

I Year B.COM–(GEN/FM/CA/DM) SEMESTER-I
COURSE1: FUNDAMENTALS OF COMMERCE

Theory

Credits:4

4 hrs/week

Learning Objectives:

The objective of this paper is to help students to acquire conceptual knowledge of the Commerce, Economy and Role of Commerce in Economic Development. To acquire Knowledge on Accounting and Taxation.

Learning Outcomes:

At the end of the course, the student will be able to identify the role of commerce in Economic Development and Societal Development. Equip with the knowledge of imports and exports and Balance of Payments. Develop the skill of accounting and accounting principles. They acquire knowledge on micro and macro economics and factors that determine demand and supply. An idea of Indian Tax system and various taxes levied on in India. They will acquire skills on web design and digital marketing.

Unit 1: Introduction: Definition of Commerce – Role of Commerce in Economic Development - Role of Commerce in Societal Development. Imports and Exports, Balance of Payments. World Trade Organization.

Unit 2: Economic Theory: Macro Economics – Meaning, Definition, Measurements of National Income, Concepts of National Income. Micro Economics – Demand and Supply. Elasticity of Demand and Supply. Classification of Markets -Perfect Competition – Characteristics – Equilibrium Price, Marginal Utility.

Unit 3: Accounting Principles: Meaning and Objectives Accounting, Accounting Cycle - Branches of Accounting - Financial Accounting, Cost Accounting, Management Accounting. Concepts and Conventions of Accounting – GAAP.

Unit 4: Taxation: Meaning of Tax, Taxation - Types of Tax- Income Tax, Corporate Taxation, GST, and Customs & Excise. Differences between Direct and Indirect Tax– Objectives of Tax- Concerned authorities – Central Board of Direct Taxes (CBDT) and Central Board of Excise and Customs (CBIC).

Unit 5: Computer Essentials: Web Design - Word Press Basics, Developing a Simple Website. Digital Marketing - Social Media Marketing, Content Marketing, Search Engine Optimization (SEO), E-mail Marketing. Data Analytics- Prediction of customer behavior, customized suggestions.

QUESTION BANK
FUNDAMENTALSOFCOMMERCE
SECTION-A MCQS

Unit1: Introduction to Commerce

1. What is the primary focus of commerce?

- A. Production of goods
- B. Distribution of goods and services
- C. Extraction of resources
- D. Manufacturing processes

Answer: B

2. Commerce contributes to economic development by:

- A. Reducing imports
- B. Improving product quality
- C. Facilitating trade and economic activities
- D. Enhancing private savings

Answer: C

3. The role of commerce in societal development includes:

- A. Reducing lab or participation
- B. Generating employment opportunities
- C. Limiting foreign trade
- D. Controlling nationalized industries

Answer: B

4. Which of the following is true about imports?

- A. They contribute to a trade surplus
- B. They reduce national spending
- C. They involve bringing goods into a country
- D. They promote only domestic goods

Answer: C

5. A positive balance of payments indicates that a country:

- A. Imports more than it exports
- B. Exports more than it imports
- C. Has high foreign debt
- D. Has low domestic production

Answer: B

6. Which organization regulates International trade?

- A. WTO
- B. IMF
- C. World Bank
- D. UNICEF

Answer: A

7. Commerce impacts the economy by:

- A. Minimizing resource availability
- B. Increasing market access
- C. Encouraging isolationism
- D. Limiting business competition

Answer: B

8. Balance of trade refers to the:

- A. Total tax revenue
- B. Difference between exports and imports
- C. Difference between GDP and GNP
- D. Ratio of foreign investment

Answer: B

9. What is the role of the World Trade Organization (WTO)?

- A. To regulate domestic trade
- B. To manage international financial flows
- C. To facilitate free and fair global trade
- D. To restrict trade among countries

Answer: C

10. Which sector is primarily involved in commerce?

- A. Primary sector
- B. Secondary sector
- C. Tertiary sector
- D. Agricultural sector

Answer: C

11. A country with a trade deficit has:

- A. More exports than imports
- B. More imports than exports
- C. No imports
- D. Equal imports and exports

Answer: B

12. Commerce influences the balance of payments by affecting:

- A. Tax revenues
- B. Production levels
- C. Import and export levels
- D. Population growth

Answer: C

13. The primary benefit of international trade is:

- A. Increased self-sufficiency
- B. Reduced global competition
- C. Access to a variety of goods and services
- D. Reduced global interdependence

Answer: C

14. Imports are beneficial because they:

- A. Help in increasing inflation
- B. Provide goods unavailable domestically
- C. Eliminate foreign exchange
- D. Reduce domestic demand

Answer: B

15. Which term describes the payment balance between countries?

- A. Trade Reserve
- B. Foreign Reserve
- C. Balance of Payments
- D. Gross Domestic Product

Answer: C

16. Which one is a primary goal of the WTO?

- A. Eliminating all forms of trade
- B. Imposing high tariffs
- C. Promoting free trade and reducing barriers
- D. Subsidizing domestic industries

Answer: C

17. Balance of trade refers to:

- A. Economic stability
- B. Export-import difference
- C. Wealth distribution
- D. Resource allocation

Answer: B

18. Commerce plays a role in:

- A. Reducing labor productivity
- B. Expanding employment opportunities
- C. Discouraging trade
- D. Limiting economic growth

Answer: B

19. One of the roles of commerce is to:

- A. Decrease globalization
- B. Increase resource utilization
- C. Reduce the use of technology
- D. Limit economic progress

Answer: B

20. A trade deficit implies that:

- A. Exports are higher than imports
- B. Imports are higher than exports
- C. There is no import
- D. Export equals import

Answer: B

UNIT-II Macroeconomics MCQs

21. What does GDP stand for?

- A) Gross Domestic Product
- B) Gross Domestic Payment
- C) General Domestic Product
- D) Gross Demand Product

Answer: A) Gross Domestic Product

22. Which of the following is included in the GNP but not in the GDP?

- A) Exports
- B) Imports
- C) Income earned by citizens abroad
- D) Government spending

Answer: C) Income earned by citizens abroad

23. What is 'Real National Income'?

- A) National income at current prices
- B) National income adjusted for inflation
- C) Gross income before taxes
- D) Nominal income after tax

Answer: B) National income adjusted for inflation

24. Which measurement of national income takes depreciation into account?

- A) Gross National Product (GNP)
- B) Net National Product (NNP)
- C) Gross Domestic Product (GDP)
- D) Personal Income (PI)

Answer: B) Net National Product (NNP)

25. Disposable Personal Income (DPI) is calculated as:

- A) GDP minus taxes
- B) Personal Income minus personal taxes
- C) National Income minus savings
- D) GNP minus depreciation

Answer: B) Personal Income minus personal taxes

26. National Income refers to:

- A) Total wealth of a nation
- B) Total income of the citizens and businesses in a country
- C) Total exports minus imports
- D) Government spending plus taxes

Answer: B) Total income of the citizens and businesses in a country

27. The per capita income is found by dividing national income by:

- A) Gross national product
- B) Net national product
- C) Population
- D) Personal income

Answer: C) Population

28. Which of the following measures income within a country's borders regardless of who earns it?

- A) Gross National Product (GNP)
- B) Net National Product (NNP)
- C) Gross Domestic Product (GDP)
- D) Disposable Income (DI)

Answer: C) Gross Domestic Product (GDP)

29. Which of the following is NOT a method for measuring national income?

- A) Income method
- B) Output method
- C) Expenditure method
- D) Inflation method

Answer: D) Inflation method

30. Personal income includes:

- A) Only wages and salaries
- B) All income received by households, including transfer payments
- C) Business profits
- D) Only disposable income

Answer: B) All income received by households, including transfer payments

31. The Law of Demand states that:

- A) When price increases, demand increases
- B) When price decreases, demand decreases
- C) When price decreases, demand increases
- D) When price increases, supply decreases

Answer: C) When price decreases, demand increases

32. Elasticity of Demand measures:

- A) The change in supply due to price changes
- B) The responsiveness of quantity demanded to price changes
- C) The total demand for a good
- D) The elasticity of supply

Answer: B) The responsiveness of quantity demanded to price changes

33. If a good has many substitutes, its demand is likely to be:

- A) Elastic
- B) Inelastic
- C) Unaffected by price changes
- D) Perfectly inelastic

Answer: A) Elastic

34. Which type of market structure has the highest number of buyers and sellers?

- A) Monopoly
- B) Oligopoly
- C) Perfect competition
- D) Monopolistic competition

Answer: C) Perfect competition

35. In perfect competition, the equilibrium price is determined by:

- A) The government
- B) The average price of goods

- C) The intersection of demand and supply
- D) Monopolistic prices

Answer: C) The intersection of demand and supply

36. Marginal Utility refers to:

- A) The total satisfaction from all units of a good consumed
- B) The satisfaction from the first unit consumed
- C) The satisfaction from consuming one additional unit
- D) The utility of substitute goods

Answer: C) The satisfaction from consuming one additional unit

37. When income elasticity of demand for a good is positive, the good is considered:

- A) An inferior good
- B) A luxury good
- C) A substitute good
- D) A normal good

Answer: D) A normal good

38. Which of the following is true in a perfectly competitive market?

- A) Firms are price makers
- B) There is only one firm in the market
- C) Firms produce homogenous products
- D) Firms produce differentiated products

Answer: C) Firms produce homogenous products

39. Cross elasticity of demand measures:

- A) The change in demand for a good when the price of a related good changes
- B) The elasticity of supply
- C) The change in demand due to changes in consumer income
- D) The change in demand due to advertising

Answer: A) The change in demand for a good when the price of a related good changes

40. Which of the following is NOT a characteristic of perfect competition?

- A) Free entry and exit
- B) Many buyers and sellers
- C) Unique products
- D) Perfect information

Answer: C) Unique products

41. What is the primary objective of accounting?

- A) To measure income
- B) To keep a record of assets
- C) To provide financial information to users for decision-making
- D) To maximize profits

Answer: C) To provide financial information to users for decision-making

42. The process of recording, classifying, and summarizing financial transactions is known as:

- A) Bookkeeping
- B) Auditing
- C) Accounting
- D) Budgeting

Answer: C) Accounting

43. Which of the following is the correct sequence of the Accounting Cycle?

- A) Journalizing, Posting, Trial Balance, Adjusting Entries, Financial Statements
- B) Trial Balance, Journalizing, Financial Statements, Posting
- C) Financial Statements, Posting, Adjusting Entries, Journalizing
- D) Adjusting Entries, Trial Balance, Journalizing, Financial Statements

Answer: A) Journalizing, Posting, Trial Balance, Adjusting Entries, Financial Statements

44. Which branch of accounting focuses on recording and reporting financial transactions for external users?

- A) Cost Accounting

- B) Management Accounting
- C) Financial Accounting
- D) Forensic Accounting

Answer: C) Financial Accounting

45. **Management Accounting is primarily concerned with:**

- A) Auditing financial statements
- B) Providing information to internal management for decision-making
- C) Preparing tax returns
- D) Recording historical costs

Answer: B) Providing information to internal management for decision-making

46. **Cost Accounting is used to:**

- A) Report financial information to shareholders
- B) Measure and control operational costs
- C) Conduct an audit of accounts
- D) Estimate future tax obligations

Answer: B) Measure and control operational costs

47. **What does GAAP stand for?**

- A) Generally Acknowledged Accounting Principles
- B) Government Accounting and Auditing Policies
- C) Generally Accepted Accounting Principles
- D) General Account Assessment Program

Answer: C) Generally Accepted Accounting Principles

48. **Which accounting principle states that transactions should be recorded at their original cost?**

- A) Consistency Principle
- B) Cost Principle
- C) Revenue Recognition Principle
- D) Matching Principle

Answer: B) Cost Principle

49. **According to the Matching Principle:**

- A) Revenue should be matched with the expenses incurred to generate it
- B) Expenses should be recorded when paid
- C) Revenue is recorded when cash is received
- D) Financial statements should match management's objectives

Answer: A) Revenue should be matched with the expenses incurred to generate it

50. **Which concept assumes that a business will continue operating indefinitely?**

- A) Consistency
- B) Going Concern
- C) Accrual
- D) Materiality

Answer: B) Going Concern

51. **The principle that requires accounting information to be complete, neutral, and free from bias is:**

- A) Objectivity Principle
- B) Prudence Principle
- C) Full Disclosure Principle
- D) Materiality Principle

Answer: A) Objectivity Principle

52. **Which of the following is a convention in accounting?**

- A) Revenue
- B) Objectivity
- C) Prudence
- D) Expense

Answer: C) Prudence

53. Which accounting concept involves recording only significant information in financial statements?

- A) Matching Principle
- B) Consistency Principle
- C) Materiality Principle
- D) Conservatism Principle

Answer: C) Materiality Principle

54. The Full Disclosure Principle requires:

- A) Only essential items to be reported
- B) All material facts to be disclosed in financial statements
- C) Assets to be shown at market value
- D) Costs to be minimized

Answer: B) All material facts to be disclosed in financial statements

55. Consistency Principle requires that:

- A) The same accounting methods be applied each period
- B) Revenue and expenses are recorded when cash is received or paid
- C) Only the most conservative figures are used
- D) All information is disclosed

Answer: A) The same accounting methods be applied each period

56. Which of the following is NOT a branch of accounting?

- A) Financial Accounting
- B) Tax Accounting
- C) Management Accounting
- D) Monetary Accounting

Answer: D) Monetary Accounting

57. What is the primary objective of Cost Accounting?

- A) To record transactions
- B) To determine and control costs
- C) To provide information to external users
- D) To prepare financial statements

Answer: B) To determine and control costs

58. Which principle requires that revenue be recorded when it is earned, regardless of when cash is received?

- A) Cash Basis
- B) Revenue Recognition Principle
- C) Matching Principle
- D) Prudence Principle

Answer: B) Revenue Recognition Principle

59. The Convention of Conservatism (or Prudence) suggests that:

- A) Anticipated profits should be recorded in advance
- B) Probable losses should be accounted for immediately
- C) Assets should be overstated
- D) Revenues should be understated

Answer: B) Probable losses should be accounted for immediately

60. The Accrual Concept states that:

- A) Expenses and revenues are recognized only when cash is exchanged
- B) Expenses and revenues should be recorded when they occur, not when cash is received or paid
- C) Financial statements are prepared at the end of the fiscal year
- D) Businesses should accumulate profits

Answer: B) Expenses and revenues should be recorded when they occur, not when cash is received or paid

UNIT-III

61. **What is the primary purpose of taxation?**

- A) To increase government debt
- B) To reduce inflation
- C) To generate revenue for government expenditure
- D) To control trade

Answer: C) To generate revenue for government expenditure

62. **Which of the following is considered a direct tax?**

- A) Income Tax
- B) Goods and Services Tax (GST)
- C) Customs Duty
- D) Excise Duty

Answer: A) Income Tax

63. **GST is an example of which type of tax?**

- A) Direct Tax
- B) Indirect Tax
- C) Capital Tax
- D) Corporate Tax

Answer: B) Indirect Tax

64. **Corporate Tax is levied on:**

- A) Individuals
- B) Companies' profits
- C) Imported goods
- D) Property transfers

Answer: B) Companies' profits

65. **Which of the following taxes is applicable to imports and exports?**

- A) Corporate Tax
- B) Income Tax
- C) Excise Duty
- D) Customs Duty

Answer: D) Customs Duty

66. **Which tax is specifically levied on the manufacture of goods within a country?**

- A) GST
- B) Excise Duty
- C) Customs Duty
- D) Wealth Tax

Answer: B) Excise Duty

67. **Direct Taxes are generally:**

- A) Shiftable to another person
- B) Non- shiftable
- C) Based on the consumption of goods
- D) Collected by retailers

Answer: B) Non- shiftable

68. **Indirect Taxes are collected from:**

- A) Individuals based on income
- B) Corporations based on profits
- C) Consumers when they purchase goods and services
- D) Property owners

Answer: C) Consumers when they purchase goods and services

69. **Which of the following is NOT a type of direct tax?**

- A) Income Tax
- B) Wealth Tax
- C) Customs Duty
- D) Corporate Tax

Answer: C) Customs Duty

70. The Central Board of Direct Taxes (CBDT) is responsible for:

- A) Direct Tax laws in India
- B) Indirect Tax laws in India
- C) Administering Customs Duty
- D) Administering GST

Answer: A) Direct Tax laws in India

71. Which organization is responsible for administering GST in India?

- A) CBDT
- B) CBIC
- C) SEBI
- D) RBI

Answer: B) CBIC

72. The main difference between direct and indirect taxes is:

- A) Direct taxes are levied on goods, indirect taxes on income
- B) Direct taxes cannot be shifted, while indirect taxes can be passed to consumers
- C) Direct taxes are higher than indirect taxes
- D) Indirect taxes apply only to luxury goods

Answer: B) Direct taxes cannot be shifted, while indirect taxes can be passed to consumers

73. Income Tax is a tax based on:

- A) Expenditure
- B) Income of individuals and businesses
- C) Sale of goods
- D) Import and export

Answer: B) Income of individuals and businesses

74. Which tax is often included in the price of goods and services?

- A) Income Tax
- B) Corporate Tax
- C) Wealth Tax
- D) GST

Answer: D) GST

75. The objective of corporate taxation is primarily to:

- A) Discourage companies from making profits
- B) Fund government programs through company profits
- C) Tax company shareholders
- D) Increase exports

Answer: B) Fund government programs through company profits

76. Which body oversees the collection of Customs Duty in India?

- A) CBDT
- B) CBIC
- C) SEBI
- D) RBI

Answer: B) CBIC

77. Excise Duty is typically imposed on:

- A) Imported goods
- B) Goods produced within the country
- C) Capital assets
- D) Financial transactions

Answer: B) Goods produced within the country

78. Which of the following taxes is progressive, meaning it increases with the ability to pay?

- A) GST
- B) Excise Duty
- C) Income Tax

D) Customs Duty

Answer: C) Income Tax

79. **The Central Board of Direct Taxes (CBDT) and Central Board of Indirect Taxes and Customs (CBIC) are both under the:**

A) Ministry of Finance

B) Reserve Bank of India

C) Ministry of Commerce

D) Securities and Exchange Board of India

Answer: A) Ministry of Finance

80. **Which of the following taxes is collected by state governments in India?**

A) Income Tax

B) Corporate Tax

C) GST (State component)

D) Customs Duty

Answer: C) GST (State component)

81. **WordPress is primarily used for:**

A) Building desktop applications

B) Web development and blogging

C) Data analysis

D) Graphic design

Answer: B) Web development and blogging

82. **Which of the following is NOT a WordPress theme?**

A) Astra

B) Divi

C) Elementor

D) Google Analytics

Answer: D) Google Analytics

83. **What is a "plugin" in WordPress?**

A) A built-in theme

B) A tool for adding extra features and functionality to a website

C) A type of template

D) A type of post

Answer: B) A tool for adding extra features and functionality to a website

84. **In WordPress, the main dashboard allows users to:**

A) Install operating systems

B) Manage website content and settings

C) Develop only mobile applications

D) Edit PDF files

Answer: B) Manage website content and settings

85. **Which file format is commonly used for website images?**

A) DOCX

B) CSV

C) JPG/PNG

D) MP3

Answer: C) JPG/PNG

86. **WordPress is considered a CMS, which stands for:**

A) Central Management System

B) Content Management System

C) Customized Marketing System

D) Customer Management System

Answer: B) Content Management System

87. **Which language is mainly used to style WordPress websites?**

A) Python

B) HTML

- C) CSS
- D) SQL

Answer: C) CSS

88. **To create a simple static page on WordPress, one can use:**

- A) Widgets only
- B) Pages
- C) Media Library
- D) Plugins

Answer: B) Pages

89. **Which of the following is used to track website traffic and user behavior?**

- A) WooCommerce
- B) Google Analytics
- C) Elementor
- D) Jetpack

Answer: B) Google Analytics

90. **In WordPress, a "widget" is used to:**

- A) Create new posts
- B) Add additional features in specific areas like sidebars and footers
- C) Change the color scheme
- D) Edit website code

Answer: B) Add additional features in specific areas like sidebars and footers

91. **Which platform is primarily used for business networking and B2B marketing?**

- A) Facebook
- B) Instagram
- C) LinkedIn
- D) Pinterest

Answer: C) LinkedIn

92. **What is SEO mainly focused on?**

- A) Increasing website loading speed
- B) Increasing organic traffic by improving search engine ranking
- C) Sending emails to potential customers
- D) Improving website security

Answer: B) Increasing organic traffic by improving search engine ranking

93. **Content marketing aims to:**

- A) Directly sell products
- B) Provide valuable information to attract and retain customers
- C) Reduce marketing expenses
- D) Enhance customer support

Answer: B) Provide valuable information to attract and retain customers

94. **In email marketing, an "open rate" refers to:**

- A) The number of emails opened compared to the total sent
- B) The cost per email sent
- C) The number of unsubscribed emails
- D) The number of spam reports received

Answer: A) The number of emails opened compared to the total sent

95. **What does PPC stand for in digital marketing?**

- A) Pay Per Click
- B) Paid Promotion Channel
- C) Pay Per Conversion
- D) Paid Personalization Cost

Answer: A) Pay Per Click

96. **Which of the following is an example of "on-page SEO"?**

- A) Linking to other websites
- B) Adding keywords in title tags and meta descriptions

- C) Running a PPC ad campaign
- D) Posting on social media

Answer: B) Adding keywords in title tags and meta descriptions

97. **In social media marketing, "engagement" generally includes:**

- A) Only likes on posts
- B) Likes, comments, shares, and interactions on content
- C) Follower count
- D) The number of posts created

Answer: B) Likes, comments, shares, and interactions on content

98. **Content in digital marketing should ideally be:**

- A) Promotional only
- B) Valuable, relevant, and consistent
- C) Informative but outdated
- D) Text-only with no visuals

Answer: B) Valuable, relevant, and consistent

99. **What does "CTR" stand for in digital marketing?**

- A) Cost To Revenue
- B) Click Through Rate
- C) Customer Trust Ratio
- D) Campaign Target Reach

Answer: B) Click Through Rate

100. **Which digital marketing method is primarily focused on delivering promotional messages through email?**

- A) SEO
- B) Content Marketing
- C) Social Media Marketing
- D) Email Marketing

Answer: D) Email Marketing

SECTION-B Fill In the blanks

Unit 1: Introduction to Commerce

1. Commerce is the _____ of goods and services between businesses and consumers.
Answer: exchange
2. The _____ of trade compares the value of a country's exports and imports.
Answer: balance
3. A trade _____ occurs when a country's exports exceed its imports.
Answer: surplus
4. The _____ monitors and facilitates international trade rules.
Answer: World Trade Organization (WTO)
5. A positive balance of payments is generally seen as an indicator of economic _____.
Answer: health
6. Imports are goods and services _____ from other countries.
Answer: purchased
7. The primary role of commerce in societal development is to create _____ and improve standards of living.
Answer: employment
8. Commerce promotes _____ development by facilitating the flow of goods and services across borders.
Answer: economic
9. A trade _____ happens when a country imports more than it exports.
Answer: deficit
10. _____ is the act of buying products from foreign markets to satisfy domestic demand.
Answer: Importing

Unit 2: Economic Theory

11. _____ economics studies the overall economy, including factors like national income and inflation.
Answer: Macro
12. National income can be measured through the income method, product method, or _____ method.
Answer: expenditure
13. Microeconomics focuses on the behavior of _____ and firms in individual markets.
Answer: consumers
14. The law of _____ states that demand for a product decreases as its price increases.
Answer: demand
15. When demand is highly sensitive to price changes, it is said to be _____.
Answer: elastic
16. Perfect competition requires that there are _____ buyers and sellers in the market.
Answer: many
17. In a perfectly competitive market, products are _____, meaning they are identical in every way.
Answer: homogeneous
18. The _____ price is the point at which demand and supply are equal.
Answer: equilibrium
19. Marginal _____ refers to the additional satisfaction gained from consuming one more unit of a good.
Answer: utility
20. The demand curve usually slopes _____, indicating that higher prices lead to lower demand.
Answer: downward

Unit 3: Accounting Principles

21. _____ accounting provides information to external users, such as investors and creditors.
Answer: Financial
22. _____ accounting focuses on tracking production costs within a business.
Answer: Cost
23. Management accounting is used primarily for _____ decision-making within an organization.
Answer: internal
24. The Generally Accepted Accounting Principles are commonly abbreviated as _____.
Answer: GAAP
25. The _____ is the sequence of steps involved in the recording and reporting of financial transactions.
Answer: accounting cycle
26. The primary objective of accounting is to provide _____ information about financial transactions.
Answer: accurate
27. The _____ convention states that all assets and liabilities should be recorded at their actual cost.
Answer: historical cost
28. The principle of _____ requires that all financial information should be disclosed in a clear and understandable manner.
Answer: full disclosure
29. _____ accounting focuses on recording and reporting tax-related transactions.
Answer: Tax
30. A _____ entry involves recording both a debit and a credit for each transaction.
Answer: double

Unit 4: Taxation

31. _____ tax is imposed directly on income and profits.
Answer: Direct
32. _____ tax is added to the cost of goods and services, such as GST.
Answer: Indirect
33. _____ is a tax levied on the profit of a corporation.
Answer: Corporate tax
34. The _____ is responsible for administering income tax in India.
Answer: Central Board of Direct Taxes (CBDT)
35. Customs duty is charged on goods that are _____ into or out of a country.
Answer: imported
36. One objective of taxation is to generate _____ for the government to fund public services.
Answer: revenue
37. GST stands for _____.
Answer: Goods and Services Tax
38. The _____ collects customs duties and excise taxes in India.
Answer: Central Board of Indirect Taxes and Customs (CBIC)
39. _____ taxes are generally paid by consumers when purchasing goods and services.
Answer: Indirect
40. The difference between direct and indirect tax is that direct tax is paid directly by individuals or entities, while indirect tax is included in the _____ of goods and services.
Answer: price

Unit 5: Computer Essentials

41. _____ is a popular platform for creating and managing websites.
Answer: WordPress
42. _____ optimization involves improving a website's visibility on search engines.
Answer: Search Engine
43. Digital marketing includes activities such as social media marketing, content marketing, and _____ marketing.
Answer: email
44. _____ analytics uses data to make predictions about future customer behaviors.
Answer: Data
45. One goal of digital marketing is to create _____ content that engages users.
Answer: valuable
46. SEO stands for _____.
Answer: Search Engine Optimization
47. A _____ website can be created using basic WordPress tools and templates.
Answer: simple
48. In data analytics, customer preferences can be used to offer _____ recommendations.
Answer: personalized
49. _____ marketing involves promoting products through email campaigns.
Answer: Email
50. _____ is the process of promoting content through online channels to reach a target audience.
Answer: Digital marketing

SECTION-C True or False

Unit 1: Introduction to Commerce

1. Commerce is the study of economic principles without any concern for the exchange of goods and services.
Answer: False

2. The role of commerce in economic development is to facilitate trade and increase economic growth.
Answer: True
3. Exports only contribute to the economic growth of a country, while imports have no impact.
Answer: False
4. Commerce plays a key role in societal development by creating jobs and improving standards of living.
Answer: True
5. The balance of payments reflects the financial transactions between a country and the rest of the world.
Answer: True
6. The World Trade Organization (WTO) regulates international trade and ensures that trade practices are fair.
Answer: True
7. A country with a trade deficit has a higher value of imports compared to exports.
Answer: True
8. Imports are goods and services sold to other countries.
Answer: False
9. The balance of payments includes both the current account and the capital account.
Answer: True
10. The role of commerce in society is primarily to restrict trade with other countries.
Answer: False

Unit 2: Economic Theory

11. Macroeconomics focuses on the economy as a whole, while microeconomics studies individual markets and decisions.
Answer: True
12. National income is only measured by the income method, not by the expenditure or production methods.
Answer: False
13. In microeconomics, the study of demand and supply is important for understanding market behavior.
Answer: True
14. Elasticity of demand refers to how sensitive the demand for a good is to changes in income, not price.
Answer: False
15. Perfect competition allows firms to set prices at their discretion due to lack of competition.
Answer: False
16. The equilibrium price is determined where the quantity supplied equals the quantity demanded.
Answer: True
17. Marginal utility decreases as more units of a good are consumed, according to the law of diminishing marginal utility.
Answer: True
18. Inelastic demand means that demand does not change at all in response to price changes.
Answer: False
19. The concept of national income includes only the income earned within a country.
Answer: False
20. The demand curve always slopes upward, reflecting the direct relationship between price and demand.
Answer: False

Unit 3: Accounting Principles

21. Financial accounting focuses on the recording of transactions for internal decision-making.
Answer: False
22. Cost accounting helps track and control costs within a business to improve profitability.
Answer: True
23. Management accounting is primarily concerned with reporting financial data to external stakeholders.
Answer: False
24. The accounting cycle consists of steps that help ensure accurate and reliable financial reporting.
Answer: True
25. GAAP (Generally Accepted Accounting Principles) are used to ensure uniformity and consistency in financial reporting.
Answer: True
26. The accounting cycle involves recording transactions, summarizing them, and preparing financial statements.
Answer: True
27. The historical cost convention states that assets should be recorded at their market value.
Answer: False
28. Double entry accounting ensures that every financial transaction is recorded in two places: a debit and a credit.
Answer: True
29. Management accounting reports are designed for external investors and stakeholders.
Answer: False
30. The balance sheet shows the financial position of a company, listing its assets, liabilities, and equity.
Answer: True

Unit 4: Taxation

31. Direct taxes are taxes imposed on individuals and organizations based on their income or profits.
Answer: True
32. Indirect taxes are levied directly on the goods and services consumed by the public, like VAT and GST.
Answer: True
33. Income tax is an example of a direct tax.
Answer: True
34. The Central Board of Indirect Taxes and Customs (CBIC) handles income tax matters in India.
Answer: False
35. Corporate tax is a tax on the profits of businesses or corporations.
Answer: True
36. GST (Goods and Services Tax) is a type of indirect tax that replaces multiple other taxes in India.
Answer: True
37. The main objective of taxation is to increase the wealth of individuals.
Answer: False
38. Customs duties are taxes imposed on goods imported into a country.
Answer: True
39. The Central Board of Direct Taxes (CBDT) oversees matters related to excise and customs duties.
Answer: False
40. The primary function of taxation is to generate revenue for government spending and infrastructure.
Answer: True

Unit 5: Computer Essentials

41. WordPress is a platform used for designing and managing websites easily.
Answer: True

42. SEO (Search Engine Optimization) is the process of improving a website's visibility in search engine results.
Answer: True
43. Social media marketing involves promoting products and services on social platforms like Facebook and Instagram.
Answer: True
44. Data analytics is the process of using historical data to predict future trends and behaviors.
Answer: True
45. Email marketing is only used for promoting new products, not for engaging with customers.
Answer: False
46. A well-designed website can be built using platforms like WordPress without needing advanced coding skills.
Answer: True
47. Content marketing involves creating valuable and relevant content to attract and retain customers.
Answer: True
48. Customized suggestions based on customer behavior are an example of data analytics being used in marketing.
Answer: True
49. The primary goal of digital marketing is to increase a brand's visibility and reach through traditional media.
Answer: False
50. Social media marketing can be used to connect with potential customers and build brand loyalty.
Answer: True

SECTION-D ONE MARK QUESTIONS

Unit 1: Introduction to Commerce

1. **What is commerce?**
Answer: Commerce refers to the activities involved in the exchange of goods and services between businesses and consumers.
2. **What is the role of commerce in economic development?**
Answer: Commerce facilitates the production, distribution, and consumption of goods and services, which drives economic growth and development.
3. **What is the balance of payments?**
Answer: The balance of payments is a record of all financial transactions between a country and the rest of the world.
4. **What is the role of commerce in societal development?**
Answer: Commerce creates employment opportunities, improves standards of living, and promotes social welfare through the exchange of goods and services.
5. **What is the difference between imports and exports?**
Answer: Imports are goods and services bought from foreign countries, while exports are goods and services sold to foreign countries.
6. **What does a trade surplus mean?**
Answer: A trade surplus occurs when a country's exports exceed its imports.
7. **What does the World Trade Organization (WTO) do?**
Answer: The WTO regulates international trade, ensuring that trade flows smoothly, predictably, and freely.
8. **What is a trade deficit?**
Answer: A trade deficit occurs when a country imports more goods and services than it exports.
9. **Why is the balance of payments important?**
Answer: It helps in assessing the economic health of a country and its ability to pay for imports and service its external debts.
10. **What is the role of commerce in international trade?**
Answer: Commerce facilitates the exchange of goods and services across borders, contributing to economic integration and growth.

Unit 2: Economic Theory

11. What is macroeconomics?

Answer: Macroeconomics is the branch of economics that studies the behavior and performance of an economy as a whole, including national income and inflation.

12. What is microeconomics?

Answer: Microeconomics studies the behavior of individual consumers and firms in making decisions regarding the allocation of resources.

13. What are the different methods of measuring national income?

Answer: The three methods are the income method, expenditure method, and production method.

14. What is elasticity of demand?

Answer: Elasticity of demand measures how the quantity demanded of a good responds to changes in its price.

15. What is perfect competition?

Answer: Perfect competition is a market structure where many firms sell identical products, and no single firm has control over the market price.

16. What is equilibrium price?

Answer: The equilibrium price is the price at which the quantity demanded equals the quantity supplied in a market.

17. What does the law of demand state?

Answer: The law of demand states that, all else being equal, as the price of a good increases, the quantity demanded decreases.

18. What is marginal utility?

Answer: Marginal utility refers to the additional satisfaction or benefit derived from consuming one more unit of a good or service.

19. What is the meaning of a demand curve?

Answer: A demand curve shows the relationship between the price of a good and the quantity demanded, typically sloping downwards from left to right.

20. What does a perfectly elastic demand curve represent?

Answer: A perfectly elastic demand curve represents a situation where any price change results in no demand for the good.

Unit 3: Accounting Principles

21. What is accounting?

Answer: Accounting is the process of recording, classifying, summarizing, and interpreting financial transactions.

22. What is financial accounting?

Answer: Financial accounting involves recording and reporting financial transactions to external stakeholders like investors and creditors.

23. What is the accounting cycle?

Answer: The accounting cycle is a series of steps that include recording transactions, adjusting entries, preparing financial statements, and closing the books.

24. What is cost accounting?

Answer: Cost accounting focuses on tracking, recording, and analyzing the costs of production to help businesses manage and reduce expenses.

25. What is management accounting?

Answer: Management accounting provides financial information to managers to aid in decision-making and planning within an organization.

26. What does GAAP stand for?

Answer: GAAP stands for Generally Accepted Accounting Principles, which are a set of rules and standards for financial reporting.

27. What is the historical cost convention?

Answer: The historical cost convention states that assets should be recorded at their original purchase price, rather than their current market value.

28. What is a balance sheet?

Answer: A balance sheet is a financial statement that shows a company's assets, liabilities, and shareholders' equity at a specific point in time.

29. What is the purpose of auditing in accounting?

Answer: Auditing ensures the accuracy and integrity of financial statements by examining and verifying financial records.

30. What is a trial balance?

Answer: A trial balance is a report that lists all the balances in the general ledger to check the accuracy of the accounts before preparing the financial statements.

Unit 4: Taxation

31. What is a tax?

Answer: A tax is a compulsory financial charge imposed by a government on individuals or businesses to fund public services.

32. What is income tax?

Answer: Income tax is a direct tax levied on the income of individuals and corporations.

33. What is GST?

Answer: GST (Goods and Services Tax) is a value-added tax levied on the supply of goods and services in India.

34. What is the main difference between direct and indirect taxes?

Answer: Direct taxes are paid directly by individuals or organizations to the government, while indirect taxes are passed on to consumers through goods and services.

35. What is corporate tax?

Answer: Corporate tax is a tax imposed on the profits of companies and corporations.

36. What is the Central Board of Direct Taxes (CBDT)?

Answer: The CBDT is the authority in India responsible for administering the direct tax laws, including income tax.

37. What is excise duty?

Answer: Excise duty is a tax levied on goods produced within a country, typically on manufacturing.

38. What is customs duty?

Answer: Customs duty is a tax imposed on goods imported into or exported out of a country.

39. What is the main objective of taxation?

Answer: The main objective of taxation is to generate revenue for government expenditure and to redistribute wealth for social welfare.

40. What is VAT?

Answer: VAT (Value Added Tax) is a type of indirect tax that is added to the price of goods and services at each stage of production or distribution.

Unit 5: Computer Essentials

41. What is WordPress?

Answer: WordPress is a content management system used for creating and managing websites.

42. What is SEO?

Answer: SEO (Search Engine Optimization) is the practice of optimizing a website to improve its ranking in search engine results.

43. What is social media marketing?

Answer: Social media marketing involves promoting products and services through social media platforms like Facebook, Instagram, and Twitter.

44. What is content marketing?

Answer: Content marketing involves creating valuable, relevant content to attract and engage an audience, with the goal of driving profitable customer action.

45. What is email marketing?

Answer: Email marketing is the practice of using email to promote products or services, build relationships with customers, and inform them about new offers.

46. What is data analytics?

Answer: Data analytics involves examining and interpreting data to uncover patterns and insights that can inform decision-making.

47. What is the role of customer behavior prediction in data analytics?

Answer: Predicting customer behavior helps businesses anticipate future needs and make informed decisions to improve customer satisfaction and sales.

48. What is a simple website?

Answer: A simple website is a basic website that typically includes a homepage, contact information, and basic content, with minimal design and features.

49. What is a responsive website design?

Answer: Responsive web design ensures that a website adjusts its layout and content based on the screen size of the device being used.

50. What is the primary goal of digital marketing?

Answer: The primary goal of digital marketing is to increase brand awareness, attract potential customers, and drive sales through online channels.

SECTION-E MATCHINGS

Unit 1: Introduction to Commerce

51. Match the following:

a) Commerce	i) Goods and services sold to other countries
b) Imports	ii) The exchange of goods and services between businesses and consumers
c) Exports	iii) Goods and services bought from other countries
d) World Trade Organization (WTO)	iv) Regulates international trade between nations
e) Balance of Payments	v) A record of all financial transactions between a country and the rest of the world

Answer:

- a) ii) The exchange of goods and services between businesses and consumers
- b) iii) Goods and services bought from other countries
- c) i) Goods and services sold to other countries
- d) iv) Regulates international trade between nations
- e) v) A record of all financial transactions between a country and the rest of the world

Unit 2: Economic Theory

52. Match the following:

a) Macroeconomics	i) Price at which the quantity demanded equals quantity supplied
b) Microeconomics	ii) Study of individual markets and decision-making
c) Demand	iii) Study of the economy as a whole
d) Supply	iv) The total quantity of goods and services producers are willing to sell
e) Equilibrium Price	v) The total quantity of goods and services consumers are willing to buy at a certain price

Answer:

- a) iii) Study of the economy as a whole
- b) ii) Study of individual markets and decision-making
- c) v) The total quantity of goods and services consumers are willing to buy at a certain price
- d) iv) The total quantity of goods and services producers are willing to sell
- e) i) Price at which the quantity demanded equals quantity supplied

Unit 3: Accounting Principles**53. Match the following:**

a) Financial Accounting	i) Records and reports financial transactions to external parties
b) Cost Accounting	ii) Tracks and analyzes the costs of production
c) Management Accounting	iii) Provides financial information for internal decision-making
d) GAAP	iv) A set of accounting principles followed in preparing financial statements
e) Accounting Cycle	v) A series of steps to prepare financial statements and close books

Answer:

- a) i) Records and reports financial transactions to external parties
- b) ii) Tracks and analyzes the costs of production
- c) iii) Provides financial information for internal decision-making
- d) iv) A set of accounting principles followed in preparing financial statements
- e) v) A series of steps to prepare financial statements and close books

Unit 4: Taxation**54. Match the following:**

a) Income Tax	i) Tax on profits earned by corporations
b) GST (Goods and Services Tax)	ii) Tax on goods and services sold in the market
c) Corporate Tax	iii) Tax levied on income earned by individuals or entities
d) Direct Tax	iv) Tax paid indirectly through the price of goods and services
e) Indirect Tax	v) Tax paid directly by individuals or organizations to the government

Answer:

- a) iii) Tax on income earned by individuals or entities
- b) ii) Tax on goods and services sold in the market
- c) i) Tax on profits earned by corporations
- d) v) Tax paid directly by individuals or organizations to the government
- e) iv) Tax paid indirectly through the price of goods and services

Unit 5: Computer Essentials**55. Match the following:**

a) WordPress	i) Promoting products/services through social platforms like Facebook or Instagram
b) Search Engine Optimization (SEO)	ii) Using email to engage customers with promotional content

c) Social Media Marketing	iii) A tool used for content management and building websites
d) Email Marketing	iv) The process of optimizing a website to rank higher in search engine results
e) Data Analytics	v) Analyzing data to predict customer behavior and inform decisions

Answer:

- a) iii) A tool used for content management and building websites
- b) iv) The process of optimizing a website to rank higher in search engine results
- c) i) Promoting products/services through social platforms like Facebook or Instagram
- d) ii) Using email to engage customers with promotional content
- e) v) Analyzing data to predict customer behavior and inform decisions

DR VS KRISHNA GOVT DEGREE COLLEGE A, VISAKHAPATNAM

(Re-Accredited by NAAC with "A" Grade)

FUNDAMENTALS OF COMMERCE (BC-HS1101)

MODEL QUESTION PAPER

B.Com/B.B.A/B.C.A Honors (Major)

First Semester w.e.f Academic Year-2023-24

Time: 3 Hrs

Max Marks: 60M

Answer All the questions

SECTION-A

Multiple Choice Questions

Each Question carry 1 Mark

20 X 1 =20M

Choose the Correct Answer

1. Which of the following is an example of a non-tariff barrier in international trade?

- a) Import quotas b) Export subsidies
- c) Tariffs d) Embargoes

2. Which organization regulates and facilitates international trade negotiations?

- a) International Monetary Fund (IMF) b) World Bank
- c) World Trade Organization (WTO) d) United Nations (UN)

3. What is the primary objective of the General Agreement on Tariffs and Trade (GATT)?

- a) Currency stabilization b) Poverty alleviation
- c) Promotion of free trade d) Regional security

4. The term "invisible hand," coined by economist Adam Smith, refers to:

- a) Government intervention in the market b) The self-regulating nature of the market
- c) Trade unions' influence on economic policies d) Social responsibility of businesses

5. What role does the International Labor Organization (ILO) play in global trade?

- a) Regulating currency exchange rates b) Setting international labor standards
- c) Facilitating tariff negotiations d) Managing balance of payments

6. What does Macro Economics primarily study?

- a. Individual consumer behavior b. Aggregate economic phenomena
- c. Market equilibrium d. Microeconomic factors

7. Which of the following is a measure of National Income?

- a. Gross Domestic Product (GDP) b. Gross National Product (GNP)
- c. Net National Income (NNI) d. All of the above

8. A perfectly elastic demand curve is represented as:

- a. Vertical line
- b. Horizontal line
- c. Downward-sloping line
- d. Upward-sloping line

9. In Perfect Competition, the equilibrium price is determined by:

- a. Individual seller's
- b. Government intervention
- c. Market forces
- d. Consumer preferences

10. Equilibrium price is where:

- a. Quantity demanded equals quantity supplied
- b. Quantity demanded exceeds quantity supplied
- c. Quantity supplied exceeds quantity demanded
- d. None of the above

11. What is the primary purpose of accounting?

- a) To generate revenue
- b) To facilitate decision-making
- c) To control expenses
- d) To advertise products

12. In the accounting cycle, which step comes first?

- A) Financial statements preparation
- B) Journalizing transactions
- C) Posting to the ledger
- D) Trial balance

13. Which branch of accounting is concerned with the preparation of budgets and forecasts?

- A) Financial accounting
- B) Cost accounting
- C) Management accounting
- D) Tax accounting

14. Cost accounting is primarily concerned with:

- A) Recording financial transactions
- B) Budgeting and forecasting
- C) Classifying costs for decision-making
- D) External reporting

15. The principle that assumes a business will continue to operate indefinitely is known as:

- A) Going concern concept
- B) Matching principle
- C) Materiality concept
- D) Consistency principle

16. Which of the following is an example of a direct tax?

- a. Value Added Tax (VAT)
- b. Corporate Income Tax
- c. Excise Duty
- d. Customs Duty

17..Income Tax is classified as a:

- a. Direct tax
- b. Indirect tax
- c. Both (a) and (b)
- d. None of the above

18. CBDT stands for:

- a. Central Board of Direct Taxes b. Central Board of Domestic Taxes
- c. Central Board of Direct Transfers d. Central Bureau of Direct Transfers

19. What is the purpose of a 404 error page on a website?

- a. Displaying popular content b. Redirecting users to the homepage
- c. Indicating a broken or missing page d. Initiating a download

20. What does the acronym CDN stand for in the context of web development?

- a. Content Delivery Network b. Customer Data Network
- c. Central Database Network d. Communication Development Node

SECTION-B

Fill In the blanks

Each Question carry 1 Mark

10 X 1 =10M

31. The World Trade Organization aims to reduce trade barriers and promote _____.
32. The Bretton Woods Agreement led to the establishment of the _____.
33. National Income is measured in terms of _____ value.
34. Marginal Utility diminishes as quantity _____ increases.
35. A trial balance is prepared to identify and correct _____.
36. Management accounting provides information for _____ decision-making.
37. CBDT stands for _____.
38. The tax rate on long-term capital gains for individuals in India is _____%.
39. In HTML, the acronym stands for _____.
40. Google Analytics is a commonly used analytics tool to track website _____ and user behavior.

SECTION-C

Very Short Questions

Each Question carry 1 Mark

10 X 1 =10M

41. World trade Organization
42. Export Trade
43. Perfect Competition Market
44. Concept of National Income
45. Cost Accounting
46. GAAP
47. Types of Tax
48. CBDT
49. E-Mail Marketing
50. Web Design

SECTION-D

Matching

Each Question carry 1 Mark

10 X 1 =10M

51. Objective of Financial Accounting	A. Tax on the transfer of property by way of sale.
52. Tax Accounting	B. Tax on imported goods.
53. Human Development	C. The study of individual economic unit
54. NGO	D. Content management platform
55. Macro Economics	E. To provide information for external use.
56. Elasticity of Demand	F. Access to basic needs
57. Customs Duty	G. Deals with tax regulations and planning
58. Tariff	H. Manages databases
59. MySQL	I. Non-governmental organization
60. Word Press	J. Measures the responsiveness of quantity demanded to changes in income

SECTION-E

True or False

Each Question carry 1 Mark

10 X 1 =10M

61. Balance of payments accounts for only the financial transactions between countries. (True/False)
62. A trade deficit necessarily implies a negative impact on a country's economy. (True/False)
63. In Perfect Competition, the equilibrium price is determined by market forces. (True/False)
64. Gross Domestic Product (GDP) and Gross National Product (GNP) are measures of National Income.
(True/False)
65. The trial balance is prepared to identify and correct errors in the financial statements. (True/False)
66. The going concern concept assumes that the entity will continue to operate indefinitely.(True/False)
67. The tax rate on long-term capital gains for individuals in India is 25%. (True/False)
68. The corporate tax rate for domestic companies in India is fixed at 30%. (True/False)
69. Click-through rate (CTR) is a metric used to measure engagement in email marketing. (True/False)
70. CDN stands for Customer Delivery Network in web development. (True/False)
