

**Answer Key**  
**FIRST YEAR HIGHER SECONDARY EXAM JUNE 2022**

**Part III      Subject: BUSINESS STUDIES – FM      Code No. FY 48**

**Score: 80**

**Time: 2 ½ Hours**

<b>Answer any 8 questions from 1 to 10 - 1 Score each (8 x 1 = 8)</b>			Score
1	b) Auxiliaries to Trade		1
2	c) Nominal		1
3	c) Indian Railway		1
4	a) Bonded Warehouses		1
5	d) Air		1
6	Memorandum of Association, Articles of Association, Prospectus etc. (any 2)	1/2 score each	1
7	d) Commercial Paper		1
8	National Bank for Agriculture and Rural Development		1
9	Super Market / Super Bazar		1
10	Bill of lading		1
<b>Answer any 4 from 11 to 17 - 2 Score each (4 x 2 = 8)</b>			
11	<b>Multiple Objectives of Business:</b> Market Standing, Innovations (Novelty), Productivity, Physical and financial resources, Earning profits, Manager performance and development, Worker performance and attitude, Social responsibility (any 4 points only)	1/2 Score each	2
12	<b>Joint Venture:</b> When two business organizations join hands for mutual benefit by pooling their resources and expertise, it is a joint venture. (any meaningful explanation)		2
13	<b>Features of Business Services:</b> Intangibility, Inconsistency, Inseparability, Inventory less (No inventory), Involvement (any 4 points only)	1/2 Score each	2
14	<b>Payment Mechanisms in Online Shopping:</b> Cash on Delivery(CoD), cheque, net banking, credit/debit card, digital cash, e-wallets like Google Play, Phone pe, Paytm, Jio money, etc. (any 4 points only)	1/2 Score each	2
15	<b>Functions of Promoters:</b> Identification of business opportunity, Feasibility studies Name approval, Fixing up of signatories to the Memorandum of Association, Appointment of professionals, Preparing necessary documents (any 2 with explanation, points only 1/2 score each subject to maximum 1 score)	1 Score Each	2
16	<b>Trade Credit</b> – It is the credit extended by one trader to another for the purchase of goods and services. When creditors grant such a facility, they are in fact financing purchases for a short period. (any meaningful explanation)		2

17	<b>Itinerant Retailers:</b> Hawkers and Peddlers, Market Traders, Street Traders, Cheap Jacks. (minimum 2 points only)	1 Score each	2
<b>Answer any 4 from 18 to 23 - 3 Score each (4 x 3 = 12)</b>			
18	<b>Government Company</b> - A company in which at least 51% of share capital is held by the Government. (any meaningful explanation) <b>Any 2 Limitations or Advantages</b> (points only): <b>Limitations:</b> Autonomy is just for name sake, No accountability, Main purpose is not served. <b>Merits / Advantages:</b> Easy formation by registration, Separate legal entity, Quick decisions, Prevents unhealthy business	1 Score    1 Score Each	3
19	<b>Social Responsibility of Business towards:</b> a) <b>Consumers:</b> Regular supply of commodities, Better quality, Reasonable Price b) <b>Employees:</b> Fair wages, Job security, Promotion opportunities etc. c) <b>Shareholders:</b> Safety of investment, Adequate return on investment, Accurate financial information etc, (any 1 each)	1 Score each	3
20	<b>Limitations of Lease Financing:</b> 1) Restrictions on the use of asset. 2) Normal business operations may be affected on non-renewal of agreement. 3) If the lease agreement is terminated before maturity, it results in heavy loss. 4) Lessee may not take much care on the asset as he never becomes the owner. (any 3)	1 Score each	3
21	<b>Multiple Shops or Chain Stores</b> It is a system of branch shops operated under a centralized management and dealing in similar line of goods. Branches of the shop are located throughout the nation under the same name and management and they specialize in one or two lines of goods. (any meaningful explanation)	1 Score   2 Score	3
22	<b>Foreign Trade Promotion Measures and Schemes:</b> Duty Drawback, Export manufacturing under bond scheme, Exemption from payment of GST, Advance license scheme, Export Promotion Capital Goods Scheme (EPCG) (any 3 with brief explanation)	1 Score each	3
23	<b>Advantages of Departmental Stores:</b> Central location, Shopping convenience, Consumer services, Economies of large scale operation, Automatic mutual advertisement (any 3)	1 Score each	3

**Answer any 4 from 24 to 29 - 4 Score each ( 4 x 4 = 16)**

24	<p><b>Nature of Business Risks:</b></p> <ol style="list-style-type: none"> <li>1. It arises due to uncertainties.</li> <li>2. It is an essential part of every business (Unavoidable).</li> <li>3. Degree of risk depends on the nature and size of business.</li> <li>4. Profit is the reward for bearing risk. (any 4 meaningful explanation)</li> </ol>	1 Score each	4										
25	<p><b>Merits of Sole Proprietorship:</b></p> <ol style="list-style-type: none"> <li>a. Quick decision making</li> <li>b. Confidentiality of information</li> <li>c. Direct incentive</li> <li>d. Sense of accomplishment</li> <li>e. Ease of formation and closure</li> </ol> <p style="text-align: right;">(any 4 points)</p>	1 Score each	4										
26	<p><b>Types of Banks</b></p> <p><b>a) Commercial Banks</b> – These are the institutions dealing in money and credit.</p> <p><b>b) Cooperative Banks</b> – Banks organized based on cooperative principles.</p> <p><b>c) Specialized Banks</b> – Organized to render specific services to the public.</p> <p><b>d) Central bank</b> – This is also known as bankers’ bank, which controls and regulates the operations of all commercial banks in the country. The Reserve Bank of India is the central bank of our country. (any meaningful explanation)</p> <p>Also consider any other types of banks such as private sector, public sector, foreign banks etc.</p>	1 Score each	4										
27	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%; text-align: center;">A</th> <th style="width: 50%; text-align: center;">B</th> </tr> </thead> <tbody> <tr> <td>a) Memorandum of Association</td> <td>Define the objectives of a company</td> </tr> <tr> <td>b) Articles of Association</td> <td>Rules regarding internal management</td> </tr> <tr> <td>c) Prospectus</td> <td>Invitation to public by a company to subscribe its shares or debentures</td> </tr> <tr> <td>d) Certificate of incorporation</td> <td>Birth Certificate of a company</td> </tr> </tbody> </table>	A	B	a) Memorandum of Association	Define the objectives of a company	b) Articles of Association	Rules regarding internal management	c) Prospectus	Invitation to public by a company to subscribe its shares or debentures	d) Certificate of incorporation	Birth Certificate of a company	1 Score each	4
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28	<p><b>Merits and Demerits of Debentures:</b></p> <p><b>Merits:</b> Fixed income at lesser risk, No participation in profit, No dilution in control, Suitable during stable earnings, Less costly. (any 2 points only)</p> <p><b>Demerits:</b> Permanent burden, Repayment difficulty, Reduces borrowing capacity (any 2 points only)</p>	1 Score each	4										

29	<p><b>Differences between Domestic Business and International Business</b></p> <table border="1" data-bbox="161 185 1310 689"> <thead> <tr> <th data-bbox="161 185 443 237">Basis</th> <th data-bbox="443 185 874 237">Domestic Business</th> <th data-bbox="874 185 1310 237">International Business</th> </tr> </thead> <tbody> <tr> <td data-bbox="161 237 443 331">1. Nationality</td> <td data-bbox="443 237 874 331">Buyer and seller belong to the same nation</td> <td data-bbox="874 237 1310 331">They are from different countries</td> </tr> <tr> <td data-bbox="161 331 443 465">2. Other Stakeholders</td> <td data-bbox="443 331 874 465">Suppliers, employees, middlemen, shareholders etc. are the citizens of same nation</td> <td data-bbox="874 331 1310 465">Various stakeholders from different countries</td> </tr> <tr> <td data-bbox="161 465 443 600">3. Customer heterogeneity</td> <td data-bbox="443 465 874 600">Customers are more homogeneous in nature</td> <td data-bbox="874 465 1310 600">More heterogeneous in the matter of language, preferences, customs etc.</td> </tr> <tr> <td data-bbox="161 600 443 689">4. Business system and practices</td> <td data-bbox="443 600 874 689">Relatively same system</td> <td data-bbox="874 600 1310 689">Different systems and practices are followed</td> </tr> </tbody> </table> <p data-bbox="683 689 1278 734">(any other 4 differences may be considered)</p>	Basis	Domestic Business	International Business	1. Nationality	Buyer and seller belong to the same nation	They are from different countries	2. Other Stakeholders	Suppliers, employees, middlemen, shareholders etc. are the citizens of same nation	Various stakeholders from different countries	3. Customer heterogeneity	Customers are more homogeneous in nature	More heterogeneous in the matter of language, preferences, customs etc.	4. Business system and practices	Relatively same system	Different systems and practices are followed	1 Score each	4			
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<p><b>Answer any 4 from 30 to 35 - 5 Score each (4 x 5 = 20)</b></p>																					
30	<p><b>Types of Cooperative Societies:</b> Consumers' Co-operative Societies, Producers Co-operative Societies, Marketing Co-operative Societies, Farmer's Cooperative Societies, Credit Co-operative Societies, Co-operative Housing Societies</p> <p data-bbox="264 987 1302 1032">(Any 5 with explanation, points only 1/2 score each – maximum 2 1/2 score)</p>	1 Score each	5																		
31	<p><b>Features of Global Enterprises:</b> Huge capital, Foreign collaboration, Advanced technology, Marketing strategies, Expansion of market territory, Product innovation, Centralized control</p> <p data-bbox="1046 1184 1302 1229">(any 5 points only)</p>	1 Score each	5																		
32	<p><b>Differences between Traditional and e-Business:</b></p> <table border="1" data-bbox="161 1279 1310 1599"> <thead> <tr> <th data-bbox="161 1279 568 1330">Basis</th> <th data-bbox="568 1279 967 1330">Traditional Business</th> <th data-bbox="967 1279 1310 1330">e-Business</th> </tr> </thead> <tbody> <tr> <td data-bbox="161 1330 568 1382">1. Ease of Formation</td> <td data-bbox="568 1330 967 1382">Difficult</td> <td data-bbox="967 1330 1310 1382">Simple</td> </tr> <tr> <td data-bbox="161 1382 568 1433">2. Physical presence</td> <td data-bbox="568 1382 967 1433">Required</td> <td data-bbox="967 1382 1310 1433">Not required</td> </tr> <tr> <td data-bbox="161 1433 568 1485">3. Location requirement</td> <td data-bbox="568 1433 967 1485">Important</td> <td data-bbox="967 1433 1310 1485">Not important</td> </tr> <tr> <td data-bbox="161 1485 568 1536">4. Cost of setting up</td> <td data-bbox="568 1485 967 1536">High</td> <td data-bbox="967 1485 1310 1536">Low</td> </tr> <tr> <td data-bbox="161 1536 568 1599">5. Operating cost</td> <td data-bbox="568 1536 967 1599">High</td> <td data-bbox="967 1536 1310 1599">Low</td> </tr> </tbody> </table> <p data-bbox="703 1599 1302 1644">(any other 5 differences may be considered)</p>	Basis	Traditional Business	e-Business	1. Ease of Formation	Difficult	Simple	2. Physical presence	Required	Not required	3. Location requirement	Important	Not important	4. Cost of setting up	High	Low	5. Operating cost	High	Low	1 Score each	5
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33	<p><b>Elements of business ethics:</b> 1) Top management commitment, 2) Publication of a "Code", 3) Establishment of compliance mechanism, 4) Involving employees at all levels, 5) Measuring results</p>	1 Score each	5																		
34	<p><b>Contents of Memorandum (Clauses of MoA):</b> 1) Name Clause, 2) Registered Clause 3) Office Clause, 4) Objects Clause, 5) Liability Clause, 6) Capital Clause</p> <p data-bbox="592 1942 1302 1986">(any 5 with explanation, points only 1/2 score each)</p>	1 Score each	5																		

35	<b>Problems of Small Business:</b> Finance, Raw materials, Managerial skills, Labour, Marketing, Quality, Capacity utilization, Technology, Sickness, Global competitions	1 Score each	5
<b>Answer any 2 from 36 to 38 - 8 Score each (2 x 8 = 16)</b>			
36	<b>Types of Industries:</b> Primary, Secondary, Tertiary, Extractive, Genetic, Manufacturing, Construction, Analytical, Synthetical, Processing, Assembling (For preparing chart – 4 Score and brief explanation of any 4 types of industries – 1 score each / detailed explanation without chart maximum 7 score)		8
37	<b>Features of a Joint Stock Company:</b> 1) Artificial Person, 2) Separate Legal Entity, 3) Formation, 4) Perpetual Succession, 5) Control, 6) Liability, 7) Common Seal, 8) Risk bearing.  (8 points with explanation, points only 1/2 score each)	1 Score each	8
38	<b>Principles of Insurance:</b> 1) Utmost Good Faith, 2) Insurable Interest, 3) Indemnity, 4) Causa Proxima (Proximate Cause), 5) Subrogation, 6) Contribution, 7) Mitigation of Loss  (any 4 principles with explanation, points only 1/2 score each) <i>(Subject to maximum 4 score)</i>	2 Score each	8

Scheme finalised by:

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