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ST. LAWRENCE HIGH SCHOOL

A JESUIT CHRISTIAN MINORITY INSTITUTION

PRE ANNUAL EXAMINATION – 2019



Sub : BUSINESS STUDIES MODEL ANSWER

CL ASS 11

F.M: 80

Duration: 3 Hours 15 mins

Date: 21.01.2019

Instruction to the candidates:

1. Special credit will be given for answer which are brief and to the point.
2. Marks will be deducted for spelling mistakes, untidiness and bad handwriting.
3. Figures in the margin indicates full marks for the questions.

GROUP A

1. Choose the correct answers from the alternatives:

(1x 10 =10)

- i) Economic objectives of a business do not include –
- (a) Creation of customer
 - (b) Continuous innovation
 - (c) Generation of employment
 - (d) Best possible use of resources

Ans: (C)

- ii) Post and Telegraph Department of Government of India is the example of which form of organisation-
- (a) Departmental undertaking
 - (b) Statutory Corporation
 - (c) Government Company
 - (d) None of these

Ans: (a)

- iii) Social welfare motive is the prime moto of which sector-
- (a) Public Sector
 - (b) Private Sector
 - (c) Joint Sector
 - (d) None of these

Ans: (a)

- iv) Reconstruction of sick public sector units is taken up by-
- (a) MOFA
 - (b) MOU
 - (c) BIFR
 - (d) NRF

Ans: (c)

- v) The first cooperative society that was registered in India is-
- (a) Credit Society
 - (b) Producers cooperative society
 - (c) Consumers cooperative society
 - (d) Non-credit society

Ans: (a)

- vi) The Partnership Act was introduced in the year –
- (a) 1932
 - (b) 1949
 - (c) 1956

(d) 1988

Ans: (a)

vii) The first step in formation of a company is-

- (a) Registration
- (b) Promotion
- (c) Raising capital
- (d) Certificate to commence business

Ans: (b)

viii) Which of the following is known as time deposit ?

- (a) Recurring deposit
- (b) Fixed deposit
- (c) Savings deposit
- (d) General deposit

Ans: (b)

ix) The payment mechanism typical to e-business-

- (a) Cash on Delivery (COD)
- (b) Credit and Debit cards
- (c) Cheques
- (d) E-cash

Ans: (b)

x) The forces that put the social responsibility in a required situation –

- (a) Pressure the labour movement
- (b) Impact of consumer consciousness
- (c) Threat of public regulation
- (d) All of these

Ans: (d)

2. Answer the following questions in a sentence or briefly (Alternatives are to be noted) : (1x 10 = 10)

i) Define Bank Overdraft.

Ans: It is a temporary arrangement or facility to customer to overdraw from their current account but up to Certain limit.

OR

What is crossed cheque?

Ans: Cheque which is to be deposited only in the payees account is known as a crossed cheque.

ii) What do you mean by public private partnership?

Ans: An enterprise in which a project or its service is financed by the partnership between government and private is called PPP.

iii) Define cooperative society?

Ans: A cooperative society is defined as a voluntary association of person belonging to the same group or class for promotion of some common interest through mutual cooperation.

OR

What is partnership deed?

Ans: A partnership deed is a document which lays down the terms and conditions of the partnership agreement stating the mutual rights, duties and obligations of the partners.

iv) State one disadvantage of BPO.

Ans: Business can concentrate on their own activities only for achievement of their objectives.

v) What is IFSC?

Ans: IFSC is an alpha-numeric code that uniquely identifies a bank branch participating in the NEFT system.

OR

What is e-banking?

Ans: E-banking services provide customer access to accounts, the ability to move their money between different accounts and making payment or applying for loans via e-channels.

vi) Define public limited company.

Ans: A company which is not a private company is known as public company. The membership of public company is open to all.

vii) What do you understand by cash credit?

Ans: Cash credit is a method of providing advance to the customer. In this type of arrangement the customer is allowed to borrow up to a certain limit on the basis of security.

OR

What is fixed deposit account?

Ans: The account which is for a specified period of time say one, two, five years is known as fixed deposit account.

viii) Mention any one limitation of sole proprietorship business.

Ans: Liability of sole proprietorship business is unlimited.

ix) Define genetic industry.

Ans: The industry that are engaged in germinating and breeding plants and animals with a view to using them for further reproduction are known as genetic industry.

OR

Give one example of analytical industry.

Ans: Oil refinery.

x) State any two responsibilities of business towards its suppliers.

Ans: Giving regular order of purchase of goods.

3. Answer the following questions (Alternatives are to be noted):

(4x6 =24)

i) Define limited liability partnership. Discuss any two features of LLP.

Ans: LLP- It is a partnership in which some or all partners have limited liability.

Features: 1.Registration; 2. Separate entity; 3. Liability; 4. Maintenance of documents
5. Hybrid for organisation.

ii) Define Government Company. Discuss any two advantages of Government Company.

Ans: Government Company: According to Companies Act, government company means any company in which not less than 51% of the paid up capital is held by the Central Government or by any State Government or by both.

Advantages: 1) Easy formation; 2) Less government interference; 3) Flexibility; 4) Wide area of Operation; 5) Fair competition and advantages of comparative study.

OR

Discuss any four advantages of Joint Venture.

Ans: 1) Increased resources and capacity

2) Expansion of industry

3) Technological advantage

4) Low cost production

5) Acceleration of the economic development

iii) Discuss the arguments in favour of social responsibilities of business.

Ans: 1) Response to social demand

2) Long-term self-interest of business

3) Government intervention

4) Public image

5) Socio-cultural norms

OR

Discuss the social responsibilities of business towards shareholders or owners.

- Ans:** 1) Run the business efficiently
2) Proper utilisation of capital and other resources
3) Growth and appreciation of capital
4) Regular and fair return on capital invested
5) Disclose day to day and full accurate information
- iv) Write in brief about the basic principles of insurance.

- Ans:** 1) Principle of utmost good faith
2) Principle of insurable interest
3) Principle of indemnity
4) Doctrine of subrogation
5) Doctrine of causa proxima
6) Principle of mitigation of loss
7) Principle of double insurance

OR

Write short note on RTGS.

- Ans:** RTGS: This system is primarily meant for large value transaction. The minimum amount to be remitted through RTGS is Rs. 2 lakh. There is no upper ceiling for RTGS transactions.

Charges for RTGS as per RBI guidelines:

Up to Rs. 2 lakh till Rs. 5 lakh : Rs. 25 to Rs. 30

Above Rs.5 lakh: Rs. 50 to Rs. 55.

- v) Discuss any four objectives of business.

- Ans:** 1) Attainment of survival and prosperity
2) Better management environment
3) Creation of unity of planning
4) Facility of co-ordination
5) Motivation
6) Basis of control
7) Integration of different groups
8) Guidelines of organisation

- vi) What resources are required for successful implementation of e-commerce?

- Ans:** 1) Proper computerised system
2) Effective telecommunication system
3) Technically qualified personnel
4) Well designed website
5) Suitable payment mechanism

GROUP B

4. Choose the correct answers from the alternatives :

(1x8 = 8)

- i) Working capital requirement of a firm is for
(a) Acquiring land, building, plant
(b) Meeting day to day expenses
(c) Both (a) and (b)
(d) None of these

Ans: (b)

- ii) NABARD was established to promote –
(a) Agriculture
(b) Rural Development
(c) Both (a) and (b)
(d) None of these

Ans: (c)

- iii) Capital appreciation means-
- (a) Market price of shares more than issue price
 - (b) Market price of shares less than issue price
 - (c) Market price of shares equal to issue price
 - (d) None of these

Ans: (a)

- iv) When a customer return goods to the seller he sends-
- (a) Debit note
 - (b) Credit note
 - (c) Note
 - (d) None of these

Ans: (a)

- v) Borrowed funds are –
- (a) Permanent source of capital
 - (b) For a specified time period
 - (c) Temporary source of capital
 - (d) Both (b) and (c)

Ans: (d)

- vi) Indent is also known as –
- (a) Challan
 - (b) Invoice
 - (c) Order
 - (d) Bill

Ans: (c)

- vii) The expression used in an invoice by the seller as a disclaimer against clerical error is called-
- (a) Errors and omission expected
 - (b) Terms and conditions applicable
 - (c) Statutory warning
 - (d) Guidelines

Ans: (a)

- viii) The acknowledgement of the goods loaded for shipments by the exporter is called-
- (a) Bill of Lading
 - (b) Consular invoice
 - (c) Mate's Receipt
 - (d) Bill of sight

Ans: (c)

5. Answer the following questions in a sentence or briefly (Alternatives are to be noted) : (1x8=8)

- i) What is the objective of MSMED Act, 2006?

Ans: The MSMED Act, 2006 addresses these issues relating to definition, credit, marketing and technology upgradation of micro, small, medium enterprise.

- ii) Define large scale retailing.

Ans: Large-scale relating includes those type of retail trade whose volume of business is large, amount of capital is more and risk involved is also high.

OR

What is the objective of chamber of commerce

Ans: The objective of Chamber of Commerce and industry is to promote business interest of all the members And to expedite the growth of commerce and industry in a particular region or country.

- iii) What is fixed capital?

Ans: The fund which are invested in the business for a larger period of time is called fixed capital. Fixed Capital requirements are for procuring fixed assets like land, building, plant and machinery, furniture and fixture etc.

OR

Define working capital

Ans: It may be defined as the amount of capital which is required to meet daily expenditure of the business. By this capital short term requirement of the business can fulfil.

iv) Explain free on board.

Ans: Free on Board (FOB) is a trade term under which price of goods is quoted or invoiced by a seller including all charges till placing the goods on board of the transporters as specified by the buyers.

v) Mention one feature of preference share.

Ans: Preference shareholders can enjoy the benefit of receiving dividend prior to equity shareholders.

OR

What is debenture?

Ans: A debenture is a debt instrument carrying specified rate of interest which is issued by an organisation to raise a borrowed fund.

vi) What is letter of credit?

Ans: It is a document of undertaking issued by importer bank to make payment of certain amount to the exporter on behalf of the importer of submission of the specified document.

vii) Name any two agreements of WTO.

Ans: 1) General Agreement on Trade in Service (GATS)
2) Trade Related of Intellectual Property Right (TRIPS)

viii) Define right shares.

Ans: When the shares of a company are issued to the existing shareholders then those shares are known as Right Shares. The existing shareholders may exercise the right or may sell it through broker. The objective of the company is to raise additional capital.

OR

What is retained earning?

Ans: The portion of the profit of the company which is not distributed to the shareholders as dividend instead it is retained in the company to meet up the future requirements is called retained earning.

6. Answer the following questions (Alternative is to be noted):

(4x2= 8)

i) Discuss the significance of small-scale business in rural India.

Ans: 1) Employment
2) Variety of products
3) Balance regional development
4) Optimisation of capital
5) Feeder to large industries
6) Removal of unemployment
7) Egalitarian society
8) Meeting local demand

ii) Discuss the functions of WTO.

Ans: 1) Trade negotiation
2) Implementation and monitoring
3) Dispute settlement
4) Building trade capacity
5) Outreach
6) Conducting research

OR

Discuss any four advantages of international trade.

Ans: 1) Optimum uses of resources
2) Earning of foreign exchange
3) Specialisation and efficiency
4) Mutual benefit
5) Price equalisation
6) Export of surplus production

- 7) Economic development
- 8) Better standard of living
- 9) Security from natural calamities
- 10) Cordial relation

7. Answer the following questions (Alternative is to be noted) :

(6x2 =12)

i) Discuss the services rendered by wholesalers to manufacturers.

- Ans:**
- 1) Act as a selling agent
 - 2) Economies of large scale production
 - 3) Provide market information
 - 4) Providing warehousing facilities
 - 5) Risk bearer
 - 6) Price stabilisation
 - 7) Assembling
 - 8) Financial assistance

OR

Discuss the services rendered by retailer to consumer

- Ans:**
- 1) Wide variety of goods
 - 2) Freeing from burden of storing
 - 3) Displaying goods of latest fashion of fresh quality and the seasonal variety
 - 4) Introduce product
 - 5) Credit facilities
 - 6) After sale services
 - 7) Personal contact
 - 8) Other services

ii) What are the advantages of debentures ? Explain in details.

- Ans:**
- 1) Trading on equity
 - 2) Tax benefit
 - 3) Flexibility
 - 4) No dilution of control
 - 5) Investors choice
 - 6) Help in adjustment of financial plan