



**THE VILLAGE**  
INTERNATIONAL SCHOOL  
"We Nurture Dreams"

**TERM 1 EXAM 2023 – 24**  
**CLASS XI B**  
**BUSINESS STUDIES**  
**MARKING SCHEME**

1	Trade and auxiliaries to trade	1								
2	Genetic Industry	1								
3	Entrepot trade	1								
4	Human Cause	1								
5	Time	1								
6	Natural cause	1								
7	Earning profit	1								
8	Speculative Risk.	1								
9	Sole proprietorship	1								
10	Easy formation	1								
11	HUF business	1								
12	Public co	1								
13	90%	1								
14	Dormant partner	1								
15	Ten	1								
16	Global enterprises	1								
17	Mixed economy	1								
18	Government	1								
19	Mahindra and Mahindra	1								
20	True	1								
21	<p><b>CHARACTERSTICS OF BUSINESS</b></p> <ul style="list-style-type: none"> <li>• Economic activity</li> <li>• Production or procurement of goods and services</li> <li>• Sale or exchange of goods or services</li> <li>• Dealing in goods and services on a regular basis</li> <li>• Profit earning</li> <li>• Uncertainty of returns</li> <li>• Element of risk ( Any three points )</li> </ul> <p style="text-align: center;">OR</p> <p>Differences between business and profession</p> <table border="1" style="width: 100%;"> <thead> <tr> <th>BUSINESS</th> <th>PROFESSION</th> </tr> </thead> <tbody> <tr> <td>Legal formalities are not much required</td> <td>Membership in a professional body is required</td> </tr> <tr> <td>Providing goods and services</td> <td>Rendering personalized services</td> </tr> <tr> <td>Minimum qualification is not required</td> <td>Qualification, expertise and training is mandatory</td> </tr> </tbody> </table>	BUSINESS	PROFESSION	Legal formalities are not much required	Membership in a professional body is required	Providing goods and services	Rendering personalized services	Minimum qualification is not required	Qualification, expertise and training is mandatory	3
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22	<ul style="list-style-type: none"> <li>• Cooperative society</li> <li>• Joint stock company</li> </ul>	3								
23	<p>Government company</p> <p>Merits</p> <ul style="list-style-type: none"> <li>• A separate Act in the Parliament is not required to form a government company. It can be formed as per the provisions of Companies Act.</li> <li>• It has a separate legal entity.</li> <li>• It enjoys autonomy in all management decisions and take actions according to business prudence</li> <li>• They are able to provide goods and services at a reasonable price and able control market and curb unhealthy business practices</li> </ul>	3								
24	<p>Joint Hindu Family business is a specific form of business organization found only in India</p> <p>It is one of the oldest forms of business organization.</p> <p>It is a form of business organization in which business is owned and carried on by the members of Hindu Undivided Family (HUF)</p> <p>It is governed by Hindu Law.</p> <p>The membership in this kind of business is by virtue of birth and three successive generation can be the members of business. The business is controlled by the eldest member in the family known as Karta</p> <p>The members of the Hindu Undivided Family are known as Co- parceners</p>	3								
25	<p>AUXILIARIES TO TRADE</p> <ul style="list-style-type: none"> <li>• Transport and communication</li> <li>• Banking and finance</li> <li>• Insurance</li> <li>• Warehousing</li> <li>• advertising</li> </ul>	4								
26	<p>The written agreement which specifies the terms and conditions that govern the partnership is called the partnership deed.</p> <p>The partnership deed generally includes the following,</p> <ul style="list-style-type: none"> <li>• Name of firm</li> <li>• Duration of business</li> <li>• Investment made by each partner</li> </ul>	4								

	<ul style="list-style-type: none"> <li>• Distribution of profits and losses</li> <li>• Duties and obligations of partners</li> <li>• Salaries and withdrawals of partners</li> <li>• Terms governing admission, retirement and expulsion of a partner.</li> <li>• Interest on capital and interest on drawings</li> <li>• Procedure for dissolution of firm</li> <li>• Preparation of accounts and auditing</li> <li>• Method of solving disputes</li> </ul> <p style="text-align: center;">OR</p> <p><b>PRIVATE COMPANY</b>  A private company means a company which restricts the transfer of shares by its members.  Minimum number of members must be 2 and maximum number of members can be 200 excluding present and past employees.  Does not invite public to subscribe its shares.  A private company can use the word private limited after its name.  If the private company violate any of the provisions mentioned above, the company may loss all the privileges and exemptions as a private company.</p> <p><b>PUBLIC COMPANY</b>  A public company means a company which is not a private company.  According to Companies Act 2013 " a public company is one which  [a] has a minimum of 7 members and no limit on maximum members.  [b] has no restriction on transfer of securities and  [c] is not prohibited from inviting the public to subscribe to its securities.  A private company which is a subsidiary of a public company is treated as a public company.</p>	
27	<p><b>OBJECTIVES OF BUSINESS</b></p> <ul style="list-style-type: none"> <li>• Market standing</li> <li>• Innovation</li> <li>• Productivity</li> <li>• Physical and financial resources</li> <li>• Earning profit</li> <li>• Manager performance and development</li> <li>• Worker performance and attitude</li> <li>• Social responsibility</li> </ul>	4
28	<p><b>TYPES OF PARTNERS</b></p> <ul style="list-style-type: none"> <li>• Active partner</li> <li>• Sleeping partner</li> <li>• Nominal partner</li> </ul>	4

	<ul style="list-style-type: none"> <li>• Secret partner</li> <li>• Partner by holding out</li> <li>• Partner by estoppel</li> </ul>	
29	<ul style="list-style-type: none"> <li>• Statutory corporations are public enterprises brought into existence by a Special Act of the Parliament.</li> <li>• The act defines its powers and functions, rules and regulations governing its employees and relationship with government departments.</li> <li>• It is a corporate body created by the legislature and has the capacity to act in its own name</li> <li>• Statutory corporations are established under a Special Act of Parliament having its own objectives, powers and privileges.</li> <li>• It is wholly owned by the state and the government has the ultimate financial responsibility</li> <li>• It is a body corporate and can sue and can be sued, can enter into contracts and can acquire property in its own name</li> <li>• Statutory corporations are independently financed.</li> </ul>	4
30	<p><b>FEATURES OF SOLE PROPRIETORSHIP</b></p> <ul style="list-style-type: none"> <li>• Formation and closure</li> <li>• Liability</li> <li>• Sole risk bearer and profit recipient</li> <li>• No separate entity</li> <li>• Lack of business continuity</li> </ul>	4
31	<ul style="list-style-type: none"> <li>• A company is an association of persons formed for carrying out business activities and has a legal status independent of its members.</li> <li>• Artificial person having a separate legal entity, Perpetual succession and a common seal.</li> <li>• The company form of organization is governed by THE COMPANIES ACT 2013.</li> <li>• As per section 2[20] of Companies Act 2013, a company means company incorporated under this act or any other previous company law. The shareholders are the real owners of the company.</li> <li>• Board of Directors are the chief managing body elected by shareholders. They are the representatives of shareholders.</li> <li>• The capital of the company is divided into smaller parts called shares.</li> <li>• The shares are freely transferable from one shareholder to another</li> <li>• Shares are not freely transferable in a private company</li> </ul>	6

	<p>FEATURES</p> <ul style="list-style-type: none"> <li>• Artificial person</li> <li>• Perpetual succession</li> <li>• Separate legal entity</li> <li>• Common seal</li> <li>• Limited liability</li> </ul> <p>OR</p> <p>FEATURES OF PARTNERSHIP</p> <ul style="list-style-type: none"> <li>• Formation</li> <li>• Liability</li> <li>• Continuity</li> <li>• Risk bearing</li> <li>• Decision making and control</li> <li>• Mutual agency</li> <li>• Number of partners</li> </ul>	
32	<p>Global enterprises</p> <p>Features</p> <ul style="list-style-type: none"> <li>• Huge capital resources</li> <li>• Foreign collaboration</li> <li>• Advanced technology</li> <li>• Product innovation</li> <li>• Marketing strategies</li> <li>• Expansion of market territory</li> <li>• Centralized control</li> </ul>	6
33	<p>FACTORS TO BE CONSIDERED WHILE STARTING A BUSINESS</p> <ul style="list-style-type: none"> <li>• Cost and ease in setting up the organization</li> <li>• When considering initial cost of setting up and ease in formation, sole proprietorship is the least expensive and company is more expensive and complex</li> <li>• Liability</li> <li>• While considering the nature of liability, company form of organization is more suitable.</li> <li>• Continuity Joint Hindu Family business, Cooperative societies and Company form Of business organization is not affected by death, insanity, insolvency or physical ailment of its members and have a long life of business</li> <li>• Professional management A company can make use of expertise of highly qualified professionals as they have sufficient financial resources. As each department deals with a particular activity headed by a departmental head, it leads to specialization and efficiency in organization</li> </ul>	6

34	AUXILIARIES TO TRADE <ul style="list-style-type: none"><li>• Transport and communication</li><li>• Banking and finance</li><li>• Insurance</li><li>• Warehousing</li><li>• advertising</li></ul>	6

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