



GRADE:	SUBJECT:	DATE:	TIME:	MARKS:
XI	BUSINES STUDIES(054)	12.02.2024	3HRS	80

General instructions:-

1. This question paper contains 34 questions.
2. Marks are indicated against each question.
3. Answers the questions carrying 3 marks in 50 to 75 words.
4. Answers the questions carrying 4 in about 150 words.
5. Answers the questions carrying 6 marks in about 200 words.
6. Attempt all the questions.

1. 'Strikes' come under which type or risk:
(a) Natural Causes (b) **Human Causes** (c) Economic Causes (d) None of these
2. Priya wants to open a Bank Account for her business in which she can deposit and withdraw money number of times in a day. She should open _____ Account for this purpose.
(a) **Current** (b) Fixed (c) Saving (d) None of these
3. Assertion (A): The Departmental Stores are generally formed as a Joint Stock
Reason (R): All the purchases in a departmental store are made centrally by the purchase department.
(a) **Both Assertion (A) and Reason (R) are True and Reason (R) is the correct explanation of Assertion.**
(b) Both Assertion (A) and Reason (R) are True and Reason (R) is not the correct explanation of Assertion
(c) Assertion (A) is True but Reason (R) is False.
(d) Assertion (A) is False but Reason (R) is True.
4. The occupation in which people work for others and get remunerated in return is known as _____.
(a) Business (b) Profession (c) **Employment** (d) None of these
Answer: (c) Employment
5. Which of the following is true about statutory corporations? 1M
a. Statutory corporations are public enterprises that come into existence by a special act of the parliament
b. Statutory corporations are subject to the same accounting and audit procedures as are applicable to government departments
c. **Statutory enterprises are funded directly by the government treasury**
d. The employees of statutory enterprises are civil servants
6. Shradha had set up a tiny industrial unit in her village in Andhra Pradesh for manufacturing clothes for kids. Her total investment in sewing and embroidery machinery is about Rs. 5,93,00,000. She availed the tailoring services of the local people who belong to the weaker sections of society. State the category into which her tiny industrial unit will be placed as per the MSMED Act, 2006.

(a) Micro

(b) Medium

(c) Cottage

(d) Village

7. At least 10 adults, no maximum limit in case of _____.

(a) **Co-operative Society** (b) Joint Hindu Family (c) Partnership (d) Company

8. 'Fire' come under which type or risk:

(a) Natural Causes (b) **Human Causes** (c) Economic Causes (d) None of these.

9.



Identify the type of business organisation depicted in the picture given above in which the owner has unlimited liability and he enjoys all the profits and bears all the losses.

1M

(a) Partnership

(b) **Sole proprietorship**

(c) Joint Hindu Family business

(d) Joint Stock Company

10. Which source of finance is available in normal course of purchase of goods? 1M

(a) Inter- Corporate Deposits

(b) **Trade Credit**

(c) Public Deposits

(d) None of these

12. Buy nail cutter and peacock feathers for poojaghar from Som Bazaar which is held on every second Monday of the month, outside Shiva temple.” Identify the types of retailers as stated in the given sentence:

(a) Street trader

(b) Cheap jacks

(c) **Market trader**

(d) Hawkers and Peddlars

13. Mr. Shailesh owns an oil factory in Rajasthan. Due to illness of his parents living in the UK, he had to go to UK. There he joined a job. He asked his friend Mr. Vijay Arora to take charge of his company till he returns to India. Mr. Vijay took a fire insurance policy for this factory from Zokhim Free Insurance Pvt. Ltd. A month before he got the fire insurance policy, he received a notice from electricity department to get the wiring of the company repaired. He didn't inform the insurance company about it. He didn't get the wiring of the factory repaired. After five months of taking the policy, the factory caught fire due to faulty wiring.

“Mr. Vijay took a fire insurance policy for this factory from Zokhim Free Insurance Pvt. Ltd....”. Which principle of insurance is relevant here? [1]

(a) **Insurable interest**

(b) Indemnity

(c) Good faith

(d) Contribution

14. Which of the following is true regarding a minor as a partner? [1]

(a) Minor cannot become a partner in any firm even with the mutual consent of all other partners.

(b) **Minor partner's liability is limited to the extent of the capital contributed by him in the firm.**

(c) Minor partner is eligible to take an active part in the management of the firm.

(d) Minor partner shares both the profits and the losses of the firm.

16. Rashi has a small farm where she grows vegetables. She wants to expand her business and for that she plans to acquire the neighbouring land. She also plans to purchase a tractor and other machinery for farming. She will need money to purchase the land and the equipment. Which source of finance is required by Rashi to fulfil the demand?
 (a) Short-term (b) Medium-term (c) **Long-term** (d) Both (A) and (B)
17. Policy taken by individuals for their children's marriage or education expenses are:- 1M
 a. **Children' endowment policy** b. Whole life policy
 c. Endowment life assurance policy d. Annuity policy
18. Apollo pharmacy has retail outlets which function 24 hours a day. The stores are spread across the country and have centralised purchasing. The sales are decentralised across the different states and stores. Which type of business outlet is highlighted above?
 (a) **Chain Store** (b) Departmental store (c) Both (A) and (B) (d) None of the above
19. GST has been implemented in India with the idea of 'One Nation and One Tax'. When was it implemented?
 (a) Jan 1,2016 (b) Jan 1,2017 (c) July 1,2016 (d) **July 1,2017**
20. The person whose risk is insured is called and the firm which insures the risk of loss is known as 1M
 (a) **Insured, Insurer** (b) Insurer, Insured
 (c) Insurer, Assurance underwriter (d) Assurance underwriter, Insurer
21. List the investment and turnover Limits Under MSMEs.

22. One man control is the best in the world if that man is big enough to manage everything'. Explain the statement.

Ans: It is right to say that one man control is the best in the world if that man is big enough to manage everything, because of the following reasons-

(i) Easy to form and dissolve: A sole proprietorship organisation is easy to form. The sole proprietor can close the business whenever he desires without any legal formality. It can be closed by paying back its debts.

(ii) Motivation: In a sole proprietorship firm, there is a direct relation between the efforts and rewards, which means if a proprietor puts extra efforts, then his profit increases and the proprietor gets extra income.

(iii) Flexibility: In a sole proprietorship firm, all decisions are taken by the proprietor himself. So there is flexibility.

(iv)Sole beneficiary of profits: All the profits earned by the sole proprietorship firm belong solely to the proprietor.

(v)Personal touch: In a sole proprietorship firm, generally all the work is carried out by the proprietor himself.

(vi)Secrecy: The sole proprietor is not expected to share his secrets with others. (Any three) 1 mark for each correct point and explanation.

23. Differentiate between Preference Shares and Equity Shares.

4M

Basis	Equity Shares	Preference Shares
(a) Nominal Value	Generally low	Generally high.
(b) Refund of Capital	After the refund of preference share capital.	Before the refund of equity share capital
(c) Accumulation of dividends	Arrears of dividend cannot accumulate in any case	Arrears of Dividend may accumulate.

OR

To meet the problem of short-term capital inadequacy, Tizen Ltd. borrowed 5 crores from Sky Ltd, which had surplus funds. Although Sky Ltd, charged higher interest rates as compared to bank borrowings still Tizen Ltd preferred this source as no security had to be given to raise funds.

Identify the source of finance being discussed in the given case. Also, state its three features.

Ans :Short Term Finance

1. Interest are higher than Bank rates as they are unsecured borrowing
2. Free from Bureaucratic and legal problems
3. Secrecy is maintained
4. meeting working capital requirements. (any correct three features)

24. Retailer is an important link in the channel of distribution. Explain the services he provides to the consumer. 4M

Ans: Services provided by the retailer to the customers are as follows:

(i) Regular availability of the goods: Retailers maintain regular availability of variety of product from different manufacturers. This helps the customers to buy the products of their choice as and when they require.

(ii) Information about the goods: By effectively displaying the goods and through personal selling efforts; retailers provide important information about the arrival of the new goods, their special features etc. thus helps them in making their purchase decision.

(ii) Convenience in buying: Firstly, retailers are situated very nearer to the residential areas and remain open for long hours. Secondly, retailers sell the goods of desired variety in small quantity according to customers requirement therefore, providing convenience to customers.

(iv) Wider choice: Retailers generally keep stock of wide of goods, produced by different manufacturers. This enables the customers to make their choice out of the wide variety available to select the best good. (Any other 3 correct points)

25. What are the different kinds of organizations that come under the public sector? 4M

Ans: Following are the different kinds of organizations that come under the public sector:

- i. Departmental Undertaking: This is the oldest and traditional form of public enterprises. It is managed by government officials as one of the government departments. It is under the control of the concerned minister of the department, who is answerable to the government through parliament.
- ii. Statutory Corporation: Statutory Corporation is a corporate body with a separate legal existence, set up under a special act of parliament or of the state legislature which defines its power and functions.
- iii. Government Company: According to the Indian Companies Act 1956, a government company means any company in which not less than 51 per cent of the paid-up capital is held by the government or by any state government or partly by the central government and partly by one or more state governments. They are established purely for business purposes.

26. Define Industry. Explain various types of industries with examples

Ans: Industry is concerned with the production or processing of goods and materials. It refers to economic activities that relate to the conversion of resources into useful products. The various types of industries are:

- I. Primary Industries - It is concerned with all those activities, which involve the extraction and production of natural resources and reproduction and development of living organisms, plants, etc. It can be classified further into two types:
 - i. Genetic Industries: These industries relate to breeding plants and animals for their use in future reproduction, like a poultry farm, fish hatchery, etc.
 - ii. Extractive Industries: These industries relate to the extraction of products from natural resources like farming, mining, hunting, etc.
- II. Secondary Industries: Secondary industries involve the conversion of materials that have already been extracted at the primary stage into goods for final consumption or for further processing by other industries. These industries may be further divided as follows:
 - i. Construction Industries: These industries relate to the construction of monuments, buildings, flyovers, dams, bridges, roads, etc.
 - ii. Manufacturing Industries: These industries are engaged in the production of products for final consumption and creating form utilities. Manufacturing industries may be further divided into four types:
 - a. Analytical Industry: In this industry, the basic raw materials are analyzed and separated into different finished products. For example, crude oil is processed into many finished products such as kerosene, petrol, diesel etc.
 - b. Synthetical Industry: In this industry, two or more raw materials are combined together in the manufacturing process to make the final product. For example, various chemicals are mixed together to manufacture cement.
 - c. Processing Industry: These industries deal in products which involve successive stages for manufacturing finished products. For example paper industry etc.
 - d. Assembling Industry: These industries create a new product by assembling different component parts like the automobile industry etc.
 - iii. Tertiary industries: These industries provide service facilities and support services to primary and secondary industries.

27. 'e-business can be handled effectively by suitably qualified personnel and a well- designed system'.4M
Comment this statement.

Ans: This statement indicates that the following systems are necessary for successful ebusiness implementation:

(i)Proper computerised system: There should be a proper computerised system consisting of computer hardware and matching computer software.

(ii)Effective telecommunication: Effective telecommunication should be used as a channel of communicating with others.

(iii)Well-designed websites: Websites meant for e-business should be designed in such a way that it is effective in providing information to customers and serves as a means of product promotion.

(iv)Suitable Payment mechanism: Payment mechanism involved in e-business should be such which suits the customers of different types.

(1 mark each for correct points)

28. Q28. Preet food Industries set up food and beverages processing plant in the rural area of Haryana and opted for labour intensive technique due to easy availability of labour and to provide employment to local people. Board of director decided to invest 50 lakhs to acquire plant & machinery, Rs. 1 crore to buy land, Rs. 20 Lakhs to buy raw material and Rs. 20lakhs to maintain day to day expenses.

(a) Name the Act of Industries which is applicable to the above industry. 2M

(b) In which category the above industry comes? 1M

(c) State the investment limit in this category. 1M

[Hints:-MSMED Act, 2006, Small Scale Industry, Rs. 5 crores, Employment Generation, Balanced Regional Development, concern for socialResponsibility]

29. Elaborate the steps involved in online trading? 4M

The following steps are involved in on-line trading:

(i) Registration: Before online shopping one has to register with the online vendor by filling up a registration form. In this form one has to give a password to protect the account otherwise anyone can log in your account.

(ii) Placing an Order: In online transactions, the order can be placed by picking and dropping the items in the shopping cart. Shopping cart is an online record of what you have picked up while browsing. After being sure of what you want to buy then check out from a shopping cart and choose your payment option.

(iii) Payment Mechanism: In an online purchase payment is made through

(a) Cash on delivery

(b) Through cheque

(c) Net banking transfer

(d) Credit or debit card

(e) Digital cash

Steps in e-trading then the following steps are:

(a) Opening bank a/c

(b) Opening demat account with a depository participant

- (c) Opening online trading account with stock brokers.
- (d) Trading software installation
- (e) Bidding and trading in securities

30.

Explain any four types of Intellectual Property Rights.

Ans: Types of Intellectual Property Rights (IPRs):

1. Copyright: Copyright is the prohibition to copy. It is provided to an original idea expressed by the creator or author. It is provided to creators of literary, artistic, musical, sound recording and cinematography. Copyright is given to the creator as an exclusive right to prohibit the unauthorized use of content in the form of reproducing and distributing copies of the same.

2. Trademarks: Trademarks are the identification of an individual, product, company, organization, etc. Trademarks help us in differentiating the products of one company from another. If any company holds a trademark in the form of words, colour combinations, labels, logos, etc., its competitors can not use the same or similar trademark to sell their products.

3. Geographical Indication: Any natural, agricultural, or manufactured products originating from a definite geographical area can be provided with the Geographical Indication, given that, quality, reputation, or other characteristics are essentially attributable to its geographical origin. Geographical Indication represents the goodwill of that geographical area, which has been there for centuries.

4. Patent: A patent is a type of Intellectual Property Right that is provided to scientific inventions, which show technical up-gradation over the already known products. When we use our ability and skill to create something unique and new which did not exist until now can be called an invention. When an invention is patented, then the inventor gets an exclusive right to exclude all others and prohibit them from using the invented product.

5. Design: Any shape, pattern, or arrangement of lines or colour combination that is applied to any article is called a design. The design also comes under Intellectual Property Rights as protection is given to aesthetic appearance or attractive features.

6. Plant Variety: That variety of plants that are bred and developed by farmers can also become Intellectual Property. Farmers can opt in to register them and gain Intellectual Property Rights over those breeds of plants developed by them.

7. Semiconductor Integrated Circuits Layout Design: A semiconductor is used to make computer chips. Semiconductor Integrated Circuits Layout Design can be registered as an Intellectual Property Right as per the guidelines laid down in the Semiconductor Integrated Circuits Layout Design (SICLD) Act 2000 and the Semiconductor Integrated Circuits Layout-Design (SICLD) Rules 2001.

31. Q31. List the Problems associated with Micro, Small, and Medium Enterprises. 6M

1. Finance: One of the major problems for MSMEs is the arrangement of funds required for the business. They do not have enough creditworthiness for taking funds from the capital market, so they heavily rely on local financial resources that charge them heavy interest.

2. Raw Materials: Being relatively small, MSMEs cannot buy raw materials in bulk, as they do not have their production unit at big scale, and due to the small quantity of purchase, their bargaining power becomes relatively low. Often, sellers take large orders and in the situation of scarcity, small business suffers the most as they do not get the raw materials.

3. Managerial Skills: MSMEs are generally managed by a single person having limited managerial skill, which is not enough to run a business.

4. Labour: Due to the low level of salary, employees are less willing to work hard and produce more. MSMEs cannot afford to pay high salaries and due to this reason, they fail to hire talented people.

5. Marketing: Marketing of the products is the most prominent activity as it holds the responsibility to generate revenue. In most cases, marketing is the weaker area of MSMEs as they lack the amount of money and infrastructure required for marketing.

6. Quality: MSMEs mainly focus on cutting costs and keeping prices low. It does not concentrate on meeting the quality standards, which leads to dissatisfaction in consumers with the company and the product.

7. Capacity Utilisation: MSMEs fail to operate at full capacity due to a lack of marketing or lack of demand. It increases their operating cost and leads to sickness.

8. Technology: The use of outdated technology is often a reason why MSMEs fail to do well in the market. It leads to low productivity and uneconomical production.

9. Sickness: Due to some internal and external reasons, MSMEs are gradually turning out to be sick. Lack of skilled labour, low salary, shortage of funds, etc. leads to sickness in the industry.

10. Global Competition: Competitors of MSMEs are not only from the local or national market, but also from the global market. It often becomes very difficult for small businesses with outdated technology and a lack of marketing to compete with big giants.

Q.32 Explain briefly any three principles of insurance

6M

Also, Describe the following Principles of Insurance:

- Principle of Indemnity: Indemnity means security or compensation against loss or damage. The principle of indemnity is such a principle of insurance stating that an insured person may not be compensated by the insurance company in an amount exceeding the insured's economic loss. In this type of insurance, the insured would be provided compensation with the amount equivalent to the actual loss and not the amount exceeding the loss.
- Principle of Subrogation: The principle of subrogation enables the insured to claim the amount from the third-party responsible for the loss. It allows the insurer to pursue legal methods to recover the amount of loss.
- Principle of Contribution: If the same subject matter, except life, is insured by more than one insurers, then the actual loss will be shared by all the insurers. In the homeowner example, if the owner bought two Rs. 50,00,000 policies on his home from different companies, and a fire occurred that was covered under both policies, the owner files a claim with one company. That company will pay out the Rs. 50,00,000 to the owner. Then, in accordance with the contribution principle, the company can collect half of that amount, Rs. 25,00,000, from the other company.
- Principle of Mitigation: It means that the insured should try to minimise the loss of the subject matter of the insurer even if it is insured. Suppose goods kept in a storehouse catch fire then the owner of goods should try to recover the goods and save them from fire to minimise the loss or damage.

Thus, by insurance, risk is shared by large number of people.

OR

Manish, Rahul and Madhav live in the same locality. They used to meet and discuss their ideas. After discussing the recent fire breakout in their area, they decided to take fire insurance for their house or work area. Manish gets his house insured against fire for ₹1 lakh and during the policy period, his house gets damaged due to fire and the actual loss amounts to ₹2.5 lakh. The insurance company acquired the burning material and approved his claim. Rahul gets his godown insured against fire for ₹1 lakh but does not take enough precautions to minimize the chances of fire like installing fire extinguishers in the factory. During the policy, a fire takes place in his godown and he does not take any preventive steps like throwing water and calling the employees from the fire fighting department to control the fire. He suffered a loss of ₹1,20,000. Madhav took a fire insurance policy of ₹20 lakh for his factory at an annual payment of ₹24,000. In order to reduce the annual premium, he did not disclose that highly explosive chemicals are being manufactured in his factory. Due to a fire, his factory gets severely damaged. The insurance company refused to make payment for the claim as it became aware of the highly explosive chemicals.

i) How much compensation can Rahul get from the insurance company? 1M

- a. ₹2,00,000 b. ₹1,20,000 c. ₹1,00,000 d. Nil

ii) Which principle is violated in the case of Rahul? 1M

- a. Mitigation b. Insurable Interest c. Utmost Good Faith d. Indemnity

iii) The insurance company acquired the burnt material and approved his claim. Which principle of Insurance is highlighted in the given statement. 1M

- a. Mitigation b. Indemnity c. Proximate Cause d. Subrogation

iv). How much can Manish claim from the insurance company? 1M

v) Which principle of Insurance is violated by Madhav and Why? 2M

1. 1 Lakh
2. (d) Nil
3. (a) Mitigation
4. (b) Nil
5. (a) Utmost Good Faith
6. (d) Subrogation

33. What preferential rights are enjoyed by preference shareholders? Explain 6M Following preferential rights are enjoyed by the preference shareholders:

- a. They get dividend at a fixed rate and dividend is given on these shares before any dividend on equity shares.
- b. When the company winds up, preference shares are paid before equity shares.
- c. Preference shares also have a right to participate in excess profits left after payment being made to equity shares.
- d. They also have a right to participate in the premium at the time of redemption.
- e. In lieu of these preferential rights, they are not eligible for voting.
- f. They enjoy preferential right in the payment of dividend during the lifetime of the company.

If the company will skip preference dividends for three years, then it has to grant the voting right to preference shareholders, on matters affecting them.

34. Q34. Enumerate five differences between Domestic Business and International Business 6M

Any five differences given under the heading 'Domestic Business Vs International Business' Except (i) Nationality of Buyers and Sellers; (ii) Nature of Customers; and (iii) Currency Used.