

CLASS: XI	INDIAN SCHOOL MUSCAT FIRST PERIODIC TEST	SUBJECT: BUSINESS STUDIES
	SET - B	
QP.NO.	VALUE POINTS	SPLIT UP MARKS
1.	Outsourcing refers to a long-term contracting on generally the non-core and of late even some of the core activities to third party specialists with view to benefitting from the experience, expertise, efficiency and even investment.	1
2.	GDR is an instrument issued abroad by an Indian company to raise funds in some foreign currency and is listed and traded on a foreign stock exchange.	1
3.	<p>Elements of Business Ethics:</p> <p>(1) Top management commitment: The higher level officials in business must give continuous leadership for developing and upholding the values of the organization.</p> <p>(2) Publication of a 'Code': Business must define the principles of conduct for the whole organization in the form of written documents which is referred to as the 'code'.</p> <p>(3) Establishment of compliance mechanisms: Suitable mechanisms should be established to ensure that actual decisions and actions comply with firm's ethical standards.</p> <p>(4) Involving employees at all levels: The involvement of employees in ethics programmes is compulsory because they are the ones who implement such policies.</p> <p>(5) Measuring results: The firm can measure the results by continuous monitoring system and proper auditing.</p> <p>(Any three)</p>	(1 X 3 points = 3)
4.	<p>Arguments in favour of social responsibility:</p> <p>(1) Justification for existence and growth</p> <p>(2) Long-term interest of the firm</p> <p>(3) Avoidance of government regulation</p> <p>(4) Maintenance of society</p> <p>(5) Availability of resources with business</p> <p>(6) Converting problems into opportunities</p> <p>(7) Better environment for doing business</p> <p>(8) Holding business responsible for social problems</p> <p>(Any 4 points with explanation)</p>	(1 X 4 points= 4)
5.	<p>Need for outsourcing:</p> <p>(1) Focusing of attention: Outsourcing enables business to focus their attention and resources on selected activities for better efficiency and effectiveness.</p> <p>(2) Search for excellence: The business can excel on the activities in which they are good and other activities with the help of specialized outside agencies.</p> <p>(3) Cost reduction: The best result can be achieved through cost reduction.</p> <p>(4) Growth through alliance: It facilitates international</p>	(1 X 5 points= 5)

	<p>knowledge sharing and collaborative learning and also helps in achieving the better outputs at lower costs.</p> <p>(5) Encouragement to economic development: It stimulates entrepreneurship, employment and exports of goods and services.</p>	
6.	<p>Public deposits: Meaning: The deposits that are raised by companies direct from public are public deposits.</p> <p>Advantages:</p> <ol style="list-style-type: none"> (1) The procedure of obtaining public deposits is simple. (2) Cost of public deposit is generally lower than the cost of borrowings from commercial banks. (3) It do not usually create any charge on assets. (4) They do not have any voting rights and the control of the company is not diluted. <p>Limitations:</p> <ol style="list-style-type: none"> (1) New companies generally find it difficult to raise funds through public deposits. (2) It is an unreliable source of finance as the public may not respond when the company needs money. (3) Collection of public deposits may prove difficult, particularly when the size of deposits required is large. <p>(Any 2 advantages and limitations) OR</p> <p>Commercial banks: Meaning: It includes the loans from commercial banks in the form of cash credit, overdrafts, term loans, discounting of bills etc.</p> <p>Advantages:</p> <ol style="list-style-type: none"> (1) Banks provide timely assistance in the form of loans when it is required. (2) Secrecy of business can be maintained. (3) Formalities like issue of prospectus, underwriting are not required. (4) It is a flexible source of fund because it can be increased or can be repaid in advance. <p>Limitations:</p> <ol style="list-style-type: none"> (1) It is only a short term or medium term source of funds. (2) Banks provide loans only after detailed investigation of the company's affairs, financial ability etc. (3) Some cases, difficult terms and conditions are imposed by banks for loans. <p>(Any 2 advantages and limitations) OR</p> <p>Loans from Financial institutions</p>	<p>Method for raising capital = 1 mark</p> <p>Meaning = 1 mk</p> <p>Advantages= 1 X 2 points =2 mks</p> <p>Limitations = 1 X 2 points = 2 mks</p> <p>Total= 6 marks</p>