
CBSE Class 11 Business Studies

Sample Paper-01

(With Answer)

Time allowed: 3 hours, Maximum Marks: 90

General Instructions:-

- i. Answer to questions carrying 1 mark may be from one word to one sentence.
 - ii. Answer to questions carrying 3 marks may be from 50 to 75 words.
 - iii. Answer to questions carrying 4-5 marks may be about 150 words.
 - iv. Answer to questions carrying 6 marks may be about 200 words.
 - v. Attempt all parts of a question together.
 - vi. Question Nos. 1 to 8 are very short-answer questions carrying 1 mark each.
 - vii. Question Nos. 9 to 14 carry 3 marks each.
 - viii. Question Nos. 15 to 19 carry 4 marks each.
 - ix. Question Nos. 20 to 23 carry 5 marks each.
 - x. Question Nos. 24 to 27 carry 6 marks each.
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1. "business Risk can be minimised but can't be eliminated." Which aspect/feature of Business risk is depicted by this statement?
 2. ABC Ltd. Issued Rs. 10,00,000 shares for Public subscription, but got application for Rs. 5,00,000 share. Can ABC Ltd. allot shares to there applicants? Give reason.
 3. The characteristics of these companies are huge size, large number of products, advanced technology, marketing strategies and network of operations all over the World. There enterprises operate in Several areas and produce multiple products.
Which business enterprises is discussed above?
 4. How life insurance differ from other types of insurances? State.
 5. What is a Global Depository Receipt?
 6. Give full form of NABARD.
 7. Who is playing a catalytic role in strengthening internal trade to make it an important part of overall economic activity?
 8. Shaukat Ali wants to import western clothes from Thailand. What first step should be
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take with regard to it?

9. Differentiate between the following activities into business, profession and Employment:
 - a. Mohan is selling books on behalf of his employer.
 - b. Tania is practising law or doing legal practice.
 - c. A cart vendor is selling vegetable in different localities.
 10. Give the full form of RTGS. Write any two features of RTGS.
 11. State three utility of Departmental undertaking.
 12. "The meaning of e-business is to be completed by all Industrial and Commercial Activities." Give three examples of each of these activities.
 13. 'Mahindra and Mahindra' was the first company in India to issue convertible debentures in 1990. Now many more companies have the approval to issue convertible debentures to raise long term debt capital. State and explain reasons/advantages of issuing such debentures.
 14. Identify the type of retailer in the following:
 - i. Shyam sell vegetables on his cart from place to place.
 - ii. Rani sell school uniforms only in her shop.
 - iii. Rehman sell stationary items near railway station.
 15. This document contains rules regarding internal management of a company while the other document defines the objectives of the company.
Quoting the lines from above, identify the two documents of a Company discussed above and give any two difference between them other than give above.
 16. What is PPF? Write any three feature of PPF.
 17. 'Infosys' is one of India's leading software development company that has its business in many countries. What type of business/trade is it doing? What benefits is it generating for the nation? Write any three points.
 18. 'Reva Chemicals' is a partnership firm. Sona and Mona one two partners in this firm. It is recorded in the Partnership Deed that Sona's liability is unlimited, whereas Mona's is limited. Sona wants to set up the Anti-Pollution plant in his factory, but Mona does not let him do so. Almost all the transactions of this firm are done through the internet. The firm Sells its goods to other Business units only. The firm gets its Research and Development work done by another firm, who is a specialist of such work.
 - i. Describe the type of partnership.
 - ii. Identify the two values being overlooked.
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- iii. Name the type-business being done by the firm.
19. What is the difference between ownership capital and borrowed Capital.
20. "Auxiliaries to Trade refers to all those activities which are undertaken to overcome the hurdles appearing in the way of Trade". Identify and briefly explain the activities to overcome following hindrances of trade:
- Hindrance of Place
 - Hindrance of Time
 - Hindrance of Risk
 - Hindrance of Finance
 - Hindrance of Information.
21. What is the meaning of Outsourcing of Service. Explain, the types of outsourcing of services.
22. Describe the role of Small business in rural India.
23. An International Organisation came into existence on 1st January 1995. It has been there since, to carry out certain functions. What is this type of organisations? State any four of its functions to emphasise its role.
24. Ravi, Pradeep, Satyender and Dharmender are partners in a partnership firm. Ravi and Satyender take active part in the operation of business whereas Pradeep has contributed in Capital but do not take part in day to day activities of the business. Dharmender is a nominal partner. All four make partnership for a specified time period and also make written agreement to govern the partnership but they do not get the firm registered.
- What is meant by nominal partner?
 - Which type of partnership is there between the partners in above?
 - What is written agreement between the partners called?
 - What type of partners Pradeep and Ravi are?
 - Give two merits of getting firm registered.
25. Write the name of enterprise which is set up as a consequence of partnership between companies. Also point out why do these companies enter into such partnership?
26. Define ICDs. Give types and state its features.
27. Ratna orders a blanket based on an advertisement given in a newspaper specifying the features, price, delivery terms. It specified that the terms of payment will be VPP only. The product turned out to be of good quality.
- Identify this type of retail business.
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2. Explain any two advantages and two limitations of the business.
 3. What values were presented by the company which provided the product to Ratna?
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Answer

1. Business risk is unavoidable.
 2. No, because min. subscription is 90% and ABC Ltd. got applications for 50% issue.
 3. Global Enterprise (MNC).
 4. Principle of Indemnity is not followed in other insurances.
 5. Global Depository Receipt is an instrument which the companies of a country issue in US dollar in order to obtain foreign Capital. They are traded in all those foreign share markets which they have been listed.
 6. The National Bank for Agriculture and Rural Development.
 7. Indian Chambers of Commerce and Industry (ICCI).
 8. Gather information about countries and firms which provide the product required by the importer.
 9.
 - a. Employment
 - b. Profession
 - c. Business.
 10. Real Time Gross Settlement. Any two features.
 - i. CBS
 - ii. Fees
 - iii. Minimum transaction value.
 11. Utility of Departmental undertaking occurs in following Situations.
 - i. Where the complete control of the Government.
 - ii. Where secrecy plays a vital role.
 - iii. Where heavy investment is involved without any guarantee of profit.
 12.
 - Industrial Activities :
 - i. Production
 - ii. Product Development
 - iii. Inventory Management.
 - Commercial Activities:
 - i. Placing an Order
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- ii. Receiving Delivery
- iii. Making Payment.

13. Convertible debentures are those debentures Which Can be converted into share within a given period.

Debentures have the advantage of Permanent and regular income. They are more safe investment and have more liquidity than shares.

When debentures are Converted into Shares the debentures holders became the owners of the company and participate in its prosperity.

14. i. Peddlars and hawkers
 ii. Speciality shop
 iii. Street traders.

15. This document contains rule..... of Co. (Articles of Association)
 This document defines..... of Co. (Memorandum of Association)
 Any two difference between A/A and M/A.

16. Public Provident Fund

Features:

- i. Eligibility
- ii. Minimum and Maximum Deposit Limit
- iii. Minimum Tenure and its Extension or any other.

17. International Business:

- i. It helps the country to earn foreign exchange.
- ii. Growth prospects of the country increase.
- iii. Employment opportunities are generated.

18. i. It is a limited partnership.
 ii. Violation of Government rules & social responsibility not fulfill.
 iii. B2B Commerce.

19.

Basis	Borrowed Capital	Owners fund
Relation with Company	Debtors	Owner
Consideration	Interest	Dividend
Participation in Management right.		No right full

Refund of capital	in the life time	never
Tax advantage	available to co.	No available
Sequence of refund	Before share holders in case of closure	At the end / last

20. Hindrance of Place-Transportation

Hindrance of Time-Warehousing

Hindrance of Risk-Insurance

Hindrance of Finance-Banking

Hindrance of Information - Advertisement

21. Outsourcing of services means that some service are obtained from outside the organisation in order to sum the business successfully and also have the benefit of Specialisation.

Types:

- i. Financial Services
- ii. Advertising Services.
- iii. Courier Services
- iv. Customer Support Services.

22. i. More Employment

- ii. Economic Strength
- iii. Opportunity for Artisans
- iv. Balanced regional Development
- v. Improved standard of living
- vi. Better utilization of resource
- vii. Less pressure of population on Agriculture
- viii. Equitable Distribution of Income.

23. WTO (World Trade Organisation)

- i. To remove barriers of international trade
- ii. To act as a dispute settlement body
- iii. To ensure all rules and regulations prescribed in the Act are duly followed by member countries.
- iv. Trying to support poor nations (or any other appropriate point)

24. a. Partner who allow the use of his name by a firm but does not contribute to its capital

and also does not take active part if firm.

b. Particular Partnership

c. Partnership Deed.

d. Pradeep-sleeping partner, Ravi-Active Partner

e. i. A Firm can file a suit against the other firm or other third parties.

ii. Firm can file suit against partners.

25. Joint Venture:

Note: Write any five advantages of a Joint Venture.

26. Inter Corporate Deposits are unsecured short term deposits made by one company with another company. Involvement of brokers. Rate of interest higher than banks and markets. Transaction free from bureaucratic and Legal hassles.

Types:

Three months deposits

Six month deposits

Call deposits.

Features :

Between two companies, short term deposits, unsecured involvement of brokers, high rate of interest, High risk, no organised market, requires no legal formalities, preferred by 1000 rated companies.

27. Mail Order Houses :

- Two Advantages

- i. They can be started with low amount of capital.

- ii. They don't require the services of middle man so they are eliminated.

- Two Disadvantages

- i. There is no personal contact between buyers & sellers.

- ii. They rely heavily on advertisement (or any other appropriate advantage or disadvantage)

- Values :

- Providing quality product (or any other appropriate value)
