

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.

(SECTION-A)

1. Gandhi Nagar
2. Profit
3. Unlimited liability
4. Secret partner
5. Current account deposits
6. Owners of the company
7. Actors
8. True
9. False
10. Chain stores
11. Profit
12. PPP (Public Private Partnership)
13. Exchange control department.
14. ₹ 1,00,000

15. Working capital refers to funds required for day-to-day business operations.
16. Ministry of commerce and industry
17. One nation, one tax.
18. Government company
19. Obtaining export licence
20. i-a, ii-c.
- 21.

Basis	Private Company	Public Company
i. Number of directors	At least two directors are required in a private company.	At least three directors are required in a public company.
ii. Members	Minimum number of members required to form a private company is two	A public company requires at least seven members
iii. Transfer of shares	Trans-ferability of the shares of a private company is restricted	The transferability of the shares of a public company is not restricted

22.

- i. The principle violated here is utmost good faith.
Yes, Vithal Rao has 'insurable interest' in the shop and stock destroyed
- ii. **Insurable Interest:** The owner of an insurance policy should have an ownership interest in the subject matter or object that is insured. The absence of an insurable interest makes the policy null and void.

23. The type of outsourcing involved is KPO (Knowledge Process Outsourcing)

KPO facilities cover all ways of analysis and collecting information, like

- a. Equity research, business & market analysis
- b. Legal & medical services

OR

- i. **Consumer-to-Consumer (C2C):** The commercial business is done between customer to customer. Here, the business originates from the consumer and the ultimate

destination is also consumers, thus the name C2C commerce. This type of commerce is best suited for dealing in goods for which there is no established market mechanism, for example, selling used books or clothes either on cash or barter basis. Example: OLX, Quikr etc.

- ii. **Business-to-Business (B2B) :** When the selling and buying of goods and services are between businesses. Manufacturers and wholesalers operate with this kind of electronic commerce. Here, both the parties involved in e-commerce transactions are business firms, and, hence the name B2B commerce. Creation of utilities or delivering value requires a business to interact with a number of other business firms which may be suppliers or vendors of diverse inputs; or else they may be a part of the channel through which a firm distributes its products to the consumers. Example: Oracle, Alibaba, Qualcomm, etc

24. Kunal Ltd. is running a departmental store.

Following are features of departmental stores:

- a. A departmental store provides facilities such as restrooms, restaurants, grocery shops etc. and in this way looks to provide great service to customers.
- b. Stores are centrally located for attracting a large number of customers.

25.

- i. **Prospects for higher profits:** Export can be more profitable than the domestic business. When the domestic prices are lower, business firms can earn more profits by selling their products in countries where prices are high.
- ii. **Increased capacity utilisation:** By planning overseas expansion and procuring orders from foreign customers, they can think of making use of their surplus production capacities and also improving the profitability of their operations. Production on a larger scale often leads to economies of scale, which in turn lowers production cost and improves per unit profit margin.
- iii. **Prospects for growth:** Business firms find it quite frustrating when demand for their products starts getting saturated in the domestic market. Such firms can considerably improve prospects of their growth by plunging into overseas markets. This is precisely what has prompted many of the multinationals from the developed countries to enter into markets of developing countries.

26.

- i. Economic activity
- ii. Non-economic activity

iii.

Basis	Economic activity	Non-economic activity
Meaning	An economic activity provides goods and services to satisfy human needs on a daily basis with the aim of earning profits.	A non-economic activity is an activity performed with the purpose of rendering services to others without any considerations of financial gains.
Primary Objective	Creation of wealth and earning financial remuneration	Activities are undertaken for psychological satisfaction.

27. E-business, commonly known as electronic or online mode of business is a business where an online transaction takes place. In this transaction process, the buyer and the seller do not engage personally, but the sale happens through the internet. In 1996, Intel's marketing and internet team coined the term "E-business".

Advantages of E-Business

There are various benefits of electronic mode of business, but the most notable points are mentioned below:

- Easy to Organise:** The online business can be set-up at home but only if the necessary software, the internet, and a device are available.
- More Economical:** Online business is more affordable as the cost required to set-up a traditional business is much higher.
- No Geographical Barriers:** There are less geographical boundaries in terms of e-business as anyone can buy anything from anywhere at any given time.

28. A business organisation or the businesses around the globe can take the following steps in order to reduce environmental pollution and thereby protect the environment:

- Companies involved in the production of various utilities or products can go for eco-friendly, low waste and clean technology for equipment used in such industries.
- Industrial wastes should be recycled every time so that it minimises the chances of pollution.
- The machinery should be upgraded so that it complies with the pollution norms, which will be beneficial in reducing the levels of pollution.

- iv. Conduct quarterly/yearly audits for checking the effectiveness of the pollution control programs and making changes so as to bring about more success in pollution control programmes.

OR

i. **Government:**

- i. Enterprises must follow the laws and regulations of the country/ state in which it is operating.
- ii. It should maintain proper infrastructure, proper disposal system and should not cause harm to the society in any manner.

ii. **Owners:**

- i. The company should make all the efforts to maximize and protect shareholder's wealth.
- ii. Sharing of useful information with the shareholders, utilization of funds etc.

29. Joint Venture: When two businesses agree to join together for a common purpose and mutual benefit, it gives rise to a joint venture. Businesses of any size can use joint ventures to strengthen long-term relationships or to collaborate on short term projects. These two organisations may be private, government-owned or a foreign company.

Benefits:

- i. **Increased resources and capacity:** Joining hands with another or teaming up adds to existing resources and capacity enabling the joint venture company to grow and expand more quickly and efficiently.
- ii. **Access to new markets and distribution networks:** When a business enters into a joint venture with a partner from another country, it opens up a vast growing market. They can also take advantage of the established distribution channels.
- iii. **Access to technology:** Advanced techniques of production leading to superior quality products saves a lot of time, energy and investment as they do not have to develop their own technology.
- iv. **Innovation:** Joint ventures allow business to come up with something new and creative for the same market. Especially foreign partners can come up with innovative products because of new ideas and technology.

30. Rohit should contact National Small Industries Corporation (NSIC) for the stated purpose.

The four major services that National Small Industries Corporation (NSIC) provide are:

- i. Supply indigenous and imported machines on easy hire-purchase terms.
- ii. Procure, supply and distribute indigenous and imported raw materials.
- iii. Export the products of small business units and develop export-worthiness.
- iv. Mentoring and advisory services.
 - a. Serve as technology business Incubators.
 - b. Creating awareness on technological upgradation.
 - c. Developing software technology parks and technology transfer centres.

31. The exporter have to follow the procedure given below to execute the export order:

- i. **Obtaining Export License:** Ashraf Garments must inquire about importers creditworthiness. In this case Diamond House Limited. It can also ask for a letter of credit to be provided by the importer's bank. After conducting the check, Ashraf Garments needs to be registered to obtain an Importer - Exporter Code (IEC) so as to receive an export license.
- ii. **Obtaining Pre-shipment Finance and Production or Procuring:** Need to obtain the pre-shipment finance from the importer's bank so as to get raw material for production and packaging. Prepare garments as per specification of importer. Start working after receiving pre-shipment finance from the bank.
- iii. **Pre-shipment Inspection:** Obtain a certificate of inspection from an export inspection agency or any similar authority.
- iv. **Excise Clearance:** Obtain excise clearance from the Excise commissioner. Issue of clearance subject to satisfaction of the excise commissioner.
- v. **Shipping:** Obtain certificate of origin which states the country where goods are produced. Apply to a shipping company for getting shipping space. All essential details such as types of goods, port name and shipment date mentioned.

OR

- i. **Certificate of origin:** The certificate of origin acts as a proof that the goods have actually been manufactured in the country from where the export is taking place. This certificate can be obtained from the trade consulate located in the exporter's country.

- ii. **Mate's receipt:** A mate receipt is a receipt issued by the commanding officer of the ship when the cargo is loaded on board, and contains the information about the name of the vessel, berth, date of shipment, description of packages, and time of receipt on board the ship, etc.
- iii. **Bill of lading:** Bill of lading is a document wherein a shipping company gives its official receipt of the goods put on board its vessel and at the same time gives an undertaking to carry them to the port of destination. It is also a document of title to the goods and as such is freely transferable by the endorsement and delivery.
- iv. **Letter of credit:** A letter of credit is a guarantee issued by the importer's bank that it will honour up to a certain amount the payment of export bills to the bank of the exporter. Letter of credit is the most appropriate and secure method of payment adopted to settle international transactions
- v. **Shipping bill:** The shipping bill is the main document on the basis of which the customs office grants permission for the export. The shipping bill contains particulars of the goods being exported, the name of the vessel, the port at which goods are to be discharged, exporter's name and address, etc.

32. Role of profit in business of Manjeet Pvt. Ltd. are:

- i. **Source of income:** "Both the proprietors paying its shareholders, a good amount of dividends and the employees a reasonable remuneration."
- ii. **Indication of efficient working of business:** "This contributes to the successful operations of the business."
- iii. **Builds up reputation of business:** "With increased profits over time, the company's foundation becomes strong, and it earns a good reputation in the society. "
- iv. **Source of funds for meeting expansion requirements:** " It utilises its profits to finance its growth and expansion requirement."

OR

- a. Sarthak ventured into the assembling industry.
- b. Yes, because he decided to venture into the business manufacturing acupressure chair.
- c. Internal and external trade is referred here
- d. Sarthak used Banking and insurance auxiliaries to trade.

e. Territory industry is commonly used for auxiliaries to trade.

33. Electronic banking or e-banking is the application of electronic medium for conducting different types of banking transactions which includes money transfer, account balance checking, applying for cheque book and applying loans. These services are provided by banks to help their customers access banking facilities anywhere, anytime.

- i. **Mobile Banking:** Mobile banking is a service provided by the banks through their mobile apps in a smartphone for performing transactions digitally.
- ii. **Internet Banking:** Internet banking is the process of performing banking transactions from the comfort of your home using a mobile phone/laptop/ desktop and an active internet connection.
- iii. **UPI (Unified Payment Interface):** UPI is the latest digital payment standard where the user having a bank account can transfer money to any other bank account using UPI based app.
- iv. **Banking Cards:** Banking cards (debit and credit cards) can be used for a variety of digital transactions like PoS terminals, online transactions, as a payment medium in mobile apps, which provide any kind of service like grocery, healthcare, rental cab booking, flight tickets, etc.
- v. **Mobile Wallets:** In mobile wallets, the users can add money to their virtual wallet using debit or credit cards and use the money added in the wallet to perform digital transactions. Some of the most popular mobile wallets are PayTM, Mobikwik, PhonePe, etc.

34.

- i. **Indian Depository Receipt (IDR):** "One of the sources of finance discussed in the seminar was such through which the foreign companies could issue their securities in India."
- ii. **Global Depository Receipt (GDR):** "Another source of finance which created interest in everyone was the sources through which money could be obtained from the investors in America and other European countries."
- iii. **American Depository Receipt (ADR):** "In the final session of the seminar, the discussion took place on such a source of finance which could be used in America."

OR

- i. **Inter-Corporate Deposits (ICD):** "We should use a source of finance which does not involve any bureaucracy and legal problems and the market of which maintains secrecy."

- ii. **Loan from Commercial Bank:** "The second person's opinion was that the company often needs cash credit and overdraft."
- iii. **Trade Credit:** "The view of the third person was that the company should also buy goods on credit."

