ANSWER KEY

FIRST YEAR HIGHER SECONDARY EXAMINATION, MARCH 2025
PART III
SUBJECT: BUSINESS STUDIES

CODE: FY - 348

Maximum : 80 Scores. **Time: 2 1/2 Hours**

Qn No	Sub. Qns	Answer Key / Value Point	Score	Total Score
		Answer any 8 questions from 1 to 10. Each carries 1 score. (8 x 1=8)		
1		(d) Business risk.	1	1
2		(b) Co-operative society	1	1
3		Public Private Partnership.	1	1
4		(b) Innovative.	1	1
5		(c) C2C	1	1
6		(d) Discretionary.	1	1
7		(b) Public company.	1	1
8		Dividend.	1	1
9		Itinerant Retailers/ Itinerant Traders	1	1
10.		(a) Bill of entry	1	1
		Answer any 5 questions from 11 to 16. Each carries 2 score. (5 X 2=10)		
11.		<table><tr><td colspan="2">Primary Industry</td><td colspan="2">Secondary industry</td><td>Tertiary</td></tr><tr><td>Extractive</td><td>Genetic</td><td>Manufacturing</td><td>Construction</td><td></td></tr><tr><td>Hunting</td><td>Fish-hatchery</td><td>Sugar</td><td></td><td>Transportation</td></tr></table>	1/2 Each (1/2 x 4)	2
12.		**Elements of business ethics** (i) Top management commitment (ii) Publication of a 'Code' (iii) Establishment of compliance mechanism (iv) Involving employees at all levels (v) Measuring results (***Any two points only***)	1 1	2
13		**Functions of Promoters** (i) Identification of business opportunity (ii) Feasibility studies (iii) Name approval (iv) Fixing up Signatories to the Memorandum of Association, (v) Appointment of professionals, (vi) Preparation of necessary documents. (***Any four points only)***	1/2 Each (1/2 x 4)	2
14		**Privileges of a preference shareholder:** i. Right to get the dividend first at a fixed rate, before it is given to the equity shareholders. ii. Right to get the repayment of capital on winding up, before it is paid to the equity shareholders.	1 1	2
15		**Characteristics of Entrepreneurship:** (i) Systematic Activity (ii) Lawful and Purposeful Activity (iii) Innovation, (iv) Organisation of Production (v) Risk-taking (***Any four points only***)	1/2 Each (1/2 x 4)	2
16		**Modes of entry into International Business** (i) Exporting and Importing, (ii) Contract Manufacturing,(iii) Licensing and Franchising , (iv) Joint Ventures , (v) Wholly Owned Subsidiaries . ***(Any four points only)***	1/2 Each (1/2 x 4)	2

		Answer any 5 questions from 17 to 22. Each carries 3 score (5 x 3= 15)		
17		**Features of partnership**		
		(a) Formation : Formed on the basis of a legal agreement.		3
		(b) Liability : The partners of a firm have unlimited liability.	1	
		(c) Continuity : Partnership is characterised by lack of continuity	1	
			1	
18		Indian Railway comes under **Departmental undertaking.**		
		Features	1	
		(i) The funding of these enterprises come directly from the Government Treasury and are an annual appropriation from the budget of the Government.		
		(ii) They are subject to accounting and audit controls applicable to other Government activities.	1+1	3
		iii) The employees of the enterprise are Government servants,		
		(iv) It is generally considered to be a major sub division of the Government department and is subject to direct control of the ministry,		
		(v) They are accountable to the ministry. (***Any two points only***)		
19		**Steps in Capital Subscription**		
		(i) SEBI Approval		
		(ii) Filing of Prospectus	1	
		(iii) Appointment of Bankers, Brokers, Underwriters	1	3
		(iv) Minimum Subscription	1	
		(v) Application to Stock Exchange		
		(vi) Allotment of Shares (***Any three points only***)		
20		**Problems of MSME**		
		(i) Finance		
		(ii) Raw materials		
		(iii) Managerial skills	1	
		(iv) Marketing,	1	3
		(v) Quality,	1	
		(vi) Capacity utilisation,		
		(vii) Global competition (*Any 3 points **with explanation, if points only half score each***)		
21.		**Export Procedure**		
		(i) Receipt of enquiry and sending quotations.		
		(ii) Receipt of order or indent.		
		(iii) Assessing the importer's creditworthiness and securing a guarantee for payments.		
		(iv) Obtaining export licence.		
		(v) Obtaining pre-shipment finance.		
		(vi) Production or procurement of goods.		
		(vii) Pre-shipment inspection.		
		(viii) Excise clearance.		
		(ix) Obtaining certificate of origin.		
		(x) Reservation of shipping space.		
		(xi) Packing and forwarding.	1/2	
		(xii) Insurance of goods.	each	3
		(xiii) Customs clearance.	(1/2	
		(xiv) Obtaining mates receipt.	x6)	
		(xv) Payment of freight and issuance of bill of lading.		
		(xvi) Preparation of invoice.		
		(xvii) Securing payment. (***Any six points only***)		
22		**Retained earnings:**		
		A portion of the net earnings may be retained in the business for use in the future. This is known as retained earnings. It is a source of internal financing or self-financing or 'ploughing back of profits'.	1	
		Merits:		
		i. It is a permanent source of funds available to an organisation.		3
		ii. It does not involve any explicit cost in the form of interest, dividend or floatation cost.	1+1	
		Iii. There is a greater degree of operational freedom and flexibility.		

iv. It enhances the capacity of the business to absorb unexpected losses.
v. It may lead to increase in the market price of the equity shares of a company. ***(Any two points only)***

Answer any 4 questions from 23 to 27. Each carries 4 score (4 x 4 = 16).

23

Merits and Demerits of Sole Proprietorship — 1/2 Each (1/2 x 4 =2)

Merits:
(i) Quick decision making,
(ii) Confidentiality of information,
(iii) Direct incentive,
(iv) Sense of accomplishment,
(v) Ease of formation and closure, ***(Any four points)*** — 1/2 Each (1/2 x 4 =2)

Demerits:
(i) Limited resources,
(ii) Limited life of a business concern,
(iii) Unlimited liability,
(iv) Limited managerial ability. ***(Any four points)*** — 4

24

Global enterprises /Multi National Corporations (MNCs) — 1

Global enterprises are huge industrial organisations which extend their industrial and marketing operations through a network of their branches in several countries.

Features: — 4

(i) Huge capital resources
(ii) Foreign collaboration
(iii) Advanced technology
(iv) Product innovation
(v) Marketing strategies
(vi) Expansion of market territory
(vii) Centralised control. ***(Any six points only)*** — 1/2 Each (1/2 x 6=3)

25

Functions of Commercial Banks

(i) Acceptance of deposits
(ii) Lending of funds
(iii) Cheque facility
(iv) Remittance of funds.
(v) Allied services ***(Any 4 points with explanation, if points only half score each)*** — 1 each (1 x 4) — 4

26

A		B		
a	Trade Credit	4	Credit transaction	1
b	Factoring	3	Commission	1
c	Leasing	1	Contractual agreement	1
d	Commercial Paper	2	Unsecured	1

4

27

Types of small scale fixed shop retailers

(i) General stores
(ii) Speciality shops
(iii) Street stall holders
(iv) Second-hand goods shop ***(points only half score each)*** — 1 1 1 1 — 4

Answer any 3 questions from 28 to 31. Each carries 5 score (3 x 5= 15)

28

Business.

Features of Business

(i) An economic activity,
(ii) Production or procurement of goods and services,
(iii) Sale or exchange of goods and services,
(iv) Dealings in goods and services on a regular basis, — 1 each — 5

(v) Profit earning,
(vi) Uncertainty of return:,
(vii) Element of risk. ***(Any 4 points with explanation, if points only half score each)*** (1 x 4 =4)

29

Benefits of E-Business

(i) Ease of formation and lower investment requirements
(ii) Convenience
(iii) Speed 1
(iv) Global reach/access 1
(v) Movement towards a paperless society ***(points only half score each)*** 1
1

30

Social responsibility of business 1

Social responsibility of business refers to its obligation to take those decisions and perform those actions which are desirable in terms of the objectives and values of our society.

Responsibility towards the shareholders or owners : 1

(i)It ensures fair return to the shareholders or owners on their capital investment.
(ii) To ensure the safety of their investment.
(iii) To provide the shareholders with regular, accurate and full information about its working as well as schemes of future growth. (Any one) 1

Responsibility towards the workers:

(i) To give fair wage.
(ii) To provide good working situation. (Any one)

Responsibility towards the consumers: 1

(i) To supply of right quality and quantity of goods and services to consumers at reasonable prices.
(ii) To take proper precaution against adulteration, poor quality, lack of desired service and courtesy to customers, etc..
(iii) To give right of information about the product, the company. (Any one) 1

Responsibility towards the government:

(i) It must respect the laws of the country and pay taxes regularly and honestly.
(ii) It must protect the natural environment. (Any one)

1

31

	Basis of Difference	Memorandum of Association	Articles of Association
a	**Objectives**	Memorandum of Association defines the objects for which the company is formed.	Articles of Association are rules of internal management of the company. They indicate how the objectives of the company are to be achieved. 1
b	**Position**	This is the main document of the company and is subordinate to the Companies Act.	This is a subsidiary document and is subordinate to both the Memorandum of Association and the Companies Act.
c	**Relationship**	Memorandum of Association defines the relationship of the company with outsiders.	Articles define the relationship of the members and the company 1
d	**Validity**	Acts beyond the MoA are invalid	Acts which are beyond AoA can be ratified by the members without violating MoA 1
e	**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 1

5

Answer any 2 questions from 32 to 34. Each carries 8 score. (2 X 8=16)

32.

Joint Stock Companies

A company can be described as an artificial person having a separate legal entity, perpetual succession and a common seal. It is governed by The Companies Act, 2013.

1

		Features: (i) Artificial person (ii) Separate legal entity (iii) Formation (iv) Perpetual succession (v) Control (vi) Liability (vii) Common seal (viii) Risk bearing *(Any seven features with explanation, if points only half score each)*	1 each (7 x 1 = 7)	8
33.		**Insurance** **Principles:** (i) Utmost good faith (ii) Insurable Interest (iii) Indemnity (iv) Proximate Cause (v) Subrogation (vi) Contribution (vii) Mitigation *(Seven principles with explanation, if points only half score each)* **or** *Any seven features of insurance with explanation*	1 1 each (7 x 1 = 7)	8
34.		**Super Markets / Super bazar** **Merits :** i) One roof, low cost (ii) Central location (iii) Wide selection (iv) No bad debts (v) Benefits of being large scale *(Any 4 points with explanation, if points only half score each)* **Demerits :** (i) No credit (ii) No personal attention (iii) Mishandling of goods (iv) High overhead expenses (v) Huge capital requirement. *(Any 3 points with explanation, if points only half score each)*	1 1 each (4x 1 = 4) 1 each (3x 1 = 3)	8

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