

**INTERNATIONAL COMMERCE OLYMPIAD -2016**

**CLASS XI**

**BUSINESS STUDIES ASSIGNMENT**

**TOPIC – 1: NATURE AND PURPOSE OF BUSINESS**

Q.1. Which one of the following economic activity is directed towards producing or acquiring wealth through buying and selling of goods?

- a) Profession
- b) Employment
- c) Management
- d) Business.

Q.2. Which one of the following is **NOT** a characteristic of business?

- a) Customer satisfaction
- b) Profit Earning
- c) Managing Business
- d) Risk bearing.

Q.3 Match the following type industries in Column 1 and Column 2

- | Column 1                  | Column2                 |
|---------------------------|-------------------------|
| I. Genetic industry       | A. Packaging            |
| II. Processing            | B. Cement               |
| III. Synthetical          | C. Sugar mills          |
| IV. Tertiary              | D. Animal Husbandry     |
| a)I- A; II-B; C-III; D-IV | b) I-B; II-C;III-D;IV-A |
| c) I-C; II-D;III-A; IV-B  | d) I-D; II-C;III-B;IV-A |

Q.4. Bad debts due to nonpayment of debts by debtors is an example of which type of business risk?

- a) Economic
- b) Human
- c) Physical
- d) Natural

Q.5. Why a business should earn profit?

- a) To provide return to investors.
- b) To provide funds for future growth.
- c) To increase the reputation of business.
- d) All the above.

Q.6. What reward an entrepreneur gets for risk bearing in business?

- a) Salary
- b) Profit
- c) Interest
- d) Fees

Q.7. Which one of the following is **NOT** the objective of the business?

- a) Profit making
- b) Creation of customers.
- c) Investment
- d) Innovation.

Q.8. Business =

- a) Industry + Commerce
- b) Trade + Commerce
- c) Industry + Trade
- d) Trade + Aids to Trade.

Q.9. The latest generation of mobile phones has many features like faster internet browsing, Bluetooth etc. This is an example which objective of business?

- a) Market standing
- b) Productivity
- c) Earning profits
- d) Innovation

- Q.10. Name the activity of commerce that removes the hindrance of time.
- a) Transportation  
b) Warehousing  
c) Advertising  
d) Banking
- Q.11. Which one of the following is NOT an Auxiliary to trade?
- a) Mining  
b) insurance  
c) warehousing  
d) transport
- Q.12. Which one of the following is NOT known as service industry?
- a) Processing  
b) Banking  
c) Insurance  
d) Advertising
- Q.13. Which one of the following is an economic activity in which specialized knowledge is required?
- a) Business  
b) profession  
c) Employment  
d) None of the above.
- Q.14. Commerce includes
- a) Business and industry  
b) Business and Trade  
c) Trade and aids to trade  
d) None of the above.
- Q.15. Risk is the result of
- a) Certainties  
b) Uncertainties  
c) Both of the above  
d) none of the above.
- Q.16. Which of the following creates form utility?
- a) Industry  
b) trade  
c) Commerce  
d) Business
- Q.17. Code of conduct DOES NOT include
- a) Rules  
b) dishonesty  
c) Morality  
d) Integrity
- Q.18. A business firm in India buy toys from China to sell it to Nepal. Identify the type of trading activity mentioned above?
- a) Entrepport  
b) Import  
c) Export  
d) Retail trade
- Q.19. The industries which provides support services to other industries are known as
- a) Primary  
b) Secondary  
c) Manufacturing  
d) Tertiary
- Q.20. Everest Textile Ltd is involved in manufacturing textile products. In which industry is the company involved?
- a) Synthetic industry  
b) Analytical industry  
c) Extractive industry  
d) Processing industry.
- Q.21. The economic activity in which specialized knowledge is required is
- a) Business  
b) Employment  
c) Profession  
d) None of these.
- Q.22. Soaps are included under which type of industry
- a)Analytical Industry.  
b) Synthetical Industry.  
c) Processing Industry.  
d) Assembling Industry.
- Q 23. Name the auxillary to trade which removes the hindrance of time
- a) Trade  
b) Transportation.  
c)Warehousing  
d) Banking

**Key to answers**

Q.1. d	Q.2. c	Q.3. d	Q.4. b	Q.5. d	Q.6. b	Q.7. c	Q.8. a
Q.9. d	Q.10. b	Q.11. a	Q.12. a	Q.13. b	Q.14. c	Q.15. b	Q.16. a
Q.17. b	Q.18. a	Q.19. d	Q.20. d	Q.21. c	Q.22. b	Q.23. c	

**TOPIC – 2: FORMS OF BUSINESS ORGANISATIONS**

Q.1 It is a form of business organization which is owned, managed and controlled by an individual who is the recipient of all profits and bearer of all risks. Identify the concept.

- a) Joint Hindu family business
- b) Cooperative Society
- c) Partnership
- d) Sole Proprietorship

Q.2 The members of which of the following business organizations do not have limited liability?

- a) Sole Proprietorship
- b) Joint Stock Company
- c) Cooperative Societies
- d) Government Company

Q.3 What do you understand by the term unlimited liability?

- a) The personal assets of owner can be sold, only to a limited extent.
- b) The personal assets of owner can be sold, according to the wish of the creditors
- c) The personal assets of owner cannot be sold at all.
- d) The personal assets of owner can be sold when the assets of the business are not enough to meet the debts of the business.

Q.4 Which of the following business enterprises does not have a separate legal entity?

- a) Partnership
- b) Sole Proprietorship
- c) Company
- d) Cooperative Society

Q.5 Which of the following systems allows both male and female members of the family to be coparceners?

- a) Dayabhaga
- b) Mutual Agency
- c) Mitakshara
- d) Particular Partnership

Q.6 Which of the following is a specific form of business organization where membership is by birth?

- a) Sole Proprietorship
- b) Hindu Undivided Family
- c) Cooperative Societies
- d) Government Company

Q.7 Which of the following is the relation between persons who have agreed to share the profit of the business carried on by all or any one of them acting for all?

- a) Joint Hindu family business
- b) Cooperative Society
- c) Partnership
- d) Sole Proprietorship

Q.8 Every partner is both an agent and a principal. Identify the characteristic of partnership being referred here.

- a) Risk Bearing
- b) Mutual Agency
- c) Membership
- d) Formation

Q.9 Which of the following forms of business enterprises suffer from lack of public confidence because they are not required to publish its accounts legally?

- a) Partnership
- b) Cooperative Society
- c) Company
- d) None of these

Q.10 Romi is a friend of Somi who is a partner in a software firm Simplex Solutions. On Somi's request, Romi accompanies her to a business meeting with Mohan softwares and actively participates in the negotiation process for the business deal and gives the impression that she is also a partner in Simplex Solutions. Which type of partner is Romi?

- a) Nominal Partner
- b) Partner by holding out
- c) Partner by estoppel
- d) Active Partner

Q.11. The board of directors of a joint stock company are elected by

- a) General public
- b) Government
- c) Shareholders
- d) Employees

Q.12. In a cooperative society, the principle followed is

- a) One share one vote
- b) One man one vote
- c) No voting rights to members
- d) Multiple votes by members

Q.13. Application for approval of name of a company is to be made to which authority?

- a) SEBI
- b) Registrar of the company
- c) Government of India
- d) State Government

Q.14. A prospectus is issued by

- a) Private company
- b) Public company
- c) Statutory Corporation
- d) Departmental undertaking

Q.15. Which of the following statement is NOT true about a minor partner?

- a) He can inspect books of accounts
- b) He has to bear losses also
- c) He has an option to continue with a firm even after attaining majority
- d) He shares only profits.

Q.16. Which of the following cooperative society is established to help small producers in selling their products?

- a) Marketing cooperative society
- b) Credit cooperative society
- c) Producer cooperative society
- d) Consumers cooperative society

Q.17. Which one of the following is the CORRECT sequence of stages in the formation of a company?

- a) Promotion, commencement of business, incorporation , capital subscription
- b) Incorporation, capital subscription, promotion , commencement of business
- c) Promotion, incorporation, capital subscription, commencement of business
- d) Promotion, Incorporation, Certificate of commencement, capital subscription

Q.18. Which of the following contract is signed by the promoters with the third party on behalf of the proposed company?

- a) Provisional contract
- b) Preliminary contracts
- c) Prospectus
- d) Memorandum of association

Q.19. A company cannot come into existence without \_\_\_\_\_.

- a) Electing directors
- b) Issuing prospectus
- c) certificate of incorporation
- d) All of the above.

Q.20. Provision of residential Accommodation to the members at reasonable rates is the objective of:

- a) Producer's Cooperative.
- b) Sleeping Partner.
- c) Housing Cooperative
- d) Credit Cooperative

Q.21. The maximum number of partners allowed in the banking business are

- a) Twenty
- b) Ten
- c) No limit
- d) Two.

Q.22. A prospectus is issued by

- a) A private company
- b) A public company seeking investment, from public.

c) A public enterprise

d) A public company.

Q23 A company cannot come into existence without

a) Electing directors.

b) getting certificate of incorporation.

c) issuing prospectus.

d) all of these.

Q 24 In how many days the amount of minimum subscription must be received

a) Within 110 days of the date of issue.

b) within 10 weeks of the date of issue

c) within 120 days of the date of issue.

d) Within 3 weeks of the date of issue.

**Key to answers: -**

Q.1. d)

Q.2. a)

Q. 3. d)

Q.4. b)

Q.5. c)

Q. 6. b)

Q. 7. c)

Q.8. b)

Q.9. a)

Q.10. c)

Q.11. c)

Q.12.b)

Q.13.b)

Q.14.b)

Q.15.b)

Q.16.c)

Q.17.c)

Q.18.b)

Q.19.b)

Q.20 c)

Q 21 b)

Q.22 b)

Q 23 b)

Q 24c)

### **TOPIC – 3: PUBLIC, PRIVATE AND GLOBAL ENTERPRISE**

Q.1. Which one of the following is **NOT** a public sector undertaking?

a) Departmental undertaking

b) Partnership

c) Government companies

d) Statutory corporation.

Q.2. Which one of the following is **NOT** a feature of departmental undertaking?

a) No functional autonomy.

b) Accountability to concerned ministry.

c) Separate legal entity.

d) No financial Autonomy.

Q.3. Departmental undertakings are financed through

a) Public loans

b) budgetary Allocation.

c) Loans from financial institutions.

d) Issue of shares and debentures.

Q.4. Departmental Undertakings are suitable in case of

a) Commercial undertakings.

b) Industrial undertakings.

c) National security

d) Infrastructural Facilities

Q.5. Which one of the following is a Statutory corporation?

- a) Food Corporation of India
- b) Hindustan Machine tools.
- c) Chittranjan Locomotive Works.
- d) Steel Authority of India.

Q.6. Which one of the following public sector undertaking is established by passing a special law under Parliament?

- a) Partnership
- b) Sole proprietorship.
- c) Statutory corporation
- d) Departmental Undertaking

Q.7. The total number of industries reserved for public sector undertakings are:

- a) 17
- b) 8
- c) 3
- d) 7

Q.8. Which one of the following **DONOT** justify the objective of establishing public sector enterprises?

- a) To achieve regional balance.
- b) To achieve Economic growth.
- c) To achieve Economies of Scale.
- d) To achieve Nuclear power development in the country.

Q.9. Reconstruction of sick public sector units is taken by

- a) FERA ( Foreign Exchange Regulation Act)
- b) MoU ( Mémorandum of Understanding)
- c) BIFR ( Board of Industrial and Financial reconstruction)
- d) IDBI ( Industrial Development bank of India)

Q.10. Which of the following industry is **NOT** reserved for public sector undertakings?

- a) Atomic industry
- b) Sugar industry
- c) Arms
- d) Railway industry.

Q.11. Which one of the following is a transnational Enterprise?

- a) Coca - Cola
- b) Nestle
- c) Both a and b
- d) neither a nor b.

Q.12. Which one of the following is the disadvantage of MNCs?

- a) Improved standard of living.
- b) Bringing foreign exchange.
- c) Disregard national Priorities.

d) Bringing Advanced Technology.

Q.13. When two business enterprises agree to join together for a common objective and mutual gain, it gives rise to í ..

- a) Partnership
- b) Joint ventures.
- c) Company
- d) MNC

Q.14. Which one of the following is an example of PPP?

- a) Delhi Metro Railway Corporation
- b) Maruti Suzuki
- c) Hero Honda
- d) Tata Sky

Q.15. Disinvestment in PSEøø impliesí .

- a) Sale of equity shares to public.
- b) Investment in new areas.
- c) Closing down public sector.
- d) Buying shares of PSEøø.

Q.16. A company whose ownership and control vested in holding company is known así í

- a) Statutory corporation
- b) Departmental undertakings.
- c) MNC
- d) Government companies

Q.17. Centralised control in MNC implies control is exercised byí ..

- a) Branches
- b) Subsidiaries
- c) Head quarters
- d) Parliament.

Q.18.A government company is any company in which paid up capital; held by government is not less thaní .

- a) 50%
- b) 49%
- c) 51%
- d) 48%

Q.19. Reserve bank of India has been set up as which type of public enterprise?

- a) Statutory corporation
- b) Departmental undertakings.
- c) MNC
- d) Government companies

Q.20.ø Mergers and Monopolistic Activitiesö is a disadvantage of which form of business enterprise?

- a) Statutory corporation
- b) Departmental undertakings.
- c) Joint Ventures
- d) Government companies.

Q 21 Steel Authority Of India Limited is a public enterprise. Identify this form of organizg public enterprises



- a) Statutory Corporation.
- c) Government Company

- b) Departmental Undertaking
- d) Multinational Company.

Q 22 The oldest form of organization of public enterprises

- a) Statutory Corporation.
- c) Government Company

- b) Departmental Undertaking
- d) Multinational Company.

**Key to answers**

- |                |                |                |                |                |                |                |                |
|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Q.1. <b>b.</b> | Q.2. <b>c</b>  | Q.3. <b>b</b>  | Q.4. <b>c</b>  | Q.5. <b>a</b>  | Q.6. <b>c</b>  | Q.7. <b>c</b>  | Q.8. <b>d</b>  |
| Q.9. <b>c</b>  | Q.10. <b>b</b> | Q.11. <b>c</b> | Q.12. <b>c</b> | Q.13. <b>b</b> | Q.14. <b>a</b> | Q.15. <b>a</b> | Q.16. <b>c</b> |
| Q.17. <b>c</b> | Q.18. <b>c</b> | Q.19. <b>a</b> | Q.20. <b>c</b> | <b>Q 21 c</b>  | <b>Q 22 b</b>  |                |                |

**TOPIC – 4: BUSINESS SERVICES**

Q.1 In services activities of producers and consumption takes place simultaneously. Which characteristic of service does this statement signify?

- a) Intangibility
- b) Inseparability
- c) Inconsistency
- d) Inventory (less)

Q.2 A doctor can operate only on the condition that the patient is ready to take his service. Identify the feature of services mentioned here.

- a) Intangibility
- b) Inseparability
- c) Inconsistency
- d) Inventory (less)

Q.3 Which of the following has largest number of branches across India?

- a) Banks
- b) SBI
- c) Postal offices
- d) Insurance companies

Q.4 IndusInd Bank comes under which category of banks?

- a) Public Sector Banks
- b) Cooperative Banks
- c) Private Sector Banks
- d) None of the above

Q.5 Which bank is known as Apex Bank of India?

- a) The State Bank of India
- b) The Central Bank
- c) The Reserve Bank of India
- d) The Bank of India

Q.6 Which of the following does not come under E-banking?

- a) Electronic Fund Transfer
- c) Automatic Teller Machine

b) Debit Card

d) Overdraft

Q.7 Its main function is to control and coordinate currency and credit policies of our country. Identify the institution mentioned here.

a) The State Bank of India

c) The Reserve Bank of India

b) The Central Bank

d) The Bank of India

Q.8 This category of cheque is to be deposited only in the payee's account.

a) Bearer Cheque

c) Both a) and b)

b) Crossed Cheque

d) None of the above

Q.9 Banker's cheque is also known as ..

a) Bank draft

c) Demand draft

b) Pay order

d) Bearer cheque

Q.10 It refers to the pecuniary interest in the subject matter of the contract of insurance. Identify the concept.

a) Subrogation

c) Insurable Interest

b) Mitigation of loss

d) Indemnity

Q.11 Which principle of insurance states that the insured must take reasonable steps to minimize the loss or damage to the insured property?

a) Principle of Mitigation of loss c) Principle of Proximate Cause

b) Principle of Indemnity

d) Principle of Contribution

Q.12 It is a type of saving bank account in which excess of a particular limit gets automatically transferred to fixed deposit account.

a) Current account

c) Multiple deposit option account

b) Recurring deposit account

d) Salary account

Q.13 The fee charged by the insurer on account of providing services is called \_\_\_\_\_.

a) Profit

c) Dividend

b) Premium

d) Installment

Q.14 Which of the following element is present in the case of Life Insurance?

a) Security

c) Both a) and b)

b) Investment

d) Profit

Q.15 In case of Life Insurance, at what time does the insurable interest needs to be present?

a) Taking Insurance policy

c) Both a) and b)

b) Claiming for loss incurred

d) None of the above

Q.16 A person gets his stock worth Rs. 50,000 insured for Rs. 70,000. A fire occurs and the whole stock gets damaged. The Insurance Company admits a claim of Rs. 50,000 only and not Rs. 70,000. Identify the principle of insurance being applied?

a) Principle of Contribution

c) Principle of Subrogation

b) Principle of Indemnity

d) Principle of Insurable Interest

Q.17 A person gets his house (worth RS. 12,00,000) insured from three insurance companies, i.e., A: Rs. 2,00,000, B: Rs. 4,00,000, C: Rs. 6,00,000. At the time of incurrance of loss, the compensation will be paid by insurance companies in the ratio of 1: 2: 3. Identify the principle being referred here.

a) Principle of Mitigation of loss      c) Principle of Proximate Cause

b) Principle of Indemnity

d) Principle of Contribution

Q.18 Which of the following is not covered under the principle of indemnity?

a) Life Insurance

c) Fire Insurance

b) Marine Insurance

d) Theft Insurance

Q.19 Which of the following is the subject matter of Marine Insurance?

a) Cargo

c) Hull

b) Freight

d) All the above

Q.20 RTGS is a fund transfer system from one bank to another .

a) On a real time basis

c) On gross basis

b) Transactions are settled immediately

d) None of the above

Q.21 Which one of the following is NOT the form of e- banking services offered by e-banking?

a) ATM

c) EFTS

b) cheque

d) PoS

Q.22 DTH services are provided by .

a) Transport companies

c) Cellular companies

b) Banks

d) Postal companies

Q.23 Life insurance is a contract of assurance because .

a) The loss will definitely occurred

b) Death will certainly occur

c) The policy will certainly mature

d) The sum assured will be certainly paid

Q.24 You have to export a consignment of iron ore to France. Which mode of transport will you choose to send it?

a) Air

c) Sea

b) Rail

d) Road

Q 25. The largest commercial bank of India

a) RBI

b) PNB

c) SBI

d) ICICI

Q 26 Overdraft Facility is available on

- a) Current deposit account.
- b) Saving Deposit Account.
- c) Recurring Deposits
- d) Fixed deposits.

Q 27 Which of the following is not applicable in life insurance contracts

- a) Conditional Contracts.
- b) Unilateral contracts.
- c) Indemnity contract
- d) None of these.

**Key to answers: -**

1. b) 2. b) 3. c) 4. c) 5. c) 6. d) 7. c) 8. b) 9. b) 10. c) 11. a) 12. c) 13. b)  
 14. c) 15. a) 16. b) 17. d) 18. a) 19. d) 20. b) 21. b) 22. c) 23. d) 24. a)  
 25. c) 26. A) 27. c)

**TOPIC 5: EMERGING MODES OF BUSINESS**

Q.1 VPN( Virtual private Network) is an example of í í .

- a) B2B
- b) B2C
- c) C2C
- d) Intra B

Q.2 Use of EDI (Electronic Data Interchange) technology to send and receive commercial documents like purchase order etc is an example of í ..

- a) B2B
- b) B2C
- c) C2C
- d) Intra B

Q.3. e-Commerce DOES NOT include í í

- a) Interaction of firm with its customers. creditors.
- b) Interaction of firms with its
- c) Interaction of firm with its Suppliers of business.
- d) Conducting various functions

Q.4. Which of the following is NOT the advantage of e-Business

- a) Global reach
- b) Convenience
- c) Low personal Touch
- d) Speedy transactions.

Q.5. Payment of purchase through online shopping is done through í ..

- a) CoD
- b) Credit Card or Debit Card
- c) Both a & b
- d) None of the above

Q.6. The term "VIRUS" stands for í ..

- a) Vital Information Under Siege
- b) Vital Individual Under Siege
- c) Vital Information Under Supervision Suspicion.
- d) Vital Information Under

Q.7. Which one of the following is NOT an example of transactional risk?

- a) Default on order taking  
c) Default on payment
- b) hacking  
d) Default on delivery
- Q.8. í í is not an application of e-business.  
a) Online Bidding  
c) Online trading
- b) Online Procurement  
d) Contract R &D
- Q.9. Factoring is í .. type of outsourcing service.  
a) Financing  
c) Advertising
- b) courier service  
d) customer support
- Q.10. A Call Center handlesí .  
a) Only in-bound voice based Business  
b) Only out-bound voice based business  
c) Both voice based and non voice based business  
d) Both customer facing and back end business
- Q.11 Use of ATM( Automated Teller Machine) to withdraw money is an example offí .  
a) B2B  
c) C2C
- b) B2C  
d) Intra B
- Q.12.Level -2 virus meansí .  
a) Annoyance in terms of some onscreen display  
b) Damage to target data files  
c) Complete destruction of the system  
d) Disruption of functioning.
- Q.13. B2C commerce meansí .  
a) Firmø interaction with other business firms.  
b) Firmø interaction with its customers.  
c) Firmø interaction with its own departments.  
d) None of the above.
- Q.14. Which of the following is NOT a disadvantage of outsourcing?  
a) Sweat shopping  
c) Confidentiality
- b) Ethical fall out  
d) Quest for excellence
- Q.15. Formation of Consumerø Forum and Pressure groups ( e.g. Yahoo group) is an example offí .  
a) B2B  
c) C2C
- b) B2C  
d) Intra B
- Q.16 Outsourcing í ..  
a) Restricts only to the contracting out of Information Technology Enabled Services.  
b) Restricts only to the contracting out of non core business activities.  
c) Includes both core and non core business activities but restricted to only domestic territory  
d) Includes off shoring
- Q.17. The risk of VIRUS is a common type offí .  
a) Transactional risk  
c) Both a & b
- b) Storage risk  
d) None of the above.
- Q.18. Principle types of outsourcing services are:  
a) Financing  
c) Advertising
- b) courier service  
d) All of the above

- Q.19. Which one of the following is the Benefit of outsourcing?  
 a) Cost reduction  
 b) Ethical fall out  
 c) Sweat shopping  
 d) Resentment in home country
- Q.20 Which one of the following is used to avoid transactional risk?  
 a) Encryption  
 b) Credit Card Authentication  
 c) Cyber Cells  
 d) Digital cash.
- Q.21 In outsourcing the process may be outsourced to  
 a) Captive BPO unit.  
 b) Horizontals.  
 c) Verticals  
 d) all of these.
- Q.22 Video Conferencing is an example of which type of e business transaction  
 a) B2B  
 b) B2C  
 c) Intra B  
 d) B2E

**Key to answers**

- |         |         |         |         |         |         |         |         |
|---------|---------|---------|---------|---------|---------|---------|---------|
| Q.1. d  | Q.2. a  | Q.3. d  | Q.4. c  | Q.5. c  | Q.6. a  | Q.7. b  | Q.8. d  |
| Q.9. a  | Q.10. c | Q.11. b | Q.12. d | Q.13. b | Q.14. d | Q.15. c | Q.16. b |
| Q.17. b | Q.18. d | Q.19. a | Q.20. b | Q.21. d | Q.22. d |         |         |

**TPOIC 6: SOCIAL RESPONSIBILITY**

- Q.1 Which of the following is not the social responsibility of business towards the investors?  
 a) To ensure safety of capital  
 b) To ensure proper dividend  
 c) To ensure proper utilization of capital  
 d) To give appropriate salary
- Q.2 Which of the following is not the social responsibility of business towards the consumers?  
 a) To make available good quality goods at cheap rates  
 b) To bring out reality in advertisement  
 c) To give them a share of profit  
 d) To avoid adulteration
- Q.3 It is the obligation of the business to take those decisions and to perform those actions which are expected in respect of the values and norms of the society. Identify the concept.  
 a) Social Responsibility  
 b) Social Ethics  
 c) Social Skills  
 d) None of the above
- Q.4 Which of the following are the categories of Social Responsibility?  
 a) Economic Responsibility  
 b) Legal Responsibility  
 c) Ethical Responsibility  
 d) All the above
- Q.5 It is a primary social responsibility to produce goods and services that society wants and sell them at reasonable profit. Identify the category of social responsibility referred here.



## TOPIC 7: SOURCES OF FINANCE

Q.1. Equity shareholders are called í í ..

- a) Owners of the company company
- c) Executives of the company company

- b) Partners of the
- d) Guardian of the

Q.2. The term "redeemable" is used for í .

- a) Preference shares
- c) Equity shares

- b) Commercial papers
- d) Public deposits

Q.3. Funds required for purchasing current assets are known as í .

- a) Fixed capital
- c) Working capital

- b) Retained earnings
- d) Lease financing

Q.4. ADRs are issued in í ..

- a) Canada
- c) India

- b) China
- d) USA

Q.5. Public deposits are the deposits that are directly raised from í .

- a) The public
- c) The auditors

- b) The directors
- d) the owners

Q.6. Trade credit is an example of í í .

- a) Long term finance
- c) Short term finance

- b) Medium term finance
- d) All of the above.

Q.7. Equity share capital represents í í í . of the company.

- a) Fixed capital
- c) Permanent capital

- b) fluctuating capital
- d) Working capital

Q.8. IDR is issued in í ..

- a) Canada
- c) India

- b) China
- d) None of the above.

Q.9. Debenture holders are called í . of the company.

- a) Owners
- c) Creditors

- b) Partners
- d) Executives.

Q.10. Under the lease agreement , the lessee gets the right to í .

- a) Share the profit earned
- c) Use the asset for specific period of time.

- b) Vote
- d) Sell the asset.

Q.11. Under the factoring agreement, the factor

- a) Produces and distributes the goods or services
- b) Makes the payment on behalf of client
- c) Collects the client's debt or accounts receivables.
- d) Transfer the goods from one place to another.

Q.12. The maturity period of commercial paper usually ranges from í

- a) 20 to 40 days

- b) 60 to 90 days



- c) 15 days to 1 year  
d) 90 days to 1 year.
- Q.13. Internal sources of capital are those that are generated through  
a) Outsiders  
c) Issue of shares  
b) Loans form banks  
d) Within the business
- Q.14. Working capital is raised through  
a) Trade credit  
c) Commercial paper  
b) Factoring  
d) All of the above.
- Q.15. Preference shares do not carry preferential rights over equity shares regarding  
a) Payment of dividend  
c) Voting rights  
b) Payment of capital  
d) None of the above.
- Q.16. Which one of the following is NOT the disadvantage of raising funds through debentures?  
a) No Dilution of control  
c) Fixed obligation  
b) Charge on assets  
d) all of the above.
- Q.17. Which one of the following is known as the -Risk capital?  
a) Debentures  
c) Equity shares  
b) Retained earnings  
d) Preference shares
- Q.18. The preference shares that can be converted into equity shares are known as  
a) Participating preference shares  
c) Convertible preference shares  
b) Non Participating preference shares  
d) Non convertible preference shares.
- Q.19. Which one of the following is the advantage of Equity shares?  
a) Higher cost  
c) Dilution of control  
b) No charge on assets  
d) Risk.
- Q.20. Which of the following institution provides financial assistance towards balanced regional development and development of management education in the country?  
a) Industrial finance Corporation of India (IFCI)  
b) Industrial Credit and Investment Corporation of India (ICICI)  
c) Life insurance Corporation of India (LIC)  
d) Industrial development Bank of India ( IDBI)
- Q.21. Which one of the following statement is TRUE about Public deposits?  
a) Public deposit cannot exceed 25% of share capital and reserves  
b) Public deposit are issued for a period of 6 months to 5 years  
c) Rate of interest offered on public deposits is lower than the rate of interest on bank deposits  
d) It is one of the reliable sources of finance
- Q.22. The interest rate on Three months Inter Corporate deposit is  
a) 12%  
c) 10%  
b) 15%  
d) 20%
- Q.23. Which one of the following is the unsecured short term deposit made by one company with another?  
a) IDR  
b) GDR

c)ADR

d) ICD

Q.24. Which one of the following is the first Global Company who issue IDR in India?

- a) Standard Chartered PLC
- c) HDFC

- b) HSBC
- d) Reliance

Q 25 Public Deposits are the deposits that are directly raised from

- a) The public.
- c)The auditors.

- b) the directors.
- d) the owners

Q26.----- are debt instrument that does not carry a specific rate of interest , but issued at a heavy discount

- a) Debentures.
- c)Bonds.

- b) Equity Shares.
- d) none of these.

**Key to answers**

Q.1. a	Q.2. a	Q.3. c	Q.4. d	Q.5. a	Q.6. c	Q.7. c	Q.8. c
Q.9. c	Q.10. c	Q.11. c	Q.12. d	Q.13. d	Q.14. d	Q.15. c	Q.16. a
Q.17. c	Q.18. c	Q.19. b	Q.20. a	Q.21. a	Q.22. a	Q.23. d	Q.24. a
Q 25. A	Q 26. c						