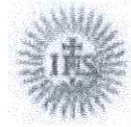


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ST. LAWRENCE HIGH SCHOOL
A Jesuit Christian Minority Institution
PRE ANNUAL EXAMINATION - 2020
CLASS - XI B & C



SUBJECT - BUSINESS STUDIES
Model Answers

DATE-14.01.2020

Special credit will be given for answers which are brief and to the point. Marks will be deducted for spelling mistakes, untidiness and bad hand writing. Figures in the margin indicate full marks for the questions.

PART -A

1. Answer the following questions:-

- i) Which of the following cannot be classified as an objective of business ? a) Investment
- ii) The Partnership Act was introduced in the year - a)1932
- iii) The partner who actively participates in the daily affairs of the business is called - a)Active Partner
- iv) Separate legal entity is the feature of - c)Company
- v) Life Insurance Corporation of India is an example of - b)Statutory Corporation
- vi) Global Enterprise is also known as - c)Both a and b
- vii) Which of the following is not included in e – banking ? d) Locker Facility .
- viii) The central bank of India is a) Reserve Bank of India
- ix) ICT stands for - b) Information and Communication Technology
- x) Carbon Monoxide emitted by automobiles directly contributes to - d) Air Pollution.

2. Answer the following questions in very short :

(i) Define Employment.

Ans- Employment can be defined as an economic activity in which people work for others and get remuneration in return.

OR

Define Profession .

Ans- Profession is an economic activity that requires special knowledge and skill to be applied by individuals for earning their livings.

(ii) Write two features of Sole Proprietorship business.

Ans- Single ownership and individual initiative.

(iii) Write the first step of formation of a company ?

Ans- The first step is promotion.

OR

Define Company.

Ans – A company is an association of many persons called shareholders who contributes money as capital, having every right to transfer their shares and is managed by the board of directors elected by the shareholders.

(iv) Write one features of Joint Stock Company .

Ans –Management is in the hands of board of directors.

(v) Define Government Company.

Ans- A company where at least 51% of the paid up share capital is held by State Government or Central Government or by both is known as government company.

OR

Define Public Sector.

Ans – Business set up and controlled by the government constitutes the public sector.

(vi) What is the main objective of public sector enterprise ?

Ans – The main objective is to render services to the public.

(vii) Write the full form of NEFT .

Ans - The full form of NEFT is National Electronic Fund Transfer.

OR

Write the full form of RTGS .

Ans- The full form of RTGS is Real Time Gross Settlement.

(viii) Mention any two types of bank deposit in commercial banks.

Ans – Fixed Deposit Account and Savings Deposit Account.

(ix) What is the full form of KPO .

Ans The full form of KPO is Knowledge Process Outsourcing .

OR

Write one features of E – Business.

Ans – Written messages can be sent to establish business relationship all over the world.

(x) What is business ethics.

Ans – Business ethics can be defined as a set of principles or standards of human conduct that govern the behavior of individuals in a business organization.

3. Answer the following questions :

(i) Distinguish between Sole Proprietorship and Partnership.

Ans -

Sole Proprietorship	Partnership
1.Exclusively owned by a single person.	1.Owned by more than two persons not exceeding twenty.
2.It does not require contract.	2.It is formed out of an agreement written or formal.
3.It has no deed.	3.The deed is a written agreement which contains all conditions for partners to run the business and for other benefits.
4.It is wholly assumed by the proprietor.	4.The business risk is shared by all partners .
5.There is an absolute secrecy in this business since the owner does not share it with anyone.	5.All partners know the business secrets and there is chance of leaking out.

OR

Distinguish between Cooperative Society and Company.

Ans-

Cooperative Society	Company
1.Formation of society is less expensive and very easy.	1.Formation of company is complex and expensive.
2.Cooperative society is regulated by Cooperative Societies Act.	2.Company is governed by Companies Act.
3.Liability may be limited or unlimited.	3.Liability of shareholders is always limited.
4.The minimum nos of members is 10 but there is no maximum limit.	4.Minimum nos of members is 2 for private company and 7 for public company. Maximum is 50 for private company and unlimited for public company.
5.Shares are not transferable.	5.Shares are transferable.

(ii) What do you mean by Government Departmental Undertaking ? What are its limitations ?

Ans- When a state enterprise is managed by a government department it is called Government Departmental Undertaking. Examples – Defence, Railways etc.

Its limitations are –

- a) Bureaucratic management.
- b) Lack of stable policy.

- c) Less personnel efficient.
- d) Less flexibility.
- e) No prompt decision.
- f) Less initiative for profit.(The students will elaborate in their own words).

(iii) What do you mean by E- Banking ? What are its advantages ?

Ans- E- banking or electronic banking means banking transactions carried out with the help of computer systems. It helps in transferring funds electronically from one account to another.

Its advantages are-

- a) It provides 24X7 banking services.
- b) It enables customers to conduct permitted banking transactions from any place.
- c) It inculcates a sense of financial discipline by ensuring recording of each and every financial transaction.
- d) It provides a sense of satisfaction to customers because of ease of banking transactions.

OR

Distinguish between Life Insurance and General Insurance.

Ans -

Life Insurance	General Insurance
1. It is a contract of assurance.	1. It is a contract of indemnity.
2. It is concerned with life.	2. It is concerned with property loss or damage.
3. Claim is certain in case of life insurance policy.	3. Here the occurrence of the event is not known with certainty so claim may occur or may not.
4. Loss of a death of a person cannot be measured in monetary terms.	4. Loss can be measured in monetary terms and can be compensated.
5. It is for a fixed time period.	5. It is for one year generally but can be renewed.

(iv) Do you think that profit motive is the sole objective of a business.

Ans - In common it is said that business is meant for earning profit but we know that profit is not the sole objective of business but it has many objectives – economic objectives, social objectives and human objectives. Profit earning is only one part of the economic objective . Since a businessman achieves various other objectives during the process of performing business activities, these remain silent in common parlance.

OR

What are the national objectives of Business ?

Ans – The national objectives of Business are –

- a) Production according to nation's priority.
- b) Attainment of social justice.
- c) Attainment of self-sufficiency.
- d) Development of small business.
- e) Development of workers.
- f) Duties of government. .(The students will elaborate in their own words).

(v) What do you mean by E – Business ? What are its advantages ?

Ans – E – business is the application of information and communication technologies (ICT) in support of all activities of business.

Its advantages are :

- a) Global Market.
- b) Round the clock working.
- c) Increase in efficiency.
- d) Easy sorting.
- e) Speed and time benefit.
- f) Simplicity .(The students will elaborate in their own words).

(vi) Define Social Responsibility of Business . Write down its advantages.

Ans – Social responsibilities can be defined as the obligation of the business to take those decisions and to perform those actions which are expected in respect of the values and norms of our society.

Its advantages are :

- a) Response to social demand.
- b) Long-term self-interest of business.
- c) Government intervention.
- d) Public image.
- e) Socio-cultural norms.
- f) Consciousness among consumers. .(The students will elaborate in their own words).

GROUP – B

4. Answer the following questions:-

- (i) Equity Shareholders are called - b) Owners of the company
- (ii) Huge accumulation of retained earnings may lead to - a) Overcapitalisation
- (iii) IFC stands for – b) International Finance Corporation
- (iv) NABARD was established in - a) 1982
- (v) Which of the following deals with large quantity of goods - b) Wholesaler
- (vi) Which of the following is an example of Itinerant retailer ? b) Hawker

(viii) What is entrepot trade.

Ans – When goods are imported by one country for the purpose of re- exporting those imported goods to another country is called entrepot trade.

OR

What is mate's receipt ?

Ans – Mate's receipt is a document signed by the captain or mate of the ship as a proof of receipt of a shipment on board the vessel.

6. Answer the following questions :

(i) Discuss in brief the functions of SIDBI .

Ans – SIDBI provides direct and indirect financial assistance to meet credit requirement of small scale industries. It controls the functioning of other institutions engaged in same types of activities. It also helps in providing money for purchase of equipments, automatic refinance facility etc.

(ii) Write the documents used in the International Trade .

Ans - The documents used in the International Trade are – Indent , Letter of credit, Registration cum membership, Shipping order, Shipping bill, Mate's Receipt, Bill of lading, Certificate of origin, Consular Invoice, Documentary bill of exchange, Dock challan, Marine Insurance Policy and Export Invoice.(The students will elaborate in their own words).

OR

Write the reasons for control of International Trade .

Ans - The reasons for control of International Trade are –

- g) Economic self-sufficiency.
- h) Restriction of harmful products.
- i) Control of resources.
- j) Saving international currency.
- k) Control and safeguard of national interest.
- l) Planned economy.
- m) Equal facility.(The students will elaborate in their own words).

7. Answer the following questions :

(i) Distinguish between Debentures and Shares.

Ans

Debentures	Shares
1. Debenture constitutes borrowed funds.	1. Share is called the owner's fund.
2. Debentureholders are providers of loans.	2. Shareholders are owners of the company.
3. There is a fixed rate of interest on debentures.	3. There is no fixed charge except for preference

	shares.
4. Debentureholders do not have voting rights.	4. Equity shareholders have voting rights.
5. The return is called interest.	5. The return is called dividend.
6. It has charged on company's asset.	6. It does not create any charge on assets.

OR

Distinguish between equity shares and preference shares.

Ans –

Equity Shares	Preference Shares
1. Equity shareholders are the actual owners of the company.	2. Preference shareholders are not the actual owners of the company.
2. They will get dividend after paying preference dividend.	2. Preference dividend is payable before payment of equity dividend.
3. They have voting powers.	3. They do not have voting powers.
4. Equity shareholders bear high degree of risks.	Preference shareholders do not have any risks.
5. No provision of redemption of equity shares, only a part can be bought back.	5. They have to be redeemed after specified period of time.
6. Rate of equity dividend varies from year to year depending on the amount of distributable profit.	6. Preference dividend is fixed and does not depend on the amount of distributable profit.

(ii) Define Retail Trade. What are its features ?

Ans – Retail Trade may be defined as purchasing of goods in small quantities for the purpose of selling them to consumer.

Its features are :

- a) An intermediary
- b) Buying in small quantity
- c) Nature of dealing of products
- d) Personal relationship
- e) Location of business centre
- f) Shop display
- g) Credit facilities
- h) Source of information
- i) Marketing function
- j) Quality of products. (The students will elaborate in their own words).