

# Important Questions for Class-XI Business Studies

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**These Important Questions for Business studies consist of four types of Questions for CBSE Schools and Home-tuition.com Students.**

**Type-1 Questions of 1 Mark**

**Type-2 Questions based on 2 Marks**

**Type-3 Questions Based on 3 Marks Type-4 Questions Based on 4 & 5 Marks**

**11 – BSt**

Unit – N.A

**Name of Chapter – Forms of business Organization**

**Chapter no - 02**

**(T.Q=22)**

**(T.M = 76)**

**Q.1 Define Sole Proprietorship.**

**(2 Marks)**

**Ans.** Sole proprietorship is a form of business organization in which the proprietor brings his own Capital, manages and controls the business himself and bears solely the risks of the business.

**Q.2 What is the meaning of Partnership?**

**(2 Marks)**

**Ans. Partnership-**When two or more persons, with the object of making a profit, agree to do business jointly, it is deemed that partnership has come into existence. Thus, partnership is a relation between persons who have agreed to share the profits of a business Carried on by all or any one of them acting for all.

**Q.3 What are the advantages of a Private company?**

**(4 Marks)**

**Ans.** Main advantages of private company are as follows:-

1. Easy Formation: - Like partnership firm, a private company is easy to form, as two or more persons are required to form it.
2. Less or Legal Formalities- A private limited company can start its business immediately after its incorporation as it need not obtain the certificate of commencement of business company law does not prescribe any restrictions on the allotment of shares or appointments of directors by the private limited Company.
3. Secrecy- A private limited corny does not have to show or present its accounts and financial Statements before the Registrar of Companies and the public. This ensures secrecy in the business.
4. Quick Decision- Policy decisions can be token up more quickly in case of private limited company as Compared to public Company as there is lesser number of people to be consulted for every decision.

**Q.4 What do you understand by Co-operative Society?**

**(2 Marks)**

**Ans.** A co-Operative society is a voluntary association formed by people on the basis of equality to protect their interest on a democratic basis and with collectively owned funds.

**Q.5 What is partnership Deed? List out the contents of Partnership deed. (4 Marks)**

**Ans.** Partnership deed. It is a written agreement between the partners of a firm. It contains several clauses regarding name and address of partners, nature of business, Capital, profit sharing ratio etc.

Contents of Partnership Deed: -

1. Names and address of Partners
2. Nature and Scope of Business
3. Duration of Partnership
4. Contribution of capital by Partners
5. Sharing of Profit or loss
6. Loans to End by Partners
7. Commission and Salary of Partners
8. Drawings and Interest on Drawings
9. Rights, Duties and Liabilities of Partners
10. Admission and Retirement of Partners
11. Goodwill of the business
12. Dissolution of Partnership
13. Death of a Partner
14. Breaking Relationship with Partnership
15. Audit of Books of accounts
16. Arbitration clause

**Q.7 Describe the meaning of Joint Hindu Family Business. (2 Marks)**

**Ans.** A Joint Hindu Family Business may be defined as a form of business organization in which all the male members of a Hindu Undivided Family Carry on business under the management and control of the head of the family called "Karta".

**Q.8 State the different kinds of partners. (2 Marks)**

**Ans.** Types of partners: -

1. Active or working Partner
2. Inactive, Sleeping Partner
3. Nominal Partner
4. Minor Partner
5. In coming Partner
6. Outgoing Partner
7. Lanced Partner
8. Partner in Profits only
9. Secret Partner

**Q.9 What is the meaning of co-operative Society? (2 Marks)**

**Ans.** A Co-Operative Society is established by a group of persons who voluntary come together for mutual benefit. It is based on the principles of collective effort, mutual self-help, equality and freedom.

**Q.10 Write down the advantages of Registration (4 Marks)**

**Ans. (1)** Advantage to the Firms: A registered firm, or any its partners can file a suit against a third party.

- (2) Advantage to Partners: When a firm is registered, the partners can file a suit against the firm or against their partners and take the recourse of law to claim their rights.
- (3) Advantage to creditors: The right of the creditor is safeguarded by registration of the firm. The creditors can sue any partner whose name is in the Registrar of Firms to realize their money.
- (4) Advantage to Incoming Partners: An incoming partner can claim his to depend on the integrity of other partners in an unregistered firm.

**Q.11 What are the advantages of Joint Hindu Family business? (4 Marks)**

**Ans.** Following are the important advantages of Joint Hindu Family business:

1. Easy Formation: A joint Hindu family Business is the result of operation of Hindu law. There are no legal formalities to bring it into existence.
2. Economy: The liability of Karta is unlimited, so he is careful, judicious and economical in business expenditure.
3. Secrecy: The secrets of business are known to Karta only.
4. Stability: The joint Hindu family business enjoys Continuous existence. It is stable and comes to an end only after the total breakdown of the joint family
5. Direct Contact with customers: It has direct contact with customers; so it can provide personal attention to the requirements of its customers. It results in growth of the business.

**Q.12 Define Dayabhaga System**

**(2 Marks)**

**Ans.** This system of Hindu Succession is prevailing in Bengal, Assam and Orissa only. According to this system, in case of death of a coparcener, who has no male issue; his widow will become a coparcener. In other words, under this system both male as well as female members of a family can become Coparceners.

**Q.13 What are the types of cooperationist?**

**(2 Marks)**

**Ans.** Types of co-operatives: -

1. Consumers' cooperative societies
2. Cooperative credit societies
3. Producers cooperative societies
4. Marketing cooperative societies
5. Farmers cooperative societies
6. Housing cooperative societies

**Q.14 What are the merits and demerits of a company?**

**OR**

**Differentiate between Merits and Demerits of a company.**

**(6 Marks)**

**Ans.**

<b>Merits</b>	<b>Demerits</b>
(Advantages of a company) 1. Huge capital 2. Limited liability 3. Perpetual existence 4. Transferability of shares 5. Specialized management 6. Scope for expansion	(Disadvantages of a Company) 1. Difficulties in formation 1. Excessive government regulations 2. Lack of secrecy 3. Slow decision making 4. Lack of Personal touch 5. Conflicts among shareholders

7. Wider distribution of risk	6. Fraudulent practices by promoters / directors
8. Public confidence	7. Difficulty in winding up

**Q. 15 Give some points regarding Public company (6 Marks)**

**Ans.** A public company is a company which:

1. Is not a private company
2. Has a minimum of 7 members but there is no upper limit regarding the number of members
3. Does not put any restriction on the transfer of its shares
4. Invites the general public to subscribe to its shares and debentures
5. Invites public deposits from the general public
6. Has a minimum paid – up capital of five lack rupees or such higher amount as may be prescribed by the Government

**Q. 16 What are the merits of Partnership? (4 Marks)**

**Ans.** Merits of partnership:

1. Easy to form a partnership firm
2. Facility of large financial resources
3. Better management of operations
4. Sound decisions
5. Sharing of risks
6. Flexibility in operations
7. Greater motivation because of unlimited liability
8. Maintenance of secrecy
9. Easy to dissolve the firm

**Q.17 Difference between Private Company and Public company (6 Marks)**

**Ans.**

Basis	Private Limited company	Public Limited Company
1. No. of Members	Minimum-2 Maximum – 50	Minimum – 7 Maximum – As large as paid up shares divided by the share lot
2. (2) Minimum Paid – up capital	One lack rupees	Five lack rupees
3. No. of directors	Minimum – 2	Minimum – 3
4. Use of the word “Limited”	Use the Words ‘Private Limited’ after its name	Use only the word ‘Limited’ after its name
5. Issue of prospectus	Not required	Required issue of prospectus in order to raise capital
6. Transferability of shares	Restricted by the Articles	Shares are easily transferable
7. Share Certificates	Cannot issue	Can do so
8.		

**Q. 18 List out the merits of a Company. (4 Marks)**

**Ans.** Merits of a company -

1. Huge Financial Resources
2. Better Management
3. Transferability of shares
4. Limited Liability
5. Democratic Functioning
6. Continuity and Stability
7. Diffused Risk
8. Avenues for Investment
9. Economies of large Scale Operation
10. Public Confidence
11. Tax Relief
12. Assumptions of social responsibilities

**Q. 19 Find out the Demerits or Limitations of CO-Operative Societies. (6 Marks)**

**Ans.** The following are the disadvantages or the limitations of a co-operative organization which have been responsible for their slow growth:-

**Limited Capital:** Co-operative societies are generally formed by the weaker section of the Society. The members can invest only a limited capital in the Society.

**No Competent Management:** Co-operative societies are managed by the elected representatives of the members who generally possess neither the experience, nor the technical and professional qualification to run a business organization.

**Lack of Secrecy:** The affairs of a co-operative society are openly discussed in the meetings of the members. This makes it very difficult for the societies to keep their secrets closely guarded.

**Non-cooperation and Infighting:** The members of a society generally belong to the same locality or occupation; they have their own personal prejudices and professional jealousies against each other.

**Lack of Motivation:** Laws governing the Co-operatives prescribe a ceiling on the vote of return. This may dampen initiative and efforts on the part of members.

**Excessive Government Interference:** The functioning of the co-operatives is adversely affected by the large number of regulations, supervision and control of the government.

**Q.20 What is the meaning of Sole Proprietorship? (2 Marks)**

**Ans.** Sole proprietorship is the form of business, which is owned, managed and controlled by an individual. It is the simplest form of business, established with the limited resources, ability and capital of the individual known as sole trader or entrepreneur

**Q.21 Describe the Suitability of Partnership (2 Marks)**

**Ans.** Partnership firm is suitable under the following conditions:

1. The business is run on a small or medium scale
2. Personal touch with the customers or clients is essential
3. It is convenient for the professionals to form partnership
4. It facilitates partnership between those having capital and those having technical qualifications.

**Q.22 What are the limitations of Partnership? (2 Marks)**

**Ans.** Limitations of Partnership: -

1. Less capital as compared to a company
2. Unlimited liability
3. Conflict between partners
4. Slow decision making
5. Non- public confidence
6. Uncertain life of the firm

