

Text Book for A.P.
Intermediate
Second Year



Commerce



Board of Intermediate Education
Andhra Pradesh





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I.R.S. Secretary**

PREFACE

“I hear and I forget – I see and I remember - I do and I understand – I think and I learn”

The Board of Intermediate Education, Andhra Pradesh, Vijayawada made an attempt to provide work books for the thirteenth time to the Intermediate students with relevant and authentic material with an aim to engage them in academic activity and to motivate them for self learning and self assessment.

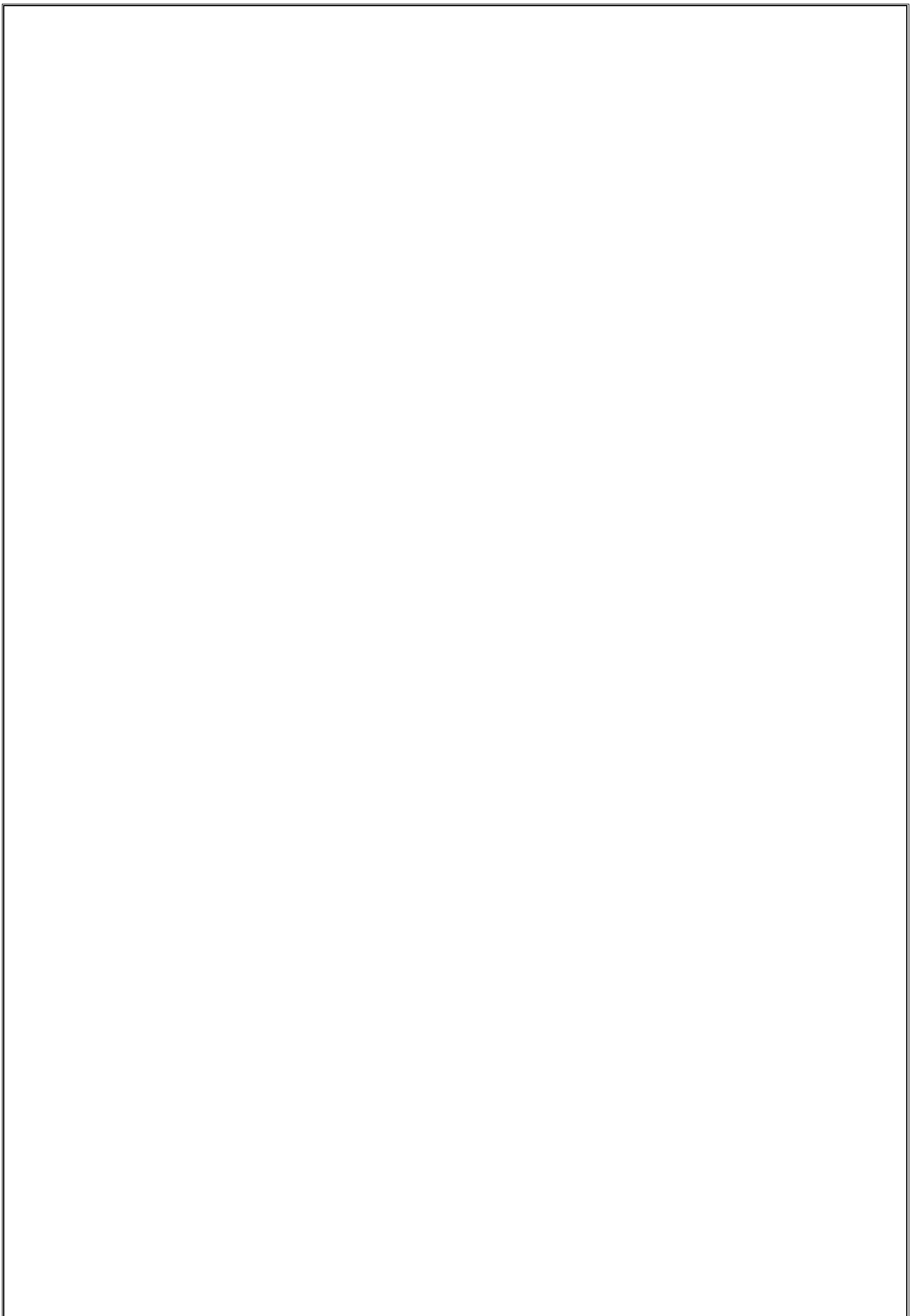
These work books are tailored based on the concepts of “learning by doing” and “activity oriented approach” to sharpen the students in four core skills of learning – Understanding, Interpretation, Analysis and Application.

The endeavour is to provide ample scope to the students to understand the underlying concepts in each topic. The workbook enables the student to practice more and acquire the skills to apply the learned concept in any related context with critical and creative thinking. The inner motive is that the student should shift from the existing rote learning mechanism to the conceptual learning mechanism of the core concepts.

I am sure that these compendia are perfect tools in the hands of the students to face not only the Intermediate Public Examinations but also the other competitive Examinations.

My due appreciation to all the course writers who put in all their efforts in bringing out these work books in the desired modus.

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COMMERCE - WORKBOOK

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1. ENTREPRENURSHIP

SECTION – 1

I. Write the correct answer to the following questions in one word

- (1) What does enterprise mean ?
- (2) Who were the entrepreneurs in the 16th century ?
- (3) “Clarence Danhof “examined the agricultural sector of which country and classified it by its entrepreneurs ?
- (4) The provision of land, labour, capital and raw materials is related to which entrepreneur characteristic ?
- (5) How many types of entrepreneur’s functions are there according to Kilby?
- (6) What is the process of creating a large number of jobs, reducing the unemployment problem and balancing the economic and social problems ?
- (7) What kind of entrepreneurs adopt new methods and technology from successful entrepreneurs ?
- (8) Explain one relation between entrepreneur and entrepreneurship.
- (9) Which of the opportunities for entrepreneurs has been declared by Government of Andhra Pradesh as Emergency Service Management Act ?

SECTION – 2

II. Identify correct answer to the following questions.

- (1) From which language is the word Entrepreneur derived
a) Russian b) French c) Latin d) Arabic
- (2) Who defines an entrepreneur as the one who organises and runs a risky business?
a) Drucker b) Cantillon c) Evans d) American Hentage
Dictionary
- (3) Which of the following is not an entrepreneur feature ?
a) Innovation b) leadership c) lack of freedom d) Planning
- (4) Which of the following are Éntrepreneur’s functions ?
a) Decision making b) Management c) Risk bearing d) All of the above
- (5) How much of the country’s pharmaceutical is made in Andhra Pradesh
a) 2 b) 3 c) 4 d) 5

(6) Which one act as catalyst for economic growth ?

- a) Entrepreneurship b) Innovation c) Entrepreneur
d) Risk bearing

(7) Which industry plays a major role in economic development ?

- a) Small scale industries b) Pharmaceutical industries
c) medium scale industries d) automobile industries

Section – 3

III. Read and understand the following sentences and decide what is true/false.

- 1) An entrepreneur is always looking to change.
- 2) The entrepreneur lacks leadership qualities.
- 3) A successful entrepreneur will not move on problems he faces.
- 4) Entrepreneurship promotes significant export trade that contributes to economic growth.
- 5) Enterprise is created by one person.
- 6) Drone entrepreneurs i. e. making change in the production.
- 7) The characteristics of the entrepreneur should be such that his employees appreciate it.
- 8) The government receives revenue in the form of income tax, sales tax , export and import taxes.

Section – 4.

I. Match the following

- | | |
|--------------|-------------|
| 1) Creditors | 1. Wages |
| 2) Labours | 2. Lease |
| 3) Land | 3. Interest |

II.

- | | |
|-------------------------------|--|
| (i) Exchange functions | a) Product Management |
| (ii) Administrative functions | b) Industrial Engineering |
| (iii) Management functions | c) Identifying Marketing Opportunities |
| (iv) Technical functions | d) Staff Management |

III. Match the relation between entrepreneur, entrepreneurship.

- | | |
|-------------------|----------------------------|
| (i) Administrator | a) A process |
| (ii) Creator | b) Leadership |
| (iii) Leader | c) Creation |
| (iv) A person | d) Management organization |

SECTION – V

IV. Very short answer questions

- (1) Define Entrepreneur ?
- (2) Define entrepreneurship ?
- (3) What does entrepreneur mean ?
- (4) Define Innovation ?
- (5) What is planning ?
- (6) Types of entrepreneur ?
- (7) What is independence ?
- (8) What is foresight ?
- (9) What is decision Making ?
- (10) Give some examples of the automobile sector

ANSWERS

SECTION – 1

- (i) To undertake
- (ii) French Army
- (iii) America
- (iv) Organisation of production
- (v) 4 types
- (vi) (vi) Entrepreneurship
- (vii) Imitative entrepreneurs
- (viii) Entrepreneur is the person , entrepreneurship is the process.
- (ix) Information Technology

SECTION - 2

Answers :

- 1) B 2) D 3) C 4) D 5) B 6) A 7) A

Section – 3

Answers :

- 1) True 2) False 3) True 4) True
5) True 6) False 7) True 8) True

Section – 4

Answers :

- 1 – 3 , 2 – 1 , 3 – 2
- 1 – 3, 2 – 4 , 3 – 1, 4 – 2
- 1 – 4, 2 – 3, 3 – 2, 4 – 1

Section – 5

Answers :

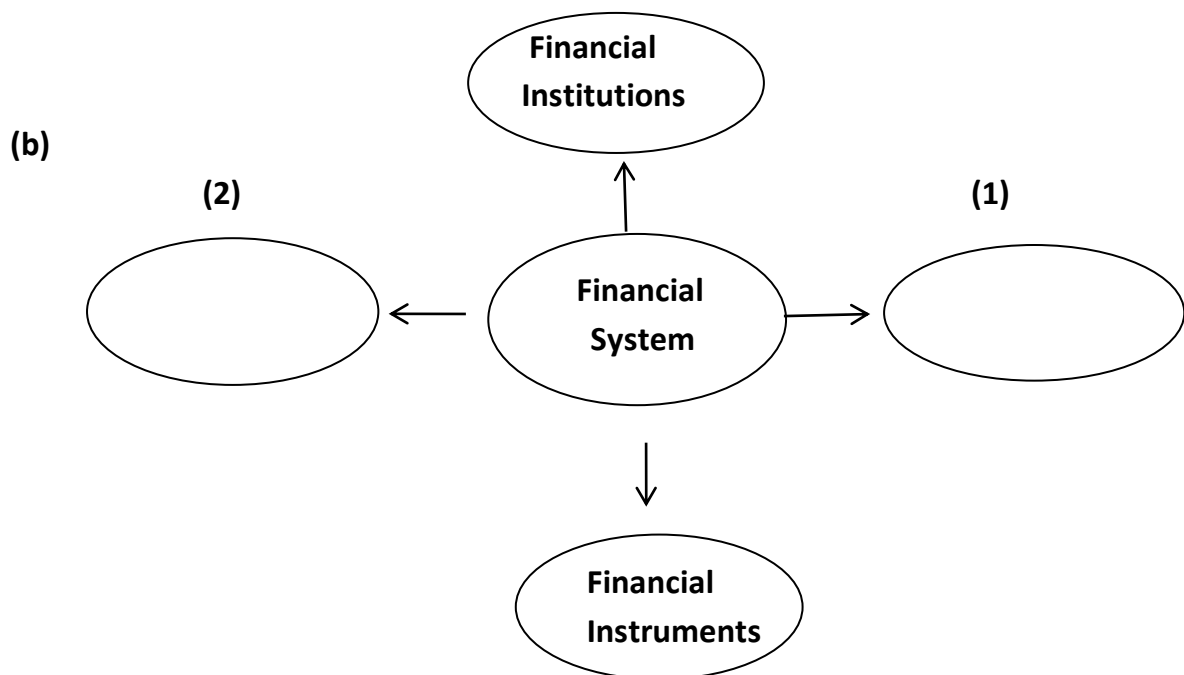
1. According to Pete. F Drucker, an entrepreneur is one who “searches for change, responds to it and exploits opportunities and the innovation is the specific tool of an entrepreneur “.
2. A. H. Cole defined as Entrepreneurship is the purposeful activity of an individual or group of associated individuals, undertaken to imitate, maintain or aggrandize profit by production or distribution of economic goods and services “.
3. Entrepreneur means to undertake an entrepreneur is someone who undertakes the task of setting up a new company at risk. Entrepreneur is the person.
4. Innovation is the main function of an entrepreneur where innovation means “doing new things or doing of things that are already being done in a new way”. An entrepreneur puts science and technology to economic use.
5. An entrepreneur is the person who plans each and everything in the business. He processes opportunities and devices ways and means to take advantage from them. Planning is a process.
6. Entrepreneur was classified into four types.
 - (i) Innovating entrepreneurs
 - (ii) Imitative Entrepreneurs
 - (iii) Fabian Entrepreneurs
 - (iv) Drone Entrepreneurs

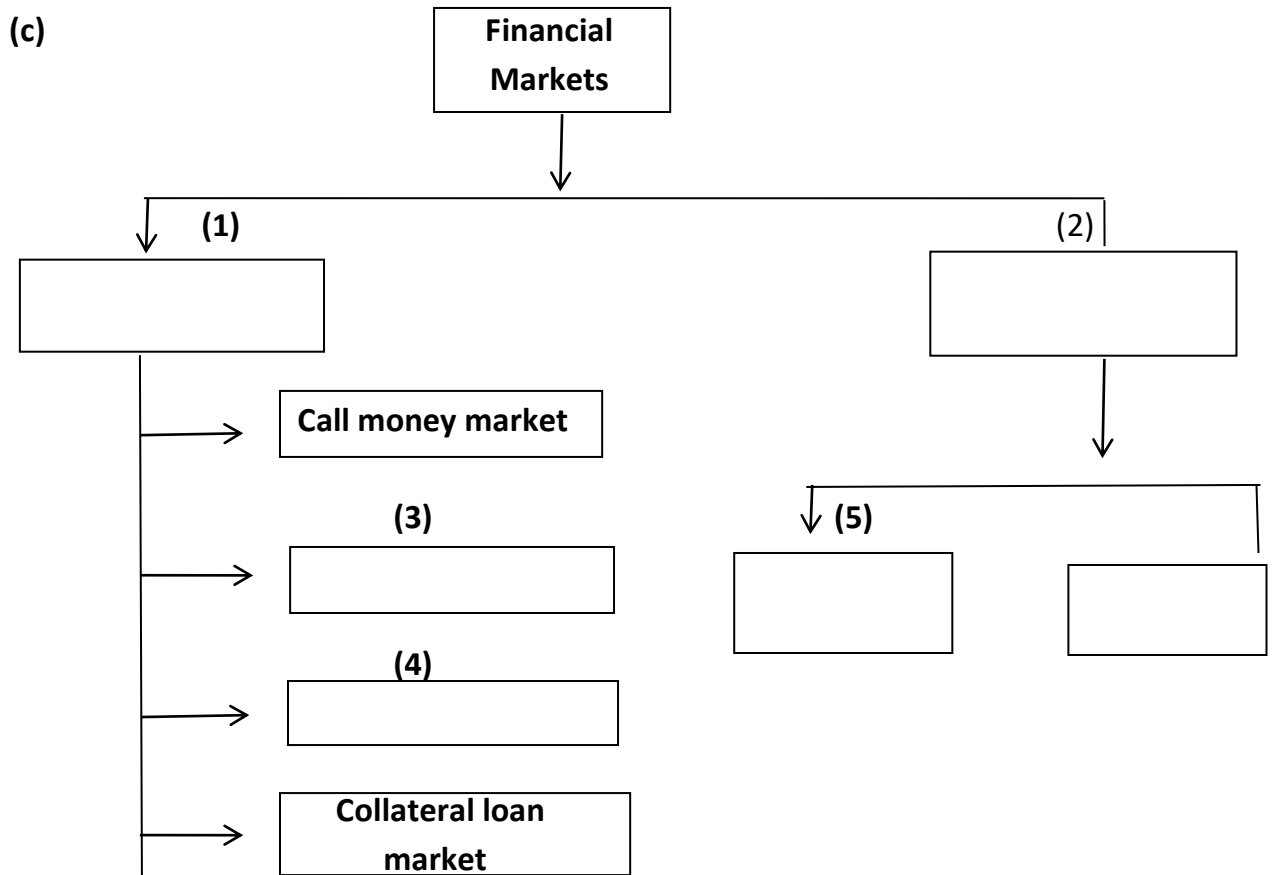
- 7) The successful entrepreneur has been that they do not like to be guided by others and to follow their routine. They liked to be independent in the matters of their business.
- 8) The entrepreneurs have a good foresight to know about future business environment. In other words, they well visualize the likely changes to take place in market, consumer attitude ,technological developments etc and take timely actions accordingly.
- 9) An entrepreneur as a decision maker takes various decisions regarding the following
 - a) Ascertaining the objective of the enterprise
 - b) Sources of finance
 - c) Product mix
 - d) Pricing policies
 - e) Promotion strategies
 - f) Appropriate technology or new equipments etc...
- 10)The companies are specialized in precision aluminium castings, high pressure die castings, forging, machined components, pressed metal components, gears etc.

IV. FINANCIAL MARKETS

1. Read the following paragraph and fill the table diagrams.

The financial system consists of financial institutions, financial markets, financial instruments and financial services. Business is a part of economic system that consists of two main sectors, households which save funds and business firms which invest these funds. Financial markets helps to link between these two sectors. Financial markets are broadly classified into two money market and capital market. Short term financial investment are traded in money market and long-term financial instruments are traded in capital market. Money market is classified into call money market, acceptancy market , bill market, collateral loan market, where as capital market is classified into primary market and secondary market.





2. Match the following :

- (i)
- | | | |
|------------------|--------|---|
| Financial Market | () | a. Trading of short term financial assets |
| Money market | () | b. Buying and selling of financial assets |
| Capital market | () | c. Long term financial assets. |
| Primary market | () | d. Stock exchange |
| Secondary market | () | e. New issue market |

- (ii)
- | Market | | Major participants |
|----------------|--------|--|
| Money market | () | a. RBI, commercial banks state & cultural governments, large corporate houses, mutual funds. |
| Capital market | () | b. banks, financial institutions, insurance companies, mutual funds and individuals |

- | | | |
|------------------|-----|--|
| Primary market | () | Reinvestment and disinvestment of individuals and organisations. |
| Secondary market | () | d. Development banks, commercial banks and stock exchanges. |

(iii)

Financial Instruments

- a) Treasury bill ()
- b) Commercial paper ()
- c) Call money ()
- d) Certificate of deposit ()

Maturity period

- a) 15 days to 1 year
- b) Less than 1 year
- c) 1 day to 15 days
- d) Short – term

(iv)

- a) Bombay Stock exchange index ()
- b) National Stock exchange index ()
- c) SENSEX ()
- d) NIFTY ()

- a) 30 most actively traded stocks
- b) SENSEX
- c) 50 most actively traded stocks
- d)NIFTY

(v)

- a) BSE ()
- b) NSE ()
- c) SEBI ()
- d) RBI ()

- a) 1992
- b) 1935
- c) 1875
- d) 1992 November 27th

3) Write the following True or False

- a) A well developed financial system facilitates economic development of a country _____
- b) Financial markets establishes link between government and investors _____
- c) Financial markets facilitate easy purchase and sale of financial assets _____
- d) Call money market is also known as Inter bank market.
- e) Treasury bills is issued by commercial banks _____
- f) Commercial papers are issued by credit worthy companies _____
- g) When a trade bill is accepted by a commercial bank is known as commercial bill _____
- h) Primary market is also known as stock market _____
- i) Deep discount banks are designed to meet the long-term fund requirements _____
- j) Sweat equity shares are issued by a company to new investors _____
- k) Stock exchanges are the financial barometer of the country _____

- l) Bombay stock exchange is 4th largest stock exchange in Asia and 9th largest in the world _____

4. Answer the multiple choice questions ?

- i) When was the Bombay Stock exchange established ?
 a. 1874 b. 1875 c. 1876 d. 1885
- ii) How many stock exchanges are there in India ?
 a. 1 b. 2 c. 3 d. 4
- iii) When was the National Stock Exchange of India established ?
 a. 1990 b. 1991 c. 1992. D. 1993.
- iv) Which stock exchange in India provide small and medium companies access to capital market ?
 a. BSI b. NSE c. OTCEI d. NASDAQ
- v) Over the counter exchange of India is promoted by _____
 a. UTI, ICICI b. IDBI, IFCI c. LIC, GIC d. a, b, c
- vi) Day –to day fluctuations in stock prices are reflected by _____
 a. Stock exchanges b. Financial Markets c. Stock market Indexes d) None
- vii) SENSEX index represents how many sectors of economy ?
 a. 10 b. 13 c. 15 d. 19
- viii) In which year SENSEX was launched ?
 a. 1956 b. 1966 c. 1976 d. 1986
- ix) What is the base year and base value of SENSEX ?
 a. 1975-76 – 100 b. 1976-77 ---- 100 c. 1977-78 ---- 1000 d. None
- ix) NIFTY represents how many sectors of economy ?
 a. 20 b. 22 c. 24 d. 25
- x) What is the base year and base value of NIFTY ?
 a. 1994-95; 1000 b) 1995-96; 1000 c) 1996-97; 1000 d) None
- xi) Materialisation is _____ ?
 a. Electronic book entry b. Magnetic book entry
 b. Manual Book entry d. None.

xii) The process of holding securities in an electronic book entry form is known as

- a) b) Dematerialisation c) Rematerialisation d) None

xiii) IPO stands for

- a. Indian postal order b) Initial public Offers
b. Indian Public order d) None

xiv) The organisation keeps securities in electronic form on behalf of the investor is

- a) Bank b) Stock exchange c) Depository d) RBI

xv) Which account has opened by the investor for buying and selling of securities ?

- a) Saving bank A/c b) Current A/c c) Fixed deposit A/c d) Demat A/c

xvi) The process of electronic securities are converted into physical form is called ?

- a) Materialisation b) Rematerialisation c) Dematerialisation d) None

xvii) The first and largest depository in India ?

- a) NSDL b) CDSL c) NSE d) BSE

xviii) The NSDL is promoted by ?

- A) NSE, IDBI, UTI b) BSE, SBI, BOI c) SBI, IDBI, d) None

xix) The Central Depository service limited is promoted by ?

- A) NSE, IDBI, UTI b) BSE and Bank of Baroda c) a and b d) None

xx) In which year SEBI was established ?

- A) 1990 b) 1991 c) 1992 d) 1994

xxi) Who regulate and control Indian Capital market ?

- A) Stock Exchange b) SEBI c) RBI d) None

xxii) The main objectives of SEBI is ?

- A) To protect the interests of investors
B) To regulate the stock exchange
C) To prevent trading malpractices
D) All the above.

xxiii) The following are the functions of SEBI ?

- A) Registration of brokers and sub brokers
B) Registration of collective investment schemes

- C) Regulation of middle men
- D) Calling information and conducting inspections
- E) All the above

xxiv) Which of the following are the functions of stock exchange ?

- A) providing liquidity & marketability to existing securities
- B) Pricing of securities
- C) Safety of transactions
- D) All the above

xxv) Business is a part of economic system consists of the following two main sectors ?

- A) Households b) business firms c) a and b d) None

xxvi) What are the financial assets are traded financial markets ?

- A) Equities b) Bonds c) Currencies and derivatives d) All

xxvii) The following are the instruments of money market ?

- A) Treasury bill b) Commercial paper c) Call money
- D) Certificate of deposit e) all of the above.

xxviii) Collateral loan grant by commercial banks against ?

- A) Equity shares b) Preference shares c) Debentures
- d) Government securities and bonds.

xxix) Issuing securities in primary market for the purpose

- A) Setting new projects b) Expansion and diversification
- B) Modernisation d) All the above

Xxix) Trading in secondary market is meant for ?

- A) Investing b) Reinvesting c) Investing and reinvesting d) None

(b) Read the below paragraph and answer the following questions ?

Stock exchange is a financial barometer of the country, which deals in long term finance. The first stock exchange in India was established as 'Native share and Stock Brokers Association' at Bombay in 1875, the predecessor of the present day Bombay Stock Exchange. It is located in Dalal street, Mumbai, which is Asia's 1st stock exchange and one of the India's leading exchange groups. It is the 4th latest and most modern technology driven exchange. NSE has been able to take the stock market to the door step of the investors. It has provided a National wide screen based and automated trading system with high degree of transparency.

- 1) What is the first stock exchange in India as well as in Asia ?
A)
- 2) What is the predecessor of the Bombay Stock Exchange ?
A)
- 3) Where is the Bombay Stock Exchange located ?
A)
- 4) When was the National Stock Exchange established ?
A)
- 5) The first screen based fully automated trading system introduced by ?
A)

5. (a) Read the following passage and answer the questions given ?

The well developed financial system facilitates economic development of the country. A financial market helps to link the savers and the investors by mobilising funds between them, by which it performs an allocated functions. There are two major alternative mechanisms through which allocations of funds can be done, such as banks or financial markets. Banks and financial markets are competing intermediaries in the financial system and give house holds a choice of where they want to place their savings. A financial market is a market where buyers and sellers participate in the trade of financial assets such as equities, bonds, currencies and derivatives . Financial markets are broadly classified into two ie. Money market and capital market. Money market is a market where short-term and financial instruments are traded. Where as capital market is a market where long term financial instruments are traded.

- 1) What about the above paragraph is discussing ?
A.
- 2) To whom between the financial market establishing link ?
A.
- 3) What are the two major mechanisms in a financial market ?
A.
- 4) What is money market ?
A.
- 5) What is capital market ?
A.

b) Read the below paragraph and answer the following questions ?

A stock market index is a barometer of market behaviour. It reflects market direction and indicates day-to-day fluctuations in stock prices. In the Indian markets the BSE-SENSEX and NSE -NIFTY are important indices.

All trading in securities is now done through computer terminals. The process of holding securities in an electronic book entry form is called dematerialisation . For this the invest has to open a Demat Accounts (Dematerialisation Account) with an organisation called depository. A depository is like a bank and keep securities in electronic form on behalf of the investor. It is a technology driven electronic storage system. The demat securities can be pledged or hypothecated to get loans. There is no danger of loss, theft or forgery of share certificates. It is the broker responsibility to credit the investors account with the correct number of shares. In India there are two depositories (NSDL) National Securities Depositories Limited and (CDSL) Central Depositories Service Limited.

1) What are the Indian Stock Market Indexes ?

A)

2) What is dematerialisation ?

A)

3) What is depository ?

A)

4) What are the depositories in India ?

A)

5) Who is responsibility to credit the investors account?

A)

6. Answer the following questions with your own idea in one or two sentences for each.

1. How is the financial markets helpful to the economic development of a country.

2. If Banks and Financial markets are not developed well what are the consequences ?

3. How did the stock market indexes helpful to understand the market behaviour with reference to India ?

4. If you are going to start a new venture, how did you get long-term finance to your company & give proper reasons ?

5.What is meant by stock exchange ?

A. _____

6. Write any two differences between money market and capital market ?

A. _____

7. Write any two differences between primary market and secondary market ?

A. _____

8. Write any two objectives of SEBI ?

A. _____

9. What is equity shares ?

10. What is preferential shares ?

A. _____

11. Why did the stock Exchange Indexes are fluctuating always ?

A. _____

12. Why did the NIFTY and SENSEX indexes fell down during the lockdown period of COVID-19 ?

A. _____

7. Fill in the following blanks

1. By 2015, _____ exchanges are recognised by Central Government in India.

2. As per _____ Act, over the Counter Exchange of India (OTCEI) is established.

3. The prices of securities in stock markets are determined by the _____ and _____ of securities.

4. _____ facilitates the transfer of savings from savers to investors.
5. Call money market is also called as _____ loan market.
6. Treasury Bill issued by _____ on behalf of Central Government.
7. The funds raised through commercial paper to meet the floating costs is called _____
8. Certificate of Deposit are _____ term instruments.
9. _____ equity shares issued by the company to employees or directors on favourable terms, in recognition of their work.
10. Foreign currency convertible bond is a mix between debt and _____ instrument.
11. Capital market regulated by _____ in India.
12. _____ regulates money market in India.

***** END *****