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SET A



**INDIAN SCHOOL MUSCAT
FIRST PERIODIC TEST
BUSINESS ADMINISTRATION (833)**

CLASS: XI

Max. Marks: 20

MARKING SCHEME			
SET	QN.NO	VALUE POINTS	MARKS SPLIT UP
	1	Examples of economic activities are stock trading, the sale of cars, and the delivery of a service like healthcare or education.	½+½
	2	No, business it does not involve sale or exchange of goods and services between the seller and the buyer.	½+½
	3	The import trade refers to goods and services purchased into one nation from another.	1
	4	Internal Trade 1. It refers to buying and selling of goods and services within the nation. 2. There is only one country involved in buying and selling. External Trade 1. Trading globally or trade between two or more nations is known as International Business/ External Trade. 2. In this, a minimum of two countries involved.	½+½+½+½
	5	Joint Stock Company: “A voluntary association of persons for profit, having the capital divided into some transferable shares, and the ownership of such shares is the condition of membership of the company.” Partnership: A partnership is a kind of business where a formal agreement between two or more people is made who agree to be the co-owners, distribute responsibilities for running an organization and shares the income or losses that the business generates.	1+1
	6	Profit is the main objective of every economic activity. A business must achieve sufficient profits to cover the risk of economic activity and thus to avoid losses. Profit plays a very vital role in the business. It is the return	

		<p>which every businessman expects to get on what he has invested in business.</p> <p>The following reasons justify the role of profit in the business:</p> <p>1. Survival: The businessman engages in business activities to earn profits as a means of livelihood. Everyone has to satisfy his needs and hence no one is expected to undertake business activity without any earnings. Business can survive only when there are adequate profits.</p> <p>2. Growth and expansion: Profit not only provides funds for growth and expansion but also motivates business man to think of Diversification and reinvest for expansion.</p>	1+1
	7	<p>The following two major activities are involved in the management of business operations are :</p> <p>a) Financing decision: Finance is the life blood of any business organisation. There must be a continuous flow of funds for the business to commence its operation to continue operations and for expansion or growth. Finance is an important operative function of business. The business firm has to raise funds from several sources at the reasonable cost and ensure its effective utilisation so as to generate adequate profits.</p> <p>b) Planning: Planning is an important and basic requirement of any business. Planning is a broad plan for bringing the organisation from its present position to the desired position in future. Top management should identify who will be involved in the planning in the planning process; provide opportunity For proper participation give responsibility for developing and implementing the plans.</p>	1½+1½
	8	<p>Jasvir is engaged in business, Ajit is engaged in profession and Geeta is engaged in employment.</p> <ol style="list-style-type: none"> 1. Business: Business refers to those economic activities which are connected with production, purchase, sale or distribution of goods or services with the motive of earning profit. For example manufacturing, wholesale, shop owner etc. 2. Profession: Profession refers to that economic activity which requires specialised knowledge and skill to render service to various section of society. The individuals engaged in this activity are called professionals. For example lawyer, Doctor, Painter etc. 	

		<p>3. Employment: Employment refers to that economic activity where people work for others and get some remuneration in return people who are working are called employees and who hire them for jobs are called employers for example working in office factories schools shops etc.</p>	1+1+1
	9	<p>Characteristics of business</p> <p>1. Economy activity: Business in an economy activity undertaken to earn money for livelihood. it satisfies human needs through production, sales or distribution of goods and services for example sale of toys in the shop</p> <p>2. Sale or exchange of goods and services: For any business it is essential that there is a sale or purchase of goods and services for money worth. Goods purchased or produced for personal use cannot be termed as business activity. For example the owner of the toy shop Sell his toys to the customer, it is business activity but if he gives a toy from his shop to his child then it is not a business activity and he's not getting any money in return.</p> <p>3. Regular dealing: it involves exchange of goods and services on regular basis.one single transaction of sale or purchase cannot be termed as business. For example a person sells his old air-conditioner and buys a new one is not a business activity. But if he continuously deals in the sale and purchase of air-conditioner it will be considered as business activity.</p> <p>4. Production or purchase of goods and services: business includes all the activities concerned with the manufacturing goods purchasing goods or providing services like transportation banking for satisfaction of human needs for example purchasing cloth from the manufacturer and manufacturing shirts to sell in the market.</p> <p>5. Profit Earning</p> <p>The sole purpose of business is the maximization of profit. It steps into the market with the main objective of earning a profit. For the survival of business in a market, generating profit is extremely necessary. If a business can't produce profit, it is expected of it to go downhill financially. Therefore the businessman does all the possible tricks to maximize its profits by increasing the volume of sales or decreasing the costs.</p>	1+1+1+1+1