/180 days).In short any assets which is not producing income for the Bank.

3. What is Insurance?(2019,2018,2013& 2012)

-Insurance is an arrangement by which a company or the state undertakes to provide a guarantee of compensation for specified loss, damage, illness or death in return for payment of specified premium.

OR

-Insurance is a legal contract between two parties where one party called the insurer undertakes to pay a fix sum of money on the happening of a particular event , which may be certain or uncertain and other party called insured pays in exchange of fixed sum known as Premium.

4. What is meaning of cashless policy?(2019)

-Cashless policy has been adopted by health insurance industry. Under this policy, policy holder is allowed to get medical treatment at any recognized hospital without cash. Insurance company provides such facility with the network of Third Party administration who will settle the claim there by act as an intermediary between patient and insurance company.

5. Give meaning of Floater policy?(2019)

-Floater policy is a standard health insurance plan, which consider all family member of the policy holder. The common policy is issued to the policy holder. Policy content the details about sum insured separately to each family member with their names.

6. Full form of TPA and NBFCs.

- Third party administration.
- Non Banking Finance Companies.

7. What is commercial bank?

-A commercial bank is a type of bank that provides services such as accepting deposits, making business loans, and offering basic investment products that is operated as a business for profit.

8. Describe two objectives of Nationalized Bank.(2018)

- 1.Democratic administration
- 2.To protect interest of Depositors.

9. Describe types of General insurance.(2018,2016)

- 1. Life insurance
- 2. General insurance
- 3. Health insurance

10. What is Re- Insurance.(2018)

-Reinsurance is insurance that an insurance company purchases from another insurance company to insulate from the risk of a major claims event.

11. How many types of 'NPA'?(2018)

- | | |
|--------------------|-------------------------|
| 1. Standard assets | 2. Sub- standard assets |
| 3. Doubtful assets | 4. Loss assets |

12. What is the difference between Certificate of deposit and fixed deposit.(2017)

- 1. CD are negotiable instrument, while FD are not negotiable instrument.
- 2. CD may be issued at discount, while FD cannot be deposited at discount.

13. When was RBI established and Nationalised?(2017)

- RBI was established on 1st April 1934 and Nationalized on 1st January 1949.

14. Distinguish between open-ended and close-ended Mutual Funds.(2017)

- Open-ended schemes of mutual fund are continuously offer to sell or purchase its units, while Close-ended schemes of mutual fund remain open only for specified period of 45 days and maturity period is 3 to 5 years.

15. Importance of Insurance.(2017)

- 1. Insurance protects against perils.
- 2. It provide tax benefits.
- 3. It encourages saving.
- 4. It ensure more industrial development by covering the uncertain risk.

16. Meaning of Credit Creation.(2016)

- Bank creates the money from accepting deposit and do credit creation through loan and additional withdrawal etc.

17. Full form of IFCI and CRR.(2016)

- IFCI= Industrial finance corporation of India.
- CRR= Cash reserve ration.

18. Meaning of Lok Adalat.(2016)

- Lok Adalat is one of the dispute redressal mechanism where pending disputes/ cases of court are settled/compromised amicably.

19. Non – Banking Finance Company.(2106, 2013)

- Non- Banking finance companies means only the non-banking financial institution. It is a company that deals in Loan, Investment, Hire-Purchase, Equipment leasing or mutual benefits finance companies .

20. Full form of UTI , IDBI, IFC and ICICI.(2015, 2014)

- Unit Trust of India
- Industrial Developments Bank Of India.
- Industrial Finance Corporation
- Industrial Credit Investment Corporation of India.

21. Name any two Non-Banking Financial institution of Public sector.(2012).

- 1. LIC Housing Finance Ltd
- 2. Tata Capital Financial Services Ltd.

22. List out main Functions of Commercial Banks.

- 1. Accepting deposits
- 2. Financial facilities
- 3. Credit Creation.

23. Explain any two impact of Non- Performing Assets.

- 1. Impact the development of nation
- 2. Decrease profitability and performance of Banks.

24. List out the tools for the management of NPA.

- 1. One time settlement
- 2. Lok Adalat
- 3. Debt Recovery Tribunals
- 4. SARFAEST Act-2002.

25. List out subsidiary functions of Commercial Banks.

- 1. Transfer money
- 2. Provide Safe deposit Vaults
- 3. Purchase and sell of Foreign Exchange.

26. List out any two success of Bank Nationalization.

- 1. Loan to small industries
- 2. Rise in profit
- 3. Increase in number of bank branches
- 4. Increase in amount of deposits.

27. Types of NBFCs.

- 1. Insurance finance company (IFC)
- 2. Asset Finance Company(AFC)
- 3. Investment Company
- 4. Loan Company
- 5. Mutual benefit Fund Company(MBFC)

28. Explain characteristics of Insurance.

- | | |
|-----------------|-----------------------|
| 1. Contract | 2. Contingent Content |
| 3. Bearing Risk | 4. Reduction of risk |

29. Types of Life Insurance.

- | | |
|----------------------|----------------------------|
| 1. Whole life policy | 2. Term insurance policy |
| 3. Money bank policy | 4. Group insurance policy. |

30. Types of Health Policies.

- | | |
|-------------------------|---------------------|
| 1. Standard policy | 2. Floater policy |
| 3. Reimbursement policy | 4. Cashless policy. |

31. Equation of NAV.

$$\text{NAV} = \frac{\text{Market Price of securities} + \text{Other assets} - \text{Total liabilities}}{\text{Number of units outstanding on the date of NAV}}$$

32. Meaning of Load.

-Various expenses like brokerage, registration charges, investor's communication expenses are to be covered by mutual fund is known as load.

33. Meaning of Exit Load.

-Various expenses like brokerage, registration charges, investor's communication expenses are to be covered by mutual fund is known as load. When such charges are covered at the time of sale of mutual fund is called exit load.

34. Meaning of Entry Load.

- Various expenses like brokerage, registration charges, investor's communication expenses are to be covered by mutual fund is known as load. When such charges are covered at time of mutual fund purchase is called Entry load. It has abolished on and after 1st August 2009.

35. Full Form of NAV and AUM.

- Net Asset Value
- Assets under Management

36. Meaning of NAV.

-Net Assets Value is the market value of the assets of the scheme minus its liabilities. Per unit of NAV is the net asset value of the scheme divided by the number of units outstanding on the valuation date.

37. Meaning of AUM.

-The funds of mutual funds are invested in certain securities or assets and the market value of these assets is called the Assets under Management.

38. List out benefits of mutual fund.

-1. Professional management 2. Diversified portfolio 3. Tax- benefit 4. Transparency.

39. The functions of a commercial banks are

- a. Only borrowing and lending.
 - b. Traditional plus non - traditional functions.**
 - c. To give loans only to companies .
 - d. Not to deal with government securities
- (Answer: b)

40. When accept deposits from the public,

- a. It issues debentures
 - b. It issues deposit receipts**
 - c. It issues equity share
 - d. It issues commercial bills
- (Answer :b)

41. The following is one of the Apex banks.

- a. Regional rural bank
 - b. Foreign bank
 - c. RBI**
 - d. IDBI
- (Answer :c)

42. Commercial banks were nationalized

- a. In two instalments , in 1969 and 1980**
 - b. In one stroke , in 1979
 - c. After 1990's
 - d. Before independence
- (Answer : a)

43. How many banks were nationalized in 1969 and 1980 respectively

- a. **14 and 21 respectively**
- b. 41 and 21
- c. 14 and 20
- d. 14 and 24

(Answer : a)

44. Interest on NPA, if received

- a. Goes to reduce bad debts
- b. **Is credited to profit and loss account**
- c. Is credited to reserve funds
- d. Goes to dividend account

(Answer : b)

45. Provision on advances should be made as follows:

- a. **0.25% on standard assets**
- b. 20% on sub-standard assets
- c. 56% on doubtful advances without security
- d. 99% on loss assets

(Answer : a)

46. The Unit Trust Act was passed in 1963 year.(Answer : 1963)

47. The first mutual fund scheme introduced in India is known as US-64.(Answer : US-64)

48. Insurance business is governed in India by Insurance Act 1938.(Answer : Insurance Act 1938)

49. General Insurance Corporation of India was established in 1972 year.(Answer : 1972)

50. Private insurance companies were allowed to operate in India 2000 year.(Answer : 2000)

51. Mutual fund business in India is controlled by SEBI.(Answer : SEBI)

Unit – 4

1. Describe Characteristics of Commercial Bills. (2017)

- 1. Commercial Bills are Negotiable instrument.
- 2. Commercial Bills are liquid instruments.
- 3. Commercial Bills are issued for short period.

2. Meaning of Sweat Share.(2018,2016,2014& 2012)

- Sweat equity share means equity share issued by the company to the employees or directors at a discount or for consideration other than cash.

3. Meaning of Zero Coupon Bonds.(2016,2014)

- Zero Coupon Bonds do not carry any interest. The difference between cost price of bond and market price is the return of bond holders.

4. Give two characteristics of Equity shares.(2019)

- 1. Earn Dividend
- 2. Right to Vote

5. What is Bearer Debenture?(2019)

- Bearer Debentures are payable to bearer and are transferable by mere delivery. Company do not register the name of holder in the book of company, however debenture holder is entitled to claim interest and principal.

6. Give meaning of Global Depository Receipt.(2019,2015)

- GDRs are financial instruments to raise the fund from foreign market. It is a negotiable certificate by Indian companies denominate in U.S. dollar that represent a non U.S. company's publicly traded local currency equity share.

7. What is Term Money Market?(2019)

- Term Money Market refers to borrowing / lending of funds for the period one day to 15 days.

8. What is Certificate of Deposit?(2019,2014,2013)

- Certificate of Deposit is receipt of deposit with the bank at fixed rate of interest for fixed period. CDRs is a bearer document which can be easily negotiated.

9. What is Commercial Papers?(2018)

- Commercial paper is issued by a non- banking company desiring to raise funds for short period from the market for meeting requirement of working capital.

10. Describe two advantages of equity shares.(2018)

- 1. No obligation to pay dividend
- 2. High Credit worthiness

11. What is Redeemable Preference Share?(2018,2012)

- The amount of which preference share, the company has accepted to refund after certain period of time such type of preference share is called redeemable preference share.

12. What is Zero coupon bonds?(2018,2017,2014)

- On this type of bonds no interest is paid , the difference between cost price and market price is the return for the bond holders.

13. Meaning of Deep discount bond.(2016, 2015)

- Deep discount bond is one kind of zero interest bond. They are issued at a high discount and carry very less interest.

14. Meaning of convertible Debentures.(2013)

- Convertible Debenture are those debenture which are fully or partly converted into equity shares at the end of a certain period as per the pre - decided printed terms and condition.

15. Meaning of Non - Convertible Debentures.(2013)

- Non - Convertible debentures which are not to be converted in to the equity shares and its amount is to be refunded at the end of fixed period.

16. Meaning of Deferred share.(2015)

- This type of shares will not receive any dividend until all other classes of shares have received minimum dividend. As per Indian Company law no company in India can issue Deferred equity share.

17. Give full form of SEBI, ADRs & FCCBs.

- 1. The Securities and Exchange Board of India.
- 2. American Depositary Receipt
- 3. Foreign Currency Convertible Bonds

18. Describe any two limitations of Equity shares.

- 1. More expenses are incurred for raising funds.
- 2. Interference in management.
- 3. Centralization of Wealth.

19. What is Preference Shares?

- In the distribution of dividend or during liquidation and while returning money of shares, the shares which get first preference are called preference share.

20. Write any two Advantages of Preference Shares.

- 1. Define and regular income of Dividend.
- 2. Assets remain burden free.

21. Write any two Limitations of Preference Shares.

- 1. Burden to pay Dividend
- 2. No benefit of Bonus or Right Shares

22. What is Debentures?

- Debenture is a document of company which is accepted by taking charges or without charge on assets of the company.

23. What is Secured Debentures?

- When company has mortgaged the property of the company against the total amount of debenture, such debentures are called Secured debentures.

24. What is Treasury Bills?

- Treasury Bills are the bonds without coupon issued by the Reserve Bank of India. This bonds are issued in the form of promissory note at a discount and paid at the face value.

25. What is Re-purchasing of shares (REPOS)?

- Re-purchasing of shares means the shares which are sold by the owner are repurchased by them only.

26. The following instrument can be issued by a commercial bank only

- 1. Commercial paper
- 2. Commercial Bills
- 3. Treasury Bills
- **4. Certificate of deposit**

(Answer: 4)

27. Convertible debentures can be issued by

- 1. Government agencies
- 2. Public Sector companies
- **3. Joint stock company(any)**
- 4. Private sector companies only

(Answer : 3)

28. Derivates are instruments

- 1. Which are highly liquid
- **2. In which put and call options are included**
- 3. Are ready delivery contract
- 4. Cannot be traded on stock exchange

(Answer : 2)

29. Commercial Bills

- 1. Are drawn by RBI only
- **2. Are highly liquid and secured**
- 3. Are bills drawn by brokers of stock exchange
- 4. Are Banned in India (Answer : 2)

30. Options are of three ways

- 1. Pull, Future and forward
- 2. Pull, Push and future
- **3. Put or call, Put and Call**
- 4. Call, future and forward

(Answer : 3)

31. Explain Terms 1. Put option 2. Call option 3. Put or call option

1. Put option: Right to buy is called put option
2. Call option: The right to sell is called call option
3. Put or Call option: The option holder can exercise the right to buy or sell whatever is advantageous to holder.

32. Write difference between Preference share and Equity shares.

- 1. PS: Rate of dividend is fixed , ES: Rate of dividend is uncertain.
- 2. PS: Bonus shares are not issued, ES: Bonus shares are issued .

33. Debenture is movable property.(true/ False) (Answer : True)

34. Share- holders are the owners of the company.(true/false) (Answer : True)

**35. Derivatives means an assets which has no independent value.(true/ false)
(Answer : True)**



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(Short Answers)

All Units

* **Choose the correct answer.**

- 1 The Swallow fell in love with a _____.
a. bulrush
b. reed
c. flower
d. another Swallow
- 2 The statue was gilded all over with thin leaves of _____.
a. fine gold
b. silver
c. lead
d. copper
- 3 The Swallows went to _____ for the winter.
a. Asia
b. Egypt
c. Jordan
d. Tel Aviv

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4 Thinking always made the Swallow _____.

- a. relaxed
- b. happy
- c. alert
- d. sleepy

5 The eyes of the statue were made of rare _____.

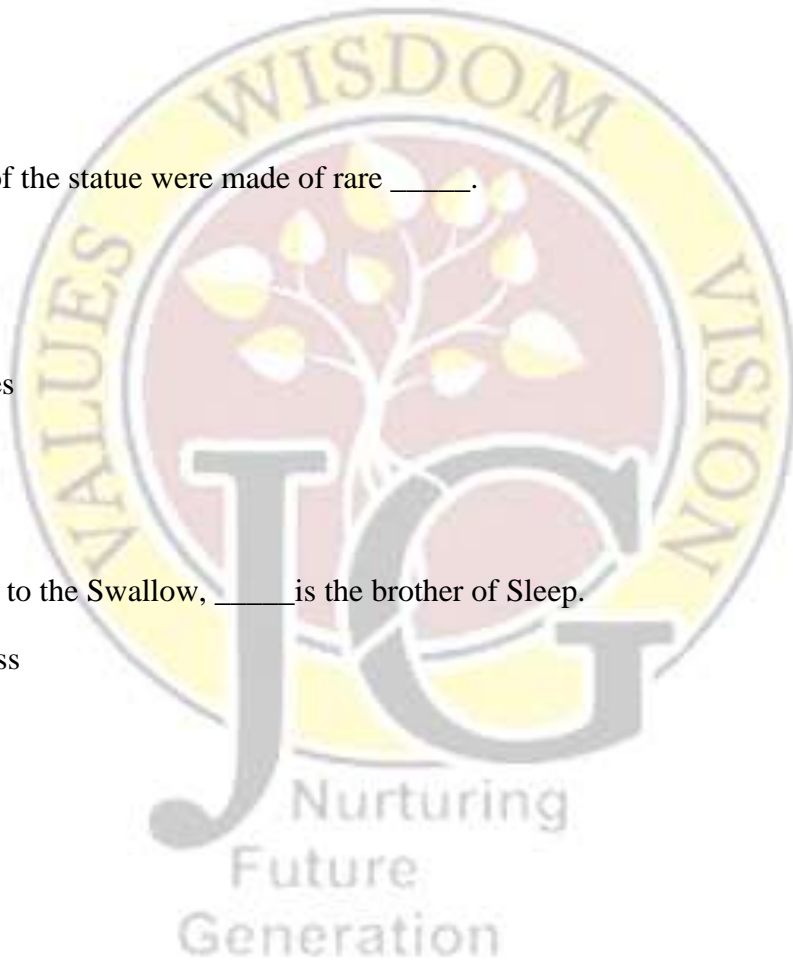
- a. rubies
- b. topaz
- c. sapphires
- d. emerald

6 According to the Swallow, _____ is the brother of Sleep.

- a. happiness
- b. nap
- c. Death
- d. dream

7 Which were the most precious things in the city?

- a. the leaden heart and the dead bird
- b. two bright sapphires
- c. a large red ruby
- d. none of these



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8 The name of the boat was _____.

- a. Kathy Bates
- b. Karl Adams
- c. Kate Adams
- d. Kristin Adams

9 The boy's mother told him they were going to _____.

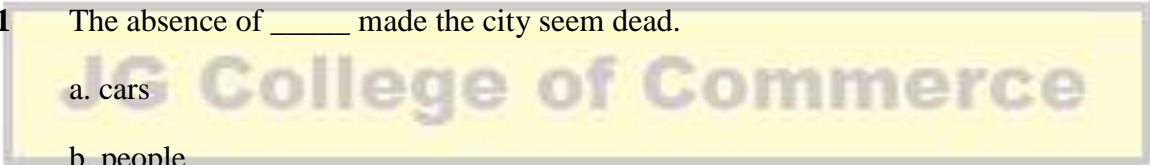
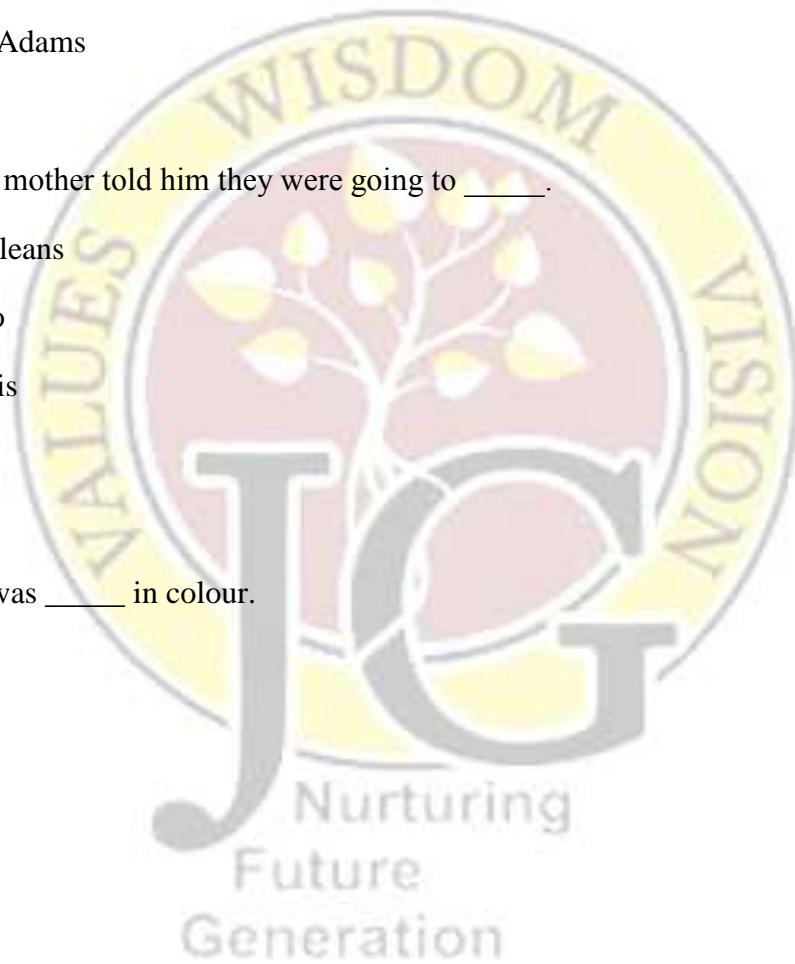
- a. New Orleans
- b. Chicago
- c. Memphis
- d. Austin

10 The boat was _____ in colour.

- a. white
- b. grey
- c. green
- d. brown

11 The absence of _____ made the city seem dead.

- a. cars
- b. people
- c. greenery
- d. buildings



12 The father worked as a _____ in a drugstore.

- a. night watchman
- b. cashier
- c. pharmacist
- d. night porter

13 Who is going to send food according to the mother ?

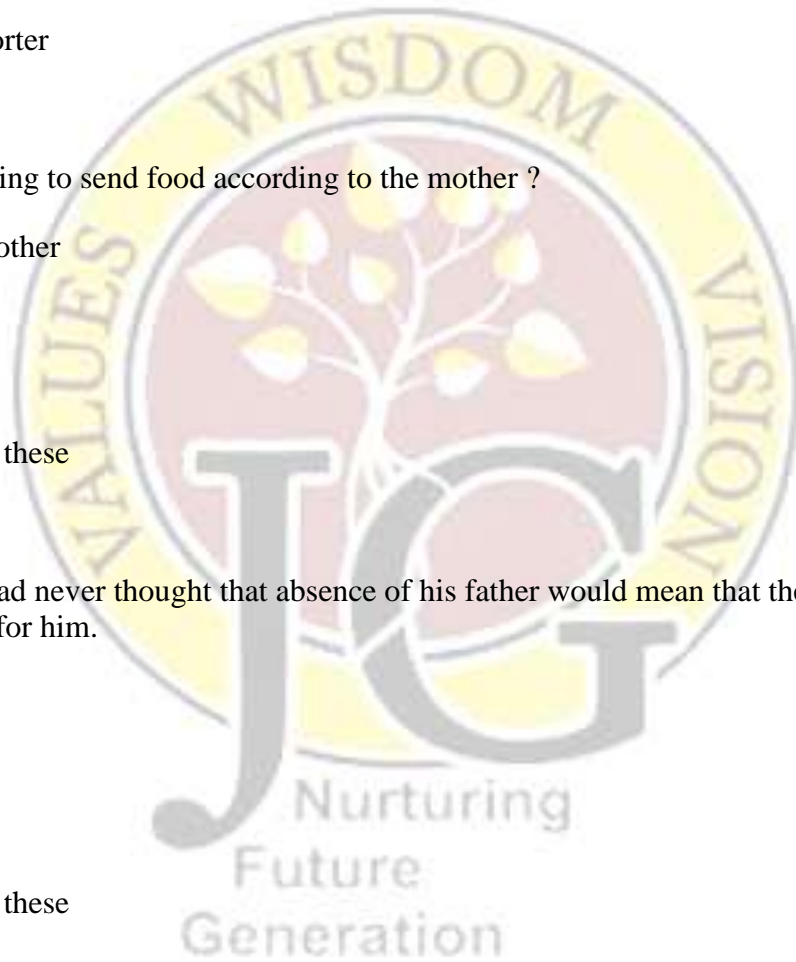
- a. grandmother
- b. father
- c. god
- d. none of these

14 The boy had never thought that absence of his father would mean that there would be no _____ for him.

- a. books
- b. food
- c. toys
- d. none of these

15 Lincoln's brother wanted to borrow _____ dollars.

- a. thousand
- b. hundred
- c. eighty
- d. ninety



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- 16 Lincoln calls his brother _____.
- a. lazy
 - b. selfish
 - c. hardworking
 - d. an idler
- 17 Lincoln suggests the brother work _____ to earn an honest income.
- a. tooth and nail
 - b. slow and steady
 - c. ruthlessly
 - d. relaxed
- 18 The place for the brother to work is _____.
- a. Coal mines
 - b. Coles Country
 - c. Gold mine
 - d. St. Loius
- 19 The step-brother offered _____ in return for the money.
- a. deed to the house
 - b. interest
 - c. gratitude
 - d. none of the above

- 20 The grandmother carried stale chappatis to school to feed _____.
- a. the author
 - b. the children
 - c. the village dogs
 - d. the teachers

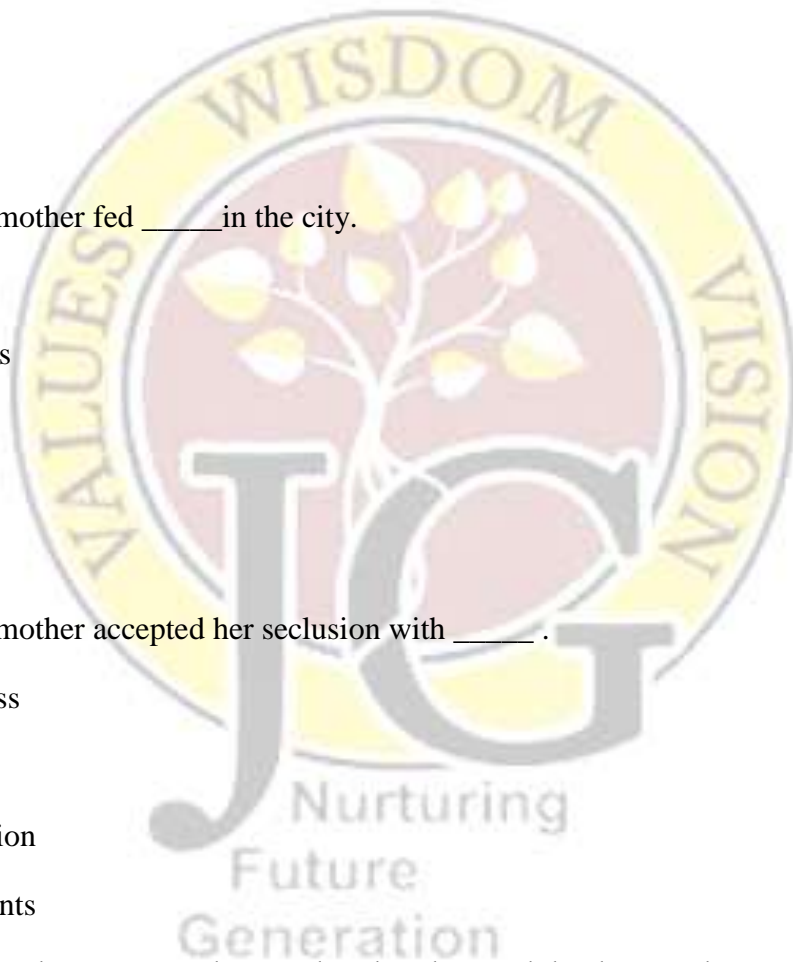
- 21 The grandmother went to school with the author because the school was attached to the _____.
- a. temple
 - b. office
 - c. NGO
 - d. hospital

- 22 The grandmother fed _____ in the city.
- a. cats
 - b. sparrows
 - c. fish
 - d. dogs

- 23 The grandmother accepted her seclusion with _____.
- a. happiness
 - b. anger
 - c. resignation
 - d. complaints

- 24 Upon the author's return, the grandmother thumped the drum and sang of the home-coming of _____.

- a. warriors
- b. children
- c. kings
- d. saints



25 Jesse Owens won _____ gold medals at the Olympics.

- a. five
- b. four
- c. three
- d. one

26 Jesse Owens participated in _____ events.

- a. track and field
- b. swimming
- c. long jump
- d. none of the above

27 _____ was the competitor for Jesse Owens at broad jump.

- a. Hitler
- b. Luz Long
- c. Liz Long
- d. Louis Long

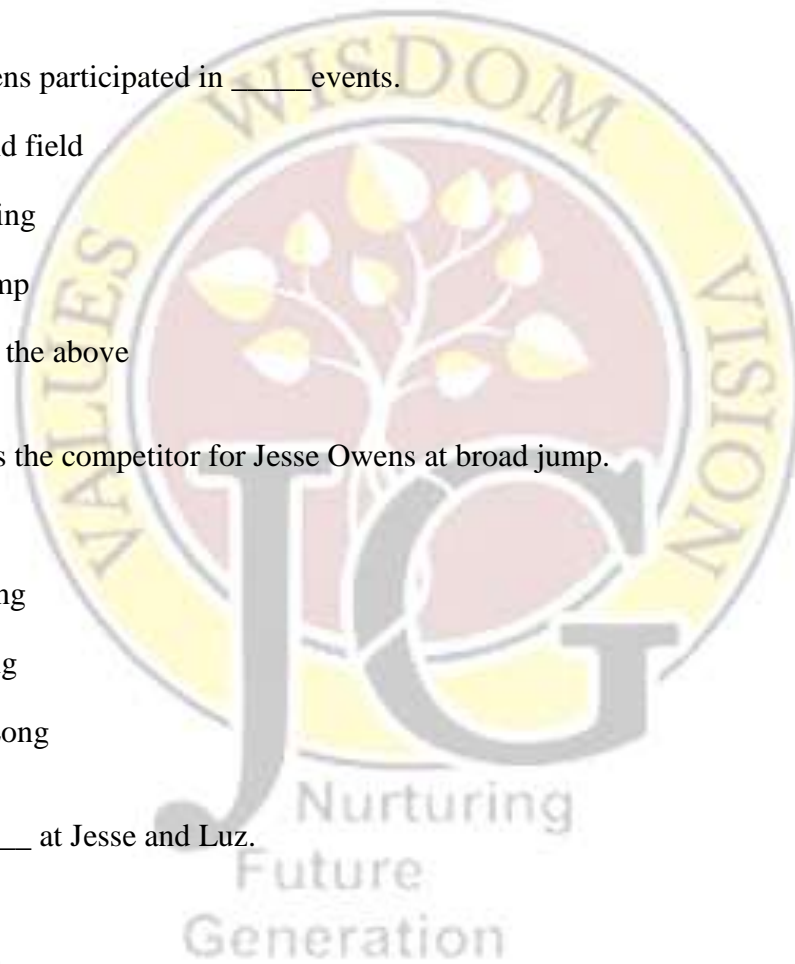
28 Hitler _____ at Jesse and Luz.

- a. smiled
- b. laughed

- c. nodded
- d. glared

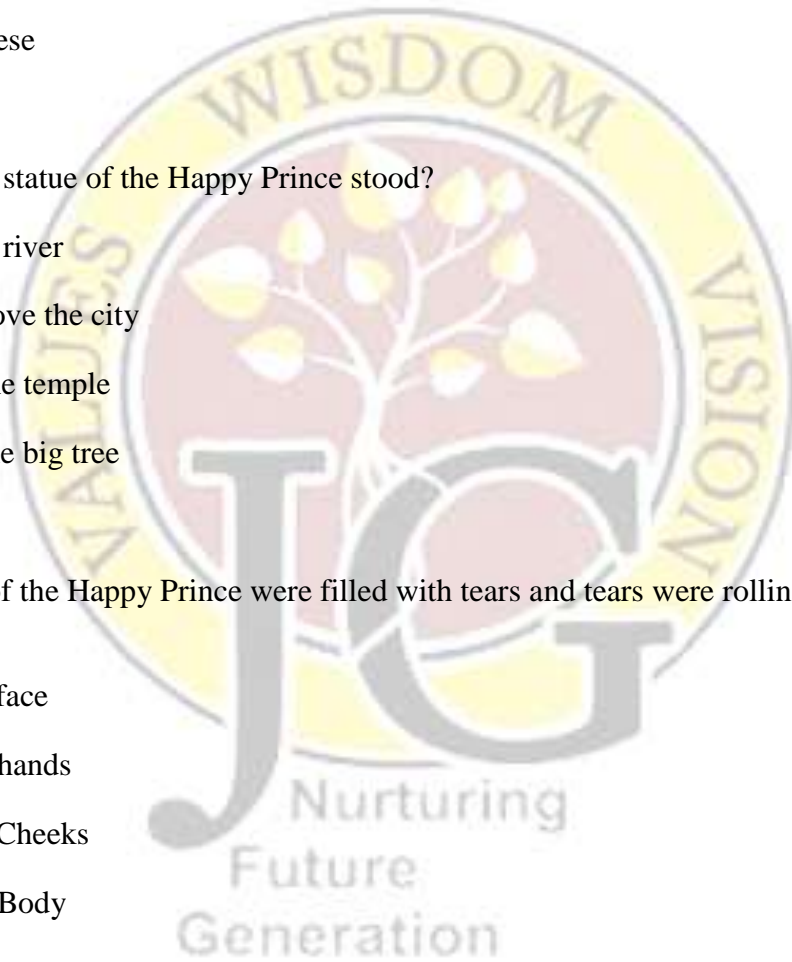
29 Luz was the _____ of friendly sportsmanship.

- a. pioneer
- b. epitome
- c. opposite
- d. enemy



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- 30 The Prince had become _____.
a. blind
b. dull without shine
c. ugly
d. all of these
- 31 Where the statue of the Happy Prince stood?
a. near the river
b. high above the city
c. top of the temple
d. under the big tree
- 32 The eyes of the Happy Prince were filled with tears and tears were rolling down his _____.
a. Golden face
b. Golden hands
c. Golden Cheeks
d. Golden Body
- 33 The story 'The Happy Prince' is written by _____.
a. Richard Wright
b. Oscar Wilde
c. Khushwant Singh
d. Arthur Mee

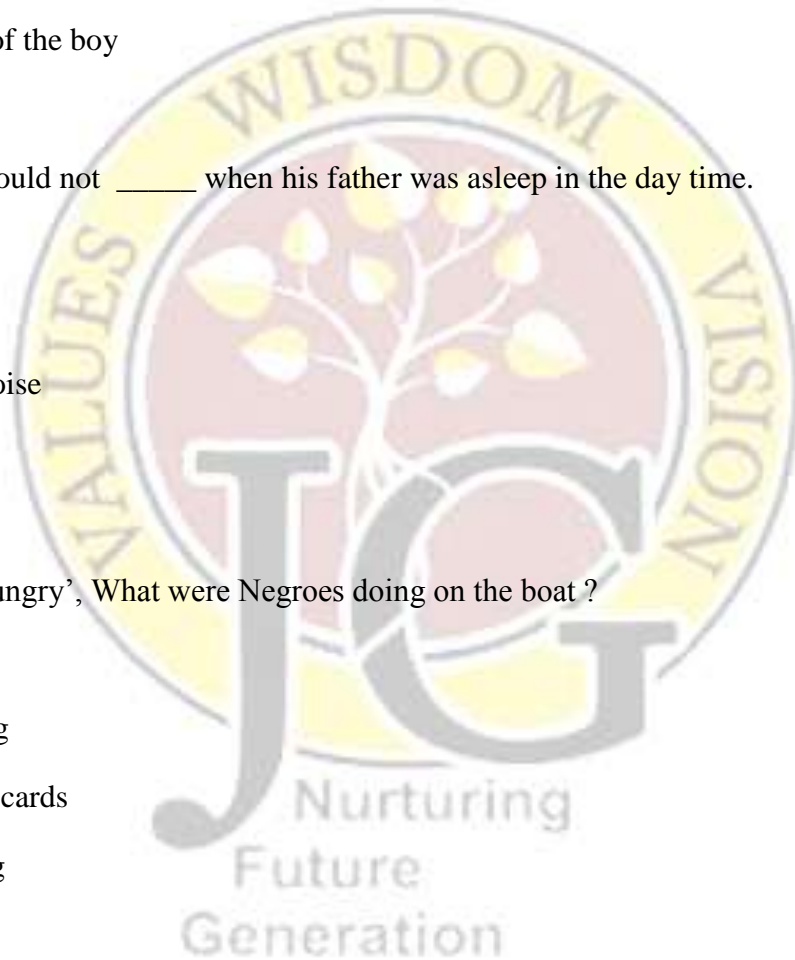


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- 34 The study of the story 'I'm Hungry' depicts _____.
- a. Poverty
 - b. Illiteracy
 - c. Disease
 - d. House of the boy
- 35 The boy could not _____ when his father was asleep in the day time.
- a. eat
 - b. speak
 - c. make noise
 - d. learn
- 36 In 'I'm Hungry', What were Negroes doing on the boat ?
- a. fighting
 - b. smoking
 - c. playing cards
 - d. sleeping

37 Where did author's family live in Memphis?

- a. One story brick tenement
- b. Small home
- c. One story Row House
- d. Small hut



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38 Who has written the story 'I'm Hungry'?

- a. Abraham Lincoln
- b. Richard Wright
- c. Oscar Wilde
- d. Jesse Owens

39 Lincoln wanted to see his brother _____.

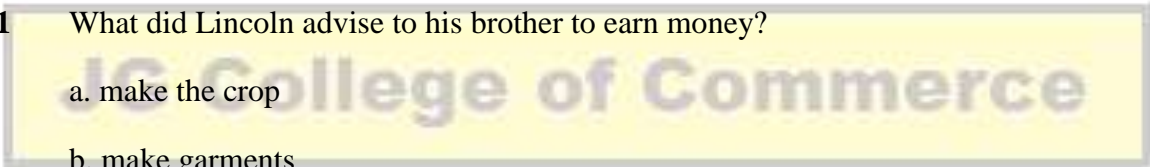
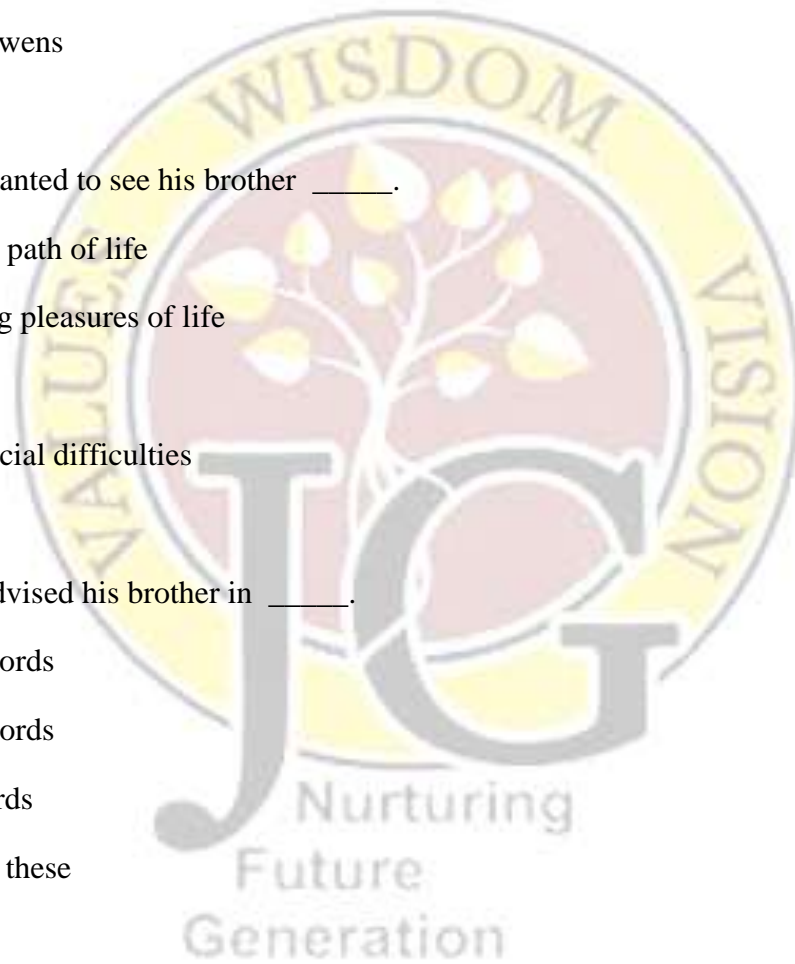
- a. on right path of life
- b. enjoying pleasures of life
- c. in debt
- d. in financial difficulties

40 Lincoln advised his brother in _____.

- a. harsh words
- b. bitter words
- c. soft words
- d. none of these

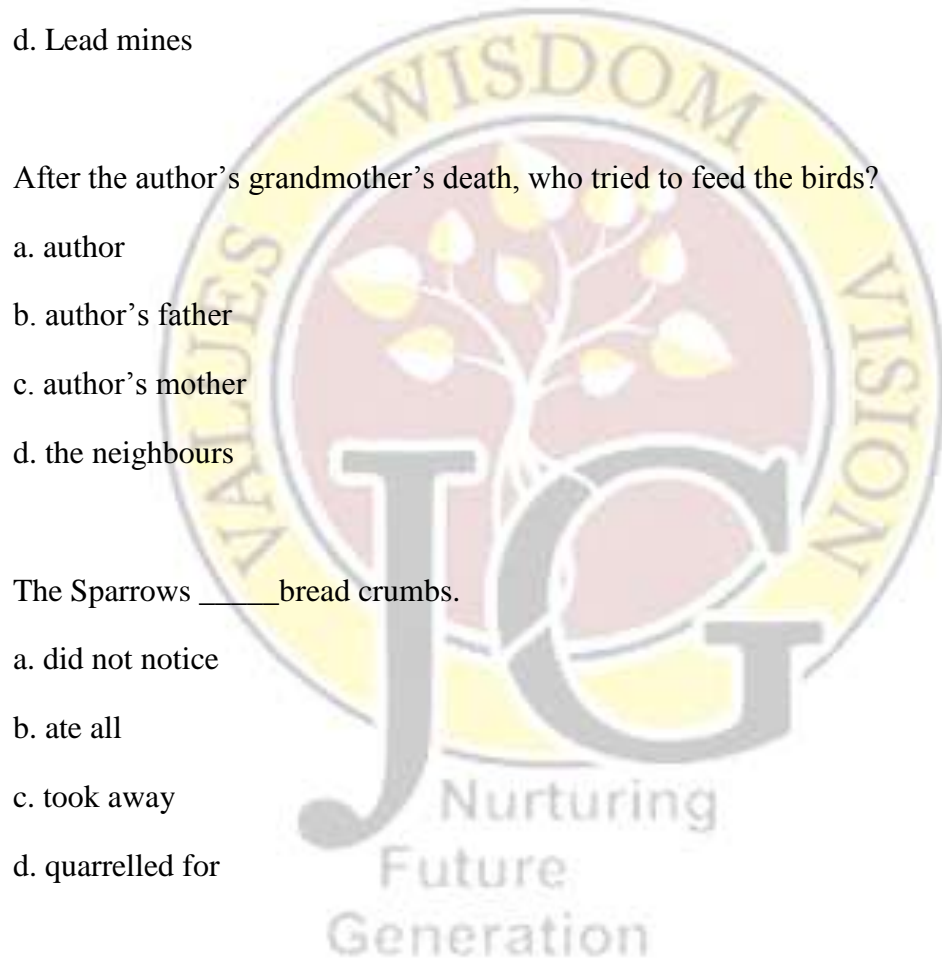
41 What did Lincoln advise to his brother to earn money?

- a. make the crop
- b. make garments
- c. make the tools
- d. make food



42. Lincoln advised his brother to go _____ for best wages.
- a. St. Louise
 - b. California
 - c. Coles Country
 - d. Lead mines
43. After the author's grandmother's death, who tried to feed the birds?
- a. author
 - b. author's father
 - c. author's mother
 - d. the neighbours
44. The Sparrows _____ bread crumbs.
- a. did not notice
 - b. ate all
 - c. took away
 - d. quarrelled for

45. Grandmother came to leave the author at _____ when he was going abroad.
- a. Bus stand
 - b. Airport
 - c. Railway Station
 - d. Sea port



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46 Who wrote the story 'My Grandmother'?

- a. Khushwant Singh
- b. Richard Wright
- c. Jesse Owens
- d. Premchand

47 Jesse Owens and Luz Long were _____.

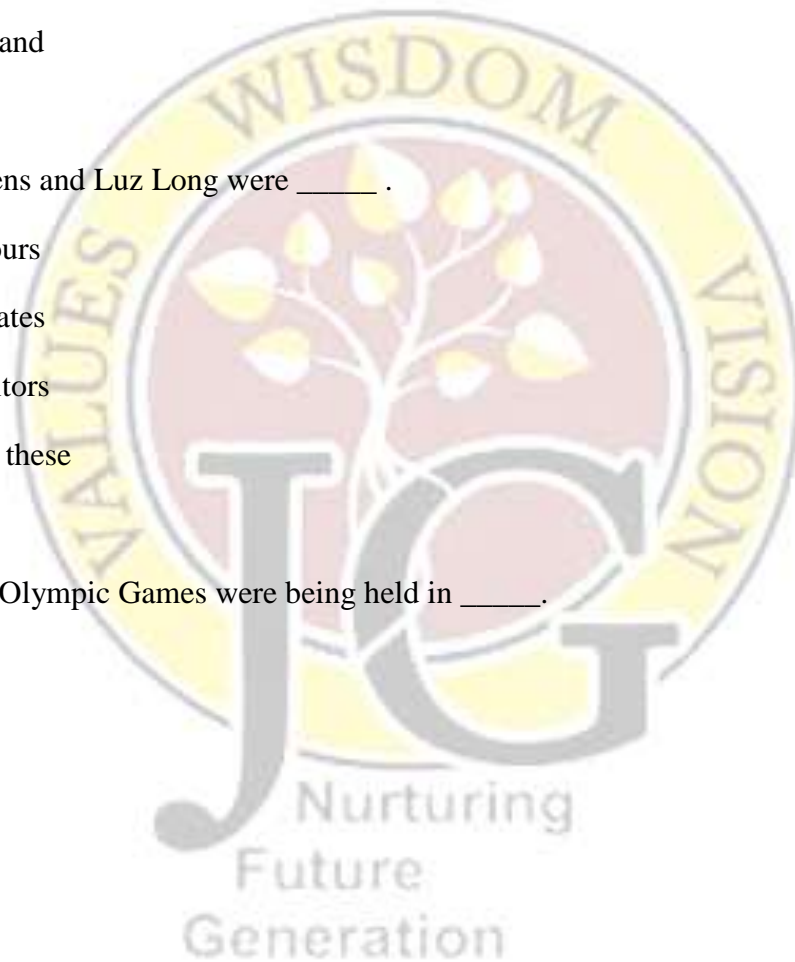
- a. neighbours
- b. class mates
- c. competitors
- d. none of these

48 The 1936 Olympic Games were being held in _____.

- a. Britain
- b. Berlin
- c. Beijing
- d. Jakarta

49 Jesse Owens trained himself for _____.

- a. Five years
- b. Four years
- c. Six years
- d. Three years



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- 50 Jesse Owens last jump of _____ created a new Olympic record.
- a. 26 feet 5-5/16 inches
 - b. 27 feet 5-5/16 inches
 - c. 24 feet 5-5/16 inches
 - d. 25 feet 5-5/16 inches

* **State whether the following statements are True or False.**

- 51 The statue of the Happy Prince was made of marble.
- 52 The Swallow fell in love in a reed.
- 53 The Swallow agreed to help the Happy Prince.
- 54 The Happy Prince was taken down because he became dull.
- 55 The sparrow made his way to Egypt.
- 56 In 'The Happy Prince', The angel brought the leaden heart and dead bird from the city.
- 57 In 'I'm Hungry', The boy was initially happy about the boat.
- 58 In 'I'm Hungry'; The boat was really big and beautiful.
- 59 In 'I'm Hungry', In Memphis, the boy was afraid to go into the city streets alone for many days.
- 60 In 'I'm Hungry', The city seemed very vibrant.
- 61 In 'I'm Hungry'; The boy's father left the family.
- 62 Abraham Lincoln was angry at his step-brother.
- 63 Lincoln agreed to lend money.
- 64 Lincoln cared for his step-brother.
- 65 Lincoln wanted his brother to work hard and earn an honest living.
- 66 Lincoln offered to pay his brother the exact amount as the salary he will get.
- 67 In 'My Grandmother', the author never bothered to learn the prayer.
- 68 In 'My Grandmother', the author and his grandmother did not share a good relationship with each other.

- 69 In 'My Grandmother', the grandmother always went to school with the author.
- 70 In 'My Grandmother', the grandmother fed the stale bread to the village dogs.
- 71 In 'My Grandmother', after the death of author's grandmother, the sparrows took no notice of the bread.
- 72 Jesse Owens participated at the 1938 Berlin Olympics.
- 73 An angry athlete is an athlete who will make mistakes.
- 74 Luz Long helped Owens during the qualifying jumps.
- 75 Luz Long was the epitome of Olympic games.
- 76 Luz Long did not congratulate Owens for his victory.
- 77 Owens did not follow the advice of Luz Long.

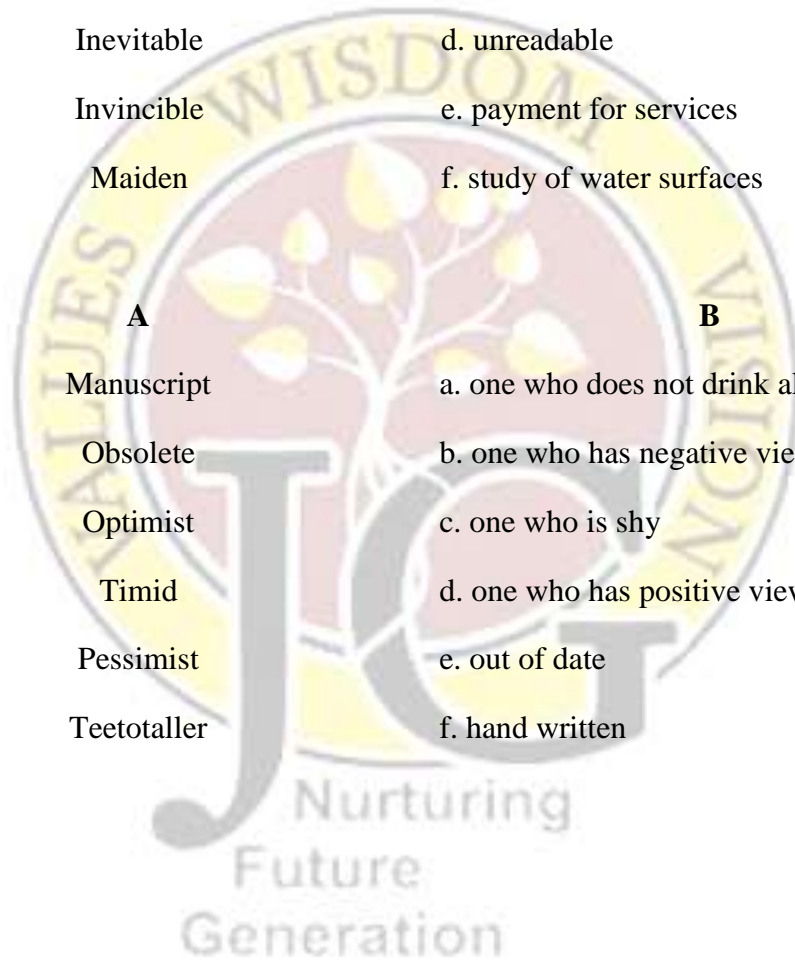
* **Match A with B.**

- | | A | B |
|----|------------|-------------------------------------|
| 78 | Amicable | a. with calm mind and attitude |
| 79 | Contagious | b. eatable |
| 80 | Edible | c. acceptable to all |
| 81 | Emigrant | d. one who enters their own country |
| 82 | Equanimous | e. spreads by contact |
| 83 | Immigrant | f. one who leaves their own country |

- | | A | B |
|----|-----------|---|
| 84 | Eternal | a. Easily fooled |
| 85 | Fable | b. Over eater |
| 86 | Extempore | c. Believer in fate |
| 87 | Fatalist | d. Without preparation |
| 88 | Glutton | e. Moral story with animals as characters |
| 89 | Gullible | f. Ever lasting |

	A	B
90	Honorarium	a. unmarried young woman
91	Hydrography	b. undefeatable
92	Illegible	c. unavoidable
93	Inevitable	d. unreadable
94	Invincible	e. payment for services
95	Maiden	f. study of water surfaces

	A	B
96	Manuscript	a. one who does not drink alcohol
97	Obsolete	b. one who has negative views
98	Optimist	c. one who is shy
99	Timid	d. one who has positive views
100	Pessimist	e. out of date
101	Teetotaller	f. hand written



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S.Y.B.Com. Sem. 3

Subject: Commercial Communication – III

Answers

Q No.	Answer	Q No.	Answer	Q No.	Answer	Q No.	Answer	Q No.	Answer
1	b	21	a	41	a	61	T	81	f
2	a	22	b	42	c	62	F	82	a
3	b	23	c	43	c	63	F	83	d
4	d	24	a	44	a	64	T	84	f
5	c	25	b	45	c	65	T	85	e
6	c	26	c	46	a	66	T	86	d
7	a	27	b	47	c	67	T	87	c
8	c	28	d	48	b	68	F	88	b
9	c	29	b	49	c	69	T	89	a
10	a	30	d	50	a	70	F	90	e
11	c	31	b	51	F	71	T	91	f
12	d	32	c	52	T	72	F	92	d
13	c	33	b	53	T	73	F	93	c
14	b	34	a	54	F	74	T	94	b
15	c	35	c	55	T	75	T	95	a
16	d	36	c	56	T	76	F	96	f
17	a	37	a	57	T	77	F	97	e
18	b	38	b	58	F	78	c	98	d
19	d	39	a	59	T	79	e	99	c
20	c	40	c	60	F	80	b	100	b
								101	a



ALL THE BEST

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