ANSWER KEY

FIRST YEAR HIGHER SECONDARY EXAMINATION MARCH 2026

Subject: Business Studies **Code No. FY – 148** **Maximum Score: 80**

Q No.	Answer Key / Value Points	Score	Total
Part I – Answer any 8 questions from 1 to 10. Each carries 1 Score			
1	b) Risk		1
2	b) 7		1
3	d) Departmental Undertakings		1
4	c) Transparency / d) Inventory		1
5	d) Intra-B		1
6	Business Ethics / Ethical Responsibility		1
7	Promoter		1
8	Creditorship Security / Borrowed Fund / Debt Capital		1
9	Super Market / Departmental Stores (any one of these)	Any 8	1
10	Any one option (all documents are related to export trade)	only	1
Part II – Answer any 5 questions from 11 to 16. Each carries 2 Score			
11	Examples for Tertiary Industries: transport, banking, insurance, warehousing, communication, packaging, advertising (any 2 points)	1 each	2
12	**Need for pollution control:** a) Reduction of health hazards b) Reduce risk of liability c) Cost savings d) Improved Public image e) Other social benefits (any 2 points)	1 each	2
13	**Stages in the formation of a private company:** a) Promotion b) Incorporation	1 each	2
14	**Rights / Privileges of a Preference Shareholder** a) Preference to get the dividend b) Repayment of capital	1 each	2
15	**IPR:** Once the idea becomes an actual property, ie; intellectual property, one can apply to the authority concerned under Government of India for protection. The owners of IP can rent, give or sell it to other people. (any meaningful answer)		2
16	**Documents related to Export Trade:** a. Letter of credit. b. Commercial invoice. c. Export order d. Certificate of origin (any 2 documents)	1 each	2

Pάrt III – Answer any 5 questions from 17 to 22. Each carries 3 Score

17 **Differences between Private Company and Public Company** — 1 each — 3

Basis	Public Company	Private Company
Members	Minimum – 7 Maximum – Unlimited	Minimum – 2 Maximum – 200
Minimum number of directors	Three	Two
Index of members	Compulsory	Not Compulsory
Transfer of shares	No restriction	Restriction on transfer
Invitation to public to subscribe to shares	Can invite	Cannot invite

(any 3 differences)

18 — 1 each — 3

1) **MNC:** Multinational company is a company carrying on business in two or more countries.

2) **Public Private Partnership (PPP)**

It is a relationship among Public Sector and Private Sector for allocation of developmental projects.

3) **Joint Ventures (JVs)**

When two businesses join together for a common purpose and mutual benefit leads to Joint Venture.

(any meaningful answer for the above 3)

19 — 1½ each — 3

a. **Financial feasibility** – It involves the evaluation and analysis of the potential of the proposed project. If the project requires large funds which cannot be raised within the available means, it is better to stop that project.

b. **Incorporation** means the registration of the company under the Indian Companies Act. It is the second stage in formation of a company.

20 — 1 ~~1 each~~ (1 x 2) — 3

Retained Earnings / Ploughing Back of Profit

Advantages of Retained Earnings:

1. It is more dependable than external sources.
2. No dividend is to be paid.
3. It is a permanent source of finance
4. Economical
5. Operational freedom (any 2)

21 **Problems of MSME (Small Business)** — 1 each — 3

1. Shortage of Finance
2. Problem of technology
3. Low quality products
4. Shortage of Raw materials

	5. Lack of Managerial skills 6. Marketing 7. Capacity Utilisation 8. Global Competition (any 3 problems)		
22	**Export Procedure:** a) Receipt of enquiry and sending quotation b) Receipt of order or indent c) Assessing importer's creditworthiness and securing a guarantee for payments d) Obtaining export license e) Obtaining pre-shipment finance f) Production or procurement of goods (or any other 6 steps – points only)	½ each	3
Part IV – Answer any 4 questions from 23 to 27. Each carries 4 Score			
23	**Merits of Co-operative Societies** 1. Equal voting rights 2. Limited Liability 3. Stable existence 4. Economy in operation 5. Support from government 6. Easy to form 7. Voluntary membership 8. Service motive (any 4 merits)	1 each	4
24	**Telecom Services:** 1. Cellular mobile services (Mobile phone service provider) 2. Radio Paging services 3. Fixed line services (Land Line) 4. Cable services (leased lines for banks etc.) 5. VSAT (Very Small Aperture Terminal) services – Satellite based communication service most reliable in urban and rural areas. 6. DTH (Direct to Home) services (any 4 points)	1 each	4
25	**(1) Statutory Corporation / Public Corporations** **(2) Merits:** a) High degree of flexibility b) Least government interference c) Autonomous status d) Helps in economic development e) Stability f) Free from red tapism (any 3 points with explanation)	1 ~~1 each~~ 1 x 3	4

26	**Internal Sources of Funds** Equity Share Capital Retained Earnings	**External Sources of Funds** Debenture Loan from Banks Trade Credit Preference Shares Public Deposits Lease Financing	½ each	4
27	**Types of Itinerant Retailers:** 1. **Hawkers and Peddlers** – Hawkers are the traders who carry their products on carts or bicycles, while peddlers carry their products on their back or head or in baskets or shoulder bags. 2. **Market Traders** – These traders sell their articles on fixed days in different market places. 3. **Street Traders / Pavement Traders** – These traders generally arrange their articles at busy street corners, near railway stations etc. 4. **Cheap Jacks** – They usually, hire small shops for a short period of time. Depending upon the scope of sale they keep shifting from one locality to another. (Brief explanation - Points only ½ score each)		1 each	4
Part V – Answer any 3 questions from 28 to 31. Each carries 5 Score				
28	**E-Business**: It means conducting various business transactions and functions electronically. It includes e-commerce. **Online Payment mechanism:** a) Cash on Delivery(CoD) b) Cheque c) Net banking / NEFT / RTGS d) Credit / Debit card e) Digital cash f) E-wallets such as Google Pay, Phone Pe, Paytm, Jio money, Navi etc. (any 3 with brief explanation)		2 1x3	5
29	**Arguments for social responsibility** 1. Existence and growth 2. Long term interest of the firm 3. Avoidance of government regulations 4. Maintenance of society 5. Availability of resources with business 6. Converting problems into opportunities (any 5 points with explanation– points only ½ score each)		1 each	5

30 Matching Pairs: — 1 each — 5

A	B
a) Hindrance of Place	ii) Transport
b) Hindrance of Risk	iv) Insurance
c) Hindrance of Knowledge	v) Advertising
d) Hindrance of Time	iii) Warehousing
e) Hindrance of Finance	i) Banking

31 **Differences between Memorandum and Articles of Association** — 1 each — 5

Basis	MoA	AoA
Objectives	Defines the objects for which the company is formed	Rules of internal management and it indicates how the objectives of company are to be achieved
Position	Main document of the company and it subordinates to the Companies Act	Subsidiary document and it subordinates to MoA
Relationship	Defines the relationship of company with outsiders	Defines the relationship of members and the company
Validity	Acts beyond the MoA are invalid	Acts which are beyond AoA can be ratified by the members without violating MoA
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

Part VI – Answer any 2 questions from 32 to 34. Each carries 8 Score

32 **a) INSURANCE** — 2

It is a contract between two parties whereby one party agrees to compensate the loss suffered by the other party for a consideration of premium.

1x6 — 8

b) Principles of Insurance

1. **Utmost Good Faith** – While entering into a contract of insurance, all the material facts are to be disclosed, otherwise it will become void.
2. **Insurable Interest** – The insured must have an interest on the subject matter of insurance, otherwise the contract of insurance become void. E.g. a person who has advanced money on the security of a house, has an insurable interest on that house.

	3. **Indemnity** – All insurance except life insurance and personal accident insurance are based on the principle of indemnity. Here the insured is entitled to get only the actual amount of loss suffered by him and it will not be a source of profit. 4. **Causa Proxima (Proximate Cause)** – It means the nearest cause. It says that an insured can recover the loss only when it is caused by any of the risk insured against. 5. **Subrogation** – This principle states that, after the payment of loss to the insured on the property, the whole right of such property is entitled with the insurer. This right is exercised by the insurer to earn any compensation for the damages on the property either from the party who were responsible for such damages or by the sale of such property to some others. This is because the insured should not make profit by selling the damaged property. 6. **Contribution** – This principle applies only when the same subject matter is insured with different insurers, here the actual amount of loss is divided among various insurers. In this case the contribution of each insurer can be calculated by the following equation: Liability of one insurer = (Sum insured with that insurer / Total sum insured) X Loss 7. **Mitigation of Loss** – It is the duty of the insured to take preventive measures to minimize the loss of the property. If any expenses are incurred by him for such activities, he is entitled to get that much of amount along with the compensation from the insurance company. (Any 6 Principles with explanation – points only ½ score each)		
33	i) **Wholesale Trade** – It implies that the buying and selling in large quantities. A wholesaler buys goods directly from the producers and sells them to the retailers. One who deals in wholesale trade is known as wholesaler or wholesale dealer. ii) **Retail Trade** - It involves buying and selling of goods in small quantities. A retail trader buys goods from the wholesalers and sells them to the customers. In other words, retail trade includes all activities directly related to sale of goods or services to ultimate consumers for consumption. **Services of Wholesalers to manufacturers / producers** a) Facilitating large scale production b) Bearing risk c) Financial assistance d) Expert advice e) Helps in marketing f) Facilitates continuity of production g) Storage (any 3 points with explanation – points only 1/2 score)	1 1 1x3	

	Services of Wholesalers to Retailers 1. Availability of goods 2. Marketing support 3. Providing credit facilities 4. Specialized knowledge 5. Risk sharing (any 3 points with explanation – points only 1/2 score)	1x3	8
34	**Sole Proprietorship** It can be said that a "one man business" as he invests the entire capital, bears all the risks, takes all the advantages and manages the business by himself. It is also called Individual Proprietorship.	2	
	Merits of Sole Proprietorship a. Quick decision making – No need to consult with others. b. Confidentiality of information – Secrecy can be maintained. c. Direct incentive - All the profit goes to the proprietor. d. Sense of accomplishment – Personal satisfaction by working for himself. e. Ease of formation and closure – Only minimum legal formalities. (any 3 merits with explanation – points only 1/2 score)	1x3	
	Demerits / Limitations of Sole Proprietorship *a.* Limited resources – Capital is limited and the size of business is small. *b.* Limited life – As the business has no separate legal entity. *c.* Unlimited liability – even the personal properties are attached. *d.* Limited managerial ability. (any 3 demerits with explanation – points only 1/2 score)	1x3	8

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