

ANNUAL EXAMINATION

BS XI-M2

Class 11 - Business Studies

Time Allowed: 3 hours

Maximum Marks: 80

General Instructions:

1. This question paper contains 34 questions.
2. Marks are indicated against each question.
3. Answers should be brief and to the point.
4. Answers to the questions carrying 3 marks may be from 50 to 75 words.
5. Answers to the questions carrying 4 marks may be about 150 words.
6. Answers to the questions carrying 6 marks may be about 200 words.
7. Attempt all parts of the questions together.

1. All activities involving the removal of hindrances in the process of exchange are included in _____. [1]
a) Trade
b) Commerce
c) None of these
d) Auxiliaries to trade
2. Which of the following is the main motive behind the formation of Co-operative Societies? [1]
a) Service
b) Market growth
c) Professional management
d) Profit earning
3. **Assertion (A):** Departmental Undertakings ensure a high degree of public accountability. [1]
Reason (R): There is red-tapism in the day-to-day operations of these enterprises.
a) A is true but R is false.
b) Both A and R are true and R is the correct explanation of A.
c) A is false but R is true.
d) Both A and R are true but R is not the correct explanation of A
4. Application for approval of name of a company is to be made to: [1]
a) Government of India
b) Government of the State in which Company is to be registered
c) Registrar of Companies
d) SEBI
5. A proposed name of the Company is considered undesirable if: [1]
A. It resembles closely with an existing company the name of an existing company.
B. It is an emblem of Government.
C. It is identical with the name.
a) Only C
b) Only B
c) Only A
d) All of these

6. Disinvestments of PSE's implies: [1]
- a) Sale of equity shares
 - b) Investing in new areas
 - c) Buying shares PSEs
 - d) Closing down private sector/public operations
7. Which of the following statements is incorrect about e-banking? [1]
- a) Services can be availed at any hour
 - b) Has increased the load on the branches
 - c) Has emerged due to advances in information technology
 - d) Helps to perform virtual banking functions
8. If reasonable care is not taken by the insured to minimize the loss or damage to the insured property then the claim from the insurance company may be lost. What is this principle known as? [1]
- a) Utmost good faith
 - b) Indemnity
 - c) Mitigation
 - d) Contribution
9. Name the principle of insurance where it is the right of the insurer to stand in the place of the insured after the settlement of a claim as far as the right of insured in respect of recovery from an alternative source is involved. [1]
- a) Contribution
 - b) Proximate Cause
 - c) Insurable Interest
 - d) Subrogation
10. In order to meet the social goals like improving the standard of living for weaker sections of the society, providing health care and hygienic conditions in slum areas, etc. which services are provided: [1]
- a) Social services
 - b) None of these
 - c) Business services
 - d) Personal services
11. Which of the following statements is true regarding the benefits of e-commerce to the business organization: [1]
- a) Does not support business processes.
 - b) Small firms are not able to co-exist with big firms.
 - c) Poor time management.
 - d) Expands the marketplace to national and international markets.
12. That an enterprise must behave as a good citizen is an example of its responsibility towards: [1]
- a) owners
 - b) consumers
 - c) workers
 - d) community
13. Bharat Ltd. A firm manufacturing textile, wished to diversify their business. They were considering two options, either to diversify into manufacturing toothpaste or switches. They wanted to invest in the purchase of land, to set up a manufacturing unit in the backward area of Kolkata. The finance manager of the company, Mr. Anurag was asked by the management to do financial planning by identifying the most suitable source of raising long-term funds for financing the investment decisions and short-term sources for working capital decisions. Identify the source. [1]
- a) Retained earnings
 - b) Equity Shares
 - c) ADR
 - d) Public deposits
14. Trade credit extended by one trader to another for the purchase of goods and services appears in the records of [1]

the buyer of goods as _____ or _____.

- a) Sundry Creditors, Accounts Receivable b) Sundry Creditors, Accounts Payable
c) Sundry Debtors, Accounts Receivable d) Sundry Debtors, Accounts Payable
15. Under **Village and Small Industries Sector** which of the following accounts for **modern** small industries. [1]
a) Hand looms b) Power looms
c) Khadi d) Coir
16. Which of the following issues faced by small businesses is incorrect regarding the raw materials required by them for production? [1]
a) Low bargaining power due to the small quantity of purchases made by them b) Required raw materials are not available easily
c) Large storage facilities to store the materials d) Compromise on the quality as they have to pay high prices to get good quality materials
17. Which of the following statements is correct for wholesalers: [1]
a) They undertake additional activities. b) They generally take the title of the goods and bear the business risks in their own name
c) They engage in buying and selling of goods d) All of these
18. Which of the following is incorrect regarding the features of a Chain Stores or Multiple Shops: [1]
a) Run by the same organization b) Established in populous localities spread over different parts of the country
c) Have different merchandising strategies, with different products and displays d) Networks of retail shops
19. Which of the following documents is issued by the commanding officer of the ship to the port super intendant when the cargo is loaded on board? [1]
a) Shipping order b) Shipping Bill
c) Mate's receipt d) Import general manifest
20. State which of the following statements regarding reasons for international business are correct: [1]
a) All of these b) International business transactions involve use of currencies of more than one country.
c) Labour productivity and production costs differ among nations due to various socioeconomic, geographical and political reasons d) Availability of various factors of production differs among nations
21. Rakesh started a garment shop few years back. Due to continuous losses in the business, he decided to close it down. However, he owes ₹2,00,000 to Aniket from whom he had purchased garments on credit. His business funds are not sufficient to repay the debt. Can Aniket recover his dues from the personal assets of Rakesh? [3]
22. Tell the name of the organisation which is set up after the passing of a Special Act by the Parliament or Legislative Assembly. Point out any three of such organisations set up in India. [3]

OR

A large number of multinational companies are getting established in your country. Due to the establishment of these companies, some are very happy, but some others are unhappy. Express your opinion on it.

23. Once Mahesh was sitting at the shop of his friend Abhishek Chahai. Mahesh observed very carefully his friend's transaction with the customers. He noticed that the customers bought goods on different terms and conditions. One customer, Shalini, was insisting on buying goods on credit. But Abhishek paid no attention to her at all. Ultimately, he ended by saying that he would get nothing in advance from her, but she would have to make the payment the moment goods were delivered to her. Shalini refused to buy goods from him. After this, another customer, Subhash Jaglan, came, who was a resident of another city. He wanted to take the things bought by train. He wanted Abhishek to send goods up to the train. All the rest of the responsibility he would take upon himself. Abhishek agreed to do so. Thereafter, Miss Anvi Goyal came to buy goods when Abhishek told her the rate of those goods, she was startled and asked how the rate could be so high. Then, Abhishek pacified her and explained to her that the rate was inclusive of insurance and freight. She became happy and she ordered a large number of goods. There were several documents lying on Abhishek's table, which Mahesh was looking at very attentively. At the bottom of all of them was written a special line. When Mahesh asked about it, he was told that was there about correcting the omission. While sitting at Abhishek's shop, Mahesh learned about several terms of trade. [3]
- On the basis of the above paragraph identify the terms of trade-related to the different customers.
 - What Abhishek might have told about the line written in the documents.
24. Murari Lai Batra is a wholesale dealer of cloth. He deals in cloth manufactured not only in his country but also in a foreign country. Making payment of the cloth imported from a foreign country is a big problem for him. His financial position was very good but the exporter was not satisfied with it. While exporting goods, he wanted the guarantee of a bank. Mr. Batra did this very thing. He spoke to his own bank. The bank manager became ready to help him. The bank manager gave him a document in this connection. Mr. Batra sent that document to the exporter along with the goods ordered. The exporter was now satisfied and he started making preparation for exporting the desired goods. He sends all the goods by ship. He sends all the documents concerned with the goods to Mr. Batra's bank. On getting the information, Mr. Batra gets the documents released from the bank. The goods are delivered to him from the harbour. He makes the payment for the goods by the end of the settled period. [3]
- Identify the document got by Murari Lai Batra from the bank and sent it to the exporter.
 - How was the exporter satisfied on the basis of the document identified in (i)?
 - Identify the type of document identified in (i).
25. Explain how industry, trade, and commerce are interrelated. [4]
26. Anubhav took a fire insurance policy for his property worth ₹5,00,000 with two insurers: ICICI Lombard General Insurance Co. Ltd. for ₹4,00,000 and Bajaj Allianz General Insurance Co. Ltd. for ₹2,00,000. An electric short circuit in his property caused fire and it resulted in a loss of ₹1,50,000. He filed a claim for ₹1,50,000 against each of the two insurance companies. [4]
- Anubhav recover ₹1,50,000 each from the two insurers.
 - Which principle of insurance has been highlighted in the given case?
 - Determine the liability of each of the two insurers.
27. e-business can be handled effectively by suitably qualified personnel and a well-designed system. Comment on this statement. [4]

28. Britannia Industries Ltd. is committed to helping secure every child's right to growth and development through good food every day. The company is working in partnership with Global Alliance for Improved Nutrition (GAIN) and the Naandi Foundation to supply iron-fortified Tiger biscuits to supplement the Mid-Day Meal program in schools. Iron deficiency among Indian children is a key cause of school dropouts as well as decreased productivity. In keeping with its core essence of "Swasth Khao Tan Man Jagao", the company constantly strives to find sustainable opportunities to drive home the message of nutrition and good food habits among children at the right age. [4]

In the context of the above case answer the following questions:

- a. Identify the kind of social responsibility being discharged by Britannia Industries Ltd.
 - b. Briefly explain any two other kinds of social responsibilities.
29. What are the requirement or conditions of patentability? [4]
30. Deepa is a dealer of used books and runs a shop under the name of 'Om Bookshop' in Kamla Nagar, Delhi. As the book shop is located within the area of Delhi University, it is very famous among the college students as they can get the used books in good condition and that too at a price much less than the MRP. [4]
- a. Deepa will be classified as which type of retailer and why?
 - b. Identify the category of the type of retail trade as identified in part (a) of the question under which Deepa should be placed.
 - c. State three features of the type of retailer as identified in part (b) of the question.
31. Kiran is a sole proprietor. Over the past decade, her business has grown from operating a neighbourhood corner shop selling accessories such as artificial jewellery, bags, hair clips and nail art to a retail chain with three branches in the city. Although she looks after the varied functions in all the branches, she is wondering whether she should form a company to better manage the business. She also has plans to open branches countrywide. [6]
- a. Explain two benefits of remaining a sole proprietor.
 - b. Explain two benefits of converting to a joint-stock company.
 - c. What role will her decision to go nationwide play in her choice of the form of the organisation?
 - d. What legal formalities will she have to undergo to operate business as a company?
32. Girish is working as a finance manager in a German Company producing remote-operated high-end kitchen equipment. Considering festival demand, the company needs to increase its stock of raw material and finished goods which will require funds of ₹ 50 Lakhs. The directors of the company have decided to expand the business by opening one more factory in India which will require funds of ₹ 3 crore and 1 branch in America requiring ₹ 6 crores and 1 branch in Srilanka requiring ₹ 5 crore investment. [6]
- i. Advise Girish about the various sources of finance available to meet fund requirements for buying the stock of raw material and finished goods.
 - ii. Name various instruments used to raise money in the international capital market.
 - iii. To finance the establishment of a factory in India which financial instrument can be used on the pattern of ADR? Mention the name and explain its two features.
 - iv. In case the company does not want to borrow/raise capital from the general public and Banks, then through which financial instrument it can raise ₹ 50 lakhs for a short period? Explain it.

OR

Ann has been successfully running a soft skills training company for the past five years in Bangalore. Her company has become popular and enjoys a good reputation in the city. She now plans to start a chain of soft skills training centers and has identified four strategic places for the same in the city. Till now she has been managing all the

financial requirements of her business through the profits made in her business. However, in order to implement her expansion plans funds will have to be raised externally.

In the context of the above case answer the following questions:

- a. Till now she has been managing all the financial requirements of her business through the profits made in the business. Name the source of the funds being mentioned in the statement and state its any three merits.
- b. Suggest any external source of funds that Ann can use to finance her expansion plans. Also, give any two features of such a source of finance.

33. Abhimanyu is running a small catering business in Delhi wherein the food is prepared purely as per customized specifications. He had started this business primarily because he perceived an opportunity for entrepreneurship in it due to changing lifestyles of people. He gives the option to the clients to either take delivery of readymade dishes from his unit, only on a prior order basis, or there is also a provision for his team members to visit the client's house and prepare the dishes there itself. He caters to parties with 10 people onwards and offers a wide range of cuisine to choose from like Indian, Continental, Thai to name a few. He endeavors to maintain a personal touch and good personal relations with both customers and employees. As the size of the organization is small quick and timely decision can be taken without consulting many people, unlike a large-sized organization. The government does not have to interfere in the functioning of a small scale unit. **[6]**

In the context of the above case answer the following:

- a. Identify the various points highlighting the role of small business.
- b. Also, mention any three other reasons because of which role of small business cannot be overlooked in our country.

OR

Yaangba lives in Manipur. He has started a jute bag making business on a small scale basis. With the increasing awareness about environmental pollution, the demand for jute bags has increased exponentially. Jute fabrics are strong, durable, light, colorfast, attractive and cheaper than most fabrics made from other fibers. These are anti-static, UV protective, carbon dioxide neutral and natural decomposition is possible. There are a lot of uses of a Jute Bag. Jute sacking bags are mainly used for packing cement, sands, agro products, sugar, and other bulky items. These bags are ideal for transporting bulk food items like - onion, potatoes, flour, rice, and fertilizers. Apart from these, colourful decorative jute shopping bag has very good demand.

Briefly describe any one agency he can approach for seeking assistance in setting up his business.

34. Write a detailed note on features, structure, objectives and functioning of WTO. **[6]**