**COMPETENCY BASED QUESTIONS**

**Subject: Business Studies**

**Class XI E & F**

**(BUSINESS, TRADE AND COMMERCE)**

Q1: Observe the image given below and give answer the following questions:



1. What do you see in this image?
2. What is the term used in connection with business to define the person who stands outside of the outlet?
3. What is the term used in connection with business to define the person who stands inside of the outlet?
4. What are the characteristics of a business?
5. What are the objectives of business?

Q2. If is a person sells his domestic computer at a profit, will it be considered a business? Also explain the characteristic of business which is being stressed upon in the above said example.

Q3. Mr Rajnesh sold his furniture & bike on OLX as he was shifting base to London. Is this a business activity? Which element of business is being referred to here?

Q4. ABC Ltd. is planting a tree on roadside. Which objective it is trying to achieve?

Q5. Tea is mainly produced in Assam, while cotton in Gujrat & Maharastra but they are required for consumption in different parts of the country. How can this hindrance of place be removed?

Q6. Categories the following into business, profession and employment.

(i) A farmer

(ii) An advocate

(iii) A clerk

(iv) A hawker selling toys for children

(v) A doctor

(vi) A person repairing scooter on roadside

Q7. Classify the below given business into different types of industries:

1. Crude oil business
2. producing steel from iron ore
3. Cosmetics manufacturing
4. producing computers
5. construction of dams.

Q8. In business activities, there are some activities that are involved in the removal of hindrances in process of exchange i.e. from the producer to the consumer Identify them. Also classify the activities which help in removing the following hindrances:

(i) Hindrance of place

(ii) Hindrance of risk

(iii) Hindrance of time

(iv) Hindrance of finance

(v) Hindrance of information

Q9: Radhika is running a small scale business manufacturing decoration items in Delhi. Every year she contributes 10% of her profit to Manyata Foundation, a popular NGO in Noida which supports the programs based on senior citizens healthcare and carrying out activities for them in the hospitals such as entertainment programs, festival celebrations and many more day-to-day activities.

In context of the above case:

a) Identify and explain the type of objective of business being fulfilled by Radhika.

b) Also explain any three other objectives of business of the same type as identified in part (a) of the question.

**(BUSINESS SERVICES)**

Q1: Which of the following is not a feature of services

(a) They cannot be stored for a future use

(b) They cannot be touched

(c) They have to be performed exclusively time

(d) They do not require simultaneous production and consumption activity

Q2: Recreational services form the part of

(a) Business Services (b) Social services (c) Personal services (d) All of the above

Q3: Which of the following are the functions of Banking

(a) Accept money on deposits (b) Repay the money on demand

(c) Provide financial services for a price (d) All of the above

Q4: In case of insurance of a property, the insurable interest of the insured in the subject matter of the insurance must exist

(a) At the time of taking the policy (b) At the time of happening of the event

(c) Both of the above (d) None of the above

Q5: Mohit took a double insurance of his factory, both from Company A and Company B. A fire broke out in factory and the amount of loss was estimated to be 70000. Which Of the following statement(s) will hold true in this case:

(a) The insured will have no right to recover more than the full amount of actual loss

(b) If the full amount of actual loss is recovered from Company A, then Mohit cannot claim anything from Company B

(c) If the full amount of the actual loss is recovered from Company B then Mohit cannot claim any anything from company A

(d) All of the above

Q6: 'Dhanwan Bank' is a popular private sector bank offering varied services to its customers. It offers many types of bank accounts options to its customers. Farhan being a businessman has chosen the type of account in which deposits are the most liquid and there are no limits to the number of transactions or the amount of transactions in a day. On the other hand his mother has opened a type of account where she can conveniently deposit the money she saves. These accounts provide cheque facility and offer lot of flexibility for deposits and withdrawal of funds from the account. Farhan' s younger brother Sohail has opened a special kind of account wherein he will deposit 1000 every month for next two years. In context of the above case:

(a) By quoting lines from the paragraph identify the various types of bank accounts being used by Farhan and his family members.

Q7: Jeevan insures his property worth 10 crore with two insurers 'AIG Ltd.' and 'MetLife Ltd.' for 6 crore and 4 crore, respectively. Due to an earthquake, to Jeevan's property is worth 3 the actual damage caused insurance companies. Identify and crore. He filed a claim for 3 crore against each of the explain the principle of insurance which has been violated in the above case.

Q8: Subhash's factory catches fire due to an electric short-circuit. However, Subhash does not take any action to stop the fire, neither does he call up the nearest fire station. Instead he remains inactive and watch his factory burn thinking that why should he be worried when he has taken a fire insurance for the factory. Later on he is denied any claim of loss by the insurance company. Identify and explain the principle of insurance which has been violated In the above case.

Q9: Surinder Chauhan had purchased a bus for to be used as a private service vehicle. It was insured under a comprehensive insurance policy issued by an insurance company The bus met with an accident, for which insurance was claimed. The insurance company appointed its surveyor, who assessed the loss at and this amount was paid to Surinder Chauhan. Identify and explain the principle of insurance which is applicable in the above case.

**(FORMS OF BUSINESS ORGANISATION)**

Q1: A nominal partner is the one who

(a) Contributes capital (b) Participates in management of business

(c) Shares profit and losses (d) None of the above

Q2: This type of partnership is automatically dissolved when the purpose for which it was formed is fulfilled.

(a) Particular partnership (b) Partnership at will

(c) Limited partnership (d) General partnership

Q3: Registration is compulsory in this form of business.

(a) Partnership and Joint Hindu Family

(b) Joint Hindu Family and Sole Proprietorship

(c) Cooperative societies and Joint stock company

(d) Partnership and Joint stock company

Q4: Suppose Harsh is a shareholder in a company holding 500 shares of Rs.10 each on which he has already paid Rs. 8 per share. His liability in the event of losses or company's failure to pay debts can be only up to

(a) 4000 (b) 5000 (c) 1000 (d) 2000

Q5: Jagat is running a grocery store under the name 'Morning Needs' in a local market. He takes all decisions about business himself, without any interference from others and also earns a direct reward for his risk bearing. In context of the above case:

(a) Identify and define the form of business organization in which Jagat has promoted his business.

(b) State any four features of this form of business organization.

Q6: '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 the 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 is not known to the general public but in all other respects he is like an active partner. Mr. D has allowed the 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 their members. He is not eligible to take part in management of firm and shares only profits and not losses of the firm.

(i) How many partners do the firm has?

(ii) Who is the active partner and what is the nature of his liability in the firm?

(iii) Who is the sleeping partner in the firm and what is the nature of his liability?

(iv) What kind of partner is Mr.C and what kind of liability does he have in the firm?

(v) How does the partnership relationship of Mr. C differs from Mr. D? How do they differ in their liability?

(vi) Is Master E a legal partner? Can be held liable for the liability of the firm?

Q7: Arun, Bimesh and Czar are partners in a partnership firm manufacturing air conditioners Their firm is not registered. Recently, in order to increase the profits of the firm, Bimesh decided to use substandard raw materials without the knowledge of Arun and Czar• As a result, many accidents were reported by the consumers and a case has been filed against the firm.

(a) Is this wrong act of Bimesh binding on Arun and Czar too? State the related featUre of the partnership form of business organization

(b) Can reason Arun in support and Czar of your file a case against Bimesh? Why or why not? Give a suitable answer.

Q8: Ved has allowed Shrey and Gaurav for using his name for the sports equipment manufacturing unit recently promoted by them as partners. But, Ved will not take active part in managing the firm and neither share its profit or losses.

(a) Will Ved be considered as a partner in the firm? Explain.

(b) Also, comment upon the kind of liability Ved will have to assume under such circumstances.

Q9: Recently Rajat, a friend of Shrey, who is a partner in an audit firm 'Shankar Enterprise' on Shrey's request accompanies him to a business meeting with 'Prabhu Enterprises' and actively participates in the negotiation process for a business deal. Rajat gives the impression that he is also a partner in 'Shankar Enterprise'. Later on, credit is extended to 'Shankar Enterprise' on the basis of these negotiations. In context of the above case:

(a) Can legally binding partnership arise where no formal partnership agreement is in effect? Explain with reference to Rajat.

Q10: Yash, Anmol and Gaurav are partners in a firm. Yash and Anmol are very upset due to untimely demise of Gaurav and wish to help his family. On the suggestion of their common friend Sahil, Yash and Anmol decide to include Gaurav's 14 year old son Geet in their business. In context of the above case:

(a) Comment upon the status of Geet as a partner.

(b) Will the status of Geet change when he attains majority? Explain.

**(SOCIAL RESPONSIBILITY OF BUSINESS AND BUSINESS ETHICS)**

Q1: Which of the following are the example of socially undesirable practice?

(a) Creating healthy working conditions

(b) Sincerely attending to customer complaints

(c) Manufacture and sale of adulterated goods

(d) All of the above

Q2: Which of the following are the example of socially desirable practices?

(a) Supplying good quality goods (b) Making deceptive advertisements

(c) Avoiding paying taxes (d) All of the above

Q3: Assumption of social responsibilities by a business is essential in order to

(a) Improve the image of business (b) Avoid government intervention

(c) Maintenance of society (d) All of the above

Q4: Producing goods and services as per needs of the society is a type of

(a) Economic responsibility (b) Legal responsibility

(c) Ethical responsibility (d) Discretionary responsibility

Q5: Operating a company as per the provisions of the Companies Act is a type of

(a) Legal responsibility (b) Ethical responsibility

(c) Economic responsibility (d) Discretionary responsibility

Q6: Giving due respect to different religions while advertising for a product is a type of

(a) Discretionary responsibility (b) Economic responsibility

(c) Legal responsibility (d) Ethical responsibility

Q7: Ethical business behaviour does not include

(a) Producing eco-friendly products (b) Earning reasonable profit

(c) Selling adulterated goods (d) Offering fair wages to the workers

Q8: 'Star Ltd.' is a well known real estate company in India. The activities of the company are governed by the values of Truthfulness, Respect, Justice, Commitment, Trust and Citizenship. The company has 12 branches across the country.

In context of the above case:

What are the socially determined values which govern the activities of a business known as? Also, describe its elements.

Q9: Rakesh, Sudhir and Mohit are partners in an export house. They have mutually decided to set up a new small scale handicraft factory in a remote rural area in Haryana which will run on solar power. The project will not only help to meet the growing demand for their products but also generate different kinds of employment opportunities in the village and foster its economic development. In the context of this case: Do you think the export house is an ethically responsible enterprise? Give reasons in support of your answer.

Q10: 'Staunch Ltd.' is a well known company in telecom sector in India. The company is committed to treat everyone fairly, with respect and dignity regardless of differences in positions, age, caste, creed, gender or otherwise. It endeavors to foster a participatory work environment where trust & confidence between team members is spontaneous. It not only abides by all the laws governing in India but is also fully committed to achieving and participating in every conceivable way in the progress and integrity of the nation. It constantly reviews and revises all its print and electronic promotional materials like advertisements, brochures, etc. to make sure that they are clear, precise and free from any kind of misrepresentation(s). The company remains actively involved in social issues and activities. It maintains financial records and follows strict accounting control to ensure effective and efficient utilisation of funds, thereby maximizing returns to their shareholders.

In context of the above case: By quoting lines from the paragraph identify the different interest groups towards which the company is fulfilling its social responsibilities.

**(EMERGING MODES OF BUSINESS)**

Q1: The strongest trends that are shaping businesses are:

(a) Outsourcing (b) Globalisation (c) Digitalization (d) All of the above

Q2: Which of the following transactions are not included in e-commerce?

(a) A firm's interactions with its customers

(b) Electronic management of production function

(c) A firm's interaction with its the suppliers

(d) All of the above

Q3: This constituent of e-business includes a series of online activities involved in marketing of goods and services

(a) B2B commerce (b) B2C commerce (c) C2C commerce (d) Intra B commerce

Q4: This application involves online trading of securities and other financial instruments.

(a) e-bidding (b) e-communication (c) e-delivery (d) e-trading

Q5: Which of the following is not a benefit of e-business?

(a) Movement towards a paperless society

(b) Globalisation

(c) Incongruence between order taking and order fulfillment speed

(d) Convenience

Q6: Agile Ltd. is a well known automobile company in India. The process of manufacturing of an automobile requires assembly of different kinds of components which in turn are being manufactured either within the vicinity of the automobile factory or have to be procured from a foreign country. Instead of depending on only one supplier, the automobile factory works in close coordination with multiple vendors for each of the components. The company is able to operate efficiently through a network of computers which facilitates the process of placing orders, monitoring delivery of components and making payments.

Identify and explain the component of e-business being described above.

Q7: Lavanya is running a health and weight management centre in Varanasi. She keeps in regular touch with her clients through an online portal. Moreover, she often conducts online surveys to ascertain the level of customer satisfaction.

Identify the component of e-business being described above.

Q8: 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 customised products made as per the requirements of the individual customer.

(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?

(b) Distinguish between the two different modes of business as identified in part(a) of the question by giving any two points.

**(FORMATION OF COMPANY)**

Q1: Shridhar is planning to promote an e-commerce company under the name 'Musafhir'. The website of the company will help the users to plan holidays with the help of technology. At a conceptual level the offering is highly simple, but at the computer science level and at technology level it is immensely complicated. For example, a planned itinerary for a ten day trip to Paris will have a trillion possibilities and number of permutations. The success of the business will depend upon its ability to churn out plans based on logic and according to preference within seconds. With the help of a business planner Shridhar has determined that the capital investment can be arranged within the available means. Moreover, he has analysed that the level of competition in this segment is low.

In context of the above case:

(a) Identify the various kinds of feasibility studies that Shridhar has undertaken as a promoter by quoting lines from the paragraph.

Q2: Farhan and Farida after completing a bachelor degree course in mass communication and media planning plan to promote two different advertising companies in Nagpur and Kanpur, respectively. As promoters they have been advised to take steps to prepare certain legal documents, which have to be submitted under the law, to the Registrar of Companies for getting the company registered.

In context of the above case:

(a) Can they file an exactly same Memorandum of Association for the two proposed companies? Why or why not?

(b) Is it necessary for every company to prepare separate Articles of Association? Why or why not?

Q3: Saikripa signed an Private agreement Ltd. was in the process of incorporation. The Promoters of the Company for the purchase of ten computers for the Company and payment was to be made to the suppliers of the computers by the Company after incorporation. The company was incorporated and the computers were used by it. Shortly after incorporation, the Company went into liquidation and the debt could not be paid by the Company for the purchase of the computers. As a result, suppliers sued the promoters of the Company for the recovery of money.

In context of the above case:

(a) During the promotion of the company the promoters may enter into certain contracts with third parties on behalf of the company as described above. What are these types of contract known as?

Q4: The purpose of this study is to assess if the raw materials and technology required to pursue a particular business proposal are easily available.

(a) Economic feasibility study (b) Financial feasibility study

(c) Technical feasibility study (d) None of the above

Q5: This clause of memorandum of association defines the purpose for which the company is formed.

(a) Liability clause (b) Capital clause

(c) Registered office clause (d) Object clause

Q6: The documents for registration for a company were filed on 21st February 2017. The Certificate of Incorporation was issued on 29th February 2017, But the date mentioned on the Certificate of Incorporation was 27th February 2017. From which date will the company be considered to be in existence and the contracts signed will be considered valid.

(a) 21st 2017 (b) 29th February2017

(C) 27th 2017 (d) None of the above

Q7: This document defines the relationship of a company with outsiders.

(a) Prospectus (b) Articles of association

(c) Memorandum of association (d) All of the above