

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

CLASS:XI

Max. Marks:

MARKING SCHEME			
SET	QN.NO	VALUE POINTS	MARKS SPLIT UP
C	1	(b) B2C	
	2	(d) Ease of going global	
	3	(c) Nominal partner	
	4	(c) Equity shares	
	5	(a) Speculative risk	
	6	(d) Construction	
	7	(b) Non-Economic	
	8	(b) 90%	
	9	(d) Cooperative society	
	10	(b) 2%	
	11	(d) IGST	
	12	(b) Trade between countries	
	13	(a) Low cost of production	
	14	(d) Street shops	
	15	(c) GATT	
	16	(b) Intellectual Property Right	
	17	(c) Resources	
	18	(a) Entrepot trade	

	19	(c) Itinerant traders	
	20	(b) Letter of credit	
	21	<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"> (i) Equity shares are suitable for investors who are willing to assume risk for higher returns; (ii) Payment of dividend to the equity shareholders is not compulsory. (iii) Equity capital serves as permanent capital as it is to be repaid only at the time of liquidation of a company. (iv) Equity capital provides credit worthiness to the company and confidence to prospective loan providers; (v) Funds can be raised through equity issue without creating any charge on the assets of the company <p>If it is preference shares;</p> <ul style="list-style-type: none"> (i) Provide reasonably steady income in the form of fixed rate of return and safety of investment; (ii) Useful for those investors who want fixed rate of return with comparatively low risk; (iii) It does not affect the control of equity shareholders over the management as preference shareholders don't have voting rights; (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; (v) Have a preferential right of repayment over equity shareholders in the event of liquidation of a company; (vi) Does not create any sort of charge against the assets of a company. <p>If it is debentures;</p> <ul style="list-style-type: none"> (i) It is preferred by investors who want fixed income at lesser risk; (ii) Debentures are fixed charge funds and do not participate in profits of the company; (iii) The issue of debentures is suitable in the situation when the sales and earnings are relatively stable; (iv) As debentures do not carry voting rights, financing through debentures does not dilute control of equity shareholders on management; (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 style="text-align: center;">OR</p> <p>Disadvantages of debenture</p> <ul style="list-style-type: none"> (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; (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>Each company has certain borrowing capacity. With the issue of debentures, the capacity of a company to further borrow funds reduces</p>	

	22	Convenience: Internet offers the convenience of '24 hours × 7 days a week × 365 days'. Such flexibility is available even to the organisational personnel whereby they can do work from wherever they are, and whenever they may want to do it.	
	23	<ol style="list-style-type: none"> 1. To supply domestic and imported machines on easy hire-purchase terms. 2. To procure, supply and distribute indigenous and imported raw materials 3. To export the product of small business units and develop export-worthiness 4. To provide mentoring and advisory services 5. To serve as technology incubators. 6. To create awareness on technological up gradation To develop software technology parks and technology <p style="text-align: center;">OR</p> <ul style="list-style-type: none"> • It was launched in 1978 at district levels to provide services to entrepreneurs in setting up small and village industries. • 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. • It is the focal point of economic and industrial growth at district level. 	
	24	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	
	25	Govt Companies.....1 mark <ul style="list-style-type: none"> • It is incorporated under Companies Act • It can own properties, enter into contracts, sue and be sued in its own name • Decisions taken by Board of Directors • Memorandum and Articles of Association Objects of the company and its rules and regulations are contained in these documents • Accounting and audit procedure Govt. appointed auditor's report is presented in the Parliament or Legislative Assembly • Funds are raised by government and from private shareholders 	
	26	Amount of claim is ₹35,00,000.....1Marks	

		<p>The contract of fire insurance is a contract of strict indemnity.</p> <p>In the event of loss, the insured can <u>recover the actual amount of loss</u> from the insurer</p> <p>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>													
	27	<p>Persons, place, time, risk, finance,..... At least 4 must specify</p> <p>The hindrance of <u>persons is removed by trade</u>, thereby, making goods available to consumers from the possession or ownership producers</p> <p>The hindrance of <u>place is removed by transport</u>, thereby, by moving goods from the place of production to the markets for sale</p> <p>The hindrance of <u>time is removed by storage and warehousing</u>, thereby, by facilitating holding of stocks of goods to be sold as and when required.</p> <p>The hindrance of <u>risk is removed by insurance</u>, thereby, by protecting goods from loss or damage due to theft, fire, accidents.</p> <p>The hindrance of <u>finance is removed by banking and financial institutions</u>, thereby, by providing necessary financial assistance procure capital goods.</p>													
	28	<table><tr><th>Type of Units</th><th>Investment in Plant and Machinery</th><th>Turnover</th></tr><tr><td>Micro Enterprises</td><td>1 Crore</td><td>Does not exceed 5 crore</td></tr><tr><td>Small Enterprises</td><td>10 Crore</td><td>Does not exceed 50 crore</td></tr><tr><td>Medium Enterprises</td><td>50 Crore</td><td>Does not exceed 250 core</td></tr></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	
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	29	<ol style="list-style-type: none">1. These shops are located in fairly populous localities, where sufficient number of customers can be approached2. 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.3. Each retail shop is under the direct supervision of a Branch Manager, who is held responsible for its day-to-day management.4. All the branches are controlled by the head office.5. The prices of goods in such shops are fixed and all sales are made on cash basis. <p>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</p>													
	30	<ol style="list-style-type: none">1. Existence and growth2. Long term interest3. Avoidance of regulations4. Maintenance of society5. Availability of resources													

		<p>Any other relevant points (with explanation)</p> <p>OR</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>	
	31	<ol style="list-style-type: none"> 1. Greeting post — A range of delightful greeting cards for every occasion. 2. Media post — An innovative and effective vehicle for Indian corporates to advertise their brand through postcards, envelopes, aerograms, tele-grams, and also through letterboxes. 3. Direct post is for direct advertising. It can be both addressed as well as unaddressed. 4. International Money Transfer through collaboration with Western Union financial services, USA, which enables remittance of money from 185 countries to India. 5. Passport facilities — A unique partnership with the ministry of external affairs for facilitating passport application. 6. Speed Post: It has over 1000 destinations in India and links with 97 major countries across the globe. 7. e-bill post is the latest offering of the department to collect bill payment across the counter for BSNL and Bharti Airtel. <p>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"> • Acceptance of deposits, • lending of funds, • cheque facility, • remittance of funds, • allied services <p>Explanation Required.</p>	
	32	<ol style="list-style-type: none"> 1. Cost and ease in setting up the organization 2. Liability 3. Continuity 	

		4. Management Ability 5. Capital Consideration 6. Degree of Control 7. Nature of business Explain any 6 points. Kindly accept any other valid points	
	33	<p>Fixed capital requirements: 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) Working capital requirements: 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 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>The requirement for fixed and working capital increases with the growth and expansion of business. 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	(i) Facilitating large scale production: Wholesalers collect small orders from a number of retailers and pass on the pool of such orders to the manufacturers and make purchases in bulk quantities. This enables the producers to undertake production on a large scale and take advantage of the economies of scale. (ii) Bearing risk: The wholesale merchants deal in goods in their own name, take delivery of the goods and keep the goods purchased in large lots in their warehouses. In the process, they bear variety of risks such as the risk of fall in prices, theft, pilferage, spoilage, fire, etc. To that extent, they relieve the manufacturers from bearing these risks. (iii) Financial assistance: The wholesalers provide financial assistance to	

		<p>the manufacturers in the sense that they generally make cash payment for the goods purchased by them. To that extent, the manufacturers need not block their capital in the stocks. Sometimes they also advance money to the producers for bulk orders placed by them.</p> <p>(iv) Expert advice: As the wholesalers are in direct contact with the retailers, they are in a position to advise the manufacturers about various aspects including customer's tastes and preferences, market conditions, competitive activities and the features preferred by the buyers. They serve as an important source of market information on these and related aspects.</p> <p>(v) Help in marketing function: The wholesalers take care of the distribution of goods to a number of retailers who, in turn, sell these goods to a large number of customers spread over a large geographical area. This relieves the manufacturers from many of the marketing activities and enable them to concentrate on the production activity.</p> <p>(vi) Facilitate production continuity: The wholesalers facilitate continuity of production activity throughout the year by purchasing the goods as and when these are produced and storing them till the time these are demanded by retailers or consumers in the market.</p> <p>(vii) Storage: Wholesalers take delivery of goods when these are produced in factory and keep them in their godown/warehouses. This reduces the burden of manufacturers of providing for storage facilities for the finished products. They thus provide time utility.</p>	
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