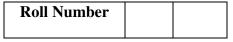
SET B





INDIAN SCHOOL MUSCAT FIRST PERIODIC TEST BUSINESS ADMINISTRATION (833)

CLASS: XI Max. Marks: 20

		MARKING SCHEME	
SET	QN.NO	VALUE POINTS	MARKS SPLIT UP
В	1	Auxiliaries to trade refer to the factors that are essential for bringing the	1
		goods from the place of their production to the place of their consumption.	
		In simple words, these are essential services and functions that assist the	
		business.	
В	2	Human activities can be classified as Economic and Non-Economic	1/2+1/2
		Activities.	
В	3	No, business it does not involve sale or exchange of goods and services	1/2+1/2
		between the seller and the buyer.	
В	4	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	
		which every businessman expects to get on what he has invested in	
		business.	
		The following reasons justify the role of profit in the business:	
		1. Survival: The business man 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.	
		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.	1+1
В	5	Extractive industry: These industries extract or draw out products from	
		natural sources. Raw materials that are mostly products of the soil are some	
		basic supply of extractive industries.	
	I	I	<u> </u>

		Examples of extractive processes include oil and gas extraction, mining,	
		and quarrying.	1+1
В	6	Wholesale trade	
		1. Meaning: Wholesale is a business in which goods are sold in large	
		quantities to the retailers, industries and other businesses.	
		2. Create Link Between: Manufacturer and Retailer	
		Retail Trade	
		1. Meaning: When the goods are sold to the final consumer in small	
		lots, then this type of business is termed as retail.	
		2. Create Link Between: Wholesaler and Customer	1/2+1/2+1/2+1/2
В	7	Jasvir is engaged in business, Ajit is engaged in profession and Geeta is	
		engaged in employment.	
		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.	
		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.	1+1+1
В	8	The following major activities are involved in the management of business	
		operations:	
		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.	
		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.	1½+1½
В	9	Characteristics of business	
		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	
		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.	
		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.	
		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.	
		5. Profit Earning	
		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.	1+1+1+1+1