

FIRST YEAR HIGHER SECONDARY EXAM MARCH 2020 **FY 48**
BUSINESS STUDIES
ANSWER KEY(UNOFFICIAL)

PART 1(1 TO 9) .EACH CARRIES ONE SCORE

- 1.Strike of employees
- 2.51%
- 3.Mail facilities
- 4.B2C
- 5.Ethical Responsibility
- 6.Object Clause
- 7.SIDBI
- 8.Mail order houses
- 9.Duty drawback scheme

PART II(10 TO 16).EACH CARRIES TWO SCORES.Any 6

10. **a)Nominal partner:** A nominal partner neither contributes capital nor takes any active part in the management of the business. He simply lends his name to the firm

b)HUF:It refers to a form of organisation wherein the business is owned and carried on by the members of the Hindu Undivided Family (HUF). It is governed by the Hindu Law.

11.**Any two features of a Statutory Corporation**

- a)It is wholly owned by the government.,
- b). It is created by government under a Special Act of Parliament or State Legislature
- c). It has a separate entity for legal purposes,
- d). It is usually independently financed

12.Cash on Delivery, Cheque, Net Banking Transfer, Debit card and Credit card, Digital Cash
(Any2)

13.It is that portion of net profit retained in the business for future use. It is a source of internal financing or self-financing or ploughing back of profits.

14.Soft drinks, milk,newspaper,Hot beverages, platform tickets etc (Any 2)

15.Reasons for international business:(Any 2 reasons)

- a)Unequal distribution of natural resources
- b)All the countries cannot produce all the products equally
- c)about productivity and production costs differ among nations

16.When two businesses agree to join together for a common purpose and mutual benefit, it gives rise to a joint venture. It is the result of an agreement between two firms.

PART III(17TO 21).EACH CARRIES THREE SCORE.(Any 4)

17.

PRIMARY	SECONDARY	TERTIARY
Mining	Oil refinery	Advertising
Poultry farm	Construction of dam	Banking

Prepared by:Sandeep Kumar N V,HSST Commerce,Katukukke HSS Kasaragod
Mob:9496357371,E mail: sandeepneelian@gmail.com

18. Any 3 Difference between Traditional Business and e-business

Basis	Traditional Business	e-business
Formation	Difficult	Easy
Transaction Risk	Less	High
Operating cost	High	Less

19. **a) Promoter:** Promoter is a person who takes initiative to form a new company. He takes all preliminary work for starting a new company.

b) Any 2 functions of promoter

Identification of business opportunities, Feasibility studies, Fixing up of signatories to the Memorandum of Association, Appointment of professionals and preparing necessary documents.

20. **Features: (Any 3 points with explanation) of Global Enterprises/MNCs**

- a). Huge capital resources: These enterprises are characterised by possessing huge financial resources and the ability to raise funds from different sources.
- b). Foreign collaboration: Global enterprises usually enter into agreements with foreign companies related to sale of technology, production of goods etc
- c). International market: They have vast access to international market; therefore they are able to sell any product globally.

21. Any 3 difference between Shares and Debentures

Basis	Shares	Debentures
Nature	Ownership capital	Borrowed capital
Status	Holder of shares is an owner	Holder of a debenture is a creditor
Voting rights	Enjoy voting right	Does not enjoy voting right
Return	Dividend	Interest
Control	Control over the management	No control over the management

22. Match the following. (4 score)

A	B
Partnership	Partner
H U F	Co-partner
Joint stock company	Shareholder
Cooperative society	Services motive

PART IV (23 TO 26). EACH CARRIES FOUR SCORE. (ANY 3)

23. Departmental Undertaking:

These enterprises are established as departments of the ministry and are considered part of the ministry itself. Under this form, the enterprise is managed by the government officials as one of the government departments. They have no separate legal entity. It works under the control of a minister. Eg: All India Radio, Doordarshan, Post and Telegraph, Indian Railways -etc-

24. Benefits of e-business: (Any 4 with brief explanation)

- a) Easy of formation and lower investment requirements: It is relatively easy to start due to less legal procedure.
- b) Convenience: Internet offers the convenience of 24 hours business.

- c). Speed: Internet allows faster services.
- d). Global reach: It provides a boundary less market.
- e). Movement towards a paperless society: Use of internet has considerably reduced dependence on paperwork.

25. Problems faced by Small Business in India: (Any 4 points with brief explanation)

Finance, Raw materials, Managerial skills, Labour, Marketing, Quality, Capacity utilization, Technology, Sickness, Global competition.

26. a) **A special economic zone (SEZ)**: is an area in which the business and trade laws are different from the rest of the country. SEZs are located within a country's national borders, and their aims include increased trade balance, employment, increased investment, job creation and effective administration. To encourage businesses to set up in the zone, financial policies are introduced.

b) **Contract manufacturing** in international markets is used in situations when one company arranges for another company in a different country to manufacture its products; this is also known as international subcontracting or international **outsourcing**. A company enters into a contract with a local manufacturer in a foreign country. The contract is for getting certain components or goods produced as per specifications given.

PART V (27 TO 30) .EACH CARRIES FIVE SCORE(Any 3)

27. Starting a business – Basic Factors: (Any 5 with explanation)

- a) Selection of line of business,
- b) Size of the firm
- c) Choice of form of ownership
- d) Location of business
- e) Finance (Capital needs)
- f) Plant lay out
- g) Tax planning,
- h) Launching the enterprise.

28. **Clauses of Memorandum of Association**: (any 5 with explanation)

a) **Name clause**: Under this the name of the company is mentioned, which has already been approved by the Registrar of Companies.

b) **Registered office clause**: Under this clause, the name of the state in which the registered office of the company is situated must be mentioned.

c) **Object clause**: It is the most important clause of this document. It sets out the object with which a company is formed. A company is not legally entitled to undertake an activity, which is beyond the objects stated in this clause

d) **Liability clause**: This clause limits the liability of the members to the amount unpaid on the shares owned by them.

e) **Capital clause**: This clause specifically stated the maximum capital with which the company is to be incorporated.

f) **Subscription clause**: This clause contains the name of the signatories to the memorandum of Association and also gives their consent to purchase qualification shares.

29. a) **Sources of Long Term Capital**: (any 2 with explanation)

1). Equity Shares:

It represents the ownership capital of a firm. A public limited company may raise funds from public or promoters as equity share capital by issuing ordinary equity shares. Ordinary shareholders are those the owners of which receive their dividend and return of capital after the payment to preference shareholders. They undertake the risk of the company. They elect directors and have total

control over the management of the company.

2). Preference Shares:

These are shares which carry the following two rights:

- (i) The right to receive dividend at a fixed rate before any dividend is paid on other shares.
- (ii) The right to return of capital in the case of winding-up of company, before the capital of the equity shareholders is returned.

Long-term funds from preference shares are raised by a public issue of shares. It does not require any security nor ownership of a firm is affected.

3)Debtures

4)Loans

5)Retained earnings

b)Merits of Factoring:(Any 3)

- 1. Cheaper fund than other means.
- 2. Instant cash flow enables the client to settle his liabilities in time.
- 3. It provides security for debt.
- 4. No charge on assets of the company.

30.1)Responsibility towards Owner: It includes-

- a. to ensure safety of investment
- b. to provide fair and regular dividend/ profit.
- c. to provide correct and regular information about financial position.
- d. make efforts to increase the value of share etc.....

2)Responsibility towards Employees:

- a. Fair wages
- b. Job security
- c. Promotion opportunities
- d. Welfare measures
- e. Better working conditions

3)Responsibility towards Government: It includes-

- a. to pay tax promptly and regularly
- b. to co-operate with government in solving national problems such as poverty

4)Responsibility towards Consumers: It includes-

- a. Production and distribution of quality goods at reasonable price.
- b. avoid unfair trade practices.
- c. educating the consumer on product uses and its features

5)Responsibility towards General public/Community:

- a. providing economic stability
- b. protecting public interests
- c. protecting the environment
- d. providing employment to the local people
- e. ensuring non-discrimination on the basis of sex, religion etc....

PART VI(31 TO 33).EACH CARRIES EIGHT SCORE(Any 2)

31.Joint stock companies

“A company is an artificial person created by law having a separate entity with a perpetual succession and a common seal”.

Merits:(any 2 with explanation)

- a)Limited Liability,

- b) Transfer of shares
- c) Perpetual and stable business life
- d) Professional Management
- e) Ease of transfer of ownership
- f) Public confidence

Demerits:(any 2 with explanation)

- a) Difficult legal formalities(Difficulty in formation)
- b) Lack of secrecy,
- c) Numerous regulations
- d) Delay in decision making
- e) Oligarchic management

b) Difference between Public Co. and Private Co.(Any 4 difference)

no	Basis	Public company	Private Company
1	Transfer of shares	No restriction	Restricted
2	Invitation to subscribe shares	Can invite	Cannot Invite
3	Members(Max&Min)	Min – 7, Max – Unlimited	Min – 2, Max 200
4	Suffix	Limited	Private Limited

32.Functions of Commercial Banks

Banks perform a variety of functions. Some of them are the basic or primary functions of a bank while others are agency or general utility services in nature. The important functions are briefly discussed below:

(i) Acceptance of deposits:

Deposits are the basis of the loan operations since banks are both borrowers and lenders of money. As borrowers they pay interest and as lenders they grant loans and get interest. These deposits are generally taken through current account, savings account and fixed deposits. Current account deposits can be withdrawn to the extent of the balance at any time without any prior notice.

ii) Lending of funds: Second major activity of commercial banks is to provide loans and advances out of the money received through deposits. These advances can be made in the form of overdrafts, cash credits, discounting trade bills, term loans, consumer credits and other miscellaneous advances. The funds lent out by banks contribute a great deal to trade, industry, transport and other business activities.

iii)Cheque facility: Banks render a very important service to their customers by collecting their cheques drawn on other banks. The cheque is the most developed credit instrument, a unique feature and function of banks for the withdrawal of deposits. It is the most convenient and an inexpensive medium of exchange. There are two types of cheques mainly (a) bearer cheques, which are encashable immediately at bank counters and (b) crossed cheques which are to be deposited only in the payee's account.

(iv) Remittance of funds: Another salient function of commercial banks is of providing the facility of fund transfer from one place to another, on account of the interconnectivity of branches. The transfer of funds is administered by using bank drafts, pay orders or mail transfers, on nominal commission charges.

(v) Allied services: In addition to above functions, banks also provide allied services such as bill payments, locker facilities, underwriting services. They also perform other services like buying and selling of shares and debentures on instructions and other personal services like payment of insurance premium, collection of dividend etc.

33. **Wholesale trade :**

Buying and selling of goods and services in large quantities, for the purpose of resale or use is referred to as wholesale trade. Traders dealing in wholesale trade are called wholesale traders. They act as an important link between manufacturers and retailers.

a) Services provided by Wholesalers to Producers:(Explain any 4)

- i)Facilitating large scale production
- ii)Bearing the risk
- iii)Financial assistance
- iv)Provide Expert advice
- v)Helps in marketing
- vi)Facilitating continuity of production, Storage.

b) Fixed shop small retailers:(Explain any 2)

- i)General Stores
- ii)Speciality Shops
- iii)Street Stall Holders
- iv)Second hand goods shop

Prepared by:Sandeep Kumar N V
HSST Commerce,Katukukke HSS Kasaragod
Mob:9496357371,E mail: sandeepneelian@gmail.com