



INDIAN SCHOOL MUSCAT FINAL TERM EXAMINATION

SET 1

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 services are defined as the services which help in smooth conduct of business. Such activities aids in the production and distribution of goods.	1
2	Exemption from paying taxes for 5 or 10 years is given to industries established in backward, hilly and tribal areas.	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 Retailer.	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	3

	7. Highly Optimistic.	
10	Since goods meant for exports are not consumed domestically, these 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.	3
11	Tertiary Industries. 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.	3
12	(i) Departmental undertaking: (ii) Statutory corporation: (iii) Government company.	3
13	Current account deposits can be withdrawn to the extent of the balance at any time without any prior notice. Savings accounts are for encouraging savings by individuals. Banks pay interest as decided by RBI on these deposits. Withdrawal from these accounts has some restrictions in relation to the amount as well as number of times in a given period. Fixed accounts are time deposits with higher rate of interest as compared to the savings accounts	3
14	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.	3
15	(a) Arjun is a nominal partner. Yes, he is also liable for the payment of debts with unlimited liability.	(1+1+2)

	<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>a. Justification for existence and growth</p> <p>b. Long-term interest of the firm</p> <p>c. Avoidance of government regulation</p> <p>d. Maintenance of society</p> <p>e. Availability of resources with business</p> <p>f. Converting problems into opportunities</p> <p>g. Better environment for doing business</p> <p>h. 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>Role of small business in rural India:</p> <p>a. Small business units provide multiple source of income, in wide</p>	(1x4)

	<p>range of non agricultural activities</p> <p>b. Provide employment opportunities in rural areas, especially for the traditional artisan and weaker sections of the society.</p> <p>c. prevent migration of rural population to urban areas in search of employment.</p> <p>d. These industries contribute to other socio-economic aspects, such as reduction in income inequalities, dispersed development of industries and linkage with other sectors of the economy.</p>	
20	<p>Merits</p> <p>The merits of retained earnings as a source of finance are as follows:</p> <p>i) Retained earnings is a permanent source of funds available to an organisation;</p> <p>ii) It does not involve any explicit cost in the form of interest, dividend or floatation cost;</p> <p>iii) As the funds are generated internally, there is a greater degree of operational freedom and flexibility;</p> <p>iv) It enhances the capacity of the business to absorb unexpected losses;</p> <p>v) It may lead to increase in the market price of the equity shares of a company.</p>	(1x5)
21	<p>Wholesalers serve as an important link between manufacturers and retailers.</p> <p>Services to Manufacturers</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>a. Letter of credit: 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>Mate's receipt: This receipt is given by the commanding officer of</p>	(1x5)

	<p>the ship to the exporter after the cargo is loaded on the ship.</p> <p>Shipping Bill: The shipping bill is the main document on the basis of 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>(i) Ease of formation and lower investment requirements:</p> <p>(ii) Convenience:</p> <p>(iii) Speed:</p> <p>iv) Global reach/access:</p> <p>(v) Movement towards a paperless society.</p>	(1x5)
24	<p>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</p> <p>b. Utmost good faith</p> <p>c. Insurable interest</p>	(1x6)

	d. Indemnity e. Proximate cause f. Contribution g. Mitigation.	
26	(i) Trade enquiry (ii) Procurement of import license (iii) Obtaining foreign exchange (iv) Placing order or indent (v) Obtaining letter of credit (vi) Arranging for finance	(1x6)
27	(a) Primary Industry (b) Genetic Industry (c) Assembling Industry (d) Synthetical Industry (e) Analytical Industry (f) Processing Industry	(1x6)