

**D.N.R COLLEGE (AUTONOMOUS), BHIMAVARAM
DEPARTMENT OF COMMERCE**

**I B.COM (GEN & CA) – I SEMESTER
FUNDAMENTALS OF COMMERCE**



**R. RADHA RANI
LECTURER IN COMMERCE**

b) The value of money decreases during inflation

c) The value of money stays the same during inflation

d) None of the above

10. Which of the following included in the national income of a country [d]

a) Rent

b) Interest

c) Wages

d) Rent, interest, wages, profit

11. When did the World Trade Organisation came into effect [d]

a) Mar 6, 1996

b) April 18, 1994

c) Feb 5, 1994

d) Jan 1, 1995

12. Trade is the component of _____ [a]

a) Commerce

b) Industry

c) Agriculture

d) None of these

13. WTO stands for _____ [c]

a) World Tariff Organization

b) World Tax organization

c) World Trade Organisation

d) World Trademark Organisation

14. _____ is the highest hierarchical level in the organizational structure of WTO [b]

a) General Coronial

b) Ministerial Conference

c) Directorial Generation

d) Secretariat at WTO

15. What is GATT? [a]

a) A part eliminating most trade barriers between the international trade

b) Political and economic union

c) Reasonable inter government organisation

d) A legal agreement between many couturiers

16. How many member countries are part of the World Trade Organisation as of september 2021 [a]

a) 164

b) 151

c) 104

d) 139

17. Economic development refers to _____ [d]

a) Economic

b) Changes in output distributors and economic structure

c) Improvement in the well being of the urban population

d) Both a & b

18. Which of the following is not related to World Trade Organisation [d]
- a) Dispute Settlement Body
 - b) Council of trade on goods
 - c) Trade policy review Body
 - d) Exchange rate management of body
19. What is primary purpose of the balance of payments (BOP) [d]
- a) To record domestic financial transaction
 - b) To track a countries GDP
 - c) TO monitor economic growth
 - d) To record all international at financial transactions
20. The literal meaning of the trade is [a]
- a) Exchange
 - b) Buying and selling
 - c) Removed of effendi capital
 - d) Business
21. A retailer generally buys goods from the _____ [b]
- a) Government
 - b) Whole sale
 - c) Industry
 - d) None of the above
22. Foreign trade involves [b]
- a) Trade between individuals with in a country
 - b) Trade between countries
 - c) Trade between wholesalers and retailer
 - d) Trade between business with in a country
23. Aids to trade are like [c]
- a) Middleman
 - b) Obstacles
 - c) Helpers
 - d) Barriers
24. Which of the following an other term for the net national product at factor cost? [b]
- a) Personal income
 - b) National income
 - c) Gross National product
 - d) Net domestic product

II. FILL IN THE BLANKS

1. Business is an Economic Activity.
2. Commerce helps in satisfying Human wants.

3. Buying of goods from other countries is know as **Import** Trade.
4. BOP stands for **Balance of Payments**.
5. Aids-to-Trade is also called as **Auxiliaries to Trade** .
6. Commerce consists of both **Trade & Aids-to-Trade**.
7. Trading between states & country is known as **Domestic Trade**.
8. Sale of goods to foreign countries is known as **Export Trade**.

III. VERY SHORT ANSWERS

1. Define commerce ?
 - A. Commerce deals with buying & selling of goods exchange of commodities etc.
2. What is Business ?
 - A. Business is a buying and selling goods and services for making profits.
3. What is International Trade ?
 - A. The Trade takes place between difference countries is know as International Trade.
4. Define BOP ?
 - A. It records all the international transactions made for the residents of a country.
- 5.What is Trade ?
 - A. The activities related to sale, exchange of goods & services is know as trade.
6. What is need of Commerce?
 - A. It helps in Development ,modernization , employment etc.
7. What is the Primary objective of Commerce?
 - A. Commerce primary objective is profit generation.
8. What is the WTO's central objective concerning Trade barriers?
 - A. The central objective of the WTO's concerning Trade barriers progressive deduction of barriers to trade.

IV. MATCHING

- | | | |
|--|-------|---|
| A. Trade | (1) | 1. Buying & selling goods and services. |
| B. Finance | (2) | 2. Banking , investments & capital management |
| C. Marketing & Advertisement | (3) | 3. Promotion of goods & services. |
| D. Logistics & supply chain management | (4) | 4. Efficient flow of goods. |

V. True or False

1. Business is the economic Activity [True].
2. Trade includes commerce [False].
3. Export Trade refers to sale of goods to a Foreign country [true].
4. BOP Full form is Balance of Technology [False].

c) gross national product

d) net domestic product

9. What is the meaning of marginal utility

(A)

a) Additional utility from additional unit of consumption

b) Additional margin

c) Utility from consumption

d) None of the above

10. According to Economics human wants are-----

(B)

a) Limited

b) unlimited

c) Stable

d)None of the above

11. What is the consumption of fixed capital known as

(A)

a) Depreciation

b) Capital formation

c) Investment

d) All the above

12. Which of the following are the types of economic actives

(D)

a) Business

b) Profession

c) Employment

d) All the above

13. Monopoly means_____

(C)

a) Two seller

b) Single buyers

c) Single seller

d) Two buyers

14. Prefect competition means_____

(C)

a) Single seller

b) Single buyers

c) Large number of sellers and buyers

d) none of the above

15. What does elasticity of demand measures_____

(B)

a) The quantity demanded of a specific price level

b) The sensitivity of quantity demanded to changes in price

c) The total revenue generated from sales

d) The total quantity supplied in the market

16. Which type of market consist of Nemours buyers and sellers offering identical products

(C)

a) Monopoly

b) Oligopoly

c) Perfect competition

d) Monopolistic competition

17. In which type of market does a single seller or producer dominant the entire market?

(D)

a) Monopolistic Competition

b) Oligopoly

c) Perfect competition

d) Monopoly

18. What is duopoly _____ (C)

a) A market with numours seller offer identical products

b) A market with many seller with differentiated product

c) A market with only two dominant forms

d) A market with single seller

19. In perfect competition, what do individual forms no control over (D)

a) Market entry and exit

b) Product differentiation

c) None price competition

d) The market price

20. The products in perfect competition are _____ in nature (C)

a) Heterogeneous

b) Differing

c) Homogeneous

d) All of the above

21. Transportation cost under a perfect competition market is _____ (D)

a) High

b) Low

c) Not determined

d) Zero

22. The elasticity for the demand of durable goods is _____ (C)

a) Zero

b) Equal to unity

c) Grater than unity

d) Less than unity

23. Which of the following is not a main type of elasticity of demand (A)

a) Consumer elasticity of demand

b) Price elasticity of demand

c) Cross elasticity of demand

d) Income elasticity of demand

24. What is equilibrium price economics (C)

a) The highest possible market price

b) The price of which sellers maximize profit

c) The price of which quantity demanded equals quantity supplies

d) None of the above

Fill in the blanks

- 1) Economics studies the art of household house hold management.
- 2) Economics is also considered as a social science
- 3) The difference between export and import is called net foreign investment
- 4) Expenditure is also known as consumption (or) investment method
- 5) The law of demand is based on the law of diminishing marginal utility
- 6) Demand is an effective desire (or) want
- 7) In perfectly elastic demand elasticity of demand will remain infinite
- 8) A market refers to a place where goods are bought and sold

Very short answer questions

- 1) What is micro economics?
 - a) It is the study of individual and well defined groups of individual.
- 2) What is macroeconomics?
 - a) It studies about inflation, price level, economic growth, GDP etc.
- 3) What is national income?
 - a) The total income of all the residents of the country.
- 4) What is demand ?
 - a) It is an effective desire or want for a thing .
- 5) What is market ?
 - a) It refers to a place where goods are bought and sold .
- 6) What is elasticity of demand ?
 - a) Percentage change in quantity demanded to the percentage change in price .
- 7) What is GDP ?
 - a) It is the market value of final goods and services produced in a country during one year.
- 8) What is economy ?
 - a) It define as a body of knowledge connected to wealth .

Matching

- | | | |
|-----------------------------|-------|---|
| A. Perfect competition | (1) | 1) large number of buyers and sellers |
| B. Monopoly | (2) | 2) one seller dominate the market |
| C. Duopoly | (3) | 3) only two dominate forms in market |
| D. Monopolistic competition | (4) | 4) many companies offers competing product that are not similar |

TRUE OR FALSE

- 1) Economic is a science of wealth (T)
- 2) The law f demand is based on the law of diminishing marginal utility (T)
- 3) Durable goods cannot be stored (F)
- 4) Under perfect competition their selling cost (F)

UNIT :- 3

Accounting Principles

I. Multiple Choice Questions :-

1. What is the languages of business [B]
A. Information B. Accounting
C. Management D. All the above
2. Which of the following are branches of accounting ? [D]
A. Financial accounting B. Cost accounting
C. Management accounting D. All the above
3. The primary objective of Book-keeping is to prepare _____? [C]
A. Trail balance B. Final accounting
C. Both A & B D. None of the above
4. At the end of the accounting year _____ is prepared [A]
A. Balance sheet B. Journal Entries
C. Ledger D. Cost sheet
5. Accounting is the Art of _____? [D]
A. Recording & classifying B. Summarizing
C. Analysis & Interpreting D. All the above
6. Closing stock is calculated _____ of the year [A]
A. At the end B. At the beginning
C. At previous D. For future
7. Fill form of (GAAP) is _____ [B]
A. Generally Agreement Accepting Principles
B. Generally Accepted Accounting Principles
C. Gazette Adoption of Assessment period
D. None of the above
8. Drawing represent the with draws of what use ? [A]
A. Personal use B. Office use

C. Both A & B

D. None of the above

9. _____ is defined as the decrease in the value of net assets [B]

A. Profit B. Loss

c. Income D. Gain

10. we use debit as Dr and credit as _____ [D]

A. Credit B. Dc

C. Cd D. Cr

11. Accounting equation = _____ [B]

A. Current assets-current liabilities = capital

B. Current-liabilities = capital

C. Fixed asset – fixed liabilities = current asset

D. None of the above

12. Double entry system came into effect in the _____ century [C]

A. 17TH B. 18TH C. 19TH D. 20TH

13. _____ denotes two sided effect of various transaction on accounting [A]

A. dual aspect B. Single aspect

C. Trio aspect D. multi aspect

14. Which of the following are the types of assets [D]

A. Current assets B. Non- Current assets

C. Tangible & intangible assets

D. All the above

15. The accounting table is prepared in _____ format/shape [B]

A. Vertical B. 'T' shape

C. Horizontal D. Parallel

16. Debit the receiver and credit the giver the above rule state the _____ account [B]

A. Real account B. Personal account

C. Nominal account D. All the above

17. In book-keeping posting means _____ [A]

A. To record the transaction from journal to ledger

B. To record the transaction in the journal

C. Both A & B

D. None of the above

18. Accounting does not record non-financial transactions because of _____ [C]

A. Entity concept B. Accrual concept

C. Measurement concept D. None of the above

19. According to the going concern concept a business entity is assumed to have _____ [A]

A. A long life B. A very short life

C. Indefinite life D. All of the above

20. What is the primary objective of accounting ? [C]

A. Maximizing profits B. maintaining inventory

C. Providing accurate financial records

D. Marketing products

21. What is the first step in accounting cycle _____ [C]

A. Preparation of financial statement

B. Posting to ledger

C. Identification of transaction

D. Adjusting entries

22. What is one of the key objective of financial accounting ? [D]

A. Maximizing profits

B. Promoting internal decision making

C. Ensuring compliance with tax regulations

D. Providing transference to external stock holders

23. What is the primary focus of cost accounting ? [B]

A. Preparation of financial statement

B. Analysis of production cost

C. Management decision making

D. Tax compliance

24. What is the primary focus of management accounts ? [B]

- A. Preparing financial statements for external stock holders
- B. Providing internal financial information for decision making
- C. Conducting external audits
- D. Ensuring compliance with tax regulations.

II. Fill in the blanks:-

- 1. Drawings are the amounts of cash or often assets by the owner from the business for personal use.
- 2. Journal is a book of original entry.
- 3. Cash account is related to Real account.
- 4. The Going concerned concept assumes that a business with centime to operate indefinitely.
- 5. GAAP stands for Generally Accepted Accounting Principles.
- 6. A balance sheet shows the Financial position of the business entity.
- 7. Cost accounting focuses on analyzing and allocating costs in the production of goods and services.
- 8. Financial accounting communicates a company's financial performance to external stake holders.

III. Very Short Question:-

- 1. What is accounting?
 - a. Accounting is the art of recording ,classifying and summarizing in a significant manner.
- 2. What is financial accounting?
 - a. It deal is with various financial transaction occurred in the due course of business.
- 3. What is cost accounting?
 - a. It deals with the process of ascertainment of total cost incurred for manufacturing of a given product.
- 4. What is management accounting?
 - a. It helps the management in formulating plan, policies and taking important decisions.
- 5. What is dual aspect concept?
 - a. Each transaction undertakes in business firm has a two sided effect, debit and credit.
- 6. What is the primary focus of cost accounting?
 - a. Analyzing and allocating costs in the production of goods and services.
- 7. When are closing entries made in the accounting cycle?
 - a. At the end of the accounting period.
- 8. What is the primary purpose of management accounting?
 - a. Provide in internal financial information for decision making.

IV. Matching

- | | |
|--------------------------|---|
| A. Going concerns | [1] 1) Assumes that a business will Continue to operate definitely. |
| B. Financial Accounting | [2] 2) Communicating financial performance to eternal |
| C. Cost Accounting | [3] 3) Controlling costs and improving cost efficiency |
| D. Management Accounting | [4] 4) Providing internal financial information to management |

V. True & False

- 1. All monetary or non monetary transaction or events are recorded in accounting [F]
- 2. Profit or Loss has no effect on net work [F]
- 3. The primary objective of accounting is to maximize profit [F]
- 4. The trail balance is prepared to confirm that total debits and credits in or equal [T]

UNIT :-4
TAXATION

Multiple choice question

- 1) "Assesses" means_____? [C]
A) Tax collector B) Tax receiver
C) Tax payer D) None
- 2) In which year income tax Act was made? [A]
A) 1961 B) 1991
C) 1992 D)1947
- 3) "Gross Total Income" was calculated under_____of the following? [D]
A) Salaries and House property
B) Profit and gains of business or profession
C) capital gain and other sources
D) All of the above
- 4) "assessment year" means_____to_____period Of time [C]
A) 1-1-2023=1-12-2024 B) 1-1-2023=31-12-2023
C)1-4-2023=31-3-2024 D)31-3-2023=1-4-2024
- 5) Generally every individual pay tax for the_____yea Of time [B]
A) Present B) Previous C) Future D)none of the above
- 6) How many types of taxes are there in India ? [B]
A) 3 B) 2 C) 4 D) 5
- 7) GST is an_____type of tax ? [B]
A) Direct tax B) Indirect tax
C) Income tax D) None of these
- 8) CBDT Full Form ? [A]
A) Central Board of Direct Taxes
B) Central Barrier for Decreasing Taxes
C) Critical Board of Deputive Taxes
D) All of these

- 9) CBDT deals with the collection of _____ taxes [A]
- A) Income tax B) Custom tax
C) Indirect tax D) All the above
- 10) CBIC Full Form ? [C]
- A) Central Board of incorrect taxes & customs
B) Central Bank of Investments & credits
C) Central Board of Indirect Taxes & Customs
D) None of these
- 11) A person should pay tax, when his income exceeds _____ lakhs per annum [B]
- A) 1,50,000 LPA B) 2,50,000 LPA
C) 2,45,000 LPA D) 3,25,000 LPA
- 12) The income – tax paid by companies [Both domestic and foreign] in India is _____ tax [C]
- A) Company income tax
B) Creators income tax
C) corporate income tax
D) currency investing tax
- 13) Goods & service tax (GST) came into force on ____ [D]
- A) 20th JUNE 2017 B) 31st JULY 2017
C) 1st AUGUST 2017 D) 1st JULY 2017
- 14) “ Income Tax authority “ Consists of the following officers [D]
- A) Commissioner B) Joint Commissioner
C) Inspector of IT D) All of the above
- 15) Direct Tax Means? [A]
- A) Tax levied on the income / profits of people
B) Tax levied on business rules
C) Both A&B
D) None of the above
- 16) Indirect tax means ? [A]
- A) Tax levied by govt ., on goods and services

B) Tax levied by govt. on private properties

C) Tax levied on families

D) All the above

17) Income tax was probably imposed on [B]

A) Losses B) Incomes C) Capital D) None

18) CBEC Full Form ? [C]

A) Credit Basis of Economics and Contributions

B) Central Bank for Economics and Capitals

C) Central Bank of Excise and Customs

D) None of the above

19) CBDI was earlier known as _____ [A]

A) CBEC B) CBDT C) CBSE D) CBCS

20) Tax treatment of "Income " can be divided into _____ categories [B]

A) 4 B) 3 C) 2 D) 6

21) Artificial judicial person means _____ [A]

A) Statutory corporations

B) Tax authorities

C) Co-Operative societies

D) None of these

22) Income tax can be paid only by _____ persons ? [C]

A) Non- residents of India B) Foreigners

C) Indians D) None of these

23) A person who is responsible for the assessment of income of another person is known as _____ [C]

A) Tax collector B) Income officer

C) Representative Assesses D) Commissioner

24) Which of the following are the features of income? [D]

A) Definite source B) Tainted Income

C) Temporary or Permanent D) All the above

Fill the blanks:-

1. **Canada** model of GST has been chosen by India.
2. **Agricultural tax** not imposed by the central government.
3. IGST is billed as soon as the stock is **Federal**.
4. The highest CGST rate legally permitted for intra state supplies is **40**.
5. The full of UTGST **Union Territory Goods and Service Tax**.
6. Income Tax act was passed in the year **1961**.
7. The apex body of Income tax department is **CBDT**.
8. GST Act was implemented in India from **1 JULY 2017**.

Very short Questions:-

1. What is Taxation?
A. Taxation is the imposing or levying of tax on the citizens of a country.
2. What is Direct tax?
A. Direct tax is a type of tax levied on the income or profits of people.
3. What is Indirect tax?
A. Indirect tax is levied by the government on goods and services.
4. What is CBIC?
A. Central Board of Indirect Tax and customs (CBIC). It regulates and collects indirect taxes.
5. What is Custom duties?
A. Customs duties are charges levied on goods when they cross international borders.
6. What is Income tax?
A. Income tax is a type of direct tax, that imposed on profits incomes earned in a year.
7. What is CBDT?
A. Central Board of Direct Taxes (CBDT). IT regulates and collects direct taxes in the country.
8. What is GST?
A. Goods and service Tax (GST) is a type of indirect tax levied on goods and services.

Matching:-

- | | | |
|------------------------|-------|--|
| A. Sales Tax | [1] | 1. Imposed on the final sale of goods and services |
| B. Tax Planning | [2] | 2. Reducing taxable income directly |
| C. Wealth Tax | [3] | 3. Levied on an individual's net wealth |
| D. Personal Income Tax | [4] | 4. Imposed on the income earned by individual's |

True or False:-

1. CGST full form is Central Goods and Service Tax [True]
2. Direct tax was collected by CBIC [False]
3. GST is a type of Direct tax [False]
4. Assesses is the Tax payer. [True]

- 11) Most widely used "search Engine tool " is _____ (b)
a) Windows excel 10 b) Google
c) YAHOO d) YouTube
- 12) SEO full form (a)
a) Search engine optimization b) special engine optimization
c) State engine operation d) statistical economic organization
- 13) Abbreviation of e-mail is _____ (c)
a) Electrical mail b) elemental mail
c) Electronic mail d) eco-friendly mail
- 14) E-mail can be sent through _____ (d)
a) Computer b)mobile phones
c) Tablets d) all the above
- 15) Data analytics plays a crucial role in _____ (c)
a) Predicting customers behavior b) providing customized suggestions
c) Both A and B d) none of these
- 16) Abbreviation of SERP is _____ (a)
a) Search engine results page b) search engine return page
c) Static element running page d) none of the above
- 17) "Google" was founded in the year _____ (b)
a) 1997 b) 1998 c) 1996 d) 1999
- 18) For education purpose which of the following were used? (d)
a) What's app b) you tube
c) Google d) all the above
- 19) Social media consists of _____ (d)
a) Face book b) Instagram
c) Twitter d) all
- 20) Plat forms like _ Netflix, hotstar, Amazon prime, videos E.T.C, comes under _____ (b)
a) Education b) entertainment
c) Communication d) business making
- 21) Word press is a _____ (a)
a) Content management system b) blogger
c) Programming language d) all of the above
- 22) Which type of data can be stored in word press as media? (d)
a) Text b) document

- c) Music d) all of the above
- 23) When was word press released? (a)
 a) May 2003 b) July 2003
 c) may 2001 d) none of these
- 24) Which of these is an advantage of word press? (b)
 a) PHP requirement b) SEO tools make on _ site SEO easier
 c) Frequent update require multiple backup copies d) all these above

Fill In the blanks:

- 1) The basic types of computers are **Digital computer and analog computer.**
- 2) Electronic data processing (EDP) is associated with **Electronic computers.**
- 3) Output unit of the computer turns out the **end products i.e., results.**
- 4) To get the fastest result in an electronic computer input media used should be **magnetic tape.**
- 5) Digital marketing can be done at both **off line and online.**
- 6) **E-marketing** allows a business to reach its clients in wide range of ways .
- 7) **Google** is most widely used search engine world wide .
- 8) **E-mail** is one of the most widely used services of the internet .

Very short answer questions:

- 1) Define computer?
 A. It is an electronic device that can store and process information.
- 2) Distinguish between hard ware and software?
 A. Hard ware: - It is physical in nature; hence it can touch and see.
 Soft ware: - It cannot be physically touched but still can be seen and used.
- 3) What is CPU?
 A. The brain of computer, it process input, store data, output results (or) central processing unit.
- 4) Define computerized accounting system
 A. It refers to the system of maintaining accounts using computers.
- 5) Define online processing
 A. It is ongoing entry of transactions into computer system in real time.
- 6) What is website
 A. Website is a collection of related web page linked together containing multimedia contents.
- 7) What is social media?
 A. It has transformed the way people communicate, share information, and engage with each other.
- 8) Define search engine?
 A. It is basically a software tool or a website that allows people to search information.

Matching :-

- | | |
|-------------------------------------|---|
| A) Search Engine optimization (SEO) | (1)1) Optimizing website content and structure to improve earch Engine ranking. |
| B) Email Marketing | (2)2) Delivering personalized content and promotional messages through email. |
| C) Social-Media Marketing and | (3)3) Leveraging social platforms to engage with the audience |

build brand awareness.

D) Video Marketing

(4)4) Using videos to tell a compelling brand story or showcase products.

True or false :-

- 1) Web pages can either be static or dynamic (True)
- 2) Web designing is the process of creating web page (False)
- 3) Social media marketing is one of the best advertising resources to the best advertising resources to grab consumer's attentio (True)
- 4) E- commerce refers to the trading of goods and services with help of internet (True)
