

Answer Key – (Unofficial) – by Ajith Kanthi Wayanad

Class 11 – BUSINESS STUDIES – March 2025 – Qn Code: **FY-348**

1 Score – Any 8 from 1 to 10

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| 1 | d) Business Risk |
| 2 | b) Cooperative Society |
| 3 | PPP = Public Private Partnership |
| 4 | b) Innovative |
| 5 | C2C |
| 6 | d) Discretionary |
| 7 | b) Public Company |
| 8 | Dividend |
| 9 | Itinerant Retailers / Itinerant Traders (Hawkers and Peddlers are also considerable answers) |
| 10 | a) Bill of Entry |

2 Score - Any 5 from 11 to 16

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| 11 | Transportation – Tertiary Hunting – Extractive Fish-hatchery – Genetic Sugar Industry - Manufacturing |
| 12 | Elements of business ethics: <ol style="list-style-type: none">1. Top management commitment2. Publication of a “Code’3. Establishment of compliance mechanism4. Involving employees at all levels5. Measuring results (any 2) |
| 13 | Functions of Promoters: <ol style="list-style-type: none">1. Identification of business opportunity2. Feasibility studies3. Name approval4. Fixing up of signatories to the Memorandum of Association5. Appointment of professionals6. Preparing necessary documents (Any 2) |
| 14 | Privileges of a Preference Shareholder: <ol style="list-style-type: none">1. Right to get the dividend first at a fixed rate, before it is given to the equity shareholders.2. Right to get the repayment of capital on winding up, before it is paid to the equity shareholders. |
| 15 | Characteristics of Entrepreneurship: <ol style="list-style-type: none">1. Systematic activity2. Lawful and purposeful activity3. innovation and creativity4. Organizes production5. Risk taking (any 4) |

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| 16 | Modes of entry into International Business <ol style="list-style-type: none"> 1. Exporting and Importing 2. Contract Manufacturing 3. Licensing and Franchising |
| 3 Score - Any 5 from 17 to 22 | |
| 17 | Features of Partnership <ol style="list-style-type: none"> a. Formation - The formation of partnership is based on the agreement among the partners to run a lawful business and it may be either oral or written. But two people coming together for charitable purpose is not a partnership. b. Liability - The liability of each partner is unlimited i.e. even their personal properties are held liable for the debts of the partnership firm. c. Continuity – A partnership is purely a personal organization and it has no separate legal existence apart from its members, hence it lacks continuity. |
| 18 | Departmental Undertakings: Features / Characteristics <ol style="list-style-type: none"> a. Funding – Financed through budget allocation. b. Audit and Control – They are subject to Government audit. c. Employees – Employees are Government servants. d. Control – They are subject to direct control by the concerned ministry. e. Accountability – They are accountable to the ministry and the government. (any 2) |
| 19 | Steps in Capital Subscription: <ol style="list-style-type: none"> 1. SEBI Approval 2. Filing of Prospectus 3. Appointment of Bankers, Brokers and Underwriters 4. Minimum Subscription 5. Application to stock exchange 6. Allotment of shares |
| 20 | Problems of MSME (Small Business) <ol style="list-style-type: none"> 1. Finance – One of the severe problems faced by SSIs is that of non-availability of adequate finance to carry out its operations. 2. Raw materials – 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. 3. Managerial skills – 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. 4. Marketing – In most of the cases, marketing is a weaker area of small organisations; therefore exploitation of middlemen is very more. 5. Quality – Many small businesses do not follow the desired standards of quality due to shortage of finance and resources. 6. Capacity utilization – Many of the SSIs are operating below full capacity due to lack of marketing skills or demand. It will cause to increase its operating cost and leads to sickness and closure of the business. |

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| | <p>7. Global competitions – Most of the SSIs face competitions not only from medium and large industries, but also from Multinational Companies in the areas of quality, technology, finance, managerial skills etc. (any 3)</p> |
| 21 | <p>Export Procedure: (any 6)</p> <ol style="list-style-type: none"> 1. Receipt of enquiry and sending quotation 2. Receipt of order or indent 3. Assessing importer's creditworthiness and securing a guarantee for payments 4. Obtaining export license 5. Obtaining pre-shipment finance 6. Production or procurement of goods |
| 22 | <p>Retained Earnings or Ploughing Back of Profits - 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. (Reinvestment of undistributed profits)</p> <p>Merits</p> <ol style="list-style-type: none"> 1. It is more dependable than external sources. 2. No dividend is to be paid. 3. No cost of raising funds such as prospectus, advertisement etc. 4. No sharing of ownership and control. 5. No security is needed. 6. It makes companies financially strong. (any 2 merits) |
| <p>4 Score - Any 4 from 23 to 27</p> | |
| 23 | <p>Merits of Sole Proprietorship (any 4)</p> <ol style="list-style-type: none"> a. Quick decision making – No need to consult with others. b. Confidentiality of information – Secrecy can be maintained. c. Direct incentive - All the profit goes to the proprietor. d. Sense of accomplishment – Personal satisfaction by working for himself. e. Ease of formation and closure – Only minimum legal formalities. <p>Limitations of Sole Proprietorship (any 4)</p> <ol style="list-style-type: none"> a. Limited resources – Capital is limited and the size of business is small. b. Limited life – As the business has no separate legal entity. c. Unlimited liability – even the personal properties are attached. d. Limited managerial ability. |
| 24 | <p>Global Enterprises / Multinational Companies: A multinational company is a company carrying on business in two or more countries.</p> <p>Features</p> <ol style="list-style-type: none"> 1. Huge capital 2. Foreign collaboration 3. Advanced technology 4. Marketing strategies 5. Expansion of market territory 6. Product innovation 7. Centralized control |

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| 25 | <p>Functions of Commercial Banks: (any 4)</p> <ol style="list-style-type: none"> 1. Accepting Deposits 2. Lending of Funds 3. Cheque facility 4. Remittance of funds 5. Allied services /Personal Services – Explain each point |
| 26 | <p>Matching Pairs:</p> <ol style="list-style-type: none"> a) Trade Credit – Credit Transaction b) Factoring – Commission c) Leasing – Contractual agreement d) Commercial Paper - Unsecured |
| 27 | <p>Types of Small Scale Fixed Shop Retailers:</p> <ol style="list-style-type: none"> 1. General Stores 2. Speciality Shops 3. Street Stall Holders 4. Second hand goods shop (Brief explanation of each point) |
| <p>5 Score - Any 3 from 28 to 31</p> | |
| 28 | <p>Business.</p> <p>Features of Business:</p> <ol style="list-style-type: none"> 1. Economic Activity 2. Production or procurement of goods and service 3. Sale or exchange of goods and services 4. Regular Dealings 5. Earning Profit 6. Uncertainty of Return 7. Element of Risk (any 4 with brief explanation) |
| 29 | <p>Benefits of e-Business:</p> <ol style="list-style-type: none"> 1. Ease of formation – It is very easy to start due to less legal formalities and with a limited investment. 2. Convenience – Internet offers the convenience of 24 hours business. 3. Speed – Internet allows faster services. 4. Global reach – It provides a boundary less market. 5. Movement towards a paperless society – Use of internet has considerably reduced dependence on paperwork. |

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| 30 | <p>Social responsibilities of business means the obligations of the businessmen which are desirable in terms of the objectives and values of our society.</p> <p>a) Owners – Safety of investment b) Workers – Fair Wages c) Consumers – Reasonable Price d) Government – Prompt payment of tax (any other correct answers)</p> |
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| 31 | Basis | MEMORANDUM OF ASSOCIATION | ARTICLES OF ASSOCIATION |
| | Objectives | Defines the objects for which the company is formed | Rules of internal management and it indicates how the objectives of company are to be achieved |
| | Position | Main document of the company and it subordinates to the Companies Act | Subsidiary document and it subordinates to MoA |
| | Relationship | Defines the relationship of company with outsiders | Defines the relationship of members and the company |
| | Validity | Acts beyond the MoA are invalid | Acts which are beyond AoA can be ratified by the members without violating MoA |
| | Necessity | Every company has to file a MoA | It is not necessary for a public ltd. company to file Articles, but it can adopt Table F of the Companies Act 2013 |

8 Score - Any 2 from 32 to 34

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| 32 | <p>Joint Stock Companies</p> <p>A company is a voluntary association of persons having separate legal existence, perpetual succession and a common seal.</p> <p>Features of a Company</p> <ol style="list-style-type: none"> 1. Artificial Person 2. Separate Legal Entity 3. Formation 4. Perpetual Succession 5. Control 6. Liability 7. Common Seal 8. Risk bearing (any 4 with detailed explanation) |
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| 33 | <p>Insurance is the service that removes hindrances of business.</p> <p>Principles of insurance:</p> <ol style="list-style-type: none"> 1. Utmost Good Faith 2. Insurable Interest 3. Indemnity 4. Causa Proxima (Proximate Cause) 5. Subrogation 6. Contribution 7. Mitigation of Loss (Detailed explanation) <p>Note: Mistake in Malayalam version – Features of Principles are asked instead of Principles of Insurance.</p> |
| 34 | <p>Super Bazaar (Super Market)</p> <p>Merits: (any 4)</p> <ol style="list-style-type: none"> 1. One roof and low cost – This is convenient as well as economical to the buyers. 2. Central location – So that it is easily accessible to the people. 3. Wide selection – They offer wide variety of goods from different producers. 4. No bad debt – They follow cash and carry system. 5. Economies of large scale – It enjoys the benefits of large scale operations. <p>Limitations (any 3)</p> <ol style="list-style-type: none"> 1. No credit – It restricts the purchasing power of consumers. 2. No personal attention – Due to the absence of salesmen, the items which need personal attention may not be sold out. 3. Mishandling of goods – Consumers may handle the goods kept in the shelves carelessly. 4. High overhead expense – High rent due to prime location, heavy administrative cost etc. 5. Huge capital requirement – Establishment and running cost is relatively high. |



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