

KENDRIYA VIDYALAYA SANGATHAN, AGRA REGION

SESSION ENDING EXAMINATION (2019-20)

CLASS: XI (SET-V)

SUBJECT: BUSINESS STUDIES (054)

MAX.MARKS: 80

TIME: 3 HOURS

GENERAL INSTRUCTIONS:

1. There are total 34 questions in this question paper and attempt all parts of a question together
2. Answers to questions carrying 1 mark (**SECTION-A**) may be from one word to one sentence.
3. Answers to questions carrying 3 marks (**SECTION-B**) may be from 50-75 words.
4. Answers to questions carrying 4-5 marks (**SECTION-C & D**) may be about 150 words.
5. Answers to questions carrying 6 marks (**SECTION-E**) may be about 200 words.

1. Economic activities
2. Nominal partner
3. Statutory Corporations
4. Bearer cheque
5. RCMC (Registration Cum Membership Certificate)
6. Multiple shops
7. Greenfield
8. True
9. False. Corporate Social Responsibility
10. Lack of labour
11. B2B commerce i.e. business to business involves e-commerce transactions between business firms using Electronic Data Interchange (EDI) technology.
12. The risk of the business is borne by the partners as a team. Profits, as well as losses, are shared by the partners in the same ratio.

13. Joint Life Policy
14. Shopping cart
15. Two examples of business ethics are law abiding and trustworthiness.
16. Application to Stock Exchange
17. Cash credit is a type of short term loan facility that is provided by banks or financial institutions to businesses for maintaining their working capital.
18. Low quality sugarcane
19. Wholesale trade
20. i-b, ii-c
21. The government company form of organisation is preferred to other types in the public sector because of the following advantages it offers:
 - i. **Simple Procedure of Establishment:** A government company can be easily formed as compared to other public enterprises. There is no need to get a bill passed by the Parliament or State Legislature. It can be formed simply by following the procedure laid down by the Companies Act.
 - ii. **Working on Business Principles:** The government company works on business principles. It is independent in financial and administrative matters. Its Board of Directors usually consists of professionals and persons of repute.
 - iii. **Efficient Management:** The management of a government company ensures efficiency in managing the business as it is more accountable than other forms of public enterprises because the annual report of the government company is placed before both the House of Parliament.
22.
 - i. Owner's fund is the internal source of finance whereas the borrowed fund is the external source of finance.
 - ii. Owner's fund remains invested in the business till the business exists and is to be paid back to the lenders on the maturity period.
 - iii. Owner's fund does not create any change on the assets of the business whereas the borrowed funds may create change on the assets of the company.
23. Exporting is a better way of entering into international markets than setting up wholly owned subsidiaries abroad in the following ways:

- i. Exporting is the easiest way of gaining entry into international markets. It is less complex than setting up and managing joint ventures or wholly owned subsidiaries abroad.
- ii. Exporting involves lesser time and effort as business firms are not required to invest that much time and money as is needed when they set up manufacturing plants and facilities as wholly owned subsidiaries in host countries.
- iii. Since exporting does not require much investment in foreign countries, exposure to foreign investment risks is nil or much lower than that in establishing wholly owned subsidiaries.

OR

The following values affected are listed below:

- i. Giving due recognition to international laws.
- ii. Respect for the culture of the country.
- iii. Healthy competition between domestic and foreign industries.

24. The name of the organisation is District Industries Center.

The roles played by DIC are as follows:

- i. Assessing local raw materials, and manpower availability.
- ii. Assessing the availability of various infrastructural facilities and preparing tech-economic feasibility reports on various products which may be produced locally.

25. The salient aspects of B2C Commerce are as follows:

- i. **Online Selling:** B2C commerce involves selling the products online to customers who register for online shopping. However, it must be appreciated that 'selling' is the outcome of the marketing process.
- ii. **Online Marketing:** B2C commerce includes a wide gamut of marketing activities such as promotion and sometimes even delivery of products (e.g., music or e-books) that are carried out online at a much lower cost but high speed.
- iii. **Adaptation to Customer Requirements:** B2C commerce has made it possible for firms to manufacture the product with custom features to suit the requirements of the customers and also to provide the convenience of delivery and payment to customers.

26. Partnership means association of two or more persons who can pool in required resources like capital, knowledge, expertise, skill, etc. in such a way, that together they can form a cohesive team leading their business towards achievement of their common goals successfully.

Features of partnership :

- i. **Liability** : Partners are jointly as well as individually liable for payment of debts and this liability is unlimited. When assets of the business are not sufficient to pay for its liabilities in full, personal assets of the partners can be used for making the payment.
- ii. **Risk bearing** : The risk involved in running the business is jointly borne by the partners. Both profits and losses are shared by them in the pre-agreed ratio.
- iii. **Membership** : Minimum two members are required to start a partnership business, while the maximum number of partners should not exceed twenty. In the case of banking, the number of partners should be ten.

27.

- i. This is the oldest and traditional form of public enterprise- **Departmental Undertaking**. These enterprises are established as departments of the ministry and are considered part or an extension of the ministry itself. Examples of these undertakings are railways and the post and telegraph department.
- ii. Special act of the parliament brings this public enterprise into existence- **Statutory Corporations**. Statutory corporations are public enterprises brought into existence by a Special Act of the Parliament. The Act defines its powers and functions, rules and regulations governing its employees and its relationship with government departments.

28.

- i. **Sight draft**: Sight draft is a kind of bill of exchange wherein the exporter instructs his banker to hand over the relevant documents to the importer only against payment.
- ii. **Usance draft**: Usance draft is a kind of bill of exchange wherein the exporter instructs his banker to hand over the relevant documents to the importer even against acceptance of the bill of exchange.
- iii. **Import general manifest**: It is a document which provides complete details regarding the imported goods. The unloading of the cargo takes place on the basis of this document.
- iv. **Dock Challan**: When all the formalities of the customs are completed, the importer pays the dock charges. The importer specifies the number of dock dues in a form which is known as dock challan.

OR

The documents related to goods are as follows:

- i. **Export invoice**: It is a seller's bill for merchandise. It provides information about goods like quantity, the number of packages, marks on packing, the name of the ship, port of destination, terms of delivery and payments, etc.

- ii. **Certificate of inspection:** In order to ensure superior quality of goods, the government has made an inspection of certain goods compulsory by some authorised agency like Export Inspection Council of India (EICI).
- iii. **Packing list:** This document is in the form of a statement regarding the number of cases or packs and the details of the goods contained in these packs. It provides complete details regarding the goods exported and the forms in which they are being sent.
- iv. **Certificate of origin:** This certificate specifies the country in which the goods are manufactured. This certificate enables the importer to claim tariff concessions or other exemptions.

29. Five of the objectives of the business are described below

- i. **Profit Maximisation:** Profit is defined as excess of revenue over cost. Profitability refers to profit in relation to capital investment. Although earning profit cannot be the only objective of business, its importance cannot be ignored. Every business makes an attempt to reap maximum profit as possible in the given market conditions.
- ii. **Market Standing:** Market standing refers to the position of an enterprise in relation to its competitors. A business enterprise must aim at standing on stronger footing in terms of offering competitive products to its customers and provide customer satisfaction.
- iii. **Innovation:** Innovation is the introduction of new ideas or methods. There are two kinds of innovation in every business:
 - a. Product Innovation
 - b. Process Innovation
- iv. **Productivity:** Productivity is calculated by comparing the value of outputs with the value of inputs. Higher productivity leads to reduction in costs as the same amount of output is produced with a lesser amount of inputs.
- v. **Social Responsibility:** Every business operates within a society. It uses the resources of the society and depends on the society for its functioning. This creates an obligation on the part of business to look after the welfare of society.

30. Types of Life Insurance Policies:

- i. **Whole Life Policy:** In this kind of policy, the amount payable to the insured will not be paid before the death of the assured. The sum then becomes payable only to the beneficiaries or heir of the deceased.
- ii. **Endowment Life Assurance Policy:** The insurer undertakes to pay a specified sum when the insured attains a particular age or on his death whichever is earlier. The sum is payable to his legal heir/s or nominee named therein in case of death of the assured. Otherwise, the sum will be paid to the assured after a fixed period

- iii. **Joint Life Policy:** This policy is taken up by two or more persons. The premium is paid jointly or by either of them in instalments or lump sum assured sum or policy money is payable upon the death of any one person to the other survivor or survivors.
- iv. **Annuity Policy:** The assured sum or policy money is payable after the assured attains a certain age in monthly, quarterly, half yearly or annual instalments.
- v. **Children's Endowment Policy:** This policy is taken by a person for his/ her children to meet the expenses of their education or marriage. The agreement states that a certain sum will be paid by the insurer when the children attain a particular age

31. The need for outsourcing are:

- i. **Focused approach :** Every business has limited resources and every manager has limited time. Outsourcing can help businesses to shift its focus from peripheral activities towards work that serves the customers and helps managers to set their priorities more clearly.
- ii. **Make faster deliveries to customers :** Outsourcing helps us to make quicker deliveries to customers. An outsourcing partner will be able to provide faster deliverables and one in turn will be able to make quick deliveries to his customers. It also helps to save time.
- iii. **Operational efficiency :** Outsourcing gives an organisation exposure to vendor specialised systems. Specialisation provides more efficiency that allows for a quicker turnaround time and higher levels of quality.
- iv. **Benefits of latest development :** With the help of outsourcing the benefits of latest development could be derived from the concern in the most economical manner.
- v. **Improved customer satisfaction :** With timely delivery and high quality services one can impress his customers. Outsourcing leads to increased customer satisfaction and they will remain loyal to the organisation.

OR

The ways by which safety and security of e-business transactions can be insured are:

- i. **Setting up special crime cells:** Special crime cells must be set up by the government in order to look deeply into the cause of hacking so that the necessary action must be taken against hackers.
- ii. **Encryption:** Encryption is the process of conversion of the message in a special code so that unauthorised persons cannot understand it. Encryption system should be dealt with, in an effective manner to ensure safety and security of e-business transactions.
- iii. **Digital signature:** Use of digital signature is one of the effective ways to ensure safety in e-business transactions. Here every message issued is a digital coded certificate by the certification authority.

- iv. **Credit card authentication and authorisation:** Ways must be developed for the credit card authentication and authorisation by the company commencing e-business.
- v. **Confirm information from cookies:** The information provided by the cookies must be counter checked by sending a code on the e-mail address or at the telephone for its smooth functioning.

32. The need of pollution control can be ascertained from the following reasons:

- i. **Reduction in health hazards:** Environmental pollution causes many health hazards which affect human beings adversely. Therefore, to protect human beings from these health hazards, it is necessary to control environmental pollution.
- ii. **Reduction in safety hazards:** Environmental pollution causes several types of safety hazards, more particularly in the winter season, resulting in air, rail and road traffic problems. Air pollution mostly causes this problem.
- iii. **Reduced risk of liability:** Organisations which cause environmental pollution by releasing hazardous gases, chemicals and solid wastes are held responsible for this. Such an act attracts penal provisions too. Therefore, it is beneficial for such organisations to control pollution in order to avoid their liability which may arise because of polluting the environment.
- iv. **Reduction in economic losses:** Pollution control leads to reduction in economic losses for both the organisation and society. Organisations may reduce economic losses by producing lesser toxic wastes, thereby saving the cost of disposing huge wastes. Pollution control reduces economic losses of society because pollution causes damage to vegetation, land fertility, health, etc.
- v. **Aesthetic look:** Environmental pollution damages the natural environment thereby reducing the quality of look of natural resources and man-made aesthetic elements like lakes, monuments, etc. By controlling environmental pollution, aesthetic looks can be maintained which provides a sense of beauty.
- vi. **Improved public image:** Generally, organisations which undertake suitable measures for controlling pollution are perceived positively by the society. This improves the image of the organisation before the public which itself is a significant achievement for the organisation.

OR

- i. **Threat of public regulation:** Business institutions operate in a socially irresponsible manner, action is taken to regulate them for safeguarding people's interest. This threat of public regulation is one important reason due to which business enterprises feel concerned with social responsibility.

- ii. **Pressure of labour movement:** Labour movement for extracting gains for the working class throughout the world has become very powerful. This has forced business enterprises to pay due regard to the welfare of workers instead of following a policy of 'hire and fire'.
- iii. **Impact of consumer consciousness:** Development of education and mass media and increasing competition in the market have made the consumer conscious of his right and power in determining market forces. Now, the customer is the king and business have started following a customer oriented approach.
- iv. **Development of social standards for business:** New social standards consider economic activity of business enterprises as legitimate but with the condition that they must also serve social needs. No business can be done in isolation from society.
- v. **Development of business education:** Development of business education with its rich content of social responsibility has made more and more people aware of the social purpose of business.
- vi. **Relationship between social interest and business interest:** Business enterprises have started realising the fact that social interest and business interest are not contradictory. Instead, these are complementary to each other.

33.

Basis	Memorandum of Association	Articles of Association
a. Objective	Memorandum of Association defines the objects for which the company is formed	Articles of association are rules of internal management of the company. They indicate how the objectives of the company are to be achieved.
b. Position	This is the main document of the company and is subordinate to the companies act	This is a subsidiary document and is subordinate to both the MoA and the companies act
c. Relationship	It defines the relationship of the company with the outsiders	It defines a relationship of the members and customers
d. Validity	Acts beyond the memorandum of association are invalid and cannot be ratified even by a unanimous vote of the members.	Acts which are beyond articles can be ratified by the members , provided they do not violate the memorandum.
e. Necessity	Every company has to file a	It is not compulsory for a public

	memorandum of association	limited company to file articles .
f. Alteration	Alteration of memorandum of association is quite difficult and in many cases, approval of certain statutory authority is required.	Articles can be altered by passing a special resolution by the members.

34. Mail order houses are retail outlets that are specialized in selling merchandise through the mail. In this system there is no direct contact between the buyer and the seller. The mail houses use advertisements in papers, magazines etc. to attract potential customers. The details of the product such as price, features and mode of payment is mentioned in the advertisement. Once the order is received, the items are prepared as per specification.

Advantages of Mail order Houses

- i. **Limited Capital Requirement:** Mail order business can be started with relatively low amount of capital as It does not require heavy expenditure on building and other infrastructural facilities
- ii. **Elimination of Middlemen:** The biggest advantage of mail-order business for consumers is that unnecessary middlemen between the buyers and sellers are eliminated which results in savings to the buyers as well as to the sellers
- iii. **Absence of Bad Debt:** Since the mail order houses do not extend credit facilities to the customers, there are no chances of any bad debt on account of non payment by the customers.
- iv. **Wide Reach:** This system has a wide reach as a large number of people throughout the country can be served through mail and the goods can be sent to all the places having postal services.
- v. **Convenience:** This system is very convenient for the consumers as the goods are delivered at the doorstep of the customers.

OR

The major advantages of a consumer cooperative store are as follows:

- i. **Ease of Formation:** It is easy to form a consumer cooperative society Any 10 people can come together to form association and get themselves registered with the a voluntary Registrar of Cooperative Societies by completing certain formalities
- ii. **Limited liability:** The liability of the members In a cooperative store is limited to the extent of the capital contributed by them. They are not liable personally to pay for the debts of society. In case the liabilities are greater than its assets.

- iii. **Democratic Management:** Cooperative societies are democratically managed through management committees which are elected by the members. Each member has one vote. Irrespective of the number of shares held by him/her
- iv. **Lower Prices:** A cooperative store purchases goods directly from the manufacturers or wholesalers and sells them to members and others. Elimination of middlemen results in lower prices for the consumer goods to the members.
- v. **Cash Sales:** The consumer cooperative stores normally sell goods on cash basis. As a result, the requirement for working capital is reduced
- vi. **Convenient location:** The consumer cooperative stores are generally opened at convenient public places where the members and others can easily buy the products as per their requirements.

