

Principle of Commerce (English Medium) - 11th Class Principle of Commerce Chapter 15 Short Questions Preparation

Q1. Define the factor.

Ans 1: A factor is an agent who sells goods after taking them in his possession or under his control on behalf of his principal

Q2. Define the kinds of commission agents.

Ans 1: Sometimes wholesalers appoint a number of agents who go from place to place, show catalogues, price lists etc. to wholesalers and retailers, book orders and forward them to their principals who execute them such agents are called Travelling Agents.

Q3. Define the broker.

Ans 1: A broker is an agent who represents a buyer or a seller in negotiating a purchase or sale without physically handling the goods involved. He is only concerned with making bargains and contact between other parties.

Q4. Define middlemen.

Ans 1: The term "Middlemen" includes all firms and individuals who directly or indirectly participate in buying and selling of goods from the producer to the final consumer.

Q5. Define Agency.

Ans 1: The relationship that exists between an agent and a principal is known as agency.

Q6. State any three characteristics of a commission agent.

Ans 1: i- Commission agents are appointed for the sale and purchase of goods.

Ans 2: ii- sometimes, the principal transfers the possession of goods to the commission agent.

Ans 3: iii- A commission agent cannot transact the goods with his own name.

Q7. Define clearing agent.

Ans 1: A clearing agent is appointed when goods are imported; he performs the customs formalities, takes delivery of the goods from the shipping companies and serves the goods to the importer according to his instructions.

Q8. Define forwarding agent.

Ans 1: He is appointed when goods are exported to the foreign countries. His principal function is to receive the goods at the docks, to arrange freight, to perform custom formalities, to process bills of lading and to insure the delivery of goods.

Q9. Define Sole agents.

Ans 1: Sole agents work only for a particular trader or institution. He is appointed for a specific area. The advantage of sole agent is that the principal agrees not to supply the goods to any one else in that area.

Q10. Define Principal.

Ans 1: The person for whom such act is done or who is so represented is called the principal.
