

**SET****B**

**INDIAN SCHOOL MUSCAT  
FINAL EXAMINATION 2023  
BUSINESS STUDIES (054)**

CLASS:XI

Max. Marks:

MARKING SCHEME			
SET	QN.NO	VALUE POINTS	MARKS SPLIT UP
B	1	(c) Nominal partner	1
	2	(a) Speculative risk	1
	3	(b) Non Economic	1
	4	(d ) Cooperative society	1
	5	( b) Manufacturing	1
	6	(d ) Ease of going global	1
	7	(b) 2%	1
	8	(c) Equity shares	1
	9	(a ) B2B Commerce	1
	10	(b) 90%	1
	11	(a) Low cost of production	1
	12	(b) Intellectual Property Right	1
	13	(c) Resources	1
	14	(a ) Entrepot trade	1
	15	(c ) Itinerant traders	1
	16	(D) Chain Shop	1
	17	(D) IGST	1
	18	(B) Trade between countries	1

19	(C ) GATT	1
20	(B) Letter of credit	1
21	<ul style="list-style-type: none"> <li>• To supply domestic and imported machines on easy hire-purchase terms.</li> <li>• To procure, supply and distribute indigenous and imported raw materials</li> <li>• To export the product of small business units and develop export-worthiness</li> <li>• To provide mentoring and advisory services</li> <li>• To serve as technology incubators.</li> <li>• To create awareness on technological up gradation</li> <li>• To develop software technology parks and technology transfer centers.</li> </ul> <p style="text-align: center;">OR</p> <ul style="list-style-type: none"> <li>• It was launched in 1978 at district levels to provide services to entrepreneurs in setting up small and village industries.</li> <li>• Provides guidance about various assistance schemes of the govt., prepare feasibility reports and arrange for machinery, raw materials and extends other services for the entrepreneurs of small and village industries.</li> <li>• It is the focal point of economic and industrial growth at district level</li> </ul>	1 mark for each points
22	<p>Any three advantages of each options (Equity, preference and debentures)</p> <p>If it is equity shares;</p> <ul style="list-style-type: none"> <li>(i) Equity shares are suitable for investors who are willing to assume risk for higher returns;</li> <li>(ii) Payment of dividend to the equity shareholders is not compulsory.</li> <li>(iii) Equity capital serves as permanent capital as it is to be repaid only at the time of liquidation of a company.</li> <li>(iv) Equity capital provides credit worthiness to the company and confidence to prospective loan providers;</li> <li>(v) Funds can be raised through equity issue without creating any charge on the assets of the company</li> </ul> <p>If it is preference shares;</p> <ul style="list-style-type: none"> <li>(i) Provide reasonably steady income in the form of fixed rate of return and safety of investment;</li> <li>(ii) Useful for those investors who want fixed rate of return with comparatively low risk;</li> <li>(iii) It does not affect the control of equity shareholders over the management as preference shareholders don't have voting rights;</li> <li>(iv) Payment of fixed rate of dividend to preference shares may enable a company to declare higher rates of dividend for the equity shareholders in good times;</li> <li>(v) Have a preferential right of repayment over equity shareholders in the event of liquidation of a company;</li> <li>(vi) Does not create any sort of charge against the assets of a company.</li> </ul> <p>If it is debentures;</p> <ul style="list-style-type: none"> <li>(i) It is preferred by investors who want fixed income at lesser risk;</li> <li>(ii) Debentures are fixed charge funds and do not participate in profits of</li> </ul>	1 mark for each valid points

	<p>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> <p style="text-align: center;"><b>OR</b></p> <p>Disadvantages of debenture</p> <p>(i) As fixed charge instruments, debentures put a permanent burden on the earnings of a company. There is a greater risk when earnings of the company fluctuate;</p> <p>(ii) In case of redeemable debentures, the company has to make provisions for repayment on the specified date, even during periods of financial difficulty;</p> <p>Each company has certain borrowing capacity. With the issue of debentures, the capacity of a company to further borrow funds reduces</p>	
23	<p><b>Movement towards a paperless society:</b></p> <p>Use of Internet has considerably reduced dependence on paperwork and the attendant 'red tape.' Maruti Udyog does bulk of its sourcing of supplies of materials and components in a paper less fashion.</p>	1+ 2
24	<p>Placing order or indent: After obtaining the import licence, the importer places an import order or indent with the exporter for supply of the specified products. The import order contains information about the price, quantity size, grade and quality of goods ordered and the instructions relating to packing, shipping, ports of shipment and destination, delivery schedule, insurance and mode of payment. The import order should be carefully drafted so as to avoid any ambiguity and consequent conflict between the importer and exporter</p>	1+1+1
25	<p>Statutory Corporations. ....1 Mark</p> <ol style="list-style-type: none"> <li>1. <b>Formed by special Act</b> Created under a special Act of Parliament or State Assembly</li> <li>2. <b>Ownership</b> Owned by the Government</li> <li>3. <b>Separate legal existence</b> It has a separate legal entity. So it can own properties and enter into contract in its own name</li> <li>4. <b>Financial autonomy</b> Obtains funds through borrowing from treasury or public and from the sales of goods and services</li> <li>5. <b>Employees</b> They are not to be treated as government servants</li> <li>6. <b>Independent accounting and audit</b> It has its own accounting and audit, but not subject to government audit</li> </ol>	1+ 3
26	<p>Persons, place, time, risk, finance,..... At least 4 must specify</p> <p>The hindrance of <b>persons is removed by trade</b>, thereby, making goods available to consumers from the possession or ownership producers</p>	1+1+1+1

		<p>The hindrance of <b><u>place is removed by transport</u></b>, thereby, by moving goods from the place of production to the markets for sale</p> <p>The hindrance of <b><u>time is removed by storage and warehousing</u></b>, thereby, by facilitating holding of stocks of goods to be sold as and when required.</p> <p>The hindrance of <b><u>risk is removed by insurance</u></b>, thereby, by protecting goods from loss or damage due to theft, fire, accidents.</p> <p>The hindrance of <b><u>finance is removed by banking and financial institutions</u></b>, thereby, by providing necessary financial assistance procure capital goods.</p>	
27	<p>Amount of claim is ₹35,00,000.....1Marks</p> <p>The contract of fire insurance is a contract of strict indemnity. In the event of loss, the insured can <b><u>recover the actual amount of loss</u></b> from the insurer subject to the maximum amount for which the subject matter is insured. So Samuel's actual loss is 35,00,000 though he insured at 40 lakhs. The purpose being that a person should not be allowed to gain by insurance.</p>	1+3	
28	<ol style="list-style-type: none"> <li>1. Existence and growth</li> <li>2. Long term interest</li> <li>3. Avoidance of regulations</li> <li>4. Maintenance of society</li> <li>5. Availability of resources</li> </ol> <p>Any other relevant points (with explanation)</p> <p style="text-align: center;"><b>OR</b></p> <p>Responsibility towards the consumers: Supply of right quality and quantity of goods and services to consumers at reasonable prices constitutes the responsibility of an enterprise toward its customers. The enterprise must take proper precaution against adulteration, poor quality, lack of desired service and courtesy to customers, misleading and dishonest advertising, and so on. They must also have the right of information about the product, the company and other matters having a bearing on their purchasing decision.</p> <p>Responsibility towards the government and community: An enterprise must respect the laws of the country and pay taxes regularly and honestly. It must behave as a good citizen and act according to the well accepted values of the society. It must protect the natural environment and should avoid bad, effluent, smoky chimneys, ugly buildings dirty working conditions. It must also develop a proper image in society through continuous interaction with various groups of people.</p>	<p>1 mark for each points</p> <p>2+2</p>	

29	<table border="1" data-bbox="321 121 1299 390"> <thead> <tr> <th data-bbox="321 121 634 205">Type of Units</th> <th data-bbox="634 121 948 205">Investment in Plant and Machinery</th> <th data-bbox="948 121 1299 205">Turnover</th> </tr> </thead> <tbody> <tr> <td data-bbox="321 205 634 264">Micro Enterprises</td> <td data-bbox="634 205 948 264">1 Crore</td> <td data-bbox="948 205 1299 264">Does not exceed 5 crore</td> </tr> <tr> <td data-bbox="321 264 634 323">Small Enterprises</td> <td data-bbox="634 264 948 323">10 Crore</td> <td data-bbox="948 264 1299 323">Does not exceed 50 crore</td> </tr> <tr> <td data-bbox="321 323 634 390">Medium Enterprises</td> <td data-bbox="634 323 948 390">50 Crore</td> <td data-bbox="948 323 1299 390">Does not exceed 250 core</td> </tr> </tbody> </table>	Type of Units	Investment in Plant and Machinery	Turnover	Micro Enterprises	1 Crore	Does not exceed 5 crore	Small Enterprises	10 Crore	Does not exceed 50 crore	Medium Enterprises	50 Crore	Does not exceed 250 core	4 marks for full correct
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30	<ol style="list-style-type: none"> <li>1. These shops are located in fairly populous localities, where sufficient number of customers can be approached</li> <li>2. The manufacturing/procurement of merchandise for all the retail units is centralised at the head office, from where the goods are despatched to each of these shops according to their requirements.</li> <li>3. Each retail shop is under the direct supervision of a Branch Manager, who is held responsible for its day-to-day management.</li> <li>4. All the branches are controlled by the head office.</li> <li>5. The prices of goods in such shops are fixed and all sales are made on cash basis.</li> <li>6. The head office normally appoints inspectors, who are concerned with day-to-day supervision of the shops, in respect of quality of customer service provided, adherence to the policies of the head office</li> </ol>	1 mark For each points												
31	<p>A. Banking, Insurance, Transporting, Communications (1/2 for each)</p> <p>B. Ware housing. (Accept any other valid points) 1 mark</p> <p>C. Greeting post — A range of delightful greeting cards for every occasion.</p> <ol style="list-style-type: none"> <li>1. Media post — An innovative and effective vehicle for Indian corporates to advertise their brand through postcards, envelopes, aerograms, tele-grams, and also through letterboxes.</li> <li>2. Direct post is for direct advertising. It can be both addressed as well as unaddressed.</li> <li>3. International Money Transfer through collaboration with Western Union financial services, USA, which enables remittance of money from 185 countries to India.</li> <li>4. Passport facilities — A unique partnership with the ministry of external affairs for facilitating passport application.</li> <li>5. Speed Post: It has over 1000 destinations in India and links with 97 major countries across the globe.</li> <li>6. e-bill post is the latest offering of the department to collect bill payment across the counter for BSNL and Bharti Airtel.....3 marks for any valid points</li> </ol> <p style="text-align: center;">OR</p> <p>Some of them are the basic or primary functions of a bank while others are agency services or general utility services in nature.</p> <ul style="list-style-type: none"> <li>• Acceptance of deposits,</li> <li>• lending of funds,</li> <li>• cheque facility,</li> <li>• remittance of funds,</li> </ul>													

		<ul style="list-style-type: none"> <li>allied services</li> </ul> <p>Explanation Required.</p>	1 ½ For any 4 points
32	<p>(i) Help in distribution of goods: A retailer's most important service to the wholesalers and manufacturers is to provide help in the distribution of their products by making these available to the final consumers, who may be scattered over a large geographic area. They thus provide place utility.</p> <p>(ii) Personal selling: In the process of sale of most consumer goods, some amount of personal selling effort is necessary. By undertaking personal selling efforts, the retailers relieve the producers of this activity and greatly help them in the process of actualising the sale of the products.</p> <p>(iii) Enabling large-scale operations: On account of retailer's services, the manufacturers and wholesalers are freed from the trouble of making individual sales to consumers in small quantities. This enables them to operate on, at relatively large scale, and thereby fully concentrate on their other activities.</p> <p>(iv) Collecting market information: As retailers remain in direct and constant touch with the buyers, they serve as an important source of collecting market information about the tastes, preferences and attitudes of customers. Such information is considered very useful in taking important marketing decisions in an organisation.</p> <p>(v) Help in promotion: From time-to-time, manufacturers and distributors have to carry on various promotional activities in order to increase the sale of their products. For example, they have to advertise their products and offer short-term incentives in the form of coupons, free gifts, sales contests, and so on. Retailers participate in these activities in various ways and, thereby, help in promoting the sale of the products.</p>	1 mark for each 6 points	
33	<p><b>Fixed capital requirements:</b> In order to start business, funds are required to purchase fixed assets like land and building, plant and machinery, and furniture and fixtures. This is known as fixed capital requirements of the enterprise. The funds required in fixed assets remain invested in the business for a long period of time. Different business units need varying amount of fixed capital depending on various factors such as the nature of business, etc. A trading concern for example, may require small amount of fixed capital as compared to a manufacturing concern. Likewise, the need for fixed capital investment would be greater for a large enterprise, as compared to that of a small enterprise.</p> <p>(b) <b>Working capital requirements:</b> The financial requirements of an enterprise do not end with the procurement of fixed assets. No matter how small or large a business is, it needs funds for its day-to-day operations. This is known as working capital of an enterprise, which is used for holding current assets such as stock of material, bills receivables and for meeting current expenses like salaries, wages, taxes, and rent. The amount of working</p>	1 ½ For each points	

		<p>capital required varies from one business concern to another depending on various factors. A business unit selling goods on credit, or having a slow sales turnover, for example, would require more working capital as compared to a concern selling its goods and services on cash basis or having a speedier turnover.</p> <p><b>The requirement for fixed and working capital increases with the growth and expansion of business.</b> At times additional funds are required for upgrading the technology employed so that the cost of production or operations can be reduced. Similarly, larger funds may be required for building higher inventories for the festive season or to meet current debts or expand the business or to shift to a new location. It is, therefore, important to evaluate the different sources from where funds can be raised.</p>	
	34	<ol style="list-style-type: none"> <li>1. Cost and ease in setting up the organization</li> <li>2. Liability</li> <li>3. Continuity</li> <li>4. Management Ability</li> <li>5. Capital Consideration</li> <li>6. Degree of Control</li> <li>7. Nature of business</li> </ol> <p>Explain any 6 points. Kindly accept any other valid points</p>	1 mark for each points