



**Date: 12/02/24**  
**GRADE: XI B**

**ANNUAL EXAM (2023-24)**  
**BUSINESS STUDIES [054]**

**Max marks: 80**  
**Time: 3 Hour**

Qn. No		Marks allocated
1	In which economic activity, rendering of personalized expert service is required? a. Profession	1
2	This trade refers to purchase of goods from one country for the purpose of selling them to another country. Identify it. c. Entrepot	1
3	The cooperative society is required to be registered under the Cooperative Society Act _____ d. 1912	1
4	GATT is considered as the successor of WTO b. False	1
5	Huge size, large number of products, network of operations all over the world is a a. Global enterprise	1
6	Which one of the following is a feature of Public Private Partnership? c. Joint management responsibility	1
7	During the formation of a company, Preliminary contracts are d. Not binding on the company	1
8	The principle of insurance where in insured is not allowed to make any profit. c. Subrogation	1
9	Intra B commerce includes a. Interaction between the different departments within the organization.	1
10	An organization must behave as a good citizen. This is an example of the responsibility towards: c. Society	1
11	Which payment method is not suitable in e-business? a. Cash on delivery	1
12	Statement-I Financing through debentures is less costly. Statement-II Debentures carry voting rights. Choose the correct option from the options given below: a. Statement I is true and II is false	1
13	As per notification issued by the ministry of commerce and industry, a start-up means, with reference to period a. Not older than 5 years b. Not older than 10 years	1

	c. Not older than 12 years d. Not older than 13 years	
14	MSMED act came into existence b. October 2006	1
15	Which of the following statements is incorrect b. Life insurance is not based on the principle of indemnity.	1
16	Which type of GST is payable on all interstate supply of goods and services b. IGST	1
17	Which of the following was formed for looking after the promotion of free and fair trade among nations? c. World Trade Organisation	1
18	Identify the alternative which is not the objective of World Trade Organization. a. To ensure reduction of tariffs and other trade barriers imposed by different countries. b. To facilitate the optimal use of the world's resources for sustainable development. c. To promote an integrated and more viable and durable trading system. d. To promote an orderly international monetary system	1
19	The Principle of Utmost good faith states that d. The insured should take all reasonable steps to minimise the loss that may happen to the insured	1
20	The debt instrument is considered as an ownership security for raising capital by a company b. False	1
21	The primary functions of a commercial bank are accepting deposits and also lending funds. Deposits are savings, current, or time deposits. Also, a commercial bank lends funds to its customers in the form of loans and advances, cash credit, overdraft and discounting of bills, etc.  OR Explain any three features of services: Intangibility, Inseparability, Variability and Perishability.	3
22	'To avoid government regulation, businessmen follow the concept of social responsibility'. How much do you agree with this statement? I agree with this statement. The government regulations and legal restrictions limit the freedom and autonomy of the business enterprises, the businessmen are thought to be able to escape the problem of government restrictions by voluntarily taking on social duties, hence reducing the need for new legislation.	3
23	Features of GST It is a consumption based tax. Burden can be shifted in respect of GST. Taxpayers do not receive a direct pinch while paying indirect taxes. It is regressive in nature and it promotes social welfare	3

	<p>It is levied on commodities and services.</p> <p style="text-align: center;">OR</p> <p>a. Traders who open their shop on a fixed day – Market traders  b. Petty retailers who have temporary independent shops- Cheap jacks  c. Traders commonly found in populated areas- Street Traders</p>	
24	<p>Any three functions performed by WTO</p> <p>Implementation of Rules for Review of Trade Policy  Forum for Member Countries Discuss Future Strategies  Implementing and Administering Bilateral and Multilateral Trade Agreements  Trade Dispute Settlement  Optimal Utilization of the World's Resources</p>	3
25	<p>Explain the concept of public-private partnership.  A public-private partnership model is a form of cooperative arrangement that is made between private and public sectors for a considerable period. The application of this model enables the government and the business to come and work together for a project that caters to the needs of the populace. These projects include water and sewage, transport systems, school, college, hospital and similar other educational institutions.</p> <p style="text-align: center;">OR</p> <p>Why is the government company form of organisations preferred to other types in public sector?  Government company form is preferred to other types in public sector because it has management and financial autonomy. The government company comes directly under the concerned ministry.</p>	4
26	<p>A joint stock company can opt for ownership funds for raising finance. Explain any two sources of funds in detail to validate the above statement.  Issue of equity shares and retained earnings</p>	4
27	<p>A partner by estoppel is someone who is not a partner of a firm, but allows others to think that he is a partner, through his behaviour or conduct.  A partner by holding out is someone who is not a partner of a firm, but knowingly allows the firm to project to others that he is a partner of the firm.</p> <p style="text-align: center;">OR</p> <p>General partners have full operational control of a business and unlimited liability, in the business sense.  Limited partners have less liability and do not take part in day-to-day business operations.</p>	4
28	<p>The sources for raising borrowed funds include loans from commercial banks, loans from financial institutions, issue of debentures, public deposits.</p>	4

29	<p>Advantages of company form of ownership are as follows:          Limited Liability: ...          Perpetual Existence: ...          Professional Management: ...          Expansion Potential: ...          Transferability of Shares: ...          Diffusion of Risk:</p>	4
30	<p>List out the various documents prepared at the time of formation of a company and explain in detail.</p> <p>(a) Memorandum of association.</p> <p>(b) Articles of association.</p> <p>(c) Written approval of the proposed directors to function as directors and an undertaking to buy the qualification shares.</p> <p>(d) An agreement naming the proposed managing director or a manager or a full-time director, if any.</p> <p>(e) A copy of the letter obtained from the registrar concerned approving the company name proposed.</p> <p>(f) A legal confirmation by the law stating the submission of all documents and requirements for registration.</p> <p>(g) The exact address of the registered office.</p> <p>(h) Documentary evidence of payment of the registration fee.</p>	4
31	<p>A departmental store is a large store that sells a wide range of products organized into well-defined sections, to meet almost every customer's demand under one roof. It is divided into several departments, each of which focuses on a single type of product.</p> <p>(b) Quoting lines from the above paragraph describe two characteristics of the shop.</p> <p>Ans: The following are the characteristics of departmental stores:</p> <p>Central Location: These are located at a central place in the heart of a city which caters to a large number of customers.</p> <p>Quotation: "She goes with her cousin to a shop, which is centrally located."</p> <p>Wide range of products under one roof: Departmental stores are known for multifarious products and services with varied styles, colours, designs all available under one roof.</p> <p>Quotation: "She becomes astonished by the varieties of goods which are sold here."</p>	6

	<p>(c) Explain advantages of such shops.</p> <p>Ans: The following are some of the benefits of department stores:</p> <p>They draw a huge number of clients due to their central location.</p> <p>Provides a vast range of items under one roof</p> <p>Aims to provide maximum services to clients</p> <p>Organized on a very big scale, allowing them to reap the benefits of large-scale operations, notably in terms of purchasing goods</p> <p>They spend a lot of money on advertising and other promotional efforts to assist them to increase their sales.</p>	
32	<p>The memorandum of association definition explains that all the powers and the rights should be mentioned in this public document and no one should depart from the contract as well as not to Violate the rules and regulations specified in the moa.</p> <p>Contents</p> <ol style="list-style-type: none"> <li>1. <b>Name Clause:-</b> the name clause of moa specifies that the titles of all the private limited companies should end with 'private limited'. On the other hand, the titles of all the government companies should end with 'limited'.</li> <li>2. <b>Registered Office Clause-</b> indicates the state of the registered office where the organisation is located exactly. It is very important to specify the branch of the registered office where the organisation got registered.</li> <li>3. <b>Object Clause:</b> this segment of the memorandum of association explains the motto of the organisation and its activities. After a few months if there is a change in activities and operations, then the head of the institution needs to change the name of that organisation within 6 months. Otherwise, it will become an offence.</li> <li>4. <b>Capital Clause:</b> it concentrates on the capital invested by two or more shareholders of one company. We need to furnish the information regarding the amounts of share between the shareholders and how they formulated their rules etc. in the memorandum of association.</li> <li>5. <b>Liability Clause:</b> it is another important class of memorandum of association. Here we need to explain the liability of the members either limited or unlimited in the firm.</li> <li>6. <b>Association Clause:</b> It is the last but not least, class of the memorandum of association. Here one should mention the exact idea and goal of the owner of the company.</li> </ol> <p style="text-align: center;">OR</p> <p style="text-align: center;"><b>Stages of Formation of a Company</b></p>	6

	<p>There are a few leading steps in the formation of a company. The steps are as follows:</p> <p><b>Step 1 – Promotion of a Company</b></p> <p>The most important step is the forming of a company, here the promoter talks about the ideas and further business-building process.</p> <p><b>Step 2 – Registration of A Company</b></p> <p>This is the legal part of the formation process as there is a lot of data, paperwork, relation with people, memorandums, declarations that must be involved.</p> <p><b>Step 3 – Certificate of Incorporation</b></p> <p>After all the legal formalities, the company need to start functioning, and this validity is provided in this stage</p> <p><b>Step 4 – Certificate of Commencement of Business</b></p> <p>After receiving the certificate of incorporation, they can now start their own business.</p> <p>This summation of the formation of a company is a quick version of reality. However, this is the view of how a company is formed.</p>	
33	<p><b>Principles of Insurance</b></p> <p>To ensure the proper functioning of the insurance contract, the insurer and the insured have to follow the following principles.</p> <ul style="list-style-type: none"> <li>• Utmost Good Faith</li> <li>• Direct Cause</li> <li>• Insurable Interest</li> <li>• Indemnity</li> <li>• Subrogation</li> <li>• Contribution</li> <li>• Minimizing the loss</li> </ul>	6
34	<p><b>Characteristics of Cooperative Society</b></p> <p>1. Voluntary Association: The membership of a cooperative society is voluntary in nature, i.e it is as per the choice of people. Any individual can join the cooperative society and can also exit the</p>	6

membership as per his/her desire. The member needs to serve a notice before deciding to end the association with the society.

2. Open Membership: The membership of a cooperative society is open to all i.e, membership is open to all, irrespective of their caste, creed and religion.

3. Registration: A cooperative society needs to get registered in order to be considered a legal entity. After registration it can enter into contracts and acquire property in its name.

4. Limited liability: The members of a cooperative society will have limited liability. The liability is limited to the amount of capital contributed by the member.

5. Democratic Character: Cooperative society forms a managing committee and elected members have the power to vote and choose among themselves. The managing committee is formed so as to take important decisions regarding the operations of the society.

6. Service Motive: The formation of a cooperative society is for the welfare of the weaker sections of the community. If the cooperative society earns profit it will be shared among the members as dividend.

7. Under state control: In order to safeguard the interests of society members, the cooperative society is under the control and supervision of the state government. The society has to maintain accounts, which will be audited by an independent auditor.

### **Advantages of a Cooperative Society**

1. Smooth to shape- A Cooperative Society is a voluntary affiliation and can be fashioned with not less than ten person participants. Its registration is very simple and may be executed without a good deal of criminal formalities.

2. Open membership- A club in a cooperative agency is open to everybody having a commonplace interest. a person can grow to be a member at any time he likes and can depart the society at any time by returning his stocks, without affecting its continuity.

3. Democratic management- A Cooperative Society is controlled in a democratic manner. It's based on the precept of 'one man one vote. All contributors have identical rights and may have a voice in their management.

4. Restrained legal responsibility- The legal responsibility of the individuals of a Cooperative Society is constrained to the volume of capital contributed through them. They must not bear non-public legal responsibility for the money owed to society.

5. Stability- A Cooperative Society has a separate felony existence. It is not tormented by the loss of life, insolvency, lunacy, or everlasting disability of any of its participants. It has a fairly solid lifestyle and maintains to exist for a protracted length.

6. Low-cost Operations- The operation of a Cooperative Society is quite within your budget because of the removal of middlemen and the voluntary offerings provided through its individuals.

7. Government Patronage- government offers all varieties of assistance to cooperatives, inclusive of loans at lower prices of hobby and comfort in taxation.

8. Monetary blessings- Cooperative societies provide loans for productive purposes and financial assistance to farmers and other decrease earnings-earning human beings.

### **Disadvantages of a Cooperative Society:**

1. Incapable management- The managerial board of a Cooperative Society is elected by using the contributors. These contributors may not own adequate qualifications and capabilities to run a business company efficiently. This will show to be a chief drawback for the success of the Cooperative Society.

2. Lack of Motivation- Honorary office bearers of the society might also lack the enthusiasm to carry out their official duties as they get little or no incentive to work difficult. Due to the absence of hyperlinks between efforts and fabric rewards, the participants may also lack the zest to serve the agency to the high quality of their abilities. The outcomes of such negatives are sure to expose up in the functioning of the Cooperative Society.

3. Inflexible enterprise Practices- Cooperative societies observe conventional modes of sale. They can't include new-age selling methods which include credit sale, home delivery, discount income, and so on. Therefore, their inflexible enterprise techniques fail them in competing with non-public commercial enterprise establishments.

4. Confined consideration- The cooperative societies are set up for the reason of serving their participants. Income earned via them is very low. As a result, the low return on funding is a component that demotivates human beings from becoming members of those companies.

5. Undue government Intervention- The daily operations of a Cooperative Society are challenged by government policies and rules. Normal ebook-maintaining, auditing, and inspection of accounts through the authorities officers are mandatory



components of the organization. The reports must be submitted to the registrar. a majority of these criminal formalities take quite a little time and therefore inhibit performance.

6. Struggle amongst members- The participants of Cooperative Society come from one-of-a-kind walks of life. often, their views on important issues may also fluctuate from every different, leading to sturdy resentment and disharmony among them. A few formidable contributors also want to govern the capabilities of the agency. Blinded by society, for that reason, crippling its efficiency.

OR

(a) Advantages of a Sole Proprietorship

(i) A sole proprietor has complete control and decision-making power over the business.

(ii) Sale or transfer can take place at the discretion of the sole proprietor.

(iii) No corporate tax payments.

(iv) Minimum legal costs to forming a sole proprietorship.

(v) Few formal business requirements.

(b) Benefits of converting it to a joint stock-

(i) One of the biggest drawing factors of a joint stock company is the limited liability of its members. Their liability is only limited up to the unpaid amount on their shares. Since their personal wealth is safe, they are encouraged to invest in joint stock companies.

(ii) The shares of a company are transferable. Also, in the case of a listed public company they can also be sold in the market and be converted to cash. This ease of ownership is an added benefit.

(iii) Perpetual succession is another advantage of a joint stock company. The death/retirement/insanity/etc does affect the life of a company. The only liquidation under the Companies Act will shut down a company.

(iv) A company hires a board of directors to run all the activities. Very proficient, talented people are elected to the board and this results in effective and efficient management. Also, a company usually has large resources and this allows them to hire the best talent and professionals.

(c) If she plans to go nationwide then she will have to manage her form of business from sole proprietorship to joint stock company.

THE END