



INDIAN SCHOOL DARSAIT
ANSWER KEY FOR FIRST TERM EXAMINATION- SEPT. 2017
BUSINESS STUDIES (054)



Class: XI
 Date: 13-09-2017

Max. Marks: 90
 Time: 3 Hours

General Instructions:

(i) All questions are compulsory.

1.	Business is defined as an economic activity involving the production and sale of goods and services undertaken with a motive of earning profit. (OR any other relevant definition)	1
2.	Kartha	1
3.	A company which has operations/branches/factories/business in many countries.	1
4.	Contracting out the non-core activities to third parties.	1
5.	Formed as per agreement, Unlimited Liability, Sharing of risk, Sharing of responsibility and control, Lack of continuity, Minimum 2 members, Mutual agency. (any two features)	1
6.	Possibility/chance of loss due to uncertainties.	1
7.	Conduct of industry, trade and commerce using computer networks.	1
8.	Real Time Gross Settlement; It is a way of transferring money from one account to another account. (½ mark for writing full form)	1
9.	(i) Profit is a source of income for businessmen (ii) It is a source of finance for expansion of business (iii) It indicates efficiency of work (iv) It is society's approval of the utility of the business (v) It builds the reputation of the business (vi) It is the reward for risk taking. (6 points)	3
10.	Life Insurance: A protection against uncertainty of life due to death, retirement, disability, health/medical etc. Fire Insurance: Protection against loss due to fire during a specified period. Marine Insurance: Protection against loss by marine perils or perils of the sea, such as collision of ship, attack by enemies or pirates etc. It insures ship, cargo and freight.	3
11.	These are activities that facilitate trade. They are banking, transport, insurance, packaging & warehousing, communication, advertisement,. They remove the hindrances such as finance, place, risk, time, knowledge etc.in the exchange of goods.	3
12.	Nature: (i) The risk arise due to uncertainties (ii) Risk is part of business (iii) Degree of risk depends on nature & size of business (iv) Profit is reward for risk taking.	3

	<p>Causes: (i) Natural causes such as flood, earth quake, lighting, etc. (ii) Human causes such as dishonesty, strike, inefficiency etc. (iii) Economic causes such as lack of demand, interest rate, competition, higher tax etc. (iv) Other causes such as political disturbances, mechanical failures etc.</p>																																								
13.	(i) Financial facilities such as Saving A/c, PPF, Kisan Vikas Patra, RD, Time Deposit, Money Order (ii) Mail Facilities such as parcels, registration, insurance cover (iii) Allied facilities such as greeting post, media post, registered post, speed post.				3																																				
14.	1. Cellular Mobile services: Mobile Telecom, data & PCO services. 2. Radio Paging services: It is one way information broadcasting solution. 3. Fixed line services: Voice, non-voice messages and data services using optical fibre cables. 4. Cable services: These are media & entertainment services provided in an area. 5. VSAT services- Very Small Aperture Terminal that provides reliable and uninterrupted services to govt. and business 6. DTH services:-Direct To Home: It is satellite based media services by cellular companies to provide TV channels using dish antenna and set top box. (any 3 points with explanation or 6 points without explanation)				3																																				
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Any 4 basis: 4x1=4 marks.																																									
(i) Voluntary membership: anyone can join or quit as per his wish (ii) Legal status: Registration is compulsory, separate entity; Entry and exit of members are not affected (iii) Limited liability for members (iv) Control by elected Management Committee				4																																					

	(v) Service motive, mutual help and welfare of members (any 4 features with explanation)	
17.	<p>Primary:</p> <ul style="list-style-type: none"> (i) Extracting raw materials from natural resources e.g. mining, farming, fishing, lumbering etc. (ii) Genetic industries in breeding plants and animals for reproduction e.g. nursery, poultry, fish hatchery, cattle breeding <p>Secondary:</p> <p>Producing finished goods using materials produced by primary industries. They are analytical, synthetical, assembling and processing industries. E.g. oil refinery, cement, sugar and car.</p> <p>Tertiary: Provide support to service to primary and secondary industries and trade. They are commercial services such as transport, banking, insurance, warehousing communication etc.</p>	4
18.	<ul style="list-style-type: none"> (i) Promotion: identification of business opportunity, conducting feasibility studies, name approval, fixing signatories, appoint professionals, preparation of documents (ii) Incorporation: Filing of application along with documents with Registrar (iii) Subscription: SEBI approval, Filing of Prospectus, Appointment of bankers, brokers and underwriters, receiving minimum subscription of shares, application to stock exchanges, allotment of shares (iv) Commencement of business: Start business after getting Certificate of Incorporation and or Certificate of Commencement of business 	4
19.	<p>Public sector enterprises: (i) Departmental Undertakings (ii) Statutory Corporations (iii) Govt. Companies</p> <p>Features: (i) Partly or fully owned and managed by central or state govt.</p> <ul style="list-style-type: none"> (ii) Part of ministry/ department or formed by Special Act or Companies Act (iii) Fund from govt. , borrowings and from public (iv) Accountable to ministry/parliament (v) Govt audit (vi) Control of ministry or parliament (vii) Revenue goes to treasury <p>Merits:</p> <ul style="list-style-type: none"> (i) Control and supervision by ministry and Parliament (ii) Public accountability (iii) Revenue goes to treasury (iv) Suitable where national security is concerned (v) Helps economic development 	4

	<p>Limitations:</p> <ul style="list-style-type: none"> (i) Lack of flexibility and freedom (ii) Unable to take advantage of opportunities (iii) Red-tapism (iv) Corruption (v) Political interference (vi) Insensitive to consumer needs <p>(any four features, merits and limitations)</p>																								
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21.	<ul style="list-style-type: none"> (i) Accept deposit : SB, Current A/c, FD, RD etc. (ii) Lend funds: OD, Cash Credit (CC), Discounting bills, Term loans etc. (iii) Cheque facility: Bearer cheques, Crossed cheques (iv) Remittance of funds: RTG, NEFT, DD, Pay orders etc. (v) Allied services: bill payment, locker facilities, underwriting services, buy & sell shares and debentures, pay insurance, collect dividend etc. <p>(5 points with the given explanation)</p>			5																					
22.	<ul style="list-style-type: none"> (i) Utmost good faith: Insurer and the insured should disclose relevant/material information to each other (ii) Insurable interest: The insured should have pecuniary/insurable interest in the subject matter of insurance (iii) Indemnity: Insurer undertakes to put the insured in the position that he occupied before the happening of the event of loss (iv) Proximate cause: Compensation is given to losses stated in the policy, The most proximate cause of 			5																					

mishap is considered

(v) **Subrogation:** Once the compensation is paid, the damaged property belong to the insurer and the insured cannot make profit by selling it

(vi) **Contribution:** In case of double insurance insurers share the loss; The insured can't recover more than the loss

(vii) **Mitigation:** The insured should try to reduce the loss/damage.

(any 5 points with explanation)

23.

Basis	Public Company	Private Company
Members	Min.: 7 Max.: unlimited	Min.: 5 Max.: 50/ 200
Min. no. of Directors	3	2
Min. paid up capital	5 lakh	1 lakh
Index of members	Compulsory	Not compulsory
Transfer of shares	No restriction	Restriction on transfer
Invite public to subscribe	Can invite	Cannot invite

(All the points given in a tabular form, as given above)

24.

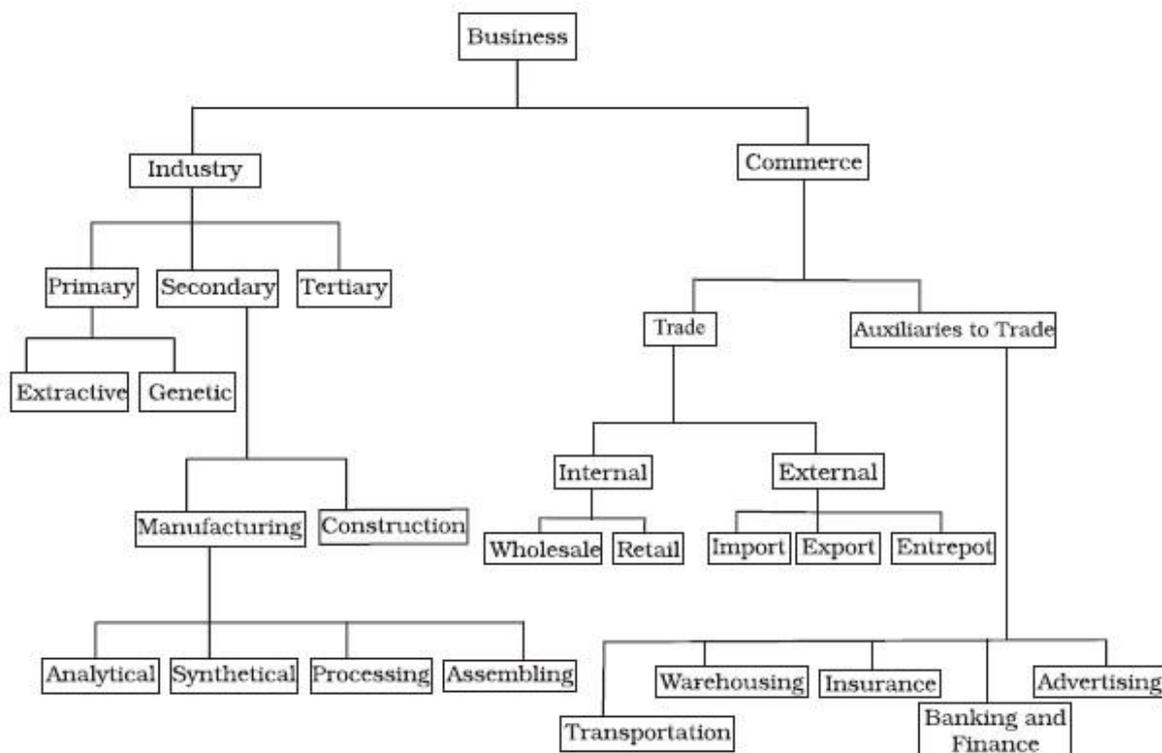


CHART SHOWING BUSINESS ACTIVITIES

5

6

Business is divided into Industry (primary secondary and tertiary sectors) and Commerce.

1.Primary industries include extraction and production of natural resources and reproduction and development of living organisms, plants etc. They are:

- (i) **Extract Industry:** They extract products from natural resources, supplying raw materials . eg.; mining, fishing, farming etc.
- (ii) **Genetic industries:** they breed plants and animals for reproduction. Eg; cattle breeding farms, poultry, fish hatchery etc.

2. Secondary industries: (i) manufacturing: They use raw materials of primary sector, convert them into finished goods. They are Analytical (oil refinery), synthetical (cement), processing (sugar) and assembling (computer)

(ii) **Construction:** Construction of buildings , dams, airports, roads, railways etc

3. Tertiary industries: Provide support to primary and secondary industries and trade. They are part of commerce as they are auxiliaries to trade.

Commerce: These are trade and auxiliaries to trade that removes hindrances and facilitates trade. They are:

1 **Banking:** It removed hindrance of finance by providing loans and other services

2. **Transport & Communication:** It removes hindrance of place by taking goods from place to place by road, rail, water, air, pipeline, tunnels, hyper loops etc.

3 **Warehousing:** It removes hindrance of time by safely storing products

4. **Insurance:** It removed hindrance of risk by reducing the effect of loss providing compensation

5. **Advertising:** It removes the hindrance of knowledge by providing information about product

(Well explained points with the help of neat chart= 6 marks)

OR

Basis	Business	Profession	Employment
1. Mode of establishment	Entrepreneur's decision & legal formalities	Membership of professional body and certificate of practice	Appointment letter and service agreement
2. Nature of work	Provision of goods and service to public	Personalized expert services	Work as per service contract
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8. Code of conduct	No code of conduct	Professional code of conduct	Norms of employer to be followed

(All the 8 basis of comparison, in tabular form for 6 marks)

Type	Capital	Management	Share profit/loss	Liability
Active partner	contributes	participates	shares	Unlimited
Sleeping partner	contributes	Does not participate	shares	Unlimited
Secret partner	contributes	Participates secretly	shares	Unlimited
Nominal partner	Does not contribute	Does not participate	Does not share	Unlimited
Partner by estoppel	Does not contribute	Does not participate	Does not share	Unlimited
Partner by holding out	Does not contribute	Does not participate	Does not share	Unlimited

25.

OR

Basis	Sole proprietorship	Partnership	Company
Formation	Easiest, less formalities	Easy, registration is optional	More formalities, registration is compulsory
Members	1	Min. 2, max. 50	Min. Pvt: 2 Public : 7 Max: pvt: 200 Public : unlimited
Capital	limited	Limited, more than sole trading business	Large
Liability	unlimited	Unlimited & joint	limited
Control & mgmt..	owner	Partners together	BoD, separation between ownership & mgt.
Continuity	Unstable	More stable , but affected by status of partners	Stable, separate legal status

6

	Basis	Traditional business	E- business
26.	Formation	difficult	easy
	Physical presence	Needed	Not needed
	Locational requirements	Near to sources of raw materials or market	none
	Cost of set up	high	low
	Operating cost	high	low
	Contact	Through intermediaries	direct
	Internal communication	Hierarchical: top – middles- lower- operational management	Non hierarchical: direct vertical, Horizontal and diagonal
	Response time to meet customers	long	instantaneous
	Organisational structure	Vertical/ tall	Horizontal/flat
	Business process & length of cycle	Sequential: purchase-production-marketing-sales, so longer	Simultaneous different process, so shorter
	Interpersonal touch	Much more	less
	Pre-sampling	Much more	Less, only for items like software, videos etc.
	Going global	less	Much as cyber space has no boundary
	Govt. patronage	shrinking	Much, It sector gets top priority
Human capital	Semi skilled and unskilled	professionals	
Transaction risk	Less as face to face transaction	High due to distance and anonymity of parties	

6

(Minimum 6 basis of comparison)

OR

Process of online trade:

1. Pre-purchase /sale stage:

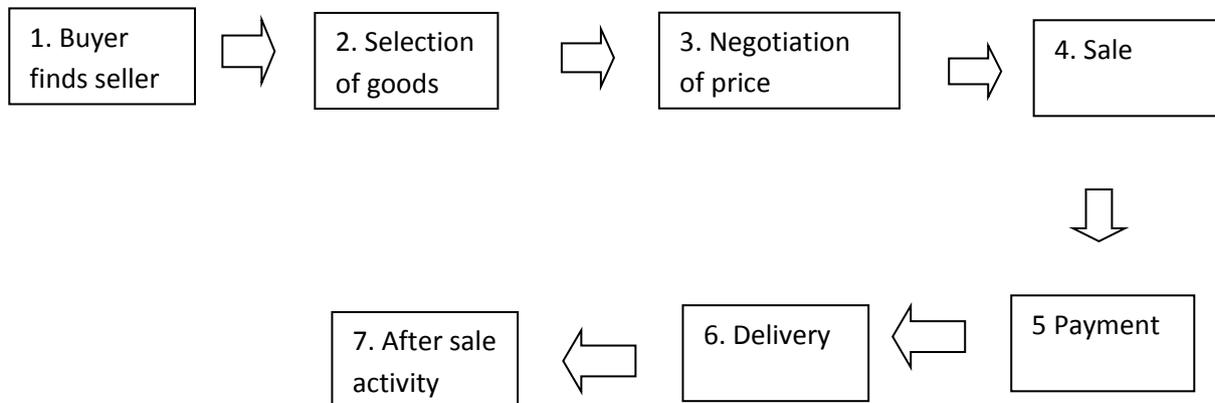
- (i) Registration by filling –up form and open an account with username and password
- (ii) Placing order by adding items to cart

2. Purchase/sale stage:

- (i) Payment mechanism by
 - (a) Cash On Delivery (COD)
 - (b) Cheque
 - (c) Net banking Transfer
 - (d) Credit/debit cards
 - (e) Digital cash

3. Delivery stage:

- (i) Sending the products to buyer by post/ courier
- (ii) Post sale activity such as free home delivery, installation, servicing, warrantee, replacement etc.,



Scope of Outsourcing

- 1. **Contract manufacturing**
- 2. **Contract research**
- 3. **Contract sales**
- 4. **Informatics**

BPO, KPO, Call centers, data processing work, accounting work, payroll accounting, medical transcription, customer care, inbound and out bound voice processing, payment follow up , telemarketing etc.

Need of Outsourcing

- 27.
- 1. **Focus in core activities** : Business can focus on core activities for better efficiency and effectiveness
 - 2. **Quest for excellence** : It helps to excel in select activities and to obtain excellent performance from expert outsiders in non core activities
 - 3. **Reduce cost** : It helps to cost reduction by using cheaper manpower
 - 4. **Growth through alliance** : It helps in growth through alliance by less investment ; more profit, sharing of knowledge and collaborative learning.
 - 5. **Economic development** : It helps in Economic development by providing More employment, entrepreneurship and exports.

OR

Benefits of e-business.

1. **Ease of formation and lower investment requirements:** It can be started with less investment, without physical space, with the help of website, internet and network
2. **Convenience:** 24x7x365 business; any time shopping, Employees can work from anywhere at any time; “Access anything, anywhere, any time”
3. **Speed:** business is possible at a click of mouse; Music, software, e-books, movies etc. are delivered online, Money is quickly transferred electronically.
4. **Global reach/access:** No boundary for internet; seller access to global market, buyer can choose product from any where,
5. **Movement towards paperless society:** Paperwork is reduced, permissions, approvals and license are processed electronically/digitally.