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Code Number



**INDIAN SCHOOL MUSCAT
FINAL TERM EXAMINATION
ELEMENTS OF BUSINESS-**

MARKING SCHEME

CLASS: IX

Sub. Code:(154)

Time Allotted: 3 Hrs

18.02.2018

Max. Marks: 100

- | | | |
|----|--|---|
| 1 | Ans: (b)Employee Provident Fund | 1 |
| 2 | Ans: (a) portfolio income | 1 |
| 3 | Ans : (a)saving | 1 |
| 4 | Ans : (c)fixed deposit | 1 |
| 5 | Ans : (b)credit card | 1 |
| 6 | Ans : (d)10 | 1 |
| 7 | Ans : (d)road | 1 |
| 8 | Ans : (a)rail | 1 |
| 9 | Ans : (c) Separate legal entity | 1 |
| 10 | Ans : (a)partnership | 1 |
| 11 | Ans : (d) retail trade | 1 |
| 12 | Ans : (b)advertising | 1 |
| 13 | Ans : (c)genetic industry | 1 |
| 14 | Ans : (a)e-business | 1 |
| 15 | Ans : (a)commerce | 1 |
| 16 | Ans : (d)joint hindu family business | 1 |
| 17 | Ans : (1)Earned income is any income that is generated by working.
(2)Portfolio income is any income generated by selling an investment at a higher price than you paid for it. | 3 |

(3)Passive income is money you get from assets you have purchased or created.

18 Ans : Road transport means transportation of goods and personnel from one place to the other on roads. Road is a route between two destinations, which has been either paved or worked on to enable transportation by way of motorised and non-motorised carriages. 3

Features of Road Transport

(1)Takes place on land, using trucks, buses, trains, smaller vehicles like cars, etc. May also involves transport of liquids/gases through pipes.

(2)Commonly preferred for smaller distances

(3)Vehicles run on diesel, petrol (or gasoline), electricity or natural gas (CNG, etc.)

(4)Commonly preferred form of public transport

(5)Generally cheap for smaller distances

19 Explain briefly Joint Hindu family Business. 3

Ans : It refers to a form of organisation wherein the business is owned and carried on by the members of the Hindu Undivided Family (HUF).

It is governed by the Hindu Law. The basis of membership in the business is birth in a particular family and three successive generations can be members in the business.

The business is controlled by the head of the family who is the eldest member and is called karta. All members have equal ownership right over the property of an ancestor and they are known as co-parceners.

20 Ans : Trade may be classified into two broad categories —(a) internal and (b)external. 3

(a)Internal or home trade is concerned with the buying and selling of goods and services within the geographical boundaries of a country.

Internal Trade may further be divided into (i)wholesale and (ii)retail trade.

(b)External or foreign trade consists of the exchange of goods and services between persons or organisations operating in two or more countries.

(i)Import Trade

(ii)Export Trade

(iii)Entrepot

21 Ans : The portion of disposable income not spent on consumption of consumer goods but accumulated or invested directly in capital equipment or in paying off a home mortgage, or indirectly through purchase of securities. 4

Need for Savings

1.Become Financially Independent

2. Unforeseen Expenses

3. Emergencies

4. Leads to Capital Formation

22 Ans : Types of Bank Accounts in India 4

1. CURRENT ACCOUNT - Current accounts are usually for businessmen and daily transactions. It doesn't serve a purpose of saving your investments. The transaction facility to this account is so flexible that you can make innumerable transactions in a day. Hence, the banks don't pay any interest on your invested amount but it charges certain service charges on such accounts.

2. SAVINGS ACCOUNT - Savings Accounts are the most popular kind of individual accounts for personal purpose of saving your investments and getting interest rates. Savings account provides

cheque facility along with flexibility for deposit and withdrawal of funds from your account.

3. **RECURRING DEPOSIT-** Recurring deposits also known as RD accounts who wish to invest an average amount of their savings on a monthly basis. These accounts gain interest on the amount available in your account. This account is specially designed for the working public who don't want to invest a large amount at one instance.

4. **FIXED DEPOSIT-** Fixed Deposits popularly known as FD are available at various schemes with tenure from 7 days to 10 years. This account is specially designed who want to deposit their savings for a long term to gain good rate of interest. But the interest rate on these accounts varies from bank to bank. Term 'Fixed' denotes the period of maturity or tenure.

- 23 Ans : Advantages of Rail Transport 4
1. Dependable
 2. Better Organised
 3. High Speed over Long Distances
 4. Suitable for Bulky and Heavy Goods.
 5. Cheaper Transport
 6. Safety
 7. Larger Capacity
 8. Public Welfare
 9. Administrative Facilities of Government
 10. Employment Opportunities:
- 24 Ans : The Indian Partnership Act, 1932 defines partnership as “the relation between persons who have agreed to share the profit of the business carried on by all or any one of them acting for all.” 4
- Features
- (i) Formation.
 - (ii) Liability
 - (iii) Risk bearing
 - (iv) Decision making and control
 - (v) Continuity
 - (vi) Membership
 - (vii) Mutual agency
- 25 Ans : (a)Transport and Communication: The obstacle of place is removed by transport — road, rail or coastal shipping. Transport facilitates movement of raw material to the place of production and the finished products from factories to the place of consumption. Along with the transport facility, there is also a need for communication facilities so that producers, traders and consumers may exchange information with one another. Thus, postal services and telephone facilities may also be regarded as auxiliaries to business activities. 4
- (b)Banking and Finance: Business activities cannot be undertaken unless funds are available for acquiring assets and meeting the day-to-day expenses. Necessary funds can be obtained by businessmen from a bank. Thus, banking helps business activities to overcome the problem of finance. Commercial banks generally lend money by providing overdraft and cash credit facilities, loans and advances
- 26 Ans : Economic activities are those by which we can earn our livelihood whereas non-economic activities are those performed out of love, sympathy, sentiments, patriotism, etc. 4

Note: Savings account can be opened and operated by a minor too who has completed the age of 10 years.

31 Ans : A bank is a financial institution that accepts deposits from the public and creates credit. 5

The functions of Banks are :

(a) Accepting Deposits: Implies that commercial banks are mainly dependent on public deposits.

There are two types of deposits, which are discussed as follows:

(i) Demand Deposits: In other words, the owners of these deposits are allowed to withdraw money anytime by simply writing a check. These deposits are the part of money supply as they are used as a means for the payment of goods and services as well as debts. Receiving these deposits is the main function of commercial banks.

(ii) Time Deposits: - Refer to deposits that are for certain period of time. Banks pay higher interest on time deposits. These deposits can be withdrawn only after a specific time period is completed by providing a written notice to the bank.

(b) Advancing Loans: -Refers to one of the important functions of commercial banks. The public deposits are used by commercial banks for the purpose of granting loans to individuals and businesses. Commercial banks grant loans in the form of overdraft, cash credit, and discounting bills of exchange.

32 Ans : Importance of Transport 5

(i)Physical Supply Of Products

(ii)Specialization

(iii)Mobility Of Labor And Capital

(iv)Stabilization In Price

(v)Other Importance

33 Ans : Features of a Company mentioned in the statement. 5

(i) Artificial person: A company is a creation of law and exists independent of its members. Like natural persons, a company can own property, incur debts, borrow money, enter into contracts, sue and be sued but unlike them it cannot breathe, eat, run, talk and so on. It is, therefore, called an artificial person.

(ii) Separate legal entity: From the day of its incorporation, a company acquires an identity, distinct from its members. Its assets and liabilities are separate from those of its owners. The law does not recognise the business and owners to be one and the same.

(iii) Perpetual succession: A company being a creation of the law, can be brought to an end only by law. It will only cease to exist when a specific procedure for its closure, called winding up, is completed. Members may come and members may go, but the company continues to exist.

(vii) Common seal: The company being an artificial person acts through its Board of Directors. The Board of Directors enters into an agreement with others by indicating the company's approval through a common seal. The common seal is the engraved equivalent of an official signature. Any agreement which does not have the company seal put on it is not legally binding on the company.

34 Ans : When goods are purchased and sold in bulk, it is known as wholesale trade. 5

Functions/Services of Wholesalers

The various services of wholesalers to different sections are listed as follows:

(i)Facilitating large scale production

- (ii) Bearing risk
- (iii) Financial assistance
- (iv) Marketing support
- (v) Grant of credit
- (vi) Specialised knowledge

35 Ans : Business may be defined as an economic activity involving the production and sale of goods and services undertaken with a motive of earning profit by satisfying human needs in society. 5

CHARACTERISTICS OF BUSINESS ACTIVITIES

- (i) An economic activity
- (ii) Production or procurement of goods and services
- (iii) Sale or exchange of goods and services for the satisfaction of human needs
- (iv) Dealings in goods and services on a regular basis
- (v) Profit earning:
- (vi) Uncertainty of return
- (vii) Element of risk

36 Ans : Differences between Wholesale Trade and Retail trade 5

	BASIS	WHOLESALE TRADE	RETAIL TRADE
1	Quantity	They buy in bulk from producers and sell to retailers.	They buy in large quantity and sell small quantities to the final consumers.
2	Link	They act as a link between producers and retailers.	They act as a link between wholesalers and consumers.
3	Services offered	They store the goods, render credit facilities, provide financial assistance, specialized marketing service etc.	They provide credit facility to regular customers, market research, after sales services etc.