

	CLASS: 11 COMMERCE	SUBJECT/CODE: BUSINESS STUDIES/054	TIME ALLOWED : 3 HOURS	MAXIMUM MARKS :80
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Q.NO.	QUESTION	MA RK S
1	(d) Tertiary industries	1
2	(b) Partner by estoppel	1
3	(b) Both A and R are true and R is not the correct explanation of A.	1
4	(a) Departmental undertaking	1
5	(C) (i)-b, (ii)-a, (iii)-d, (iv)-c	1
6	(c) A is true but R is false.	1
7	(a) Principle of Indemnity	1
8	(d) <i>Intra B</i>	1
9	(c) <i>Carbon monoxide</i>	1
10	(b) higher	1
11	(a) Both A and R are true and R is the correct explanation of A.	1
12	(b) 15 th Aug 2015	1
13	(d) None of above	1
14	(a) Cheap jacks	1
15	(a) Multiple shop	1
16	(a) Both A and R are true and R is the correct explanation of A.	1
17	(c) Itinerants	1
18	(a).contract manufacturing	1
19	(b) Bill of lading	1
20	(b). Duty Drawback	1
21	<p>(i) Advertising</p> <p>(ii) Transport</p> <p>(iii) Warehousing</p> <p style="text-align: center;">Or,</p> <p>Business Risks. The term 'business risks' refers to the <i>possibility of inadequate profits or even losses due to uncertainties or unexpected events</i>. For example, demand for a firm's product may decline due to change in taste and fashion of customers or due to increased competition and these are uncontrollable factors</p> <p>Causes of Business Risks. Business risks arise due to variety of causes which are as follows :</p> <p>(i) Natural Causes. Natural causes of business risks are beyond human control <i>e.g., flood, earthquake, heavy rains etc.</i> They result in heavy loss of life, property and income.</p> <p>(ii) Human Causes. Human causes include dishonesty, carelessness or negligence of employees, strikes, riots, management inefficiency etc.</p>	3

	<p>(iv) Economic Causes. These include uncertainties relating to demand for goods, change in competition, technology, method of production, rise in interest rate over loans and rise in taxes etc. Such causes result in increase in cost of running the business.</p> <p>(iv) Other Causes. These include unforeseen events like fluctuations in exchange rates, political disturbances, mechanical failures etc.</p>		
22	Basis	Preference shares	Equity shares
	Dividend rate	Preference share holders are paid dividend at a fixed rate.	The rate of dividend on equity shares vary from year to year depending upon profits
	Redemption	They can be redeemed	They can't be redeemed.
	Payment of Dividend	These shares have a Preferential right to receive dividend before any dividend is paid on equity shares.	Payment of dividend is made after paying to Preference share holders.
23	<p>Incentives offered by Government:</p> <ul style="list-style-type: none"> ➤ Land is supplied at a concessional rate to industries setup in back ward areas. ➤ Power is supplied at a concessional rate. ➤ Water is supplied on no profit no loss basis. ➤ In all union territories SSI's are exempted from sales tax. ➤ Scarce raw materials are supplied on priority basis. ➤ Loans are offered at concessional rate. ➤ They are exempted from payment of tax for 5 or 10 years. <p style="text-align: center;">Or,</p> <p>a.Trade Credit It is the credit extended by one trader to another for the purchase of goods and services. When creditors grant such a facility, they are in fact financing purchases for a short period</p> <p>b.Commercial bank Banks extend loans to firms in many ways like cash credit, overdraft, term loans etc. Rate of interest depends on factors like nature of business, interest rate prevailing in the country etc</p> <p>c.ICD It is the deposit made by one company to another company . This option of using finance is available to all public company whether having share capital or not. It includes when a company acquires securities of another company and give loan to another company.</p>		3
24	<p>I. Letter of Credit. (I mark for each)</p> <p>II. Mate Receipt</p> <p>III. Certificate of Origin</p>		3
25	<p>Business. Business refers to those economic activities which are connected with the production, purchase, sale or distribution of goods or services with the</p>		4

	<p>main objectives of earning profit. For example, Farming, manufacturing</p> <p>Role of profit</p> <ol style="list-style-type: none"> 1. Incentive. Profit is a strong incentive for an entrepreneur to start and run a business. Stronger the incentive, higher is the motivation for doing the work in the better way. 2. Survival. Profit is necessary for the continuous survival of a business. Survival of business means its continuous existence. In the absence of profit in the long run, the entrepreneur will like to close the business. 3. Growth. Profit is necessary for the growth of business in the long run as a part of profit is invested in the business to expand it. 4. Measure of Efficiency. Profit is taken as a tool for measuring efficiency of a business. Thus, more profit means higher efficiency. However, this profit should not come through unethical practices but only through ethical practices. 5. Prestige. Higher prestige is attached to a business that earns higher profit with fair means. This prestige itself becomes the source of motivation to the entrepreneur to do better and better in his business. <p style="text-align: center;">Or,</p> <p>Industry</p> <p>Types of Industries :</p> <p>Primary Industry. Primary industry includes all those activities which are concerned with extracting and processing of natural resources. Primary industry is divided into two categories : extractive industry and genetic industry.</p> <ol style="list-style-type: none"> 1. Extractive Industry e.g., mining, hunting etc. 2. Genetic Industry e.g., dairy farming etc. <p>Secondary Industry. Secondary industry is concerned with activities which involve processing materials that have been produced by primary industry. Secondary industry is further classified:</p> <ol style="list-style-type: none"> 1. Manufacturing Industry 2. Construction Industry <p>Tertiary Industry. This includes those activities which provide support to primary and secondary industries as well as to trade. Such activities are transportation, warehousing, banking, insurance etc.</p>	
26	<ol style="list-style-type: none"> (a) Government Company (b) President of India (c) Parliament – Lok sabha and Rajya sabha (d) At least 51% of the paid up share capital of a Govt Company is held by the government 	4
27	<ol style="list-style-type: none"> 1) Easy to form and lower investment is required- forming a site doesn't require any funds if one knows well web designing and it is quite simple also as it can be formed within few hours. 2) Convenience- it gives convenience to both seller and customer. To customer he can easily place the product order without going anywhere , he can compare price and can also read features, he can also search for the other variants also. To seller he can keep an keen eye on sales, can read reviews of consumers and make the product according to them. 3) Speed- in e-business buying and selling is taking place with a click hence it is faster than traditional method. This benefit more in in case of movies, music, books, etc. 4) Global reach- sometimes some product are not available in the country and in that case customer can easily place order from business official website and product will be directly delivered to the customer to his door step. This is due to global reach of internet businessmen can sell anyone in this planet. There is no restriction of geographical area on internet. 5) Cost saving- e-business is kind of cost saving platform as no payments 	4

	being made to sales persons, no cost of displaying a product, no fear of being theft or fire, no middlemen required goods goes directly from manufacturer/wholesaler to customers. So there is no advertisement cost etc hence it is more economical as compared to traditional.	
28	<p>SOCIAL RESPONSIBILITIES TOWARDS:</p> <p>Responsibility towards shareholders or owners To provide fair return on their investment, ensure safety of their investment and to provide regular, accurate and full information about the business.</p> <p>Responsibility towards the workers (EMPLOYEES) To provide opportunities for meaningful work, create the right kind of working conditions, respect the democratic rights of the workers and ensure a fair wage deal from the management.</p> <p>Responsibility towards the consumer To provide right quality and quantity of goods and services at reasonable prices and to avoid adulteration, hoarding, dishonest and misleading advertisements.</p> <p>Responsibility towards the government & community To respect the laws of the country and pay taxes regularly and honestly and act according to well accepted values of the society and to protect environment.</p> <p style="text-align: center;">Or,</p> <p>BUSINESS ETHICS : Business ethics refers to the socially determined moral principles which should govern business activities</p> <p>ELEMENTS OF BUSUNESS ETHICS</p> <ul style="list-style-type: none"> • Top Management commitment <p>Higher level managers need to be openly and strongly committed to ethical conduct. They should continuously try and uphold the values of the organization and the society.</p> <ul style="list-style-type: none"> • Publication of a 'code' <p>'Code' refers to the written ethical programs followed by a particular business or industry – which normally covers the areas of honesty, adherence to laws, product's safety and quality and fairness in all dealings.</p> <ul style="list-style-type: none"> • Establishment of Compliance Mechanism <p>Simply having a written 'Code of Ethics' is not sufficient, the business needs to ensure its effective implementation at all levels & throughout the life of the business.</p> <ul style="list-style-type: none"> • Involving employees at all levels <p>To make ethical business a reality, employees at all levels must be involved.</p> <ul style="list-style-type: none"> • Measuring Results <p>Measuring the results of ethics programs maybe difficult but can have an audit at regular intervals to monitor compliance with ethical standards and decide about further course of action.</p>	4
29	<p>Role of small business in rural india:</p> <ul style="list-style-type: none"> ➤ Small industries provide employment opportunities in rural areas ➤ They are the second largest employers of human resources ➤ They contribute nearly 40% of the gross industrial value added ➤ The development of village & rural industries leads to industrialization in rural areas ➤ They ensure equitable distribution national income & wealth by reducing income inequalities between rural & urban areas ➤ They help in mobilization & utilization of local resources & skills ➤ They help generate multiple sources of income to the rural house holds ➤ They prevent migrations of rural population to urban areas in search of employment 	4
30	Benefits to the Nation :	4

	<ul style="list-style-type: none"> i. Earning of foreign exchange ii. More efficient use of resources iii. Improving growth prospects and employment potential iv. Increase of living standard <p>Benefits to the Firm:</p> <ul style="list-style-type: none"> i. Prospects of higher profit ii. Increase capacity utilisation iii. Prospects of growth iv. Improves business vision 																						
31	<table border="1"> <thead> <tr> <th>Basis</th> <th>Private company</th> <th>Public company</th> </tr> </thead> <tbody> <tr> <td>No of members</td> <td>Minimum 2 and maximum 200 members</td> <td>Minimum 7 and maximum no limit</td> </tr> <tr> <td>No directors</td> <td>Minimum 2 directors</td> <td>Minimum 3 directors</td> </tr> <tr> <td>Invitation to public prospectus</td> <td>Does not invite public to subscribe its share</td> <td>It invites public to subscribe its share</td> </tr> <tr> <td>Transfer of share</td> <td>Members are restricted to transfer their share.</td> <td>Free transfer of shares is permitted.</td> </tr> <tr> <td>Index of members</td> <td>Not mandatory to maintain index of members</td> <td>mandatory to maintain index of members</td> </tr> <tr> <td>Commencement of business</td> <td>It commence its business just after registration</td> <td>It commence its business after getting certificate of commencement of business</td> </tr> </tbody> </table>	Basis	Private company	Public company	No of members	Minimum 2 and maximum 200 members	Minimum 7 and maximum no limit	No directors	Minimum 2 directors	Minimum 3 directors	Invitation to public prospectus	Does not invite public to subscribe its share	It invites public to subscribe its share	Transfer of share	Members are restricted to transfer their share.	Free transfer of shares is permitted.	Index of members	Not mandatory to maintain index of members	mandatory to maintain index of members	Commencement of business	It commence its business just after registration	It commence its business after getting certificate of commencement of business	6
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32	<p>a) i) Mitigation: "Mirza made every effort to put out the fire." 1mark ii) Contribution: "Mirza had insured his house for fire insurance with two Insurance companies. He was paid the compensation by one of the insurers who claimed it partly from the other insurer" 1mark iii) Subrogation: "the right to ownership of the property passed on to both the insurers." 1mark</p> <p>b) i) Principle of utmost good faith: both parties display good faith, full information (1.5 marks) ii) Principle of causa proxima: nearest, direct, dominant cause is responsible(1.5 marks)</p> <p style="text-align: center;">Or,</p> <p>a) Ravi - Current Account 1mark Ravi's Mother - Saving account 1mark Ravi's Sister Seema -Recurring Account 1 mark</p> <p>b) Multiple Option Account : 1mark for explanation</p> <p>c) Services provided by bank : 1.Bank draft, 2.Bankers Cheque, 3.overdraft 4. short term/ medium term / long term loan (½ mark for each correct one)</p>	6																					
33	<p>i)'Security on which it has tax advantage and no dilution of control of the existing shareholders'. Ms. Sweta Bansal pointed towards issuing "debentures". (1 mark for identification and 1 mark for explanation) Large amount of funds can be raised for a longer duration 'Source of long term finance which can be redeemed in easy installments'. Mr. Bhargav points towards financing through "bank loan". (1 mark for identification and 1 mark for explanation)</p> <p>ii)Debenture: Merits: Fixed interest payments irrespective of profits. (1 mark) . Bank Loan:Merits: No dilution of control (1mark)</p> <p style="text-align: center;">Or</p> <p>I. Retained Earning: Usually a part of the profits is transferred to the reserves every</p>	6																					

	<p>year and it can be retained or reinvested in the business for its modernization, expansion etc</p> <p style="text-align: right;">1mark</p> <p>Merits:</p> <ol style="list-style-type: none"> 1. It is more dependable than external sources. (1 mark for each correct merit 1x2=2) 2. No dividend is to be paid. 3. No cost of raising funds such as prospectus, advertisement etc. 4. No sharing of ownership and control. 5. No security is needed <p>II. Equity shares: Equity shares are those shares which do not carry any special or preferential rights in payment of dividend or repayment of capital Equity share holders are the risk bearers as well as the real owners as they are entitled to receive any money only after the payment of all other debts 1mark</p> <p>Merits:</p> <ol style="list-style-type: none"> 1. Suitable for risk takers. (1 mark for each correct merit 1x2=2) 2. No obligation for dividend. 3. Permanent capital. 4. Provides creditworthiness to the company. 5. No charge against assets. 6. They have voting rights – Companies follow democratic management. 	
34	<p>GST: GST is a single tax at the national level to be levied at all stages right from manufacturer to final consumption. It mostly substitute all the indirect taxes levied on goods and services by the central and state government of India .Ultimately the final consumer will bear the burden of tax under GST. There are different slab rates of GST 0%,5%,12%,18% and 28% on different goods and services. 1 mark</p> <p>Salient features; (1 mark for each correct one)</p> <ol style="list-style-type: none"> 1.It is a destination based consumption tax. 2. Three types of GST are levied CGST,SGST/UTGST,and IGST 3. There are different slab rates of GST 0%,5%,12%,18% and 28% on different goods and services. 4.GST is an indirect tax implemented in whole country. 5.GST was introduced in India on 1st July 2017. 6. Ultimately the final consumer will bear the burden of tax under GST. 	6