

## Class XI Business Studies Sample Paper – Set 1

**Maximum Marks: 80**

**Time Allowed: 3 hours**

### General Instructions:

1. This question paper contains 34 questions.
2. Marks are indicated against each question.
3. Answers should be brief and to the point.
4. Answers to the questions carrying 3 marks may be from 50 to 75 words.
5. Answers to the questions carrying 4 marks may be about 150 words.
6. Answers to the questions carrying 6 marks may be about 200 words.
7. Attempt all parts of the questions together.

Q. No.	Questions	Marks
1.	<p>Which of the following document is prepared by the exporter and includes details of the cargo in terms of the shipper's name, the number of packages, the shipping bill, port of destination, name of the vehicle carrying the cargo?</p> <p>a) Shipping bill</p> <p>b) Mates receipt</p> <p>c) Packaging list</p>	1

	d) Bill of exchange.	
2.	<p>Expand SIDBI:</p> <p>a) Super Industrial Development Bank of India</p> <p>b) Small Indian Development Bank of India</p> <p>c) Small Industries Development Bank of India</p> <p>d) Society Industrial Development Bank of India</p>	1
3.	<p>A proposed name of the Company is considered undesirable if:</p> <p>A. It resembles closely with an existing company the name of an existing company.</p> <p>B. It is an emblem of Government.</p> <p>C. It is identical with the name.</p> <p>a) Only C</p> <p>b) Only B</p> <p>c) Only A</p> <p>d) All of these</p>	1
4.	<p>_____ are agents who merely bring the buyer and the seller into contact.</p> <p>a) Commission agent</p> <p>b) Broke</p>	1

	<p>c) Stockist</p> <p>d) Selling agent</p>	
5.	<p>When does SFURTI was set up by the Central Government of India?</p> <p>a)2005</p> <p>b)2002</p> <p>c)2003</p> <p>d)2004</p>	1
6.	<p>n important C2C area of interactive commerce can be the formation of _____.</p> <p>a) consumers forum</p> <p>b) B2B commerce</p> <p>c) insurance</p> <p>d)banking</p>	1
7.	<p>A government company is any company in which the paid-up capital held by the government is not less than</p> <p>a) 49 percent</p> <p>b) 51 percent</p> <p>d)50 percent</p> <p>c) 25 percent</p>	1

8.	<p>Expand NSIC:</p> <p>a) National Small Industries Centre</p> <p>b) National Small Indian Corporation</p> <p>c) National Small Industries Corporation</p> <p>d) National Small Business Industries Center</p>	1
9.	<p>Which of the following statements is true regarding preference shares?</p> <p>A. Preference shares provide an unsteady income in the form of a flexible rate of return.</p> <p>B. Preference shares are preferably for investors with a high-risk appetite.</p> <p>C. Preference shareholders have voting rights.</p> <p>D. Preference shareholders enjoy a preferential position over equity shareholders.</p> <p>a) Only A is true</p> <p>b) Only C is true</p> <p>c) Only D is true</p> <p>d) Only B is true</p>	1
10.	<p>Assertion (A): Partnership at will get terminated when any partner gives notice of withdrawal from partnership to the firm.</p> <p>Reason (R): Partnership at will exists at the will of the partners i.e. continues as long as the partners want.</p>	1

	<p>a) Both A and R are true and R is the correct explanation of A.</p> <p>b) Both A and R are true but R is not the correct explanation of A</p> <p>c) A is true but R is false.</p> <p>d) A is false but R is true</p>	
<b>11.</b>	<p>The persons who come in between the primary producer and the final consumer to promote trade is called _____.</p> <p>a) middleman</p> <p>b) auctioneer</p> <p>c)Retailer</p> <p>d)trader</p>	1
<b>12.</b>	<p>The main objective of selling goods through consumer cooperative stores is to reduce the cost of the product by reducing the number of _____.</p> <p>a) Wholesalers</p> <p>b) Consumers</p> <p>c) Manufacturer</p> <p>d) Middlemen</p>	1
<b>13.</b>	<p>In terms of the continuity of the business organization, which form of organization is the most advantageous?</p> <p>a) Sole Proprietorship</p>	1

	b) Co-operative Society c) Partnershid d)Joint Stock Company	
<b>14.</b>	which of the following is an internal cause leading to sickness and closure of sick small business units? a) Lack of skilled and trained labour b)Delayed payment c) Lack of demand for their product d)Shortage of working capital	1
<b>15.</b>	Social interests and business interests are _____ a) Contradictory b) Complementary c) Counteractive d) Conflicting	1
<b>16.</b>	assertion(A): Current account is mostly suitable for business firms. Reason(R): Holder can deposit or withdraw money as and when required. a) Both A and R are true and R is the correct explanation of A. b)Both A and R are true but R is not the correct explanation of A.	1

	<p>c) A is true but R is false</p> <p>d) A is false but R is true</p>	
<b>17.</b>	<p>Limit of investment in small scale industry is _____.</p> <p>a) ten lakh</p> <p>b) five crore</p> <p>c) two crore</p> <p>d) ten crore</p>	1
<b>18.</b>	<p>Since the main objective of the business is to earn profits, which of the following is not an appropriate method of earning profits:</p> <p>a) All of these</p> <p>b) Inflating the prices</p> <p>c) Selling a good quality product at reasonable price</p> <p>d) Selling low-quality product at low prices</p>	1
<b>19.</b>	<p>A maximum investment that is required for equipment in Microenterprises which are engaged in rendering services is</p> <p>a) ₹ 5 lakhs</p> <p>b) ₹ 10 lakhs</p> <p>c) ₹ 20 lakhs</p> <p>d) ₹ 15 lakhs</p>	1

20.	<p>Funding for Departmental Undertakings comes from which of the following sources:</p> <p>a) Debentures</p> <p>c) Government Treasury</p> <p>c) Government Treasury</p> <p>d) Loans from Financial Institutions</p>	1
21.	<p>Ramakant is a successful businessman who is engaged in manufacturing of auto spare parts. The products manufactured by him are sold not only in India, but are also exported to various countries like Singapore, Switzerland, Belgium, etc. On the basis of given case, answer the following questions:</p> <p>a. Identify the two kinds of business in which Ramakant is engaged.</p> <p>b. Differentiate between the two types of business as identified in part (a) of the question.</p>	3
22.	<p>Rohan, a student of business studies, wants to understand the interrelation between industry, trade, and commerce. Help him.</p> <p style="text-align: center;">OR</p> <p>What are the various types of industries?</p>	3
23.	<p>When we buy some goods from the market the shopkeeper issues us a Trade Document. At the bottom of this document is written E. &amp; O.E. What do you understand from these letters? Explain the justification of these letters.</p>	3



24.	<p>Discuss the various types of preference shares.</p> <p>OR</p> <p>What do you mean by preference shares? Discuss its various merits.</p>	3
25.	<p>Explain the types of home trade on the basis of level.</p> <p>OR</p> <p>Geeta recently came across an advertisement of portal weight-reducing equipment in the newspaper. The product is being manufactured by a small trader and is available for sale throughout the country by placing an order through the post. The buyer has been given an option of cash on delivery or e-wallets as a payment option. In the context of the above case answer the following questions:</p> <p>a. Identify the type of retail trade being described in the above lines.</p> <p>b. List any five conditions under which it may be considered suitable</p>	4
26.	<p>Business is an organized institution that operates to provide goods and services under the incentive of private gain. Discuss.</p> <p>OR</p> <p>Explain how industry, trade, and commerce are interrelated.</p>	4
27.	<p>After completing a course in gemology, Esha joins her father in the family business of fashion jewellery. Her father owns two showrooms at different locations in the city and operates his business through them. However, Esha intends to expand the business by venturing into online retailing. She also intends to introduce flexible manufacturing with the use of computer networks wherein the marketing department can interact constantly with the production department and get the</p>	4

	<p>customized products made as per the requirements of the individual customer.</p> <p>a. How is the mode of business that Esha intends to adopt different from the one that her father has been following over the years?</p> <p>b. Distinguish between the two different modes of business as identified in part (a) of the question by giving any four points.</p>	
<b>28.</b>	<p>Explain briefly the following features of global enterprises:</p> <p>i. Huge capital resources</p> <p>ii. Foreign collaboration</p> <p>iii. Expansion of market territory</p> <p>iv. Centralised control</p>	4
<b>29.</b>	What are the responsibilities of business towards society (public)?	4
<b>30.</b>	What do you understand by Intellectual Property Rights? Explain.	4
<b>31.</b>	<p>India is considered to be one of the leading exporters of leather goods. The main leather items include leather bags, belts, leather pouches, and handbags. Different kinds of gift items like key rings, leather journals, and leather-covered notebooks also have a huge demand in foreign countries. Numerous small scale and large scale enterprises in India are constantly engaged in exporting leather goods to various foreign countries like Germany, UK, Italy, Hong Kong, France, Spain, Netherlands, UAE, Belgium, and China. In the context of the above case answer the following:</p>	6

	<p>a. Briefly outline any two benefits available to the business firms who are engaged in leather export.</p> <p>b. How do the different countries engaged in international trade of leather goods stand to gain (any two points)?</p> <p>OR</p> <p>What do you mean by exporting and importing? Mention its advantages and disadvantages.</p>	
<b>32.</b>	<p>Distinguish between a Co-operative society (organisation) and a Company.</p> <p>OR</p> <p>Describe briefly different types of cooperative societies.</p>	6
<b>33.</b>	<p>Ding Dong Ltd. is planning to float an issue of equity shares in the market in the next four months. The directors of the company are also of the opinion that the company should raise some portion of funds from international capital markets through equity. In the context of the above case:</p> <p>a. State any four merits of raising funds through equity shares.</p> <p>b. Explain briefly any one source through which Ding Dong Ltd. can raise funds through international capital markets.</p>	6
<b>34.</b>	<p>State the types of life insurance policies.</p>	6

## **Answer Key**

### **Section A**

1. b) Mates receipt
2. c) Small Industries Development Bank of India
3. d) All of these
4. b) Broker
5. d) 2004
6. a) consumers forum
7. b) 51 percent
8. c) National Small Industries Corporation
9. c) Only D is true
10. a) Both A and R are true and R is the correct explanation of A.
11. a) middleman
12. d) Middlemen
13. d) Joint Stock Company
14. d) Shortage of working capital
15. b) Complementary
16. a) Both A and R are true and R is the correct explanation of A.
17. b) five crore

18. b) Inflating the prices

19. a) ₹ 5 lakhs

20. c) Government Treasury

21.

Ramakant is a successful businessman who is engaged in manufacturing of auto spare parts. The products manufactured by him are sold not only in India, but are also exported to various countries like Singapore, Switzerland, Belgium, etc. On the basis of given case, answer the following questions:

- a. Identify the two kinds of business in which Ramakant is engaged.
- b. Differentiate between the two types of business as identified in part (a) of the question.

22.

Industry, trade, and commerce are interrelated. Industry produces goods that are distributed through commerce. No commercial activity is possible in the absence of industry. At the same time, industrial production is meaningless without the distribution of goods through commerce. If the industry is the backbone of commerce, commerce serves as the lifeline of the industry.

**OR**

The different types of industries are as follows:

- i. Primary Industries: These industries deal with obtaining or offering raw materials which are processed as commodities for the customers. For example: Farming, Fishing.

ii. Secondary Industries: These are concerned with using the materials which have already been extracted at the primary stage. For example, manufacturing of steel is a secondary industry.

iii. Tertiary industries: These are concerned with providing support services to primary and secondary industries as well as activities relating to trade. These industries provide service facilities like transport, banking etc.

**23.**

When we buy some goods from the market the shopkeeper issues us a Trade Document. At the bottom of this document is written E. & O.E. What do you understand from these letters? Explain the justification of these letters.

**24.**

The four main types of preference shares are callable shares, convertible shares, cumulative shares, and participatory shares. Each and every type of preferred share has a unique feature that may benefit either the shareholder or the issuer in the company.

**OR**

Preference shares are kind of shares which promise the holder a fixed dividend, whose payment takes priority over that of ordinary shares. Benefits are in the form of an absence of a legal obligation to pay the dividend, improves borrowing capacity, saves dilution in control of existing shareholders, and no charge on assets.

25.

### **Wholesale Trade**

- **Definition:** Wholesale trade involves the buying and selling of goods in large quantities, typically between manufacturers and retailers or other wholesalers.
- **Characteristics:**
  - Wholesalers act as intermediaries who buy goods in bulk from producers and sell them in smaller quantities to retailers.
  - It helps in reducing the cost of goods by purchasing in bulk, allowing retailers to buy at lower prices.
  - Wholesalers do not usually sell directly to the final consumer.
- **Examples:** A wholesaler selling large quantities of mobile phones to retail stores.

### **2. Retail Trade**

- **Definition:** Retail trade refers to the selling of goods and services in small quantities directly to the final consumer.
- **Characteristics:**
  - Retailers buy products from wholesalers or producers and sell them in small quantities to individuals or households.
  - Retail trade occurs in various forms such as brick-and-mortar stores, online stores, and direct selling.
  - Retailers provide the final interface with the consumer and often offer customer services like returns and exchanges.



- **Examples:** A grocery store selling products to individual customers or an online shop selling clothes directly to consumers.

### 3. Corporate or Chain Trade

- **Definition:** Corporate or chain trade involves a network of retail outlets, typically owned and managed by a single organization, offering goods or services under a single brand.
- **Characteristics:**
  - Large chains of stores (supermarkets, department stores) operate under a central management structure.
  - Goods are purchased in bulk from wholesalers or directly from manufacturers and sold at standardized prices across different locations.
  - This type of trade offers better inventory management, economies of scale, and consistency across multiple locations.

**Or**

- a. The type of retail trade being described in the above lines is a Mail Order House.
- b. The five conditions under which mail-house trading may be considered suitable are as follows:
  - i. The products can be standardized and graded.
  - ii. The products can be easily transported at low cost.
  - iii. The products have ready demand in the market.
  - iv. The products are available throughout the year and in large quantity.
  - v. The products can be described through pictures



26.

Yes, it is right to call business as an institution that provides goods and services for earning profit because of certain characteristics of the business. Following are the main characteristics of business:

- i. Sale or exchange of goods and services for the satisfaction of human needs: Business involves sale or exchange of goods and services. The production of goods or services for self-consumption is not business.
- ii. Deals in goods or services on a regular basis: Another important feature of the business is that it must sell or exchange goods or services on a regular basis, one time sale of goods is not considered as business.
- iii. Profit motive: The main purpose of business is to earn a profit. If the profit motive is missing in a transaction, then it cannot be considered as a business transaction.

**OR**

Industry, business, and trade are firmly identified with one another in various manners: The industry is identified with the creation of merchandise and enterprises and trade assists with conveying the products and ventures delivered by the business to the last purchaser.

Industry and trade are bury subject to one another. They can't get by in disengagement as both are imperative for one another. Trade will be of no utilization without industry and industry can't get by without business. Business is a maker of spot utility and time utility and serves the foundation of the industry, while industry gives the base to trade.

Trade is a basic piece of business. It alludes to the deal and acquisition of merchandise and ventures. It gives ground to business to play. It offers help to industry as well as keeps up a smooth progression of business simultaneously.

27.

- a. Esha intends to start e-business, whereas her father is following the traditional business.
- b. The difference between e-business and traditional business is as follow:

S. No	Basis of Distinction	Traditional Business	E-business
1	Ease of formation	The procedure involved in setting up the business is difficult.	The procedure involved in setting up the business is simple.
2	Physical presence	Required	Not required
3	Cost of setting up	High investment is needed	Investments are low as there is no need for physical facilities.
4	Operating cost	Operating cost is high due to fixed charges associated with an investment in procurement, storage, production, marketing, and distribution.	The operating cost is low since the business operates on a network of relationships rather than ownership of resources.

28.

- i. **Huge capital resources:** These enterprises have huge financial resources and also possess the ability to raise funds from different sources. They are able to tap funds from various sources. They can raise funds by issuing equity shares, debentures, etc. Because of their high

credibility in the market, the investors of the host countries are always willing to invest in them. Because of their financial strength they are able to survive under all circumstances.

ii. **Foreign collaboration:** Usually, these enterprises enter into agreements with companies of the host countries. These agreements are made in respect of the sale of technology, production of goods, patents, resources, etc.

iii. **Expansion of market territory:** As the network of operations of these enterprises extends beyond their existing physical boundaries, they expand their market territory. They operate through their branches, subsidiaries in host countries, and occupy dominant positions in various markets.

iv. **Centralized control:** Despite the fact that branches of these enterprises are spread over in many countries, they are controlled and managed by their Head Office (H. O.) in their home countries only all these branches have to work within the broad policy framework of the parent company. A common system for working of all the companies under their control is evolved.

## 29.

Business should work for the economic and social well-being of the community. The responsibilities of business towards society are as follows:

- i. Maximum utilization of natural resources.
- ii. To provide opportunities to public for meaningful work.
- iii. To preserve social and cultural values. iv. To uplift the weaker section of the society.

**30.**

Intellectual property refers to the creations of the human mind, like inventions, literary and artistic works, symbols, names, images and designs used in business. All inventions of creations begin with an 'idea'. Once the idea becomes an actual product, i.e., Intellectual Property, one can apply to the authority concerned under the Government of India for protection. Legal rights conferred on such products are called 'Intellectual Property Rights' (IPR). Hence Intellectual property refers to products of the human mind, hence, just like other types of property, the owners of IP can rent, give or sell it to other people. The following types of Intellectual Property Rights are recognized in India: Copyright, Trademark, Geographical Indication, Patent, Design, Plant Variety, Semiconductor Integrated Circuit Layout Design. In addition to this, traditional knowledge also falls under IP.

**31.**

- a. The two benefits available to the business firms engaged in leather export are as follows:
  - i. Prospects for higher profits for the business firms as they get an opportunity to sell their products in countries where prices are high.
  - ii. Increased capacity utilization may help the business firms to take advantage of economies of scale, which leads to a reduction in the production cost and increases per-unit profit margin.
- b. The two ways in which different countries engaged in international trade of leather goods stand to gain are as follows:
  - i. Improving growth prospects and employment potentials as the scope of production activities increase.
  - ii. Increased standard of living as it provides access to the products with better technology from other countries.

OR

Selling and sending goods and services from the home country to a foreign country is known as exporting while buying goods and services and bringing them into the home country from a foreign country is known as importing. The import and export of goods can be done either directly or indirectly. When the firm itself approaches the overseas buyers or sellers and performs all the formalities related to import and export of goods, it is referred to as direct importing or exporting. When the firm's participation in the import and export operations is minimum and most of the formalities are carried out by some middlemen, it is referred to as indirect exporting or importing. In this case, firms don't directly deal with overseas customers.

**Advantages:**

- i. The easy way: It is the simplest way of gaining entry into international markets and does not involve any complex activity.
- ii. Less investment: It does not require much of investment in foreign countries.
- iii. Low risk: It does not carry much of the risks and requires less time.

**Limitations:**

- i. Since the goods move from one country to another country, it involves, additional packaging, transportation, and insurance cost is incurred in transferring the goods which increases the cost of the product.
- ii. Less knowledge of the foreign market. Basically, the export firms produce goods in the home country and send their goods to foreign countries. Hence, export firms do not have much contact with the foreign market.
- iii. No longer feasible when import restrictions exist in a foreign country.

32.

Difference between Co-operative society and Company:

<b>Basis of Difference</b>	<b>Co-operative Society</b>	<b>Company</b>
<b>(i) Regulations</b>	It is governed by the Co-operative Society Act, 1912.	It is governed by the Companies Act, 2013.
<b>(ii) Transfer of Share</b>	The members of co-operative societies cannot transfer their shares.	Shares can be easily transferred in the case of a public company but not in the case of a private company.
<b>(iii) Aim</b>	The main aim of a co-operative society is to render services to its members. The word "cooperative" means working together and with others for a common purpose.	The main aim of a company is to earn profits.
<b>(iv) Number of Members</b>	Minimum 10 members are required to form a co-operative society, while there is no limit on the maximum number of members.	For private company: Minimum-2, Maximum-200. For public company: Minimum-7, Maximum-No limit.



<b>(v) Control</b>	Managed and controlled by the elected managing committee.	Managed and controlled by the Board of Directors.
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Or

The various types of cooperative societies are described below:

- i. **Consumer's Cooperative Societies:** It is formed by consumers for obtaining good quality products at reasonable prices. The society aims to achieve economy in operations by purchasing goods in bulk directly from the wholesalers and selling them directly to the members, thereby eliminating the middlemen.
- ii. **Producer's cooperative societies:** It is formed by small producers, who desire to procure inputs for the production of goods to meet the demands of consumers. These societies enhance the bargaining power of small producers. Profits among the members are generally distributed on the basis of their contributions to the total pool of goods produced or sold by the society.
- iii. **Marketing cooperative societies:** The members consist of producers who wish to obtain reasonable prices for their output through one centralised agency. These societies perform marketing functions like transportation, packaging, etc., and selling the output at the best possible price. Profits are distributed according to each member's contribution to the pool of output.
- iv. **Farmer's cooperative societies:** This society is formed by farmers to jointly take up farming activities in order to gain the benefits of large scale farming and increase productivity by providing good quality seeds, fertilisers, machinery and other modern techniques for use in the cultivation of crops. Such a society is helpful in consolidating the uneconomic, fragmented and small land holdings into viable economic holdings.
- v. **Credit cooperative societies:** Providing easy credit on reasonable terms to the members. Such societies provide loans to members out of the amounts collected as capital and deposits from the members and charge low rates of interest.

vi. Cooperative housing societies: Helps people with limited income to construct houses at reasonable costs. The members of these societies consist of people who are desirous of procuring residential accommodation at lower costs.

**33.**

a. The four merits of raising funds through equity shares are as follows:

i. The issue of equity shares does not create any fixed burden on the company as the payment of the dividend is not compulsory.

ii. Generally equity capital is to be repaid only at the time of liquidation of a company after settling the other claims. Therefore, it serves as a source of permanent capital for the company.

iii. Equity capital helps to build up creditworthiness of the company as it is the owner's fund. Thus, it becomes easier for the company to raise loans.

iv. Equity share capital constitutes the part of owner's fund. Hence, there is no need to provide any security of assets while raising it.

b. Ding Dong Ltd. can raise funds through international capital markets through global depository receipts (GDRs).

A global depository receipt (GDR) is a certificate issued by a depository bank, which purchases shares of foreign companies and deposits it on the account. In the Indian context, a GDR is an instrument issued abroad by an Indian company to raise funds in either U.S. dollars or euros. GDRs represent ownership of an underlying number of shares of a foreign company. Normally, one GDR is equal to ten underlying shares, but any ratio can be used. The market price of global depository receipts are based on the values of related shares, but they are traded and settled independently of the underlying share. GDRs are often listed in the Frankfurt Stock Exchange, Luxembourg Stock Exchange, and the London Stock Exchange.



34.

A life insurance policy is a protection against the uncertainty of life that is death. It provides protection to the family a premature death of an individual. The various types of life insurance policies are as follows:

- i. Term insurance policy: This policy is a pure risk cover with the insured amount to be paid only if the policyholder dies during the period of policy time. The intention of this policy is to protect the policy holder's family in case of death.
- ii. Endowment policy: In this policy, the term policy is defined for a specified period like 15, 20, or 25 years. The insurance company pays the claim to the family of the assured on the event of his death within the policy term or on the event of the assured serving the policy term.
- iii. Whole life policy: In this policy, the insurance company collects premiums for the insured for the whole life or till the time of his retirement and pays a claim to the family of the insured only after his death.
- iv. Money-back policy: Money back policy provides money on occasions when the policyholder needs it for his personal reasons. The occasions may be marriage, education, etc. The money will be paid back to the policyholder in a specified direction. If the policyholder dies before the policy term, the sum assured will be given to his family. A portion of the assured amount is payable at regular intervals. On survival, the remainder of the sum assured is payable.
- v. Annuities and pension: In an annuity, the insurer agrees to pay the insured a stipulated sum of money periodically. The purpose of an annuity is to protect the insured against risk as well as provide money in the form of pension at regular intervals. Over the years, insurers have added various features to basic insurance policies in order to address the specific needs of a cross-section of people.