

BUSINESS STUDIES

Maximum Marks: 80

Time Allotted: Three Hours

Reading Time: Additional Fifteen minutes

Instructions to Candidates

1. You are allowed **an additional fifteen minutes** for **only** reading the question paper.
2. You must **NOT** start writing during reading time.
3. This question paper has **9 printed pages**.
4. There are **thirteen** questions in the paper. All questions are compulsory.
5. This paper is divided into **three sections: A, B and C**.
6. **Section A** has **sixteen subparts** which are very short answer questions. Each question carries 1 mark.
7. While attempting **Multiple Choice Questions** in Section A, you are required to **write only ONE option as the answer**.
8. **Section B** has **eight questions** which are short answer questions. Each question carries 4 marks.
9. **Section C** has **four questions** which are long answer questions. Each question carries 8 marks.
10. **Internal choices** have been provided in **three questions in Section B** and in **two questions in Section C**.
11. The intended marks for questions are given in brackets [].

Instruction to Supervising Examiner

Kindly read **aloud** the Instructions given above to all the candidates present in the examination hall.

Note: The Specimen Question Paper in the subject provides a realistic format of the Board Examination Question Paper and should be used as a practice tool. The questions for the Board Examination can be set from any part of the syllabus, though the format of the Board Examination Question Paper will remain the same as that of the Specimen Question Paper. The weightage allocated to various topics, as given in the syllabus, will be strictly adhered to.

SECTION A – 16 MARKS

Question 1

- (i) The Reserve Bank of India (RBI) has launched a digital version of the Indian Rupee that acts as legal tender in a digital form and can be used for transactions without needing a traditional bank account as an intermediary. [1]

Identify the specific name of this digital currency.

(Recall)

- (a) E-Wallet
- (b) Digital Cash
- (c) Unified Payments Interface (UPI)
- (d) Central Bank Digital Currency (CBDC)

- (ii) A regional distributor of household goods built strong partnerships with manufacturers and local stores by offering them flexible payment options and ensuring a consistent flow of inventory. The distributor also launched advertising campaigns to boost demand. As a result, the manufacturers were able to accelerate their production, and local stores were able to maintain steady selection of popular items which strengthened customer loyalty. [1]

Choose the statements that highlight the relevance of the wholesaler in the above situation.

(Analyse)

- (P) Retailers gain financial assistance from wholesaler's payment approach.
 - (Q) Manufacturers can increase sales as wholesaler consistently orders goods.
 - (R) Wholesaler advertises goods on a large scale to create demand.
 - (S) Retailers can adjust stock despite potential deficits.
- (a) (P), (Q), (R)
 - (b) (P), (Q), (S)
 - (c) (P), (R), (S)
 - (d) (Q), (R), (S)

- (iii) Ravi and Neha operated an interior design firm registered under the Limited Liability Partnership Act, 2008. When the firm suffered losses, the creditors sued them for ₹4 lakhs to be recovered from their personal assets. [1]

Identify the feature of the firm that protects their personal assets from being used to pay the firm's debts. (Understand)

- (a) Mutual Agency
- (b) Limited Liability
- (c) Perpetual existence
- (d) No separate legal entity

- (iv) Kiran and Peter are co-owners of 'Luxe-Retreat Spa'. Kiran manages daily operations, while Peter, who is a commercial pilot, has provided his share of capital but remains uninvolved in administrative or operational activities of the spa. Ayesha, who has not invested any capital, frequently represents herself as a partner during high-stakes business meetings to influence potential investors. [1]

In the eyes of Law, the partners are classified as: (Understand)

- (a) Kiran – Partner by Estoppel, Ayesha – Active Partner, Peter – Dormant Partner
- (b) Kiran – Active Partner, Ayesha – Partner by Estoppel, Peter – Dormant Partner
- (c) Kiran – Dormant Partner, Ayesha – Active Partner, Peter – Partner by Estoppel
- (d) Kiran – Active Partner, Ayesha – Dormant Partner, Peter – Partner by Estoppel

- (v) A multinational corporation, known for its premium sports shoes, hires an Indian firm to produce high-quality shoe-soles and laces strictly as per its design, quality specifications and brand standards. [1]

In which form does this multinational corporation operate in India? (Apply)

- (a) Licensing
- (b) Joint venture
- (c) Turn-key project
- (d) Contract manufacturing

- (vi) 'A popular UPI platform has introduced a new insurance plan that offers continuous coverage for dengue, malaria, and other vector-borne diseases. With a starting price of ₹59 per year, the plan provides up to ₹1 lakh in coverage for medical expenses associated with more than 10 diseases. Covered illnesses include malaria, dengue, chikungunya, and swine flu, with benefits for hospitalisation, diagnostics, and ICU stays.' [1]

(Source: (edited) Business Today, dated 3/12/2024)

Identify the type of Insurance Plan that the platform has introduced. (Recall)

- (a) Life Insurance
- (b) Social Insurance
- (c) Health Insurance
- (d) Seasonal Insurance

- (vii) A group of friends decides to start a Public limited company with an innovative idea for eco-friendly packaging. [1]

It considers the following stages in the formation of their company:

P - Promotion

Q - Incorporation

R - Commencement of business

S- Capital subscription

Which of the following represents the correct chronological progression in the stages of formation of the company that the group plans to start? (Recall)

- (a) P – Q – R – S
(b) P – Q – S – R
(c) S – R – Q – P
(d) Q – S – R – P
- (viii) Given below are two statements marked Assertion and Reason. Read the statements carefully and choose the correct option. [1]

Assertion: Omni channel retailing improves customer satisfaction and loyalty.

Reason: It provides a seamless and integrated shopping experience across online and offline platforms. (Understand)

- (a) Both Assertion and Reason are true, and Reason is the correct explanation of Assertion.
(b) Both Assertion and Reason are true, but Reason is not the correct explanation of Assertion.
(c) Assertion is true but Reason is false.
(d) Both Assertion and Reason are false.
- (ix) Match the following and choose the correct option. (Recall) [1]

Payment Mechanism	Characteristic
(A) Credit Card	(1) Digital interface that holds pre-loaded value of cash
(B) Digital Cash	(2) 'Buy now Pay Later' model
(C) Debit Card	(3) Electronic substitute for currency
(D) E-Wallet	(4) Direct use of existing bank balance

- (a) (A) – (2), (B) – (3), (C) – (4), (D) – (1)
(b) (A) – (1), (B) – (4), (C) – (3), (D) – (4)
(c) (A) – (3), (B) – (1), (C) – (4), (D) – (2)
(d) (A) – (4), (B) – (1), (C) – (3), (D) – (2)

- (x) Study the relation between the terms given below and complete the analogy.

(a) Government ownership: Public sector :: Private ownership: _____ [1]
(Recall)

(b) Public Company: Minimum 7 members :: Private Company: _____ [1]
(Recall)

- (xi) State whether the following is True or False. [1]

Losses arising from a change in government policy are non-insurable risks.

(Understand)

- (xii) Green Tech Innovations, a startup developing solar-powered irrigation systems, secures funding from their friend Emily, who provides financial capital along with strategic guidance. She steps back once the project is complete. This helps the company scale rapidly in the renewable energy market. [1]

Emily is a / an _____ promoter. (Understand)

- (xiii) Sanjana sells vegetables outside a busy railway station using a makeshift wooden cart and moves to different spots depending on the crowd. What kind of retailer is she? [1]
(Understand)

- (xiv) Identify the business objective depicted in the image given below. (Understand) [1]



- (xv) In the image below, the downward-sloping arrow and the falling coins in the background represent a risk arising from market and business conditions. On the basis of insurability, this risk can be classified as a / an _____ risk. [1]

(Analyse)



SECTION B – 32 MARKS

Question 2

[4]

Green Honey Ltd. produces organic honey. The company wants to distribute its product across national markets and needs to decide on the channel: selling the product through wholesalers or supplying it directly to retailers. Each intermediary differs in terms of market reach, cost, control over pricing and profit margins.

Assess the suitability of both the channels and recommend the appropriate one to the manufacturer. **(Evaluate)**

Question 3

[4]

- (i) Explain the differences between a contract of Insurance and a contract of Assurance.

(Understand)

OR

- (ii) Explain the concepts of *insurable risks* and *non-insurable risks*.

(Understand)

Question 4

[4]

‘Retailers today are no longer confined to a single channel. By integrating physical stores, mobile apps. and online platforms into one seamless system, businesses are transforming the way consumers shop and interact with brands.’

Discuss the above statement by referring to *four* features of omni-channel that are relevant to the above statement. **(Analyse)**

Question 5

[4]

‘Maruti Udyog Limited was originally established as a venture between Government of India, which held a majority stake and appointed representatives to its Board of Directors, and Suzuki Motor Corporation of Japan, a foreign private company that contributed capital and brought in modern technology and managerial expertise. The undertaking aimed to make affordable, fuel-efficient cars accessible to Indian public while also operating on sound commercial and profit-driven principles.’

(Source(edited): <https://www.marutisuzuki.com>)

What type of business undertaking was Maruti Udyog Limited originally? State *three* of its features. **(Understand)**

Question 6

[4]

- (i) A partnership firm has been functioning successfully without registration for many years. A dispute has now arisen between partners regarding profit sharing. Examine the legal limitations that this unregistered partnership firm would face in resolving this dispute and in enforcing its contractual rights. **(Analyse)**

OR

- (ii) Surbhi is an entrepreneur. She plans to expand her growing business and seeks advice from her legal team. Her legal team suggests registering her business as a company to raise funds and ensure credibility. She has to choose between a private company, offering control and limited members, and a public company, allowing wider capital access but stricter regulations.

If Surbhi wants to balance growth opportunities with decision-making control, how should she evaluate the trade-offs between registering as a private company versus a public company? **(Evaluate)**

Question 7

[4]

- (i) How does e-banking facilitate online monetary transactions for a customer?

(Understand)

OR

- (ii) State *four* advantages of mobile banking.

(Recall)

Question 8

[4]

Ten small-scale local artisans in a village are struggling to sell their handicrafts as middlemen buy their products at very low prices and sell them at high profit margins in the city.

As an NGO member aiming at protecting these small producers from such exploitation, suggest a suitable democratic form of business organisation. Explain *three* of its features.

(Apply)

Question 9

[4]

Cheesy Cheese Ltd is a company that operates a dairy farm with 500 cows. The company has its own processing plant where the milk is pasteurised and converted into cheese and butter. The company owns a fleet of refrigerated trucks and an online mobile application to facilitate direct home delivery.

Identify the three industries in Cheesy Cheese Ltd. Examine the interplay among them.

(Analyse)

SECTION C – 32 MARKS

Question 10

- (i) ‘Designed by World Bicycle Relief, the Buffalo Bicycle isn’t your typical bike. While most of the world’s bicycles are lightweight, complex and made for recreation, we have designed the Buffalo to serve the needs of people who travel long distances over rugged terrain with heavy cargo. Our collaboration with industry leaders reflects a commitment to create a stronger, simpler, and sustainable bicycle that can withstand harsh rural conditions. Coupled with the rider, the Buffalo Bicycle is a fierce for change.’

(Source (edited): world bicycle relief.org)

- (a) Relate the meaning of Corporate Social Responsibilities to the above situation. **[2]**

(Apply)

- (b) While the company focuses on social change, explain why earning a profit is a prerequisite for fulfilling such corporate social responsibilities. [3]
(Analyse)
- (ii) 'The sole proprietorship is the oldest and simplest form of business, yet it carries the highest personal risk.' Justify this statement. [3]
(Evaluate)

Question 11

Answer either subparts (i) and (ii) or (iii) and (iv).

- (i) Discuss how Block Chain adds value to the supply chain management by addressing the long standing challenges of traceability and transparency in the global trade networks. [5]
(Understand)
- (ii) 'The shift from physical stores to digital retailing involves more than just moving products online. It fundamentally changes the nature of consumer experience.' In the context of the above statement, highlight *three* features of Digital Retailing. [3]
(Recall)

OR

- (iii) Briefly discuss *five* resources required for the successful implementation of e-business. [5]
(Recall)
- (iv) After completing his course in fashion and textile, Hari decided to start his own Fashion House Boutique with the intention of selling directly to the consumers. Over the years, his venture expanded from a single shop to multiple shops at various locations across the city selling similar merchandise. Identify and explain *two* features of the type of retail store Hari operated after the expansion of his business. [3]
(Understand)

Question 12

Answer either subparts (i) and (ii) or (iii) and (iv).

- (i) Aries Ltd. distributes electronic goods. Akhil, the CEO of the company, told the media, "With manufacturing units in different countries and a worldwide network for sourcing, production, and sales, our company operates beyond the limits of any single nation." Identify and explain *four* features of the enterprise mentioned in the above situation. [5]
(Understand)
- (ii) What is a Multistate Cooperative Society? [3]
(Recall)
- OR
- (iii) Zeinth Infra Ltd., a newly incorporated public company, wishes to raise capital by ₹20 crores from the general public to construct commercial complexes. Before offering its shares for sale, the company prepared and issued a document inviting the public to subscribe to its shares. Identify the document referred to above and explain *four* of its contents with reference to the situation given. [5]
(Understand)
- (iv) What is a Certificate of Incorporation? [3]
(Recall)

Question 13

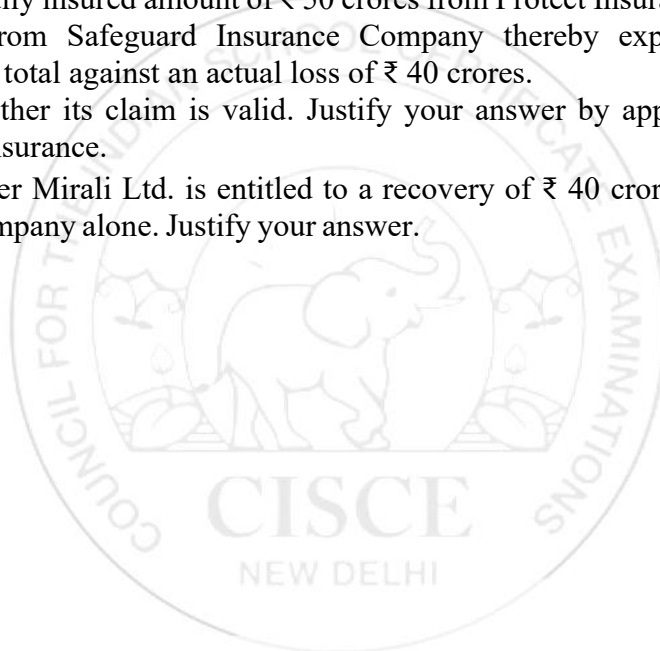
Mirali Ltd. is a large manufacturing unit that makes ecofriendly jewellery. Due to the high value of machinery and risk of fire, the company insures its factory for ₹50 crores with Protect Insurance Company.

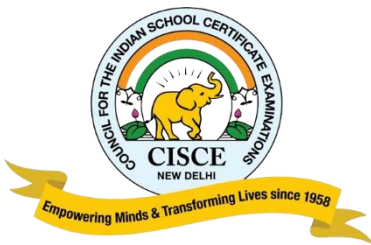
Considering the risk involved in this case, Protect Insurance Company enters into a contract with Super Safe Insurance Company under which Super Safe Insurance Company agrees to cover 70% of any loss incurred by Protect Insurance.

Later, the top management of Mirali Ltd. feels that their factory is under protected and acquires another insurance cover from Safeguard Insurance Company for ₹40 crores.

Eight months later, a major fire outbreak caused a loss of ₹40 crores at the factory premises.

- (i) Identify and explain the concepts of insurance evident in the above situation. **[4]**
(Understand)
- (ii) After the loss caused by fire, Mirali Ltd. approached both the insurance companies claimed the fully insured amount of ₹ 50 crores from Protect Insurance Company and ₹40 crores from Safeguard Insurance Company thereby expecting to recover ₹ 90 crores in total against an actual loss of ₹ 40 crores. **[2]**
Examine whether its claim is valid. Justify your answer by applying the relevant principle of insurance. **(Evaluate)**
- (iii) Assess whether Mirali Ltd. is entitled to a recovery of ₹ 40 crores from Safeguard Insurance Company alone. Justify your answer. **[2]**
(Evaluate)





BUSINESS STUDIES

ANSWER KEY

SECTION A – 16 MARKS

Question 1

- (i) (d) Central Bank Digital Currency (CBDC) [1]
- (ii) (a) (P), (Q), (R) [1]
- (iii) (b) Limited Liability [1]
- (iv) (b) Kiran – Active Partner, Ayesha – Partner by Estoppel, Peter – Dormant Partner [1]
- (v) (d) Contract Manufacturing [1]
- (vi) (c) Health Insurance [1]
- (vii) (b) P – Q – S – R [1]
- (viii) (a) Both Assertion and Reason are true, and Reason is the correct explanation of Assertion. [1]
- (ix) (a) (A) – (2), (B) – (3), (C) – (4), (D) – (1) [1]
- (x) (a) Private sector [1]
(b) Minimum 2 members [1]
- (xi) True [1]
- (xii) accidental / occasional [1]
- (xiii) Pavement dealer [1]
- (xiv) Economic objective – Profit [1]
- (xv) non-insurable [1]

SECTION B – 32 MARKS

Answers provided in Sections B and C are suggestive and not exhaustive. Any other relevant answers will be accepted.

Question 2

[4]

Recommendation and justification

- Wholesalers

This channel of distribution has a wider reach through many retailers and outlets. Since the wholesalers purchase in bulk, this channel might be better for cost efficiency and volume. Green Honey Ltd. would also receive bulk payments in the form of trade advances. The production at the company would be constant as the wholesalers would procure the product in bulk quantity for sale. However, this channel is better for standardised fast moving consumer goods and not for perishable commodities like honey, so it is not recommended for Green Honey Ltd.

- Retailers

This channel of distribution would allow Green Honey Ltd. a direct interface with the consumers. Given the perishable and time sensitive nature of the commodity, it is recommended that the company adopts this mode to ensure brand equity. Also, this direct dealing with retailers would enable Green Honey Ltd. to control pricing and ensure uniformity. It would also give them a large share in profit.

(Candidates are required to assess both the channels of distribution in the context specified in the question and then recommend one. The recommendation must be supported by at least two reasons.)

Question 3

[4]

(i)

Basis	Insurance	Assurance
Core Principle	It is a contract of indemnity.	It is a contract of certainty.
Primary Objective	It compensates for actual loss.	It pays a pre-determined amount.
Nature of Risk	Risk is contingent.	Event is inevitable.
Claim Amount	Insured cannot 'profit' from the claim.	There is no concept of 'profit' as the actual sum is paid.

(Candidates are expected to explain the differences on common parameters.)

OR

- (ii) Insurable risks are events that insurance companies can measure, calculate, and cover for a fee, while non-insurable risks are hazards that are too unpredictable, catastrophic, or tied to potential profit and loss, so insurers refuse to cover them.
- Pure Risk Only: Such risks involve only a chance of loss or no loss, with zero chance of financial gain.
 - Measurable and Predictable: Insurers use past data and statistics to figure out how often the event happens and how much it will cost.
 - Accidental: In such risks, the loss must happen by chance and outside the control of the person insured.
 - Examples: Some of the examples are damage due to outbreak of fire, theft, car accidents, and health issues.

Non-Insurable risks are those potential losses that do not meet the rules required for insurance coverage. Insurance companies reject these claims because they cannot calculate the odds or the potential payout would bankrupt the company.

- Speculative Risk: Such risks carry the chance of both loss and profit, such as starting a new business or trading stocks.
- Unpredictable or Catastrophic: Events that happen randomly on a massive scale or cannot be tracked are also considered non-insurable risks.
- Deliberate Actions: Losses caused on purpose by the owner or illegal activities cannot be calculated hence they are non-insurable.
- Examples: Some of the examples are wars, nuclear disasters, economic recessions, shifts in fashion trends, and general business management failure.

(Candidates are expected to explain the concepts of insurable and non-insurable risks briefly.)

Question 4

[4]

Omnichannel retailing connects online and physical shopping channels into one single, unified experience.

Key Features

Unified Customer Data: It centralises customer details, preferences, and purchase history so that every touchpoint (website, app, or in-store) recognises the buyer and personalises their journey.

Real-Time Cross-Channel Inventory: It synchronises stock levels across warehouses and physical locations, so customers and staff can instantly see item availability anywhere.

Flexible Fulfillment and Returns: It also allows shoppers to mix channels through options like Buy Online, Pick Up In-Store (BOPIS) and return online purchases directly to a physical store.

Consistent Brand Voice and Experience: It maintains the same pricing, promotions, messaging, and support quality whether a customer interacts via social media, a mobile app, or a brick-and-mortar register.

(Candidates are expected to write those four features of omnichannel that justify the statement given in the question.)

Question 5**[4]**

Maruti Udyog was originally a Joint Sector Undertaking because both the public sector (Government of India) and the private sector (Suzuki Motor Corporation) invested capital and managed it together.

Features:

Mixed Ownership: Capital and ownership were shared between the Government of India (Majority shareholder, with board representation) and Suzuki Motor corporation (a private foreign company).

Combined Objectives: It combined a public welfare goal (making affordable fuel-efficient cars accessible to ordinary Indians) with a profit driven, commercially run approach.

Access to foreign technology: The access to foreign technology and expertise with the private foreign partner brought modern technology and managerial know-how that a purely government-run enterprise would not have had.

(Candidates are required to identify the business type and then explain three of its features.)

Question 6**[4]**

- (i) Under Section 69 of The Partnership Act, a firm would face quite a few practical difficulties in running its operations if it is not registered.

The legal limitations that such a firm would face are:

- This firm would not be allowed to file a lawsuit in a civil court against any third party to enforce a right arising out of the contract.
- Partners of an unregistered firm would not bring any legal action against any other partner(s) of their own firm to enforce the rights mentioned in the Partnership Deed.
- When a third party sues the firm, the firm will not be able claim a 'set off' or any other proceeding to enforce a contractual right if the value of the claim exceeds ₹100.
- Though the partners and the firm have a legal disability to sue others, third parties can still sue an unregistered firm or its partners.

(Candidates have to explain the legal limitations that an unregistered partnership firm would face.)

OR

- (ii) If Surbhi chooses to register it as a private company, then she would exercise better control due to restricted transfer of shares. She can also avoid hostile takeovers. However, this would also limit the growth of the company as the company will have restricted sources of funds.

If she chooses to register it as a public company, then it will expand at a large scale due to availability of massive funds. This would also dilute control due to free transferability of shares.

Balanced Justification: A private company may be a better choice in the initial stages of expansion, thereby facilitating better control but long-term growth and expansion is possible only with a public company.

(Candidates have to discuss both private and public companies and assess their benefits and limitations, suggesting the one that would ensure stability and long-term growth.)

Question 7

[4]

(i) Utility of E-banking in online money transfers

- Elimination of physical barriers: Financial transactions can be performed 24 / 7 from anywhere in the world, eliminating the need to be physically present at the bank.
- Electronic Fund Transfer Mechanisms: Funds can be moved from one account to another safely, in a structured manner.
- Payment Gateway Integration: Digital payment gateways facilitate transfer of money while shopping on e-commerce sites.
- Real Time Account Management: Customers can access their accounts instantly and monitor their finances by checking transaction history, managing standing instructions etc.

(Candidates are expected to explain how e-banking facilitates online payments for customers.)

OR

(ii) Advantages of mobile banking

- 24 / 7 access: The customers can check balances, view history, and transfer money anytime, day or night, without worrying about branch operating hours.
- Saves time: It saves the customers long queues, paperwork, and arduous travel by completing routine banking tasks in seconds.
- Remote Management: The customers can handle transactions from anywhere in the world if they have an internet connection.
- Real-Time Alerts: The customers receive instant notifications for every transaction, deposit, or withdrawal to spot issues fast which alerts them and keeps them updated with every transaction.
- Built-in Security: Mobile banking uses advanced safety tools like multi-factor authentication, data encryption, and fingerprint or facial recognition which prevents breach of personal and confidential information.
- Extra Financial Tools: It enables the customers to track their spending, set monthly budgets, pay utility bills, and deposit checks using app features.

(Candidates are expected to write any four advantages of mobile banking.)

Question 8**[4]**

Suggested business organisation: Cooperative Society

Features

- One person can cast one vote.
- It is a voluntary association of members.
- Registration is compulsory for society.
- Once registered, the society attains perpetual existence.
- Liability of the members is limited to the extent of capital contributed by them.
- The primary goal of a cooperative society is service and not profit.
- Surplus achieved by society is distributed as dividend among the members after transferring the required amount to the mandatory statutory reserve fund.

(Candidates have to suggest a form of business organisation relevant to the situation and briefly explain any three of its features.)

Question 9**[4]**

The types of industries in Cheesy Cheese Ltd. are Primary, Secondary and Tertiary.

Interplay among the three types of industries

- Primary: Dairy farm involves the extraction and collection of natural produce directly from Nature
- Secondary: Milk is pasteurised and converted into cheese and butter, thereby processing raw material into a finished product.
- Tertiary: Dairy products are supplied to consumers which involve services that support the primary and secondary sector activities.

(Candidates are expected to first identify the three types of industries referred to in the scenario and then explain their interrelationship.)

SECTION C – 32 MARKS**Question 10**

- (i) (a) Corporate Social Responsibility (CSR) is a management concept and business model wherein companies voluntarily integrate social, environmental, and ethical concerns into their operations and stakeholder interactions. In the given situation, the company attempts to meet the community and environmental needs by designing a bicycle which is designed for rugged terrain. It fulfils its social responsibility by introducing sustainable practices for philanthropy. **[2]**

(Candidates are expected to link the concept of Corporate Social Responsibility to the given scenario and explain its meaning.)

- (b) Role of profit in Corporate Social Responsibility **[3]**
- Survival and sustainability: Profit is essential for long-term survival of the business; without it the company cannot continue its social missions
 - Source of Finance Profit: It provides the necessary 'Triple bottom line balance' acting as an internal source of finance to innovate sustainable products like the Buffalo Bicycle.

- Measure of efficiency: A company's ability to generate surplus proves that it is managing its resources efficiently enough to continue its philanthropic and community engagement activities.

(Candidates are required to examine the reasons for the significance accrued to profit earning in corporate social responsibility.)

- (ii) Sole proprietorship refers to the business formed by an individual who contributes a small amount of capital and manages their affairs and bears all risks. [3]

Following are the reasons for sole proprietorship being the 'oldest and simplest form of business':

- Easy Formation: Sole proprietorship business does not involve any major legal formalities. Registration of the business is not compulsory and is economical. In certain cases, a license may be required.
- Minimum Government intervention: This business is free from government intervention. Hence, no legal formalities are mandatory.

Reasons for it being risky

- Unlimited Liability: The business suffers from unlimited liabilities. The proprietor's personal assets are often brought into business to pay off the liabilities when there is a lack of funds.
- Limited Managerial ability: Sole proprietor may not be an expert in all fields. Hence, there is a limited scope of business expansion with their limited capacity in taking decisions and making judgments.

(Candidates are expected to justify the important phrases given in the question by writing valid reasons.)

Question 11

- (i) Blockchain adds significant value to supply chain management (SCM) by addressing long-standing challenges such as lack of transparency, inefficiency, and trust issues among stakeholders. These are explained below: [5]

1. Transparency & Traceability

- Every transaction is recorded on a decentralised ledger, visible to all authorised participants.
- It enables end-to-end tracking of goods from origin to destination.
- Example: In food supply chains, blockchain can trace produce back to farms, ensuring authenticity and safety.

2. Enhanced Trust & Security

Once a transaction is recorded on the block chain, it cannot be altered or deleted since each block is cryptographically linked to the previous one.

3. Efficiency through Smart Contracts

Smart contracts are self-executing agreements coded into the block chain once the preset conditions are met, this removes manual verification and paperwork, speeding up transactions and reducing delays caused by intermediaries.

4. Improved Compliance & Risk Management

- Blockchain can monitor conditions like storage temperature or humidity for sensitive goods.
- It ensures compliance with regulatory standards and reduces liability risks.

(Candidates are expected to explain the role of block chain in improving the quality of chain management by addressing the issues of traceability, transparency and other related features.)

(ii) Features of digital retailing: [3]

- Convenience: Digital retailing allows access to the consumers 24 / 7.
- Personalisation: Digital retailers use AI-driven algorithms to analyse consumer data and tailor product recommendations, offers and content to each individual preference
- Global Reach: Digital retailing provides global reach, thereby making the experience come alive for consumers.
- Information Density: Digital retailing provides plenty of information for the consumers, which may not be possible otherwise.
- Interactivity: There is two-way communication between the buyer and the seller.
- Dynamic Pricing: The price is not fixed always as the algorithm of the digital platforms keep changing the prices on a real time basis.

(Candidates are required to write any three features of digital retailing that relate to the statement given in the question.)

OR

(iii) Resources required for successful implementation of e-business. [5]

- Technology Infrastructure: Hardware Computers, high-speed networking equipment.
 - Software & Platforms: E-commerce platforms (like Shopify, WooCommerce), Content Management Systems (CMS) and secure payment gateways.
 - Telecommunication System: Reliable, high-speed internet connectivity.
- Website / Digital Presence: A well-designed, secure, and user-friendly website with comprehensive product information and high-quality images.
- Human Resources: Technically qualified personnel, including IT specialists, developers, digital marketers, and customer service staff.
- Operational & Support Systems:
 - Logistics & Shipping: Systems for order fulfilment and inventory management.
 - Customer Relationship Management (CRM): Software to manage interactions, analytics, and customer support.
- Financial & Legal Resources: Adequate capital for development / marketing and compliance with data protection and consumer rights laws.

(Candidates are expected to briefly explain any five resources that are required to implement e-business successfully.)

- (iv) Hari operated Chain Stores after his business expanded. [3]
Features

- Centralised purchasing
- Decentralised selling
- Standardised and same products
- Uniform branding / promotion activities
- Unified management and control
- Multiple locations of sales

(Candidates are expected to first identify the type of business referred to in the scenario and then explain any two of its features in brief.)

Question 12

- (i) The enterprise referred to in the scenario is Global enterprise. [5]
Features of Global Enterprise

- Huge Capital Resources: It can harness huge funds from international sources by issuing various types of securities.
- Operations in several countries: Global corporations operate in many countries through parent corporations in the home country. Network of branches and subsidiaries in the host country.
- Centralised Control: Local management and subsidiaries operate within the policy framework of the parent corporations.
- Advanced Technology: The use of advanced technology enhances productivity.
- Professional Management: It employs trained professionals who have specialised knowledge and skills in various areas of finance, marketing and human resource management.
- Transfer of Resources: It facilitates multilateral transfers in the form of technical know-how, equipment and management expertise.

(Candidates are expected to first identify the type of enterprise referred to in the scenario and then explain any four of its features in brief.)

- (ii) A Multistate Cooperative Society (MSCS) is a cooperative business with members and operations operating in more than one Indian state, registered under the central Multi State Cooperative Societies Act, 2002 and regulated by the Central Registrar. Since its area of operation extends beyond a single state, it does not fall under the jurisdiction of any one state Registrar. Examples include IFFCO, KRIBHCO and AMUL. [3]

OR

- (iii) The document released by Zenith Infra Ltd. is a prospectus. [5]

Contents of a Prospectus

- A standard prospectus contains vital details about a company's name, registered office address, business goals and history to help investors make safe choices.
- It also specifies the number and type of securities offered, price per share, total issue size, and the opening and closing dates of the subscription.
- It gives the audited financial statements, including the balance sheet, profit and loss account, and cash flow statements.
- It provides details of the management such as names, backgrounds, and remuneration of the directors, managers, and key personnel, along with their personal shareholdings in the company.
- It gives clear details of how the company plans to spend the money raised by the public.
- It clearly lays out potential business, market, or legal challenges that could negatively affect the company's future performance.
- It contains statutory information such as the minimum subscription amount required before allotment, underwriting details, and consent from experts or auditors.

(Candidates are required to identify the type of document issued by the company and explain any three of its contents in brief.)

- (iv) A Certificate of Incorporation is a legal document issued by a government authority (such as the Ministry of Corporate Affairs or Registrar of Companies) that signals the birth of a corporation. It acts like a birth certificate for a business, proving that the company is officially registered and now exists as a separate legal entity. [3]

Question 13

- (i) Double Insurance and Re-Insurance [4]

The arrangement between Protect Insurance and Super Safe Insurance Company is Re-Insurance as the company is transferring a part of its risk to another insurance company to reduce its possible loss.

The arrangement between Mirali Ltd. and Safeguard Insurance is called Double Insurance because the same factory is insured with two different insurers for the same period.

(Candidates are expected to briefly explain the concepts of insurance indicated in the given scenario.)

- (ii) The claim of the company is not valid as the Principle of Indemnity is relevant to this situation. [2]

It means a promise to compensate for the loss. The objective of every insurance contract is to put the insured in the same financial position after the loss as they were before. Only the amount of actual loss suffered can be recovered. The insured will not be allowed to make any profit. Also, the total loss is ₹40 crores, hence the liability will be shared between Protect Insurance Company and Safeguard Insurance Company based on their respective policy values.

(Candidates are required to give their opinion and substantiate it by referring to the principle of insurance.)

- (iii) According to the principle of Contribution, when an insured has taken up more than one policy with two different insurance companies on the same property, they can only claim the proportionate amount from the two companies. Mirali Ltd. cannot claim the entire amount from Safeguard Insurance as under no situation is the insured allowed to make any profits. The total amount of compensation under all policies must not exceed the amount of loss. [2]

(Candidates are required to refer to the principle of contribution and discuss why Mirali Ltd. cannot claim the entire amount.)

