



# B.K. BIRLA CENTRE FOR EDUCATION

SARALA BIRLA GROUP OF SCHOOLS  
A CBSE DAY-CUM-BOYS' RESIDENTIAL SCHOOL



## ANNUAL EXAM 2025-26 BUSINESS STUDIES (054) Marking Scheme

Class: XI

Date: 20.02.2026

Admission no:

SET\_A

Time: 3 Hrs

Max Marks: 80

Roll no

1.	(C) Only (i) and (iii)	(1)
2.	(B) Both statement 1 and 2 are incorrect <b>OR</b> (A) Both statement 1 and 2 are correct	(1)
3.	(A) 50,000 each to all the three partners	(1)
4.	(B) Multinational Company and Departmental undertaking	(1)
5.	(C) Speed Post	(1)
6.	(D) Unstructured Supplementary Service Data <b>OR</b> (B) Very Small Aperture Terminal	(1)
7.	(D) e-Promotion	(1)
8.	(C) Interaction among the various departments within the business	(1)
9.	(B) Through VPN <b>OR</b> (A) Informatics	(1)
10.	(D) Only (R) is correct but (A) is not correct	(1)
11.	(A) Shareholders <b>OR</b> (D) Society	(1)
12.	(C) Industrial Credit and Investment Corporation of India <b>OR</b> (D) Ploughing back of profits	(1)
13.	(C) 25%	(1)
14.	(C) Assertion (A) is true, but Reason (R) is false. <b>OR</b> (A) Both Assertion (A) and Reason (R) are true, and (R) is the correct explanation of (A).	(1)
15.	(B) i) b), ii) a); iii) d); iv) c)	(1)
16.	(D) Start-up Intellectual Property Protections	(1)
17.	(A) 5%, 12%, 18% and 28%	(1)
18.	(C) Hawker	(1)
19.	(C) Assertion (A) is true, but Reason (R) is false.	(1)
20.	(D) Export Processing Zone	(1)

21.	<table border="1" data-bbox="146 168 1292 362"> <tr> <td>Economic Objectives</td> <td>Social Objectives</td> </tr> <tr> <td>Profit</td> <td>Supply of quality products at fair price</td> </tr> <tr> <td>Survival</td> <td>Avoidance of Unfair Trade Practices</td> </tr> <tr> <td>Growth</td> <td>Generation of Employment Opportunities</td> </tr> <tr> <td></td> <td>Protection of Environment</td> </tr> </table> <p style="text-align: center;"><b>OR</b></p> <p>Tertiary sector is very important for both the primary as well as the secondary sector.</p> <p>i) It helps the primary sector (farmers) to transport their crop and produce either to the market or to the industry for further production.</p> <p>ii) It helps the industry (secondary sector) by transportation of raw material and finished goods.</p> <p>iii) It helps both the sectors with finance (banking)</p> <p>iv) As there is a time gap between production and consumption of goods the tertiary sector provide warehousing to keep the goods safe.</p> <p>v) Insurance helps both the sectors</p>	Economic Objectives	Social Objectives	Profit	Supply of quality products at fair price	Survival	Avoidance of Unfair Trade Practices	Growth	Generation of Employment Opportunities		Protection of Environment	(3)
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22.	<p>RBI is Statutory Corporation.</p> <p>Merits are: Operational Flexibility; Freedom from Interference; Autonomous Set-up and Facilitates Economic Growth</p>	(3)										
23.	<p><b>i) B2B (Business-to-Business):</b> When TechMart Solutions supplies computer hardware and software to schools and offices, it is engaging in a B2B model. This involves transactions between two businesses.</p> <p><b>ii) B2C (Business-to-Consumer):</b> Selling laptops and accessories directly to individual customers through the website is an example of B2C. Here, the business sells products directly to the end consumer.</p> <p><b>iii) C2C (Consumer-to-Consumer):</b> The "ReSellIt" platform is an example of a C2C model, where consumers sell used gadgets to other consumers using an online platform.</p>	(3)										
24.	<p>The Small Scale Industries have EIGHT sectors they are</p> <p>(i) Handlooms           (ii) Handicrafts           (iii) Coir   (iv) Sericulture   (v) Khadi</p> <p>(vi) Village industries   (vii) Small Scale Industries   (viii) Power looms</p> <p>Small Enterprise: Investment in Plant and Machinery or Equipment is between 1 crore and 10 crore annual turnover does not exceed 50 crore.</p>	(3)										
25.	<p>i) This highlights the feature of <b>Transferability of Shares</b>. In a joint stock company, shareholders can freely transfer their shares without needing the consent of other members. This ensures liquidity and does not affect the company's continuity, showing a separation between ownership and management. (1)</p> <p>ii) This reflects the feature of <b>Separation of Ownership and Management</b>. Shareholders (owners) elect a Board of Directors to manage the company. This allows professionals to run the company efficiently while owners focus on investment. It brings in expertise, accountability, and smoother operations. (2)</p> <p>iii) This feature <b>Limited Liability is highlighted in</b> The company's financial liabilities are limited to its assets, and no shareholder is personally liable for the company's debts. This means shareholders are liable only up to the amount unpaid on their shares. This protects personal assets and encourages people to invest without the fear of unlimited liability. (1)</p>	(4)										
26.	<p>Ans: A government company is defined Section 2(45) of the Companies Act 2013 as a company in which not less than 51% of the paid up capital is held by the central or by any state government or partly by central and partly by state government.</p> <p>i) Incorporation: The government company is registered under the Companies Act 2013 or any previous Company Law.</p> <p>ii) Separate Legal entity: It has a separate legal entity different from the government and can enter into contract acquire property or can sue or be sued by a third party.</p> <p>iii) Management: It is managed by a board of directors nominated by the government. The management is regulated by the provisions of the companies Act.</p> <p>iv) Finance: At least 51% of the capital of the company is contributed by the state or the state</p>	(4)										

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27.	<p>Air pollution. The other three types of pollution: Land(Soil) pollution; Water pollution and Noise pollution</p> <p>i) Air pollution: It is the contamination of the air by the discharge of harmful substances. The main causes of such pollution is discharge of CO by automobiles and smoke and other chemicals from various manufacturing plants. Air pollution has resulted in ozone depletion. It has lead to climate change and global warming.</p> <p>ii) Water pollution: This is caused when harmful chemicals and toxic waste is dumped into some water source. These toxic materials get dissolved into water and cause lot of health issues to animals and humans. It can also cause death.</p> <p>iii) Land pollution: Dumping of toxic wastes results into land pollution. It degrades the quality of soil and makes it unfit for cultivation or plantation.</p> <p>iv) Noise pollution: This is caused by loud machines, firecrackers and vehicles. It is a serious health hazard. It can be responsible for hearing loss, mental disorder, rise in chance of heart attack.</p> <p style="text-align: center;"><b>OR</b></p> <p>Social responsibilities towards Workers</p> <p>i) Create and provide proper and safe working conditions.</p> <p>ii) Ensure fair wages and a fair deal from the management.</p> <p>iii) To provide opportunities for personal growth and development.</p> <p>iv) To provide the democratic rights of the workers to form unions.</p> <p>v) To provide for their education and training.</p> <p>Social responsibilities towards Community</p> <p>i) Protect the natural environment and avoid any type of pollution.</p> <p>ii) Develop a good image in the society through continuous interaction.</p> <p>iii) To take adequate safety measures in production of hazardous and unsafe products.</p> <p>iv) To follow social norms conventions, traditions and customs while framing business policies.</p> <p>v) To provide basic amenities like drinking water</p>			(4)															
28.	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 33%;">Product Name</th> <th style="width: 33%;">State</th> <th style="width: 33%;">Date of GI Registration</th> </tr> </thead> <tbody> <tr> <td>Channapatna Toys</td> <td>Karnataka</td> <td>3 July 2006</td> </tr> <tr> <td>Tirupati Laddu</td> <td>Andhra Pradesh</td> <td>15 September 2009</td> </tr> <tr> <td>Nagpur Orange</td> <td>Maharashtra</td> <td>4 April 2014</td> </tr> <tr> <td>Basmati Rice</td> <td>Punjab/Haryana/etc.</td> <td>5 February 2016</td> </tr> </tbody> </table> <p>ii) Venture Capital: They are professionally managed funds which are invested in companies that have huge potential. Venture Capitalist provide expertise, mentorship, and evaluate business from the point of sustainability and scalability point of view.</p> <p>Business Incubators: Business incubators are like a parent who nurtures the business. They help the start up to connect with mentors, investors and other start up for their growth.</p> <p style="text-align: center;"><b>OR</b></p> <p>i) Employment Generation: Small industries are the second largest employers of human resources in our country after agriculture. This is due to the fact that these industries are labour intensive. They provided jobs mostly semi skilled and unskilled workers.</p> <p>ii) Large variety of products: Small industries provide a large variety of Consumption as well as Sophisticated items. Consumption items like readymade garment, hosiery, stationery and sophisticated items like TV, electro-medical equipment drugs and pharmaceuticals</p> <p>iii) Low cost of production: Due to low establishment cost and low running cost it is able to produce goods at a low cost. This helps the small scale business to compete with big business.</p> <p>iv) Customised production: Goods can be produced according to the needs and requirement of the customer this is possible due to use of simple and flexible production techniques.</p>			Product Name	State	Date of GI Registration	Channapatna Toys	Karnataka	3 July 2006	Tirupati Laddu	Andhra Pradesh	15 September 2009	Nagpur Orange	Maharashtra	4 April 2014	Basmati Rice	Punjab/Haryana/etc.	5 February 2016	(4)
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	(iii) Nature of payment	Mostly on credit	Mostly in cash	
	(iv) Profit Margin	Low due to fast turnover	High, due to higher expenses	
30.	<p>There are four steps that need to be followed before getting an export license.</p> <p>i) Opening a Bank Account: To deal with foreign exchange it is absolutely for an exporter to open a bank account authorised by the RBI.</p> <p>ii) Obtaining Import Export Code (IEC) number: The exporter needs IEC number to fill it in various export/ import documents. To get such a number exporter has to apply to the Regional Import Export Licensing Authority in a prescribed form and supporting this form with several documents.</p> <p>iii) Obtaining RCMC Certificate from Export Promotion Council: It is necessary for the exporter to become a member of an appropriate Export Promotion Council and obtain the RCMC Certificate (Registration cum Membership Certificate). This is important to avail the benefits available to exporters from the government.</p> <p>iv) Registering with Export Credit and Guarantee Corporation: This registration is absolutely necessary to protect overseas payment from political and commercial risks. Such a registration also help the exporter in getting financial assistance from commercial banks and other financial institutions.</p>			(4)
31.	<p>a) i) CDSL= Central Depository Services Limited  ii) RTGS = Real Time Gross Settlement  iii) AEPS = Aadhaar Enabled Payment System  iv) QR code: Quick Response code</p> <p>b) i) <b>Insurable Interest:</b> Mr. Jacob had an insurable interest in his own factory and stock, meaning he stood to suffer a financial loss if they were damaged. This principle states that the insured must have a financial interest in the subject matter of insurance at the time of loss. Hence, he was entitled to claim compensation for his own losses.</p> <p><b>ii) No Insurable Interest in Rahul’s Property:</b>  Mr. Jacob could not claim compensation for the damage to Mr. Rahul’s warehouse because he did not have an insurable interest in that property. Only the person who owns or has a financial interest in the insured property can claim insurance.</p> <p><b>iii) Subrogation:</b> After compensating Mr. Arjun, the insurance company exercised the principle of subrogation. This principle allows the insurer to step into the shoes of the insured and recover the loss from the third party responsible—in this case, the electrical contractor.</p> <p><b>iv) Proximate Cause:</b> The proximate cause of the loss was the short circuit, which directly led to the fire. This principle helps determine the actual cause of loss when multiple causes are involved. Since the fire (caused by the short circuit) was the nearest and most direct cause of the damage, the insurer was liable to pay the claim.</p> <p style="text-align: center;"><b>OR</b></p> <p>i) Ravi has opted for <b>Life Insurance</b> (specifically, an endowment policy that provides both risk cover and savings). (2)  Essential elements are</p> <p>a) Must have all the essentials of a valid contract  b) The contract must be in utmost good faith  c) It is not a contract of indemnity</p> <p>ii) Two features of life insurance: (2)  a) It provides financial protection against the risk of death.  b) It can offer a maturity benefit if the insured survives the policy term.</p> <p>iii) The maturity benefit ensures that if Ravi survives the policy term, he will receive a lump sum amount, which can be used for future financial goals like children’s education or retirement. (1)  iv) The principle of <b>Utmost Good Faith</b>. (1)</p>			(6)
32.	<p>A company can issue two types of shares i) Equity and ii) Preference  Equity shares are the most important source of long term capital of a company. The money raised using equity shares is known as Equity Share Capital.  Features</p>			(6)

- i) Risk bearer capital: The equity shareholders are the primary risk bearer, the sink and swim with the company. If the company makes a huge profit they are rewarded as well as if the company is into a loss they do have to bear it.
- ii) Return: The equity shareholder receives dividend from the company. This varies with the earnings of the company.
- iii) Claim over residual income: Equity shareholder are only paid after all the claims on the company's income has been settled.
- iv) Voting rights: Equity shareholders enjoy voting rights in the proportion to the shares held by them, they participate in the company's management.
- v) Limited liability: The liability of the equity shareholders are limited to the unpaid amount of shares held by them.

Preference shares are so called as they enjoy some preference over the equity shareholders. They have a right to receive dividends before it is paid to equity shareholders  
On winding up of the company the preference shareholders will be paid before the equity shareholders

Features

- i) Fixed rate of dividend: If the company makes adequate profit the preference shareholder will receive dividend at a fixed rate before it is paid to equity shareholders.
- ii) Repayment of capital: At the time of winding up of the company the preference shareholder will receive their money back (redemption) before they are paid to equity shareholders.
- iii) No voting rights: The preference shareholders generally do not enjoy any voting rights.
- iv) No charge on assets: Preference shares are issued without creating any charge on assets of the company.
- v) Hybrid Security: Like equity shares they get dividend and like debenture holder they get a fixed return.

**OR**

Calculation of Rate of Return

Profit of the year	2,90,000
Less: Interest on Debenture (10% of 5,00,000)	50,000
Less: Interest on Bank Loan (15% of 4,00,000)	60,000
	1,80,000
Less: Dividend paid to Preference Share (12% of 5,00,000)	60,000
Distributable profit to Equity shareholder	1,20,000
Rate of Return (1,20,000/6,00,000) X 100	
	<b>20%</b>

b)

Basis	Shares	Debentures
i) Status	Owner	Creditors
ii) Rate of return	Dividend fluctuates	Interest is fixed irrespective of profit
iii) Control	Shareholders enjoy voting rights so they can exercise control	Debenture holders have no voting rights , so don't have any control

- 33.** Chain stores are also known as multiple shops they are networks of retail shops, which are owned by the single business enterprise. They are usually established by manufactures or traders. They are established with similar appearance over different localities.
- Features
- i) Location, located in populated localities
  - ii) Centralised Purchase
  - iii) Centralised Control
  - iv) Cash sales
  - v) Centrally fixed price
- Demerits
- i) Limited selection of goods: As chain store deal with limited line of product of uniform quality the choice of the products in these stores are limited.
  - ii) Lack of personal touch: Chain stores are managed by hired employees and they do not care much about the

**(6)**

	<p>satisfaction of customers  iii) No credit facilities: Due to this there are a large section of customers who are discouraged from buying.  iv) Huge capital requirement: Establishment cost of these types of stores is huge and both fixed and working capital requirements are huge.</p> <p style="text-align: center;"><b>OR</b></p> <p>Retail trade is the link between the wholesaler and the customer. It refers to buying of goods in small quantities from wholesalers and selling them to ultimate customers. Retailers deals in large varieties of goods. There are of operation is limited to a locality. Retailers maintain a personal contact with their customers.</p> <p>Retailers are classified on the basis of</p> <p>i) Size of business: Large, medium and small retailers. Large retail houses are located at central places and small shops are located in local areas.  ii) Ownership: Sole proprietorship, partnership and cooperative stores and company. Large departmental store usually operate as a company, while small shops as sole proprietorship.  iii) Merchandise or Product Mix: Speciality Store deals in specific product under one product line. Departmental Store dealing with a wide range of different lines of product.  iv) Fixed place of business: Itinerant Retailers (don't have a fixed place) Fixed shop retailers</p>	
34.	<p>Benefits to Nations</p> <p>i) Earning of Foreign exchange: It helps a country to earn foreign exchange which can be used to import various types of goods which are not found in their country.  ii) More efficient use of resources: External trade helps countries to specialise in production of those goods in which they have a natural advantage. The countries produce and export surplus of these goods and import the goods which they cannot produce efficeiently.  iii) Improving growth prospects and employment potentials: Developing countries benefit from international trade as they can increase their production which leads to the increase in their GDP. These countries can import better technology and capital equipment. External trade has always created both direct and indirect employment.  iv) Increased standard of living: External trade helps developing countries get all types of goods which they were unable to produce efficiently. This improves their living standards.</p> <p>Benefits to Business Firms:</p> <p>i) Prospects for higher profit: As domestic firms are able to sell their products at higher prices in foreign markets it improves the prospect of making a higher profit.  ii) Increased Capacity utilisation: Firms can use their surplus production capacity and improve profitability by getting engaged in international business. This will help the firm to take advantage of economies of scale and thus increase their profit.  iii) Prospect of growth: International trade always enable the firm to enhance its growth prospects.  iv) Improved Business Vision: The vision to become international comes from the urge to grow, the need to become more competitive, the need to diversify and to gain strategic advantages.</p>	(6)

