



# INDIAN SCHOOL MUSCAT FINAL TERM EXAMINATION

SET II

## BUSINESS STUDIES

CLASS: XI

Sub. Code: 054

Time Allotted:

3 Hrs.

21.02.2019

Max. Marks: 90

### EXPECTED VALUE POINTS AND SCHEME OF EVALUATION

Q.NO.	Answers	Marks (with split up)
1	Business Process Outsourcing.	1
2	Small scale business.	1
3	Equity shareholders are entitled to get the dividends only after all other classes of shareholders have received their specified returns. They get the money back only at the time of winding up of the company. Thus equity share capital is called risk capital.	1
4	Itinerant Retailers.	1
5	The private sector consists of business owned by individuals or a group of individuals.	1
6	Economic activities may be divided into three major categories. Business (ii) Profession (iii) Employment.	1
7	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.”	1
8	Preliminary Contracts are contracts signed by promoters with third parties before the incorporation of company.	1
9	Importance/Need of EDP 1. Creation of Employment Opportunities 2. Capital Formation 3. Communication Skills 4. Creativity 5. Technical Knowledge 6. Hard Work 7. Highly Optimistic.	3
10	Since goods meant for exports are not consumed domestically, these	3

	are not subjected to payment of various excise and customs duties. The duties paid on export goods are, therefore, refunded to exporters on production of proof of exports of these goods to the concerned authorities. Such refunds are called duty draw backs.	
11	<p>Tertiary Industries.</p> <p>These industries provide service facilities. As business activities these may be considered part of commerce because as auxiliaries to trade they assist trade. Included in this category are transport, banking, insurance, warehousing, communication, packaging and advertising.</p>	3
12	<p>(i) Departmental undertaking:</p> <p>(ii) Statutory corporation:</p> <p>(iii) Government company:</p>	3
13	<p>It is a part of virtual banking and another delivery channel for customers. In simple terms, internet banking means any user with a PC and a browser can get connected to the banks website to perform any of the virtual banking functions and avail of any of the bank's services. There is no human operator to respond to the needs of the customer.</p> <p>(i)e-banking provides 24 hours, 365 days a year services to the customers of the bank;</p> <p>(ii) Customers can make some of the permitted transactions from office or house or while travelling via mobile telephone;</p> <p>(iii) It inculcates a sense of financial discipline by recording each and every transaction;</p> <p>(iv) Greater customer satisfaction by offering unlimited access to the bank,</p>	(1+1x2)
14	<p>Ans. Business ethics refers to personal conduct and moral duty of business houses towards different sections of the society. Companies and business people who wish to thrive in the long-term must adopt sound ethical decision making practices. Such companies are much likely to enjoy ultimate success than those whose actions are merely motivated by short-term profits. Doing the right thing in right way leads to earning profits in the long run.</p>	3
15	(a) Arjun is a nominal partner. Yes, he is also liable for the payment	4 (1+1+2)

	<p>of debts with unlimited liability.</p> <p>(b) Krishan is a secret partner.</p> <p>(c) No, Shiva is not a legal partner and cannot be held liable to pay the liabilities of the business until he attains the age of majority to enter into a valid contract.</p>	
16	<p>(i) Justification for existence and growth</p> <p>(i) Long-term interest of the firm</p> <p>(ii) Avoidance of government regulation</p> <p>(iii) Maintenance of society</p> <p>(iv) Availability of resources with business</p> <p>(v) Converting problems into opportunities</p> <p>(vi) Better environment for doing business</p> <p>(vii) Holding business responsible for social problems</p>	(1x4)
17	<p>Clauses of Memorandum of Association are:</p> <p>(a) The Name clause.</p> <p>(b) The Registered office clause.</p> <p>(c) The Objects clause.</p> <p>(d) Liability clause.</p> <p>(e) The Capital clause.</p> <p>(f) Association/Subscription clause.</p>	(1+1x3)
18	<p>Benefits of joint ventures</p> <p>(i) Increased resources and capacity</p> <p>(ii) Access to new markets and distribution networks</p> <p>(iii) Access to technology</p> <p>(iv) Innovation</p> <p>(v) Low cost of production</p> <p>(vi) Established brand name.</p>	(1x4)
19	<p>National Small Industries Corporation (NSIC)</p> <p>(i) Supply indigenous and imported machines on easy hire-purchase terms.</p> <p>(ii) Procure, supply and distribute indigenous and imported raw materials.</p>	(1x4)

	<p>(iii) Export the products of small business units and develop export-worthiness.</p> <p>(iv) Mentoring and advisory services.</p> <p>(v) Serve as technology business incubators.</p> <p>(vi) Creating awareness on technological up gradation.</p> <p>(vii) Developing software technology parks and technology transfer centers.</p>	
20	<p><b>Merits</b></p> <p>(i) It is preferred by investors who want fixed income at lesser risk;</p> <p>(ii) Debentures are fixed charge funds and do not participate in profits of the company;</p> <p>(iii) The issue of debentures is suitable in the situation when the sales and earnings are relatively stable;</p> <p>(iv) As debentures do not carry voting rights, financing through debentures does not dilute control of equity shareholders on management;</p> <p>(v) Financing through debentures is less costly as compared to cost of preference or equity capital as the interest payment on debentures is tax deductible.</p>	(1x5)
21	<p>Wholesalers serve as an important link between manufacturers and retailers.</p> <p><b>Services to Manufacturers</b></p> <p>(i) Facilitating large scale production</p> <p>(ii) Bearing risk</p> <p>(iii) Financial assistance</p> <p>(iv) Expert advice</p> <p>(v) Help in the marketing function</p> <p>(vi) Facilitate continuity</p> <p>(vii) Storage.</p>	(1+1x4)
22	<p><b>a. Letter of credit:</b> A letter of credit is a guarantee issued by the importer's bank that it will honor payment up to a certain amount of export bills to the bank of the exporter.</p> <p><b>Mate's receipt:</b> This receipt is given by the commanding officer of the ship to the exporter after the cargo is loaded on the ship.</p> <p><b>Shipping Bill:</b> The shipping bill is the main document on the basis of</p>	(1x5)

	<p>which customs office grants permission for the export. The shipping bill contains particulars of the goods being exported.</p> <p>Bill of lading: Bill of lading is a document wherein a shipping company gives its official receipt of the goods put on board its vessel and at the same time gives an undertaking to carry them to the port of destination. and delivery.</p> <p>Indent: Indent Is also known as Order, contains a description of the goods ordered, prices to be paid, delivery terms, packing and marking details and delivery instructions.</p>	
23	<p>Benefits of e-business.</p> <p>(i) Ease of formation and lower investment requirements:  (ii) Convenience:  (iii) Speed:  iv) Global reach/access:  (v) Movement towards a paperless society.</p>	(1x5)
24	<p>Some of the common incentives offered are discussed as below:</p> <p>a. Land: Every state offers developed plots for setting up of industries. The terms and conditions may vary. Some states don't charge rent in the initial years, while some allow payment in instalments.</p> <p>b. Power: Power is supplied at a concessional rate of 50 per cent, while some states exempt such units from payment in the initial years.</p> <p>c. Water: Water is supplied on a no-profit, no-loss basis or with 50 per cent concession or exemption from water charges for a period of 5 years.</p> <p>d. Sales Tax: In all union territories, industries are exempted from sales tax, while some states extend exemption for 5 years period.</p> <p>e. Raw materials: Units located in backward areas get preferential treatment in the matter of allotment of scarce raw materials like cement, iron and steel etc.</p> <p>f. Finance: Subsidy of 10-15 per cent is given for building capital assets. Loans are also offered at concessional rates.</p>	(1x6)
25	<p>a. Principles of Insurance  b. Utmost good faith  c. Insurable interest  d. Indemnity  e. Proximate cause  f. Contribution</p>	(1x6)

	g. Mitigation.	
26	<p>(i) Trade enquiry</p> <p>(i) Obtaining of import license</p> <p>(ii) Obtaining foreign exchange</p> <p>(iii) Placing order or indent</p> <p>(iv) Obtaining letter of credit</p> <p>(v) Arranging for finance</p>	(1x6)
27	<p>Types of industries.</p> <p>Industries may be: primary, secondary or tertiary. Primary industries are connected with the extraction and production of natural resources and reproduction and development of living organisms, plants, etc. Primary industries may be: extractive (like mining) or genetic (like poultry farms).</p> <p>Secondary industries are concerned with using the materials which have already been extracted at the primary stage. These industries could be: manufacturing or construction. Manufacturing industries may be further classified into analytical eg. oil refinery. synthetical eg. cement. Processing eg. sugar and paper. and assembling industries eg. television, car, computer, etc.</p> <p>Tertiary industries are concerned with providing support services to primary and secondary industries as well as activities relating to trade. transport, banking, etc.</p>	(1x6)