



# INDIAN SCHOOL MUSCAT FIRST TERM EXAMINATION



## BUSINESS STUDIES

SET A

CLASS: XI

Sub. Code: 054

Time Allotted: 3 Hrs

18.09.2018

Max. Marks: 90

### EXPECTED VALUE POINTS AND SCHEME OF EVALUATION

Q.N O.	Answers	Marks
1.	Business is an economic activity which is concerned with the purchase and production and sale of goods with a view to earn income in the form of profit.	1
2.	No, Industry is concerned with the production of goods while commerce is concerned with the distribution of goods.	1
3.	1. quick decision making 2. Ease of formation 3. confidentiality 4. Direct incentive 5. Sense of accomplishment ( any two)	$\frac{1}{2} \times 2 = 1$
4.	Joint stock company is a voluntary association of individuals for profit having a capital divided into transferable shares, the ownership of which is the condition of membership.	1
5.	Public enterprises are those enterprises which are managed or owned partly/wholly by central/state governments or by both.	1
6.	In the name of President of India.	1
7.	Current account	1
8.	E-banking is electronic banking or banking using electronic media	1
9.	Characteristics of business: 1) Economic activity 2) Production of goods and services 3) Sale or exchange of goods and services 4) Dealings on a regular basis 5) Profit earning 6) Uncertainty of returns 7) Element of risk	$1 \times 3 = 3$
10.	Limitations of partnership form of business: 1) Unlimited liability 2) Limited resources 3) Possibility of conflicts 4) Lack of continuity 5) Lack of public confidence (any three)	$1 \times 3 = 3$
11.	Public Company Minimum 7 members	Private company Minimum 2 members $1+1+1=3$

	Maximum unlimited Minimum 3 directors Minimum 5 lakh capital Index of members compulsory	Maximum 200 members Minimum 2 directors Minimum 1 lakh capital Index of members not compulsory transfer of shares not possible Prospectus compulsory No need of prospectus.	
12.	<p>a) Nominal partner: A partner who allows the use of his name by a firm, but does not contribute capital or take part in management of the business</p> <p>b) Secret Partner: A partner whose association with the firm is unknown to general public</p> <p>c) partner by estoppel A person is considered as a partner by estoppel, if through his conduct or behavior, he gives an impression to others that he is a partner of the firm.</p>	1*3=3	
13.	<p>Demerits of HUF</p> <ol style="list-style-type: none"> <li>1) Limited resources</li> <li>2) Unlimited liability of Karta</li> <li>3) Dominance of Karta</li> <li>4) Limited managerial skills</li> </ol> <p>( any three)</p>	1=1+1=3	
14.	<p>1) Departmental Undertaking: These enterprises are established as departments of the ministry and are considered part or an extension of the ministry itself.</p> <p>2) Statutory corporation: It is public enterprise formed by passing a special act in the parliament.</p> <p>3) Government company: Company which is owned by the government with atleast 51% of shares are held by the government.</p>	1+1+1=3	
15.	<p>Primary functions of commercial banks:</p> <ol style="list-style-type: none"> <li>a) Acceptance of deposits</li> <li>b) Lending of loans</li> </ol> <p>(with explanation)</p>	1 ½*2=3)	
16.	<ol style="list-style-type: none"> <li>1)Manufacturer- Dalda Oil Mills</li> <li>2) Whole saler- Raga Oil Depot</li> <li>3) Retailer- Balaji Groceries</li> <li>4) Consumer- Mrs.Aashi</li> </ol>	1*4=4	
17.	<p>Features of global enterprises:</p> <ol style="list-style-type: none"> <li>1) Huge capital resources</li> <li>2) Foreign collaboration</li> <li>3) Advanced technology</li> <li>4) Marketing strategies</li> <li>5) Expansion of market territory</li> <li>6) Centrailised control</li> </ol>	1*4=4	
18.	<p>No, Insurance company is not liable to pay the insurance amount as he has violated the principle of atmost good faith. The value violated by Rohan is honest behavior.</p>	1+2+1=4	

19. Causes of Business risks: (4+1=5)
- 1) Natural risks
  - 2) Human risks
  - 3) Economic risks
  - 4) other causes
- Values added to the society:
- a) Promotion indogeneous industry
  - b) Increasing employment opportunities
20. Memorandum of association is the constitution of the joint stock company which defines the objectives of the company. 1+4=5)
- Its clauses are:
- a) Name clause b) Registered office clause c) Objects clause d) Liability clause e) capital clause f) Association clause
21. Steps of promotion: (1\*5=5)
- a) Identification of business opportunity
  - b) Feasibility studies
  - c) Name approval
  - d) Fixing signatories to the MOA
  - e) Appoint of professionals
  - f) Preparation of necessary documents
  - g) Payment of fees
- (any five)
22. Benefits of MNCs to Host countries: 1\*5=5)
- 1) Creating employment opportunities
  - 2) Inflow of foreign capital
  - 3) Source of advanced technology
  - 4) Improves standard of living
  - 5) Helps in the growth of domestic firms
- Adverse impacts upon host country:
- a) Disregard of political priorities
  - b) Deplete natural resources
  - c) Create Monopoly powers
  - d) Transfer of obsolete technology
  - e) Threat to National sovereignty.
23. 1) Whole life policies 1\*5=5
- 2) Endowment policy
  - 3) Joint Life policy
  - 4) Annuity policy
  - 5) Children's endowment policy
24. Auxiliaries to trade are those which assist or support trade. (1+5=6)
- 1) Transportation
  - 2) Banking
  - 3) Insurance
  - 4) Warehousing
  - 5) Advertising
  - 6) communication

25. (1) Cost and ease in setting up the business: Sole proprietorship require less capital and it is easy to form. Company formation involves lengthy procedures and it is expensive. \*6=6
- (2) Liability: Sole proprietorship and partnership firm are having unlimited liability whereas company has limited liability.
- (3) Continuity: Sole proprietorship and partnership have uncertain life but a company perpetual succession.
- (4) Management ability: Sole proprietorship may find it difficult to have expertise but partnership and company may not face such problem
- (5) Capital consideration: Company can raise more capital than sole proprietorship and partnership firms.
- (6) Degree of control: If full and direct control over business is required, sole proprietorship is the best. But if the owners don't mind in sharing their power with other partnership or company can be adopted.
- (7) Nature of business: If direct personal contact is required with customers, proprietorship is the best otherwise company can be selected.
- ( A

26. Sole proprietorship. 1+4+1=6
- Advantages:
- 1 Easy to form
  - 2 Sole beneficiary of profit
  - 3 Secrecy
  - 4 Personal relations with customers
- Values:
- This will help in gaining monetary benefits and status in society by providing good quality goods to customers.

27. (1) Utmost good faith: Both the insurer and insured must disclose all the important facts about the policy and the subject matter. 1\*6=6
- (2) Insurable interest: Insured must have some pecuniary interest in the subject matter of the insurance contract.
- (3) Indemnity: The insurer undertakes to put the insured, in the event of loss, in the same position that he occupied immediately before the happening of the event insured against.
- (4) Proximate cause: Insurance policy is to provide compensation only for such losses as are caused by the perils which are stated in the policy.
- (5) Subrogation: It refers to the right of the insurer to stand in the place of the insured, after settlement of a claim, as far as the right of the insured in respect of recovery from an alternative source is involved.
- (6) Contribution: It is the right of the insurer who has paid claim under an insurance, to call upon other liable insurers to contribute for loss of payment.
- (7) Mitigation: It is the duty of the insured to take reasonable steps to minimize the loss or damage to insured property.

\*\*\*\*\*