

BUSIENSS STUDIES(CLASS-XI)
QUESTION BANK: 2015-16

UNIT-1. Nature and Purpose of Business

Section –A : Question carrying 1 Mark (VSA Type)

1. Name the occupation in which people work for others and get remunerated in return.
2. Give an example of activity, which is economic one sense and non-economic in other sense.
3. Name the term which is involved with possibility of loss.
4. What is the modern concept of Business?
5. State the relationship between primary and secondary industry.
6. Why banking is called a tertiary industry
7. A business enterprise suffered huge losses due to change in demand , negligence or carelessness of employees”. This statement refers to which type of business risk ?
8. “Business involves a series of dealings rather than a single transaction”. Which characteristic of business is highlighted in this statement ?
9. Radha produces goods not for the purpose of sale but for personal consumption will it be a business activity ? why ?
10. In which type of secondary industry various raw-materials are combined together to make the final product ?
11. A person sells his old car at a profit . can it be termed as a business activity ?
12. Name the trade where goods are imported for the purpose of export to other countries.

Section –B : Question carrying 3 and 4 Marks(Short Answer Type I &II)

13. Explain “ Business as an economic activity”.
14. Explain various causes of business risk.
15. Explain three roles of profit in business.
16. Distinguish between business , profession and employment on the basis of :
a. Nature of work b. Reward c. Risk d. Transfer of interest.
17. ABC enterprises generated employment for 250 persons last year. Name the objective achieved by the company . Also explain any other two objectives of this category.
18. Name the type of industry in which the following firms are engaged :
a) Coal India Ltd. b) Steel Authority of India c) Rao poultry firm d) State Trading Corporation
19. Profit play an important role in the business. Give any three reasons to justify the statement .
20. How does commerce remove hindrance of person , place , time and knowledge ?
21. A cloth manufacturer distributes its defective product at free of cost (after getting them repaired from Nari Niketan at lower cost) to orphanage . which objective is being highlighted ? Also identify the values involved in this act.
22. Discuss any four social objectives of business.
23. What are the four categories under Manufacturing industries ? Explain in brief.

Section –C : Question carrying 5 and 6 Marks(Long Answer Type)

24. “ A business firm has to perform multiple of objectives”. Explain any five such objectives perform by business firm.
25. What do you mean by commerce? How does it removes the hindrance of business ?
26. Explain the concept of business risk and its causes.
27. What is the need for business to pursue social objective ? Explain any four social objectives.
28. i) What do we call the process of business which involves exchange of goods and services for earning profit ?
ii) Explain the following : a) Internal trade b) Entrepport trade c) Retail trade

29. Ms. Stuti wants to start a retail business of fashionable items . But she is hesitating as she is aware of risks which are inherent in every business. She approaches her friend Ms. Panku who is the owner of a retail shop. Ms. Pankhu advises her to opt for business and suggests certain methods to minimize risks.
- Broadly business risk may be of two types. In the instant case, under which type does the business of Ms. Stuti come ? Also name the other type.
 - Business risks arise due to variety of causes. Which type of causes cover the business of Ms. Stuti and how .
 - Give two suggestions which might be given by Ms. Pankhu to deal with risk situations .
 - Identify the values which according to you motivated Ms. Pankhu is giving suggestion to minimize risks .
30. Why does business need multiple objectives ? Explain any four such objectives.
31. "Business includes a wide variety of functions performed by every organizations. It involves dealing in goods and services on a regular basis. Its main objective is to earn income by way of profit but on the same side it involves risk". From the given para extract the characteristics of a business.
32. What do you mean by auxiliaries to trade ? Briefly explain the common auxiliaries to trade.
33. Discuss the functions of commerce.
34. Distinguish between business and profession on the basis of :
- Qualification
 - Mode of establishment
 - Return
 - Risk
 - Code of conduct
 - capital investment .
35. Define business risk. What are its nature ?

UNIT-2. Forms of Business Organisation

Section –A : Question carrying 1 Mark (VSA Type)

- Name the document which invites the general public to subscribe to the shares and debentures of the company.
- Name the system of Joint Hindu Family business in which both the male and female members can become co-partners as well as co-parceners.
- State the status of Karta in Joint Hindu Family Business.
- State and explain the concept under which a trade agreement made by one partner is binding on others.
- Name the individual who allows outsiders to believe that he is the partner in the firm through his words or conduct.
- Define Joint Stock Company as Indian companies Act 2013.
- Name any one type of business in which sole proprietorship is suitable.
- Name the document which certifies birth of a Joint stock company.
- "A company has continuous existence independent of its members". Which feature of joint stock company has been referred above ?
- What is the minimum limit of capital for a public company ?
- Name the basic document prepared in partnership firm .
- Provision of residential accommodation to the members at reasonable rates is the objective of
 - Producers co-operatives
 - Consumer co-operatives
 - Housing co-operative
 - Credit co-operative.
- Name the document which contains the rules and regulations for the internal management of the company ?
- What is the minimum number of members to form a private company ?
- Name the two systems that govern membership in the family business.
- Name the type of partnership whose existence depends on the will of the partners.
- Give two examples of co-operative society.

Section –B : Question carrying 3 and 4 Marks(Short Answer Type I&II)

18. Explain the followings.: i) Minimum Subscription ii) Nominal partner.
19. A, B and C are partners of a business of publishing books. They have adopted three villages which are educationally backward. Every year they distribute books to schools established in these villages for free to promote education . Identify the values followed by the partnership firm.
20. If registration is optional , why do partnership firm willing go through the legal formality and get themselves registered ? Explain.
21. Describe three important features of partnership form of business.
22. Differentiate between cooperative society and partnership on the basis of management , liability and legal entity.
23. List the documents required for company incorporation.
24. “ I am my own boss, every thing is under my control”. Which form of organization referred here. Write its three merits.
25. Differentiate between Private company and Public company (any four)
26. Explain the following disadvantages of joint stock company
 - a. Delay in decision making
 - b. Conflicts of interest
 - c. Unhealthy speculation
 - d. Lack of motivation
27. What is statement in lieu of prospectus ? when is it prepare ?
28. Explain briefly the role of Karta in Joint Hindu Family business.
29. Even though registration of partnership firm is not compulsory , still partners prefer to get it register. Why ?
30. Explain any three features of the Hindu Undivided Family Business.
31. Abdul is the sole owner of a shoe manufacturing factory . He took loan of Rs. 20 lakhs from Khan Finance Company for the expansion of his business . Because of continuous losses however, he was not able to repay the loan on time. Assets of the business were not enough for repaying liabilities in full. As a result, the finance company asked him to repay their loan. He refused to do so on the ground that the loan was taken by his business and not by him for his personal use. The company filed a case against him. The court gave decision in favour of the company on the ground that Abdul was operating as the sole proprietor and a sole proprietor did not have a separate entity distinct from his own . The court further stated that Abdul had unlimited liability and held him liable to repay the loan even by selling his personal property if need be.
 - a) Name the form of business which is being carried out by Abdul.
 - b) What type of liability is enjoyed by Abdul ?
 - c) Why did Court hold Abdul responsible for paying his business liabilities out of his personal assets ?
 - d) Name that characteristics of sole proprietorship which facilitates the sole proprietor to take all decisions related to his business without consulting any body .

Section –C : Question carrying 5 and 6 Marks(Long Answer Type)

- 32.” One man control is the best in the world if that man is big enough to manage everything” . Explain the statement.
33. Explain in brief, various factors which are kept in mind before starting a business (any six points)
34. Explain in brief, promotion stage in the formation of a joint stock company.
35. Define Joint Hindu Family Business. Write its three merits and three demerits
36. Briefly explain about the capital subscription stage of company formation.
37. Define co-operative society. Write its features.
38. Why is partnership is considered by some to a relatively unpopular form of business ownership? Explain its three merits and demerits of partnership.

39. a) ABC Ltd. planned to set-up their new plant in rural and backward area to avail the benefits from Govt. This plant provide employment to people of that area. Write two values the company followed.
- b) Write short notes on : i) Minimum subscription ii) Prospectus.
40. What is M.O.A ? Explain about its four clauses.
41. Explain any four limitations of co-operative society.
42. How Memorandum of Association is different from Articles of Association . Describe on any four basis .
43. Explain the following clauses of Memorandum of association
a. Capital clause b. Objective clause c. Liability clause.
44. Despite limitations of size and resources, many people continue to prefer sole proprietorship over other forms of organization ? Why ?
45. "A private company is superior to a public company". Discuss the statement in the light of privileges of a private company
46. From the view point of liability and duration , how can you classify partnership ?
47. Define co-operative societies. Explain their main characteristics.
48. What is meant by promotion ? Discuss the various steps taken by promoters in the promotion of a company.
49. Explain the different types of co-operative societies
50. Discuss any three merits and three demerits of a company
51. Distinguish between private company vs public limited company.
52. "Co-operative society offers various advantages as compare to other forms of business organization". Comment.
53. Give the meaning of memorandum of association . Discuss its various clauses.
54. What do you mean by joint stock company ? Discuss any five features of its.
55. Kiran is sole proprietor . over the past decade her business has grown from operating a neighborhood corner shop selling accessories such as artificial jewelry, bags, hair clips and nail art to a retail chain with three branches in the city. Although she looks after the varied functions in all the branches, she is wondering whether she should form a company to better manage the business. She also has plan to open branches country wide.
- i) Explain two benefits of remaining sole proprietor.
 - ii) what role will her decision to go nationwide play in her choice of form of organization .
 - iii) Explain two benefits of her choice of form of organization .
56. A, B, C, D and E are partners in partnership firm. The firm has different types of partners. Mr. A has contributed capital and participates in the management of firm. He shares profits and losses and is liable to an unlimited extent to the creditors of firm. Mr. B has contributed capital and shares its profits and losses. He also has unlimited liability but he does not take part in day to day activities of business. Association of Mr. C with firm is unknown to general public but in all other respects he is like an active partner. Mr.D has allowed firm to use his name as he enjoys good reputation among clients but he does not either contribute capital or take part in the management. Master E , 15 years of age is entitled to the benefits of partnership with mutual consent of all other members. He is not eligible to take part in management of firm and shares only profits and not losses.
- a) In the given case, how many types of partners are involved in the partnership firm ?
 - b) Who is working as an active partner and what is the nature of his liability ?
 - c) Who is working as a sleeping partner and what is the nature of his liability ?
 - d) Who is working as a secret partner and what is the nature of his liability ?
 - e) Who is working as a nominal partner? Can he be held liable for the losses of the business ? what is the nature of his liability ?
 - f) Is Master E a legal partner ? Can he be held liable for the losses of the business ? what is the nature of his liability ?

UNIT-3. Private , Public and Global Enterprises

Section –A : Question carrying 1 Mark (VSA Type)

1. Why Indian economy is known as mixed economy ?
2. What do you mean by Disinvestment ?
3. Give two names of Government company.
4. Reserve Bank of India was set up under the RBI Act. Name this type of public enterprise.
5. “Coco Cola Corporation carries on business in one hundred countries”. Name this form of business enterprise.
6. A government company is any company in which the paid up capital held by the government is not less than :
a) 49% b) 51% c) 50% d) 75%
7. Disinvestment of PSE’s implies :
a) Sale of equity shares to private sector b) closing down c) Investing in new areas d) buying shares of PSE’s
8. Which term is used for sale of equity shares of public sector units to private sector and public ?
9. What is the main function of Board of Industrial and Financial Reconstruction (BIFR) ?

Section –B : Question carrying 3 and 4 Marks(Short Answer Type I &II)

11. Distinguish between private sector and public sector on the basis of :
a. Ownership b. Motive c. Accountability d. Management.
12. Explain three limitations of departmental undertakings.
13. Write three features of Multinational company
14. Name the form of Public sector enterprise, which is constituted as an autonomous unit by the Act of Parliament . Explain any four features of such an organization.
15. Define Government company . Explain its features.
16. Describe two merits and two demerits of Statutory Corporation.
17. What is meant by public and private partnership ? Discuss its various features.
18. Name the enterprise which is formed when two or more firms join together for a common purpose and mutual benefits. State any three benefits of such enterprise ?
19. Why are global enterprise considered superior to other business organization ?
20. Explain briefly the Govt. policy towards the public sector since 1991.
21. Name the enterprise which is the result of partnership between two companies . why two companies join together to work as one enterprise.
22. What do you mean by Joint Venture ? Explain any three of its benefits.

Section –C : Question carrying 5 and 6 Marks(Long Answer Type)

23. It is a public enterprise established under Indian companies Act and conducts business in competition with companies in private sector.
a. Identify the type of public enterprise.
b. What is the minimum investment government has to make in such companies.
c. Discuss any two advantages and two limitations of such companies.
24. What do you mean by Global Enterprises ? Explain its four features.
25. The industrial policy resolution 1991 introduced disinvestment in the public sector. How did the disinvestment contribute towards development of economy.
26. Public sector has changed its role from time to time . why in your opinion govt. had to rethink about the areas, where public sector should work along with private sector rather than working alone ?
27. “Tata Iron and steel co joined hand with IPCOL (a govt. enterprise) to promote IPITATA sponge iron Ltd.”
a. Identify the form of enterprise.
b. Explain the features of this form of enterprise

28. A hospital building financed and contracted by a private developer and then leased to hospital authority . the private company acts as the landlord and provides housekeeping services and other non medical services where as the hospital services are provided by the hospital authority i.e government .
- Identify the form of enterprise mentioned above.
 - Also explain any five features of this form of enterprise.
29. Explain the advantages of departmental undertakings.
30. Can the public sector companies compete with the private sector companies in terms of profits and efficiency ? Give reasons for your answer.
31. Explain any three merits and three limitations of a government company.
32. Coca Cola is registered in USA and has its business operaton Viz production, marketing facilities etc. in many countries of world. Through a network of its branches , it extends its marketing and industrial operation in many countries. Its headquarter is located in USA which exercises control over its branches and subsidiaries operated within the board policy framework of parent organization . To manage its subsidiaries in different countries , the company employs trained and professional managers. To face international competition it uses sophisticated technology that leads to greater productivity and better quality.
- In the above case Coca – Cola has its business operations in many countries . this features help in categorizing Coca- cola under which enterprise ?
 - Give two features of identified enterprise.
 - Identify the values which according to you motivated the company in
 - doing business in different nations
 - employing trained and professional managers
 - using sophisticated technology.
33. Discuss the features of Global enterprises
34. Discuss any three merits and demerits of departmental undertakings.
35. What is meant by public private partnership ? Discuss its various features.
36. Any company which holds more than 51% of the paid up capital, to whom does it belongs central govt., state govt. or both ? Discuss its five features.
37. which type of public enterprise is established under a special Act of the parliament ? Discuss its three merits & two demerits .
38. What do you mean by Government Company ? Discuss its two merits and two demerits.

UNIT-4. Business Services

Section –A : Question carrying 1 Mark (VSA Type)

- What is full form of ICICI ?
- State the full form of NEFT.
- A person did not disclose the heart disease while taking a life insurance policy. Which principle of insurance he has violated ?
- What is the full form of NEFT & RTGS ?
- Which principle states that insured should take reasonable steps to minimize the loss to the insured property ?
- Name the Central Bank of India.
- Why do parents take children's endowment policy ?

Section –B : Question carrying 3 and 4 Marks(Short Answer Type I &II)

- Difference between Goods and Services on the basis of:
 - Type
 - Inventory
 - Transfer of ownership.
- Explain the services provided by Banks.
- Explain the following principles of insurance
 - Principle of Utmost good faith
 - Principle of mitigation of loss.
- State the main categories of Banks. Give two examples of each category.
- How double insurance is different from reinsurance ?

13. What is e- banking ? What are the advantages of e-banking to the customers?
14. Which principle of insurance is highlighted in the following statement ?
- The insurer and the insured should disclose all material facts related to the contract.
 - insurer is not liable for any uninsured causes or perils.
 - Insured must have some economic interest in the subject matter of insurance contract.
15. Mr. Mahesh is the owner of a factory manufacturing crackers. He insured his factory against fire. While taking the insurance policy he did not disclose about the product being manufactured as this would have led to payment of much higher premium. Once the factory severely damaged in fire ,but the insurance company refused to accept this claim . He filed a case against the company. The court favoured insurance company on the ground that Mr. Mahesh has not revealed the fact related to the type of product being manufactured. So the contract of insurance is voidable at the discretion of insurer.

Answer the following questions :

- Which principle of insurance is violated by Mr. Mahesh ?
 - Why did Mr. Mahesh violate this principle ?
 - What does the principle of insurance state ?
 - Identify the values which according to you have been violated by Mr. Mahesh in not disclosing the product information to the insurance company .
16. Discuss the different types of Banks.

Section – C : Question carrying 5 and 6 Marks(Long Answer Type)

17. Aman mortgaged his factory against a bank loan. Can bank insure the factory against fire? Give reason to justify your answer. Also explain the following principles of insurance.
- Principle of Subrogation
 - Principle of Contribution
18. Explain the various services offered by Indian postal department.
19. State the main categories of Banks. Give two examples of each category.
20. Define goods. How does it differ from services.
21. Distinguish between Life Insurance and Marine Insurance
22. Describe the following financial service provided by post & Telegraph department
- NSC
 - PPF
 - MIS
23. Explain the following principles of insurance:
- Causa proxima
 - Mitigation of loss
 - Indemnity
24. Taking insurance is essential for business. Do you agree ? if yes , state certain reasons that specify importance in context to modern business.
25. Explain in brief mail facilities of post office
26. Explain the following principles of insurance with suitable example :
- Insurable interest
 - Contribution
27. Discuss any three ways of e- banking .
28. Explain the various types of telecom services.
29. Briefly discuss the following types of bank account :
- Saving Account
 - Multiple option deposit Account.

UNIT-5. Emerging Modes of Business

Section –A : Question carrying 1 Mark (VSA Type)

- Name the technique of converting the messages into code so that unauthorized person may not understand it .
- What is the main difference between BPO and KPO.
- Vijaya wanted to sell his motorbike but could not get any buyer. On his friends suggestion he posted the sale on olx. Com and found the buyer within three days. Name the type of e-commerce.
- In which type of e-business transaction, both buyers and sellers are customers ?

5. Mention any one limitation of e-business.
6. Which two parties interact in B2C transactions?
7. Give two examples of business process outsourcing.
8. Which program imitates itself on other computer system and can damage the data and can even lead to complete destruction of the system.

Section –B : Question carrying 3 and 4 Marks(Short Answer Type I &II)

9. Explain the Transactional risks take place in E-Business ?
10. Distinguish between Traditional business and E- business.
11. Explain any four limitations of e-business.
12. Explain the need for outsourcing (any four points)
13. Being a marketing associate, state what resources are required for the implementation of e-business .
14. Give the meaning of ‘Outsourcing’. Discuss its features.
15. Discuss the benefits of emerging mode of business in which a company contracts out some of its activities to a third party.
16. Discuss the various resources required for successful implementation of e- business .
17. Explain the features of outsourcing .
18. What are the benefits of e-business ? Explain any three.

Section –C : Question carrying 5 and 6 Marks(Long Answer Type)

19. Describe briefly the payment mechanism in e-business.
20. What do you mean by Business process outsourcing ? Explain the advantages of Business process outsourcing .
21. Define e-business. Explain the benefits of e-business to the society
22. “E-banking has transformed the world of banking”. Comment.
23. Give a detail of the following:
 - a. Transactional Risk
 - b. Data storage risk
 - c. Risk of threat to intellectual property and privacy
24. a) What do you mean by smart card ? what are its utilities
b) Give a detail about ATM.
25. Explain the following terms related to e-banking : a) B2C Commerce b) Intra B-Commerce
c) E- Commerce
26. Mrs. Yaspreet Kaur is the wife of late Mr. Kuldeep Singh . She has two kids to bring up. She earns her living by working in a private school as a primary teacher. She doesn’t keep much cash in her house. She finds withdrawal of money from a bank a very tedious job and in case of need she has to go to the bank personally to withdraw the money. When she came to know about ATM, she felt relaxed. Now , she finds very convenient to withdraw money through ATM. She goes at any time to ATM as it works for 7 days and 24 hours. Now she no longer gets late for her school and is able to give more time to her kids.
 - a. Identify which scope of e-business is being referred above.
 - b. which two entities are involved in the above transaction of withdrawing money ?
 - c. what are the benefits e-business is offering to her ?
 - d. Identify the values which according to you have motivated the banks in opening ATMs
27. Differentiate between Traditional business and e-business on the basis of the following
 - a) Formation
 - b) Operating cost
 - c) Transaction Risk
 - d) Nature of human capital
 - e) Location requirement
 - f) Physical presence
28. Briefly discuss the meaning and utility of smartcards.