

## Answer Key – (Unofficial) – by Ajith Kanthi Wayanad

Class 11 – BUSINESS STUDIES – March 2024 – Qn Code: FY-448

<b>1 Score – Any 7 from 1 to 9</b>	
1	b) Giving dishonest advertisement
2	WTO = World Trade Organisation
3	c) 10
4	a) C2C
5	c) Declaration clause
6	b) It is established by a Special Act of the Parliament or State Legislature
7	c) Retailer
8	Dividend
9	a) Place
<b>2 Score - Any 7 from 10 to 17</b>	
10	a) Official signature of a Joint Stock Company – Common Seal b) Chief managing body elected by shareholders – Board of Directors
11	Central Bank: – This is also known as bankers' bank, which controls and regulates the operations of all commercial banks in the country. It acts as banker to the government and controls the currency and credit policy of the country. The Reserve Bank of India is the central bank of our country established in 1935.
12	<b>Retained Earnings</b> or Ploughing Back of Profits means the undistributed profit or reinvestment of profit - Usually a part of the profits is transferred to the reserves every year and it can be retained or reinvested in the business for its modernization, expansion etc.
13	<b>Features of Government Company</b> a. <b>Incorporation</b> – It is incorporated under Companies Act. b. <b>Separate legal entity</b> – It can own properties, enter into contracts, sue and be sued in its own name. (or any other 2 features)
14	Examples for risk due to human cause - Theft, bad debt, mistakes, accidents (any 2)
15	<b>Limitations of e-Business:</b> 1. <b>Low personal touch</b> – There is no face to face contact between the seller and buyer. 2. <b>Incongruence between order and supply</b> – Order taking is very fast, but the delivery of product takes time. (or any other 2 points)
16	<b>Arguments for social responsibility</b> 1. <b>Existence and growth</b> – Prosperity and growth of business is possible only through rendering continuous service to society. <b>Long term interest of the firm</b> – A firm and its image stands to gain more profits in the long run when it accepts service as the highest goal. Supporting social goals enhances public image of any firm. (or any other 2 points)
17	<b>Disinvestment</b> – It means sale of equity shares of PSUs to private sector and to the public. Government holding in such units is thereby reduced and private participation enhanced. Sale of shares in Indian Petro Chemicals Ltd. and Maruthi Udyog Ltd. are examples of disinvestment.
<b>3 Score - Any 6 from 18 to 24</b>	
18	<b>Public Sector Enterprises:</b> a) Departmental Undertakings, b) Statutory Corporations, c) Government Company (brief explanation)
19	<b>Owners fund:</b> Equity Shares, Retained Earnings <b>Borrowed fund:</b> Lease financing, Debentures, Public Deposits, Commercial Paper

20	a) Technical Feasibility, b) Financial Feasibility												
21	<b>Benefits of E-Banking</b> a. Any time service – Providing round the clock service. b. Anywhere banking is possible (either at home, or office) c. Creates financial discipline. d. Less risk and greater security (risk of handling cash may be eliminated) e. Work load on branches reduced. (any 3)												
22		<b>Fixed Capital</b>	<b>Working Capital</b>										
	a	For the purchase of fixed assets	For the use of day to day working of business										
	b)	Long term in nature	Short term in nature										
	c)	Strategic objective	Operational objective (any 3 points)										
23	<b>Characteristics of Itinerant Retailers</b> a. <b>Small scale operation</b> – due to limited resources. b. <b>Deal in consumer products</b> – Usually they deal in consumer goods of daily use. Eg: Fruits, vegetables, fish, stationery etc. c. <b>Door step service</b> – They provide goods at the door step of the consumers. d. <b>Limited stock</b> – As they have no fixed place to operate, they do their business with limited stock only. (any 3)												
24	<b>Transaction risks</b> – In e-business, risk may arise for the seller or the buyer on account of default on <b>order taking/giving, delivery as well as payment.</b>  <b>Or</b>  <b>Security and safety of e-Transactions:</b> a) Transaction risks b) Data storage and transmission risk c) Risk of threat to intellectual property and privacy												
<b>5 Score - Any 5 from 25 to 30</b>													
25	a) Pollution is the injection of harmful substances into the environment largely because of industrial production. It changes the physical, chemical and biological characteristics of air, water and land. <table><tr><td><b>Type of Pollution</b></td><td><b>Example</b></td></tr><tr><td>(i) Air Pollution</td><td>Emission of toxic gases from manufacturing plants</td></tr><tr><td>(ii) Water Pollution</td><td>Disposal of waste materials into water sources</td></tr><tr><td>(iii) Noise Pollution</td><td>Unwanted sound from industrial units, vehicles etc.</td></tr><tr><td>(iv) Land Pollution</td><td>Dumping hospital wastes into an open area</td></tr></table>			<b>Type of Pollution</b>	<b>Example</b>	(i) Air Pollution	Emission of toxic gases from manufacturing plants	(ii) Water Pollution	Disposal of waste materials into water sources	(iii) Noise Pollution	Unwanted sound from industrial units, vehicles etc.	(iv) Land Pollution	Dumping hospital wastes into an open area
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26	<b>Starting a business – Basic Factors</b> 1. <b>Selection of line of business</b> – It means the nature and type of business that an entrepreneur should choose to start his business. 2. <b>Size of the firm</b> – The promoter has to decide the size of business, which may be either small scale, medium scale or large scale depends on the financial stability, future demand etc. 3. <b>Choice of form of ownership</b> – The promoter must decide whether he wants to start a sole proprietorship concern, partnership firm, private company, public company, or cooperative society. 4. <b>Location of business</b> – It must be decided by considering the factors like availability of land, electricity, water, accessibility to market, transportation, scope for expansion etc. Unscientific location affects the efficiency and profitability of business. 5. <b>Financing the proposition (Capital needs)</b> – The promoter has to decide about business capital requirements and also find out the sources of finance. It may include short term or long term capital requirements, sources like shares, debentures or bank loans, cost of capital (interest or dividend) etc. (or any other 5)												

27	<p><b>International Business :</b> Buying and selling of goods and services between two countries are called external trade or foreign trade or international business. It facilitates specialization and efficient utilization of resources.</p> <p style="text-align: center;"><b>Differences between Domestic Business and International Business</b></p> <table><tr><th>Basis</th><th>Domestic Business</th><th>International Business</th></tr><tr><td>1. Nationality</td><td>Buyer and seller belong to one nation</td><td>They are from different countries</td></tr><tr><td>2. Other Stakeholders</td><td>Suppliers, employees, middlemen, shareholders etc. are the citizens of same nation</td><td>Various stakeholders from different countries</td></tr><tr><td>3. Customer heterogeneity</td><td>Customers are more homogeneous in nature</td><td>More heterogeneous in the matter of language, preferences, customs etc.</td></tr></table> <p style="text-align: right;"><b>(or any other 3 differences)</b></p>	Basis	Domestic Business	International Business	1. Nationality	Buyer and seller belong to one 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.
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28	<p><b>Matching pairs:</b></p> <table><tr><th>A</th><th>B</th></tr><tr><td>a) Articles of Association</td><td>Rules for internal management</td></tr><tr><td>b) Memorandum of Association</td><td>The most important document of a company</td></tr><tr><td>c) Prospectus</td><td>Invitation to the public</td></tr><tr><td>d) Promoter</td><td>Conceives a business idea and takes steps to form a company</td></tr><tr><td>e) SEBI</td><td>Guidelines for investor protection</td></tr></table>	A	B	a) Articles of Association	Rules for internal management	b) Memorandum of Association	The most important document of a company	c) Prospectus	Invitation to the public	d) Promoter	Conceives a business idea and takes steps to form a company	e) SEBI	Guidelines for investor protection
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29	<p><b>Features of Sole Proprietorship Business:</b></p> <ul style="list-style-type: none"><li>a. Formation and closure is easy – No separate law that governs sole proprietorship.</li><li>b. Liability – Unlimited.</li><li>c. Sole risk bearer and profit recipient</li><li>d. Control – Complete control of business is held with the proprietor himself.</li><li>e. No separate entity for the business from the businessman – So that the owner is held liable for all the activities of the business.</li><li>f. Lack of business continuity – Since the business and owner are one and the same entity, his death, insanity etc. will affect the existence of the business. (any 5)</li></ul>												
30	<p><b>Problems of Small Business:</b></p> <ul style="list-style-type: none"><li>1. <b>Finance</b> – One of the severe problems faced by SSIs is that of non-availability of adequate finance to carry out its operations.</li><li>2. <b>Raw materials</b> – Availability and procurement of raw material is another major problem faced by the SSIs. Their bargaining power is relatively low due to the small quantity of purchases.</li><li>3. <b>Managerial skills</b> – SSIs are generally promoted and operated by single person, who may not possess all the managerial skills required to run the business. They are also not in a position to afford professional managers.</li><li>4. <b>Labour</b> – Productivity per employee is relatively low and employee turnover is generally high due to low remuneration. It also faces lack of specialization.</li><li>5. <b>Marketing</b> – In most of the cases, marketing is a weaker area of small organisations; therefore exploitation of middlemen is very more. (or any other 5)</li></ul>												

## 8 Score - Any 2 from 31 to 33

31	<p><b>Insurance</b> can be defined as a contract in writing whereby one party, called the <b>insurer</b> agrees in consideration of either a single or a periodical payment called the <b>premium</b> to indemnify another party called the <b>insured</b> against loss or damage resulting on the happening of a specified event or events.</p> <p><b>Principles of Insurance:</b> 1) Utmost Good Faith, 2) Insurable Interest, 3) Indemnity, 4) Causa Proxima, 5) Subrogation, 6) Contribution, 7) Mitigation of Loss (Explain each point)</p>
32	<p><b>Partnership</b> is “the relation between persons who have agreed to share profit of a business carried on by all or any of them acting for all.”</p> <p><b>Merits of Partnership</b></p> <ol style="list-style-type: none"><li>1. Easy formation and closure - due to less formality.</li><li>2. Balanced decision making – because of the involvement of more than one person.</li><li>3. More funds - Large capital can be accumulated.</li><li>4. Sharing of risk – reduces the anxiety, burden and stress on individual partners.</li></ol> <p><b>Limitations of Partnership</b></p> <ol style="list-style-type: none"><li>1. Unlimited liability – attaches even the personal properties.</li><li>2. Limited resources – to run large scale business organizations.</li><li>3. Conflicts – Disagreement between partners leads to dissolution of firms.</li></ol>
33	<p><b>Services of Wholesalers to manufacturers / producers</b></p> <ol style="list-style-type: none"><li>1. <b>Facilitating large scale production</b> – Bulk orders from wholesalers enable to produce in large quantity.</li><li>2. <b>Bearing risk</b> – They purchase the entire goods immediately on production, so that they take the risk of change in demand, spoilage, damage, theft etc. during transportation and storage.</li><li>3. <b>Financial assistance</b> – Wholesalers purchase on cash basis and sometimes they may give advance payment for bulk purchases.</li><li>4. <b>Expert advice</b> – Wholesalers are in constant touch with the retailers, they can collect information about the tastes and fashion of consumers and passes it on to producers.</li></ol> <p><b>Services to Retailers</b></p> <ol style="list-style-type: none"><li>1. <b>Availability of goods</b> – Retailers get goods as and when they required as there is a large quantity stored by wholesalers.</li><li>2. <b>Marketing support</b> – Wholesaler takes all the burden of advertisement and sales promotion activities, and the retailer enjoys the benefit.</li><li>3. <b>Providing credit facilities</b> – It enables the retailers to conduct their business without much investment in working capital.</li><li>4. <b>Specialized knowledge</b> – Wholesalers can give expert advice on their products as they are dealing only a limited line of goods. They also inform the retailers about new products, their uses, quality, prices etc.</li></ol>

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