

Sample Question Paper
ELEMENTS OF BUSINESS
Class-IX
Code-154

Summative Assessment-1
October 2010
Design of Question paper

Time Allowed : 3 Hrs

Maximum Marks : 80

01. Weightage to Form of Questions

Type of questions	No. of Questions	Marks for each Question	Total Marks
1. MCQs	16	1	16
2. Short Answer Questions	16	3	48
3. Long Answer Questions	4	4	16
Total	36	-	80

02. Weightage to Content Units

Evaluation will be done from the following topics :

Unit I	Introductory : Meaning, functions and scope of business	10 marks
Unit II	Types of Business Organizations : Sole proprietorship, Partnership and Joint stock company	30 Marks
Unit III	Channels of distribution : Types and functions of wholesaler and retailer.	40 Marks

Sample Question Paper-I
Elements of Business
Class IX
Code - 154

Time Allowed: 3 hours

Maximum Marks: 80

General Instructions :

1. *The question paper has 36 questions in all. All questions are compulsory.*
2. *Questions from serial No. 1 to 16 are multiple choice questions. These are to be answered by writing the correct option in your answer sheet.*
3. *Answers to questions from serial number 17 to 32 carrying 3 marks each may be of 50 to 70 words each.*
4. *Answers to questions from serial number 33 to 36 carrying 4 marks each may be of about 150 words each.*
5. *Attempt all parts of a question together.*

1. All business activities which are connected with raising, producing and processing of goods and services are known as
(a) Trade (b) Commerce
(b) Industry (d) Auxiliaries to trade. 1
2. All those activities which facilitate transfer of goods and services from one place to another or from one person to another is known as
(a) Trade (b) Industry
(c) Commerce (d) None of the above
3. Buying and selling of goods and services on regular basis is known as
(a) Trade (b) Industry
(c) Commerce (d) Auxiliaries to trade
4. Which of the following activities may be considered as a business activity?
(a) Raju, a furniture dealer, sold his own Maruti car to Hari.
(b) Hina, a readymade garments dealer purchased a suit for herself.
(c) A tailor's mother stitching clothes for her children.
(d) A fruit seller selling fruits in the local market.

5. Which of the following is not a limitation of proprietorship?
 (a) Unlimited capital (b) Unlimited liability
 (c) Limited size (d) Lack of continuity 1
6. Which of the following is not an advantage of sole proprietorship?
 (a) Quick decision (b) Better control
 (c) Better decision (d) Flexibility in operation 1
7. Which of the following is not a feature of partnership?
 (a) Two or more members (b) Sharing of profit
 (c) Limited liability (d) Agreement among the partners. 1
8. Which of the following is an advantage of a Joint-Stock-Company?
 (a) Easy to form (b) Limited liability
 (c) Better control (d) Quick decision 1
9. The form of business which has a legal existence separate from its members is known as?
 (a) Sole proprietorship (b) Partnership
 (c) Joint-Stock-Company (d) None of the above 1
10. Which of the following is not a feature of sole proprietorship?
 (a) Sharing of profit and loss (b) Single ownership
 (c) Unlimited liability (d) One-man-control 1
11. Hari Shankar and Madan are friends and want to start a business together. None of them wants that their personal property should be used to pay off any loss in the business. Which type of business organisation will they choose :
 (a) Partnership (b) Joint-Stock-Company
 (c) Sole-proprietorship (d) None of the above.
12. Girish, a sole trader in computers, has enough capital but limited expertise. He wants to expand and grow his business and does not want to loose his control. Which of the following measures would suit him the most.
 (a) Admit a partner
 (b) Convert his business into a company
 (c) Hire a computer professional
 (d) Ask his father to join his business and help him.

13. Which of the following characteristics does not belong to a wholesaler?
 (a) Requires more capital (b) Sale of goods for resale
 (c) Deals only in limited goods (d) Sells goods in small quantities 1
14. Which of the following features belongs to a retailer?
 (a) Direct contact with customers
 (b) Sells goods in large quantities
 (c) Sells different varieties of a particular product
 (d) Employs number of agents for distribution of products
15. Which of the following is not a function of a retailer?
 (a) Buying and Assembling of goods
 (b) Providing personal services to customers
 (c) Providing financial support to producers
 (d) Providing credit facilities to regular customers 1
16. Which of the following is a function of a wholesaler?
 (a) Buying finished goods from the producers and keeping them in warehouses till they are sold.
 (b) Buying finished goods and assembling of different varieties of goods from different manufacturers.
 (c) Providing expert advice regarding quality, features and usefulness of the items to customers.
 (d) Display different types of goods to attract the attention of customers. 1
17. Classify the industries into three categories with brief explanation of each. 3
18. What is meant by Business? State any two characteristics of Business. 3
19. Sole proprietorship is the best form of Business Organisation at small scale. Justify the statement by giving any three reasons. 3
20. Give the meaning of 'Partnership Deed'. State the contents of partnership deed. 3
21. State any three limitations of 'Partnership'. 3
22. Explain 'No separate-Legal-Existence' and 'Unlimited liability' as features of partnership. 3
23. Compare a 'Public Company' and a 'Private Limited Company' on the basis of any three features. 3
24. Differentiate between 'Partnership' and 'Sole proprietorship' on the basis of
 (i) Formation (ii) No. of members
 (iii) Governing Act.

25. What is meant by channels of distribution? List the two types of channels of distribution. 3
26. Explain 'Fixed Shop retailing' as a type of Retail-Trade. 3
27. State any three limitations of 'Mail-order-Business'. 3
28. What is meant by 'itinerant retailing'? 3
29. 'Teleshopping saves time and effort as order can be placed over the telephone'. In the light of this statement state any three benefits of Teleshopping. 3
30. In spite of being a convenient method of buying goods, teleshopping is not used by consumers very often. Why? 3
31. Outline the procedure for buying goods through mail order. 3
32. Explain any three advantages of Multiple shops to buyers and sellers. 3
33. Explain why it is said that 'A Joint-Stock-Company' is an artificial person having a perpetual succession'. 4
34. Differentiate between 'Departmental Stores' and 'Multiple Shops' on the following basis:
- | | | |
|--------------------------|----------------------|---|
| (i) Location | (ii) Decoration | |
| (iii) Varieties of goods | (iv) Credit facility | 4 |
35. What is meant by 'Wholesaler'? Why wholesalers are needed in the channels of distribution? Give any two reasons. 4
36. Harish displays different type of goods in systematic and attractive manner in his shop. What type of a middleman is he? State three other features of this type of middleman in the channels of distribution. 4

Marking Scheme
ELEMENTS OF BUSINESS
Code 154
Class IX

- | | | | |
|-----|---|---|---|
| 1. | c | | 1 |
| 2. | c | | 1 |
| 3. | a | | 1 |
| 4. | d | | 1 |
| 5. | a | | 1 |
| 6. | c | | 1 |
| 7. | c | | 1 |
| 8. | b | | 1 |
| 9. | c | | 1 |
| 10. | a | | 1 |
| 11. | b | | 1 |
| 12. | c | | 1 |
| 13. | d | | 1 |
| 14. | a | | 1 |
| 15. | c | | 1 |
| 16. | a | | 1 |
| | | | |
| 17. | Classification of Industries | | 1 |
| | (i) Primary Industries | ½ mark for naming + | |
| | (ii) Secondary Industries | ½ mark | |
| | (iii) Tertiary Industries | for brief explanation of each | |
| | | | |
| 18. | An activity involving regular production or purchase of goods and services for sale, transfer and exchange with an object of earning profit is called business. | | |
| | Characteristics of business : (Any two) | | |
| | (i) Regular exchange of goods and services | | |
| | (ii) Aims at earning profit | | |
| | (iii) Requires investment | | |
| | (iv) Involves risk and uncertainty of income. | 2 marks for meaning | |
| | | + 1 mark (½ mark for each characteristic x 2) | |

19. Yes, it is true that sole proprietorship is the best form of business organisation in small scale because : (Any three reasons)

- (i) It is easy to form and wind up
- (ii) There is direct link between efforts and reward
- (iii) Quick decisions and prompt action can be taken. 1 mark for each correct
- (iv) There is flexibility in operations. reason 1x3=3 marks

20. Partnership deed is a written agreement amongst the partners which contains - (Any four)

- the amount of capital contributed by the partners;
- profit or loss sharing ratio;
- salary or commission payable to partners;
- duration of business 1 mark for the meaning
- duties and powers of each partner +(1/2 mark for each content 1/2x4)
- any other terms and conditions to run the business. 2 marks = 3 marks

21. Limitations of Partnership (any three): 1x3 = 3

- (i) Unlimited Liability
- (ii) Uncertain Life
- (iii) Lack of harmony
- (iv) Limited Capital
- (v) Non-transferability of shares.

22. No separate legal existence means that a partnership firm has no separate legal existence from that of its partners. The firm means the partners and partners collectively mean the firm.

Unlimited Liability means if the assets of the firm are insufficient to meet the liabilities, the personal property of the partners, if any, can be utilised to meet the business liabilities.

1½x2=3

23.	Basis	Public Company	Private Company	(Any three)
(i)	Membership	Minimum-07	Minimum-02	3 marks
(ii)	Identification	Use a suffix "Limited" after its name	Use a suffix "Private Limited" after its name	
(iii)	Transferability of shares	free	Restricted	
(iv)	Capital requirement	Not less than 5 lakh	Not less than 1 lakh	
(v)	Raising of funds	Can raise as much money as required from public	Cannot give open invitation to the public	

24. Basis	Partnership	Sole Proprietorship	
1. Formation	Formed on the basis of agreement	No agreement is required to start business	1x3 =3 marks
2. No. of members	Minimum-2 Maximum 10 in banking and 20 in other business	Only one member	
3. Governing Act	Indian Partnership Act, 1932	No Specific Act.	

25. The route taken by goods as they move from producer to consumer is known as channel of Distribution. 2 marks for meaning

(i) Direct Channel +(1/2 mark for each type 1/2x2)
 Producer → Consumer 1 mark = 3 marks

(ii) Indirect channel
 Producer → Middlemen → Consumer
 (Agent → Wholesaler → Retailer)

26. **Fixed Shop retailing** : In fixed shop retailing retailers sell goods and services from a fixed place known as shop. These shops normally deal with a limited variety of goods and are usually located at market places or commercial areas or residential localities. 3 marks

27. Limitations of 'Mail-order-Business' : 1x3=3marks

- (i) Credit facility is not available to customers.
 - (ii) This type of business is not suitable for illiterates.
 - (iii) The buyers do not have the option to check the goods before making payment.
 - (iv) Requires wide spread advertising
- (Any three)

28. **Itinerant-retailing** : It is a type of retailing in which retailers move around and sell a variety of items directly to consumers. They do not have fixed shops. The items sold are not branded products.

29. Teleshopping saves time and efforts as order can be placed on the telephone. Yes, the statement is true because : 1x3=3 marks

- (i) The people are now a days very busy and do not have much time for shopping.
- (ii) It removes/eliminates middlemen in the process of distribution which ultimately results in reduction of price.
- (iii) Buyers can inquire about the product without visiting the seller's place which saves the time.

30. Teleshopping is not used by consumers very often because : (any three) 1x3=3marks
- (i) The disputes over terms and conditions of sale may be difficult to resolve because orders are received orally over telephone.
 - (ii) No facility is available for inspection of goods offered for sale.
 - (iii) Risk of fraud and dishonesty is unavoidable.
 - (iv) Credit facility is not available to the buyers.
31. The procedure for buying goods through mail order business is as follows :
- (i) The seller advertises the products through newspapers, magazines, television etc.
 - (ii) The advertisement contains detailed particulars about the product and tries to create an interest in the minds of the customers.
 - (iii) The advertisement may contain an order form or coupon which the customer has to fillup and send at the address of the mail order house.
 - (iv) After receiving the order mail order house packs the goods properly and sends them through the post office.
32. Advantages of 'Multiple Shops' to buyers and sellers (Any three) 1x3=3marks
- (i) Easy identification (½ mark for naming)
 - (ii) Elimination of middlemen (+½ mark for explaining)
 - (iii) Economies of Large-Scale
 - (iv) Low Price
 - (v) No-Bad Debts
 - (vi) Public Confidence
 - (viii) Convenient location
33. Yes, a Joint Stock Company is an artificial person because it takes birth, grows, enters into relationship and dies like an individual but all this is regulated by law and it does not possess physical attributes like that of a normal person.
- A Joint Stock Company also has perpetual succession as it continues to exist as long as it fulfils the requirements of law. It is not affected by death, insolvency or retirement of any of its members.
- 34.
- | Basis | Departmental stores | Multiple shops |
|--------------------------|--|--|
| (i) Location | Located at main commercial centres | Located at different places near the customers |
| (ii) Decoration | Adopt different decoration decided by the owners | All shops are decorated in the same manner. |
| (iii) Varieties of goods | Deals in wide variety of goods of different manufacturers. | Deals in a few items of one manufacturer |

- (iv) Credit Facility Sometimes customers can buy the goods on credit Credit facility is not available to customers

1x4=4 marks

35. A wholesaler is a middleman in the channel of distribution who deals with the goods in bulk quantity, with a limited variety of items and also in a specific line of product. He sells the goods in relatively smaller quantities to the retailers. Wholesalers are needed in the channels of distribution because (Any two) 2 marks + (1/2x2) 1 mark = 3 marks

- (i) He provides warehousing/storage facility to producer/manufacturer
- (ii) He performs the function of distribution of goods to retailers
- (iii) He provides financial support to the producers/manufacturers.
- (iv) He bears the risks arising out of changes in demand, rise in price, spoilage/destruction of goods etc.

36. He is a 'retailer'. The other features of retailers are : (Any three) 1 mark + (1x3) = 3 marks = 4marks

- (i) Retailers have a direct contact with customers
- (ii) Require less capital to start a business
- (iii) Generally sell goods for consumption
- (iv) Deal in different varieties of products
- (v) Buy and sell goods in small quantities