

# Answer Scheme for Valuation-Improvement Examination, September 2016

Subject: Business Studies

Code - 1418

Q. No.	Sub. No	Value Points	Marks	Total Marks	
1		(c) Bonded Warehouse			
2		(a) Prospectus	1	1	
3		(b) Very Small Aperture Terminal	1	1	
4		(c) Non Economic Activity	1	1	
5	a	Secret Partner	1	1	
	b	Sleeping Partner or Dormant Partner	1	2	
6		1. Market standing, 2. Innovation, 3. Productivity, 4. Physical and financial resources, 5. Earning profit, 6. Manager performance and development, 7. Worker performance and attitude, 8. Social responsibility. (Any three points with brief explanation, full score. Points only 1/2 score each, maximum 1 and 1/2 scores) (Economic objective and Social objective with brief explanation, 2 Scores)	3 X 1	3	
7		A	B	C	
		Funding from the government	Departmental undertaking	Employees are government servants	6 X 1/2
		Special Act	Statutory Corporation	Autonomous organisation	
		Centralised control	Multi national corporation	Foreign collaboration	
				3	
8		1. Supply of right quality and quantity of goods and services at reasonable price. 2. Take precaution against adulteration, poor quality, lack of desired service and courtesy to customers, misleading and dishonest advertisement. 3. Right to get the information about the product or company and having other matters which influence their decision. (Based on the above mentioned points, answer with any three value points can be given full score)	3 X 1	3	
9		1. Selection of the line of business, 2. Size of the firm, 3. Choice of form of ownership, 4. Location of business enterprise, 5. Financing the proposition, 6. Physical facilities, 7. Plant layout, 8. Competent and committed work force, 9. Tax planning, 10. Launching the enterprise. (Any three points with brief explanation, full score. Points only 1/2 score each, Points only without explanation, maximum 1 and 1/2 Score)	3 X 1	3	
10		1. Justification for existence and growth, 2. Long-term interest of the firm, 3. Avoidance of government regulations, 4. Maintenance of the society, 5. Availability of resources with business, 6. Converting problems into opportunities, 7. Better environment for doing business, 8. Holding business responsible for social problems. (Any three points with brief explanation, full score. Points only without explanation, 1/2 score each, maximum 1 and 1/2 scores)	3 X 1	3	



11		1. Opening a bank account in a bank authorised by RBI and getting account number, 2. Obtaining IEC Number from DGFT or Regional Import Export Licensing Authority, 3. Registering with appropriate export promotion council, 4. Registering with ECGC in order to safeguard against risks of nonpayments. (Any three points full score.)	3 X 1	3
12		1. Exporting and Importing, 2. Contract Manufacturing, 3. Licensing and Franchising, 4. Joint Ventures, 5. Wholly Owned Subsidiaries. (Any two points with explanation, full score. Points only without explanation 1 score each, maximum 2 scores)	2 X 2	4
13		1. Peddlers and hawkers, 2. Market traders, 3. Street traders or pavement vendors, 4. Cheap jacks. (With brief explanation, full score. Points only 1/2 score each, maximum 2 scores) (Give One Score for identifying Itinerant traders)	4 X 1	4
14	a	Government company	1	4
	b	1. Created by the Indian Companies Act 1956/ 2013, 2. Can file a suit against third parties and can be sued. 3. Can enter in to contract and acquire property in its own name, 4. The management of the company is regulated by the provisions of the Companies Act. 5. The employees are appointed according to their own rules and regulations as contained in MOA and AOA. 6. Are exempted from the accounting and audit rules and procedures. Auditor is appointed by the Central Government and Annual Report is to be presented in the parliament or state legislature, 7. Funds are obtained from Govt. Shareholdings and other private shareholders and are permitted to raise funds from capital market. (Any three points.)	3 X 1	
15	a	Retained earnings or Ploughing back of profits or Reserves	1	4
	b	1. It is a permanent source of fund, 2. Does not involve any explicit cost, 3. Provides greater freedom and flexibility since it is internally generated, 4. enhance the capacity to absorb unexpected losses, 5. Helps to increase the market value of equity share. (Any three points)	3 X 1	
16		1. Land, 2. Power, 3. Water, 4. Exemption from sales tax, 5. Abolition of Octroi, 6. Raw materials, 7. Finance, 8. Industrial estates, 9. Tax holiday. (Any four points with brief explanation, full score. Points only without explanation 1/2 score each, maximum 2 scores)	4 X 1	4
17		Preference shareholders two preferential rights over equity shareholders. They are 1. Right to get dividend 2. Right to get refund of capital at the time of winding up of capital/liquidation. (One score for simple meaning of preference shares)	2 X 2	4

18	a	Multiple shops or Chain stores	1	5
	b	1. Economies of scale, 2. Elimination of middlemen, 3. No bad debts, 4. Transfer of goods, 5. Diffusion of risks, 6. Low cost, 7. Flexibility. (Any four points)	4 X 1	
19	a	BPO / Business Process Outsourcing / Outsourcing	1	5
	b	1. Focusing of attention, 2. Quest for excellence, 3. Cost reduction, 4. Growth through alliance, 5. Fillip to economic development. (Any four points with brief description, full score. Points only without explanation 1/2 score each maximum 2 scores).	4 X 1	
20	a	Memorandum Of Association / MOA	1	6
	b	1. Name clause, 2. Registered office clause or Domicile Clause, 3. Objects clause, 4. Liability clause, 5. Capital clause, 6. Association clause. ( Any five points with brief explanation, full score. Points only without explanation 1/2 score each maximum 2 and 1/2 ).	5 X 1	
21	a	Insurance	2	8
	b	1. Utmost good faith, 2. Insurable interest, 3. Indemnity, 4. Proximate cause, 5. Subrogation, 6. Contribution, 7. Mitigation ( Any four points with explanation, full score. Points only 1/2 score each).	4 x 1.5	
	OR			
	a	e-banking / internet banking / online banking / mobile phone banking	1	8
b	1. 24 X 365 days of service 2. Can make transactions from office or home or while travelling even by using mobile phones, 3. Inculcate a sense of financial discipline by recording each transactions, 4. Greater customer satisfaction because of unlimited access to the bank and convenience of cashless travelling, 5. provides competitive advantage to the bank, 6. provides unlimited network to the bank, not limited to the number of branches, 7. Load on branches can be considerably reduced. (Any Seven points)	7 X 1		
22	a	Sole proprietorship / One man business	1	8
	b	<b>Advantages</b> 1. Quick decision making, 2. Confidentiality of information, 3. Direct incentive, 4. Sense of accomplishment, 5. Ease of formation and closure. <b>Limitations</b> 1. Limited resources, 2. Limited life of the business concern, 3. Unlimited liability, 4. Limited managerial ability, ( Any four merits and three limitations, with brief explanation, full score. Points only without explanation 1/2 score each, maximum 3 and 1/2 )	7 X 1	
	OR			
	a	Joint stock company	1	8
b	<b>Advantages</b> 1. Limited liability, 2. Transfer of interest is possible, 3. Perpetual existence, 4. Scope for expansion, 5. Professional management. <b>Limitations</b> 1. Complexity in formation, 2. Lack of secrecy, 3. Impersonal work environment, 4. Numerous regulations, 5. Delay in decision making, 6. Oligarchic management, 7. Conflict of interest. ( Any four merits and three limitations, with brief explanation, full score. Points only without explanation 1/2 score each, maximum 3 and 1/2 )	7 X 1		