



**INDIAN SCHOOL SOHAR
SECOND TERM EXAM
BUSINESS STUDIES [054]**

Date: -24.11.2016

STD: - XI

Marks: - 90

Time: - 3hrs

General Instructions:-

- 1) All questions are compulsory.
- 2) Answers to questions carrying 1 mark may be from one word to one sentence.
- 3) Answer to questions carrying 3 Marks may be from 50 to 75 words.
- 4) Answer to questions carrying 4-5 marks may be about 150 words
- 5) Answer to questions carrying 6 marks may be about 200 word
- 6) Attempt all parts of a question together.

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- 1 Because of the festive season Bhuvan Garments received double orders. Advise the company on the most appropriate sources of finance which can be used to raise necessary finance for this purpose. [1]
 - 2 It is the institution at the district level which provides all the services and support facilities to the entrepreneurs for setting up small and village industries. Identify the institution. [1]
 - 3 Since the ship is exposed to many dangers at sea, the insurance policy is for indemnifying the insured for losses caused by damage to the ship. Identify the type of marine insurance policy. [1]
 - 4 E business and outsourcing are referred to as the emerging modes of business. Give reasons. [1]
 - 5 An example of one model of e-business would be the classifieds section of a newspaper, or an auction. In both of these cases, a customer, not a business, sells goods or services to another customer. The goal of this model is to enable this relationship, helping buyers and sellers locate each other. Customers can benefit from the competition for products and easily find products that may otherwise be difficult to locate. Identify this type of e-business. [1]
 - 6 Suresh, Mukesh and Rajesh are three partners, but Suresh's association with the business is not known to outsiders. What type of partner is Suresh? [1]
 - 7 It is used for promoting sales, and information about the goods and services available, their features, price etc. to reach customers. Identify the auxiliaries to trade in the statement. [1]
 - 8 "It means the entering of the firm's name, along with the relevant prescribed particulars, in the register of firms kept with the Registrar of Firms. It provides conclusive proof of the existence of a partnership firm." Identify the process. [1]
 - 9 Differentiate between equity shares and preference shares. [3]
 - 10 "In spite of numerous advantages, e-business cannot replace the traditional business." Comment on the statement. [3]

- 11 “Small business feel threatened with the onslaught of global competition.” Explain the statement. [3]
- 12 Define joint ventures. Explain the procedures adopted for the formation of joint ventures? [3]
- 13 The earthquake of 2010 had completely ruined a well set business of Gautam. He met his friend Ajay in hope to search for job in his company. On inquiring he came to know that due to strike it is not feasible for Ajay to provide any option to Gautam. [3]

a) What are the causes of risk faced by Gautam and Ajay?

b) Name and explain the other two types of risks. Give example of each type

- 14 A banking company in India is the one which transacts the business of banking which means accepting, for the purpose of lending and investment of deposits of money from the public, repayable on demand or otherwise and withdraw able by cheques, draft, order or otherwise. In simple terms, a bank accepts money on deposits, repayable on demand and also earns a margin of profit by lending money. A bank stimulates economic activity in the market by dealing in money. It mobilises the savings of people and makes funds available to business financing their capital and revenue expenditure. It also deals in financial instruments and provides financial services for a price. [3]

Based on above discuss the classification of banks.

- 15 a) John took a health insurance policy. At the time of taking policy, he was a smoker and he didn't disclose this fact. He got cancer. Insurance company won't pay anything as John didn't reveal the important facts. [4]
- b) Raj has a property worth Rs.5,00,000. He took insurance from Company A worth Rs.3,00,000 and from Company B Rs.1,00,000. As a result of a fire in the premises, he incurred a loss of Rs.3,00,000 to the property. Raj can claim Rs.3,00,000 from Company A but after that he can't make profit by making a claim from Company B. Now Company A can make a claim from Company B to for proportional loss claim value.
- c) Ram took a insurance policy for his Car. In an accident his car totally damaged. Insurer paid the full policy value to insured. Now Ram can't sell the scrap remained after the scrap.
- d) Mohan took insurance policy for his house. In a cylinder blast, his house burnt. He did not call the nearest fire station so that the loss could be minimised. Compensation was not paid.

Explain the related Principles of insurance in the above cases.

- 16 Business enterprise must aim at standing on stronger footing inters of offering competitive products to its customers and serving them to their satisfaction. The business enterprise must aim at acquiring these resources according to their requirements and use them efficiently. In order to ensure continuous survival and progress, every enterprise must aim at greater productivity by the best use of available resources. Every enterprise must aim at improving its workers performance. It should also try to ensure a positive attitude on the part of workers. [4]

Quote the lines and state the multiple objectives of business.

- 17 Industrial Credit and Investment Corporation of India (ICICI), Industrial Development Bank of India (IDBI) Unit Trust of India, and Life Insurance Corporation of India are the examples of one of the sources of business finance. [4]
- Name the source of business finance.
 - Explain any three reasons why this source of business finance is most preferred in comparison to other sources of finance

- 18 Rural industries are characterised by certain features. Identify any six such features. [4]

OR

Explain the administrative setup for small scale and agro based industries in India.

- 19 Differentiate between Memorandum of Association and Articles of Association on the basis of [4]
- Objectives
 - Position
 - Necessity
 - Relationship

- 20 Rahul, a small industrialist is keen on establishing a handicraft industry in a backward and tribal dominated village of Chattisgarh. He wishes to employ local people especially the traditional artisans and the weaker section of society. Development of the rural and backward areas has been the priority of the government of India. To attract industrialists to set up industries in backward areas, the government has offers a significant package of incentives [5]
- Advise Rahul about the incentives provided by the government which he can avail for setting up his dream projects.

- 21 “Business Process Outsourcing is another trend that is radically reshaping business world in India.” [5]
- In the light of this statement, explain any five benefits of Business Process Outsourcing

- 22 Integral Coach Factory (ICF) is an Indian manufacturer of rail coaches located in Chennai, Tamil Nadu, India. It was established in 1952, is owned and operated by the Indian Railways. The coach factory primarily manufactures coaches for Indian Railways. It also exports railway coaches to other countries. [5]

A. Identify the type of form of public sector undertaking.

B. List any two merits and two demerits of the identified concept.

- 23 A private limited company enjoys some privileges as against a public limited company. Enumerate any five such privileges. [5]

- 24 “E- business gets failed due to the risk of default on the part of buyer or seller.” Identify and explain the type of risk. Also explain how this risk can be eliminated? [6]

- 25 A public company may raise funds by issuing shares. What are the steps involved for raising funds from the public? [6]

26 As far as initial business setting-up costs are concerned, sole proprietorship is the most inexpensive way of starting a business. Company form of organisation, on the other hand, is more complex and involves greater costs. Companies are in a better position to collect large amount of capital by issuing shares to a large number of investors. Partnership firms also have the advantage of combined resources of all partners. The continuity of joint Hindu family business is not affected by death and insolvency. If direct personal contact is needed with the customers such as in the case of a grocery store, proprietorship may be more suitable. For large manufacturing units, however, when organisation and operations are complex and require professional management, the company form of organisation may be adopted. [6]

Identify and explain the factors from the above paragraph that affects the choice of form of business organisation.

27 It is an acknowledgment that the company has borrowed a certain amount of money, which it promises to repay at a future date. They are, therefore, termed as creditors of the company. [6]

- a) Identify the source of finance.
- b) Explain any two merits and three demerits of the identified source of finance.
