

**First Year Higher Secondary Second Terminal Evaluation, December 2019**

**Subject-Business Studies with Functional Management**

**Code-FSE-48-Unofficial**

Q.No	Sub Q.No	Answer key/Value Points	Score	Total
<b>Answer all the questions from 1 to 10.Each carries 1 Score (10 X 1 =10)</b>				
1.		Government Company	1	10
2.		3,Government Warehouse	1	
3.		Particular partnership	1	
4		Proctor and Gamble, Others are Indian Multinational Companies	1	
5.		Real Time Gross settlement	1	
6.		2,Strike	1	
7.		<b>Table-A- incase of Companies Act 1956, Table-F -in case of Companies Act 2013</b>	1	
8.		3,Medium Term/Long term	1	
9.		Current Account	1	
10		Land Pollution	1	
<b>Answer any four questions from 11-15.Each carries 2 scores (4 X 2 = 8)</b>				
11.		<b>Any two points</b> (Business has the responsibility to pay fair wages and salaries regularly, To provide good working conditions, To provide welfare schemes such as housing, medical care, reservation etc.,To protect trade union rights including the right of participation in management, To guarantee freedom of religion and political views,To give timely training to its employees.)	2	8
12.		<b>Owners Fund</b> – Contributed by owners/ E.g. Shares <b>Borrowed Funds</b> – Raised from external borrowings/ E.g. Debentures OR <i>Note :We can consider any meaningful distinction/explanations</i>	2	
13.	1. 2.	Medical- <b>Medical council of India</b> Legal- <b>Bar Council of India</b>	1 1	
14.		<b><u>Public private partnership (PPP)</u></b> A public private partnership means an enterprise which a project or service is financed and operated through a partnership of Government and private enterprises. An example for PPP:Rajiv Gandhi Super-specialty Hospital, Raichur, Karnataka,it is a joint venture of the Government of Karnataka and the Apollo hospitals Group, with financial support from OPEC (Organization of Petroleum Exporting Countries).	2	
15.		<b>Partner by estoppels:</b> If a partner by his talk or action gives an impression to third parties that he is a partner, then he is known as partner by estoppels. He is not entitled to share the profit of the firm and does not participate in the management. Such a partner is liable as a true partner to third parties.	2	

**Answer any Five questions from 16-21.Each carries 3 score (5 X 3=15)**

16.		Genetic Industry - Cattle Breeding Extractive Industry - Fishing Tertiary Industry - Warehousing	1 1 1	15
17		Hindu Undivided Family (HUF) Or Joint Hindu Family <b>Any Two Limitations</b> (Limited Capital, Limited managerial ability, No link between responsibility and reward, Scope for misuse of power)	1 2	
18.	1. 2.	<b>E-Business</b> <u>Limitations of e-business (Any two limitations)</u> 1. <b>Low personal touch:</b> E-business is not suitable for business requiring high level of personal touch like medical services. 2. <b>Long time to complete transactions:</b> Information can flow at the click of a mouse, but the physical delivery of the product takes time. 3. <b>High risk due to anonymity and non traceability of the parties:</b> It is difficult to identify actual party to the transactions as transactions take place in the name of cyber personalities.. 4. <b>Computer literacy is needed:</b> Computer literacy is necessary to participate in e-business. It is one of hindrance in the field of e-business.	1 2	
19.		<b>Retained earnings,(Any two advantages)</b> (It is the most convenient source of finance, Retained profits create no charge on the assets of the company, There is risk of losing control to the management Retained profits increases the financial strength and earning capacity of the business, As an internal source, it is more dependable than external source, There is no fixed obligation to pay dividend on the profits reinvested)	1 2	



23.	1. 2.	<p><b>Statutory corporations or public corporation,</b></p> <p><b>Features of statutory corporations (Any Three)</b></p> <p><b>Formation</b>-It is created by government under a special Act in parliament or state legislature. <b>2. Separate legal entity</b>- It has separate existence apart from the government. <b>3. Ownership</b> -It is fully owned by the government. <b>4.-Management</b> Its management is vested in a Board of Directors appointed by the government.<b>5. Status of employees</b>-A statutory corporation has its own staff.<b>6. Financial autonomy</b>-A public corporation has an independent financial structure. It is authorized to plough back its earnings. <b>Public accountability</b>-Their accounts are audited by the Comptroller &amp; Auditor General of India (CAG). <b>Borrowing of funds</b>-It has the freedom to borrow funds from the</p>	1  3	
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24		<p>Co-operative society</p> <p><b>Disadvantages of a cooperative society (Any 3 limitations)</b></p> <p>Unsuitable for large business, Inefficient Management ,Excessive State Regulation, Lack of Secrecy, Absence of Motivation, on transferability of Shares</p>	1  3	
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25.		<p>Measures taken by government to control environmental pollution:</p> <p>1. Government passed Environment(Protection) Act,1986</p> <p>2. Various programmes on environment education,and seminars on creating awareness and resource are being organized regularly.</p> <p>3. Government has also laid down Environment Action Plan (EAP)</p> <p>4. Manufacturing units have been closed in cities like Delhi,Agra etc.</p> <p>5. Government passed The Hazardous Wastes Act,1989</p>	4	
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26	1	Business and Non economic activity / <i>Discretionary responsibility</i>		1  3	
	2	Any Three Difference			
		<b>Economic Activities</b>	<b>Non-economic Activities</b>		
		Undertaken by people to earn money	Undertaken by people to get mental satisfaction		
		Its benefit can be measured in terms of money	Its benefit can't be measured in terms of money		
		Money is the reward	Mental satisfaction is the reward		

**Questions 27 to 30 answer any three. Each carries 5 score (3 X 5 =15)**

27.		<b>Departmental Undertaking</b>	<b>Statutory Corporation</b>	<b>Government Company</b>	10 X <sup>1</sup> / <sub>2</sub> =5	15
		Railway Doordarshan AIR	KSRTC ONGC AIR INDIA SBI	BHEL SAIL NTPC		

28.	1.	1.Life policy- <b>Life Insurance</b> 2.Car Insurance - <b>Motor vehicle insurance/ General Insurance</b> <i>Any 4 Differences</i>			1  4	
		<b>Point of Difference</b>	<b>Life Insurance</b>	<b>General Insurance</b>		
		<b>What to insure</b>	Human life	Physical property or assets		
		<b>Type of contract</b>	Contract of Assurance	Contract of indemnity		
		<b>Presence of insurable interest</b>	At the time of effecting the policy	Must exist at the time of contract and at the time of loss		
		<b>Measurement of loss</b>	Loss is not measurable	Loss is measurable		
		<b>Period covered</b>	Long period	Usually for a year		
		<b>Surrender of policy</b>	Possible	Not possible		
		<b>Happening of the event leading to claim</b>	Certain	Uncertain		

29.	<b>Reasons for Environmental pollution</b> <b>Air Pollution</b> 1. It is mainly due to carbon monoxide emitted by automobiles 2. Smoke and other chemicals from manufacturing plants,etc. <b>Noise Pollution</b> 3. The sponsors of outdoor noise are machines and transportation systems, motor vehicles, aircraft, and trains. <b>Water Pollution</b> 4. Water becomes polluted, when chemicals and other waste materials are dumped into it. 5. Business enterprises have been dumping waste into rivers, streams and lake with little regard for the consequences.				5 X1 =5	
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30.	<b>Basis</b>	<b>Sole Trading</b>	<b>Partners hip</b>	<b>HUF</b>	<b>Joint stock Company</b>	<b>Co-operative Society</b>	4 X 1/4=5	
	Formation	No formality is required	Agreement	As per Hindu Law	Companies Act	Cooperative Societies Act, 1912.		
	Liability	Unlimited	Unlimited	Only Kartha's Liability is Unlimited	Limited	Limited		
	Members	1	Min-2 Max-100	Unlimited	Unlimited	Unlimited		
	Capital Contribution	Proprietor alone	Contributed by Partners	Family members/family property	Share holders	Members ,Loans from banks and Government aid		

**Questions 31 to 33. Answer any two. Each carries 8 Score (2 X 8 =16)**

31.	<p>1. <b>Insurance</b> Principles of Insurance (Sufficient explanation for 1 score)</p> <p>2. <b><u>1.Principle of Utmost Good Faith(Uberrimate fide)</u></b></p> <p>Insurance is a contract of utmost good faith. Both the parties to the contract should be absolutely honest to each other in regard to the contract. The insured is liable to disclose all material facts known to him. Similarly, the insurer is also liable to disclose honestly the scope of insurance which he is prepared to grant.</p> <p><b><u>2. Principle of Indemnity</u></b></p> <p>All contracts of insurance except life insurance are contract of indemnity. Indemnity means that in case of any loss, the insured shall be compensated, but the amount of compensation shall never be more than the actual loss. It denotes that the insured is not allowed to make any profit out of his loss.</p> <p><b><u>3.Principle of Insurable Interest</u></b></p> <p>According to this principal the insured person must have insurable interest in the life or property insured. Otherwise he cannot claim at the time of loss .Insurable interest means that the insured must have some financial interest in the object, property or life which he is insuring.</p> <p><b><u>4. Principle of Causa Proxima</u></b></p> <p>According to this principle, only the proximate (nearest) cause will be considered when there are several causes for the damage. As per this principle the insurance co will become liable to compensate the insured, if the reason for the loss is insured against and it must be a nearest one.</p> <p><b><u>5. Principle of Subrogation</u></b></p> <p>It is an extension of the principle of indemnity. As per this principle after the insured is compensated for the loss due to damage to property insured, then right of ownership of such property passes on to the insurer.</p> <p><b><u>6. Principle of Mitigation of Loss</u></b></p> <p>Insured can claim for loss or damage only if the loss arises due to reasons beyond the control of the insured. According to this principle the insured is expected to take reasonable care to protect the insured property from loss or damage and has taken effective measures to minimize the loss.</p> <p><b><u>7. Principle of Contribution</u></b></p> <p>It is applicable to all contracts of indemnity. According to this principle, an insured can insure the same subject matter with two or more insurance companies but he can claim the compensation only to the extent of actual loss either from all insurers or from any one insurer.</p>	<p><b>1</b> <b>7 x 1=7</b></p>
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32.	<p>1. Promotion 2. Incorporation 3. Capital subscription</p> <p><b><u>Stages in Promotion (Sufficient explanation for 1 scores ,any relevant points)</u></b></p> <p><b><i>1Discovery of business idea:</i></b> The promotion stage begins with the discovery of an idea to set up a business. There may be several ideas in his mind and he has to decide which is the most feasible and profitable one.</p> <p><b><i>2Feasibility study:</i></b> After analyzing all the concepts related to the idea discovered, the promoter starts doing detailed investigation to give practical shape to the idea. He does detailed investigation regarding cost, profitability, production process, demand of the product etc.</p> <p><b><i>3Appointment of bankers, brokers, solicitors and under writers:</i></b> The promoter appoints the brokers and underwriters to ensure the availability of capital by sale of a company's securities and solicitors are appointed to deal with then legal matters of the company. Bankers are appointed to have smooth financial dealings.</p> <p><b><i>4Assembling the factors of production:</i></b> Once satisfied with practicability and profitability of the proposal, the promoter assembles the factors of production like land, labour, capital and managerial personnel.</p> <p><b><i>5Preparation of Preliminary Documents:</i></b> The promoter takes up the steps to prepare necessary documents of the company which have to be submits to the Registrar at the time of incorporation. The required documents are:-</p> <ol style="list-style-type: none"> <li>a) The Memorandum of Association</li> <li>b) The Articles of Association</li> <li>c) The Prospectus / Statement in lieu of prospectus.</li> <li>d) A list of directors - their full address and occupation.</li> <li>e) A written consent by directors stating that they have agreed to act as directors.</li> <li>f) A statement of authorized capital</li> <li>g) A statutory declaration by a Chartered Accountant or an advocate of Supreme Court or High Court that all provisions of the Companies Act have been complied with.</li> </ol>	1  7X1=7	
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**6Entering into preliminary Contracts:** The promoters enter into contracts with different parties before registration of the company. After registration the company approves these contracts.

**7. Name approval:** Two companies can't have identical names. It is necessary for every company to get its name approved from the Registrar so that it does not match with any other company's name.

33.				<b>8 X1=8</b>
	<b>Basis of Difference</b>	<b>Shares</b>	<b>Debentures</b>	
	1. Ownership	A share is an ownership security	A debenture is a creditor ship security	
	2. Position	A share holder is an owner of the company	A debenture holder is a creditor of the company	
	3. Return on investment	Shareholders get dividend as the return	Debenture holders get interest as the return	
	4. Guarantee of return	Rate of return is fluctuating, depending upon the earnings of the company	Rate of interest is fixed irrespective of profit or loss of the business	
	5. Voting right	Share holders have voting rights	Debenture holders have no voting rights	
	6. Redeemability	Shares can't be redeemed (except redeemable preference shares) during the life of the company	Redeemable debentures can be redeemed during the life time of the company	
	7. Security	No charge is created on the assets of the company	The debentures are generally secured by creating a charge on the assets of the company	
8. Priority for repayment of investment	At the time of winding up of the company, share capital is payable after meeting all outside liabilities	Debentures are repayable in priority over share capital		

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