CBSE Class X Elements Of Business (Code 35)

Time Allowed :3 Hours	Maximum Marks :70	Total Questions :36

General Instructions

Read the following instructions very carefully and strictly follow them:

1. This question paper contains 30 questions. **All questions are compulsory.**
2. **Q. 1 to 18 carry 1 mark each.**
3. **Q. 19 to 22 carry 3 marks each.**
4. **Q. 23 to 26 carry 4 marks each.**
5. **Q. 27 to 30 carry 6 marks each.**

Question 1.
Sales promotion is important from the point of view of manufacturers because it:
(a) increases profit.
(b) provides products at cheaper rates.
(c) informs about quality and features.
(d) raises the standard of living for the people.

Correct Answer: (c) informs about quality and features.

Solution:
Sales promotion helps manufacturers communicate the unique qualities and features of their products to potential buyers. It provides information about the product's benefits, helping customers make informed decisions.

Quick Tip

Sales promotion creates awareness about a product, enabling manufacturers to reach a larger audience effectively.

Question 2.
The Board of Directors of a joint stock company is elected by:
(a) General Public
(b) Government bodies
(c) Shareholders
(d) Employees

Correct Answer: (c) Shareholders

Solution:
The Board of Directors is elected by the shareholders during the company's annual general meeting (AGM). Shareholders vote to select individuals who will manage and make decisions for the company on their behalf.

> Quick Tip
>
> Shareholders hold voting rights in a company, allowing them to influence key decisions and elect the Board of Directors.

Question 3.
Seema and Daya are two sisters who sell their domestic TV set at a profit. This is a/an:
(a) Profession
(b) Business
(c) Non-economic activity
(d) Economic activity

Correct Answer: (d) Economic activity

Solution:
Selling goods or services for a profit is classified as an economic activity because it involves monetary transactions and contributes to the economy. In this case, Seema and Daya's act of selling their TV for a profit qualifies as an economic activity.

> Quick Tip
>
> Economic activities are profit-driven and include buying, selling, or producing goods and services.

Question 4.
Earthquake comes under which type of risk?
(a) Natural
(b) Human
(c) Economic
(d) Physical

Correct Answer: (a) Natural

Solution:
Earthquakes are natural risks because they are caused by geological factors and are beyond human control. Natural risks, such as floods, hurricanes, and earthquakes, often have significant

impacts on communities and economies.

Quick Tip
Natural risks are unpredictable and occur due to environmental factors like weather and geology.

Question 5.
"If business fails, then the creditors can recover their dues not only from the business assets but also from the personal assets of the proprietor."
Which feature of sole proprietorship is applied here?
(a) Quick formation
(b) Unlimited liability
(c) No control
(d) No separate entity

Correct Answer: (b) Unlimited liability

Solution:
Unlimited liability means that if the business fails to repay its debts, the proprietor is personally responsible for covering those debts, even using personal assets if necessary. This is a defining feature of a sole proprietorship.

Quick Tip
In a sole proprietorship, personal and business assets are not separate, leading to unlimited liability for the owner.

Question 6.
_______ is not a feature of employment.
(a) Work for others
(b) Terms and conditions
(c) Fixed income
(d) Service motive

Correct Answer: (d) Service motive

Solution:
Employment involves working for others under predefined terms and conditions, with a fixed income as compensation. A service motive, which is focused on helping others without expecting personal gain, is not a feature of employment.

Quick Tip

Employment is contract-based and focuses on earning income, unlike voluntary services which have a service motive.

Question 7.
A person can acquire interest in a partnership firm on the basis of:
(a) Agreement
(b) Unlimited liability
(c) Close friendship
(d) Family relationship

Correct Answer: (a) Agreement

Solution:
In a partnership firm, an agreement between partners outlines the terms, conditions, and roles of each partner. This agreement is the foundation of the partnership and is essential for acquiring interest in the firm.

Quick Tip

A partnership agreement ensures transparency and defines the rights and responsibilities of all partners.

Question 8.
Example of oral communication is:
(a) Letter
(b) E-mail
(c) Telephone
(d) Fax

Correct Answer: (c) Telephone

Solution:
Oral communication involves speaking and listening in real-time. Telephone communication allows verbal interaction between individuals, making it an example of oral communication. Other options like letters, emails, and faxes are forms of written communication.

Quick Tip

Oral communication, such as telephone conversations, is effective for real-time discussions and immediate feedback.

OR

Funds raised through loans or borrowings are:
(a) Borrowed funds
(b) Owner's equity
(c) Share capital
(d) Fixed capital

Correct Answer: (a) Borrowed funds

Solution:
Borrowed funds refer to money raised through loans or borrowings from external sources such as banks, financial institutions, or individuals. These funds are liabilities and must be repaid with interest over a specified period. They are different from owner's equity, share capital, and fixed capital, which represent internal funds or long-term investments.

> Quick Tip
>
> Borrowed funds are helpful for financing business operations, but they should be used responsibly to avoid financial burden.

Question 9.
Delhi Milk Scheme Outlets are an example of:
(a) Junk order shop
(b) Multiple shop
(c) Mail order business
(d) General store

Correct Answer: (b) Multiple shop

Solution:
Delhi Milk Scheme Outlets represent a network of multiple shops where the same types of products are sold across various locations. This model ensures standardization and easy accessibility for consumers.

> Quick Tip
>
> Multiple shops operate under a centralized system, providing uniform pricing and products across outlets.

OR

Knowledge of computers is required to buy goods through:
(a) Malls
(b) Super bazar
(c) Online shopping
(d) Telephone

Correct Answer: (c) Online shopping

Solution:
Online shopping involves purchasing goods through websites or applications, which requires basic computer knowledge to navigate, search for products, and complete transactions.

Quick Tip
Online shopping offers convenience and variety but requires internet access and basic digital literacy.

Question 10.
Name the reward which business gets to bear the risk:
(a) Market standing
(b) Goodwill
(c) Profit
(d) More business

Correct Answer: (c) Profit

Solution:
Profit is the financial gain that a business earns as a reward for taking risks, making investments, and managing operations efficiently. It acts as an incentive for entrepreneurs.

Quick Tip
Higher risks in business often lead to higher potential profits, making profit the ultimate reward for risk-taking.

OR

Under hire purchase system, the agreement can be ______ at any time:
(a) renewed
(b) registered

(c) terminated
(d) endorsed

Correct Answer: (c) terminated

Solution:
Under the hire purchase system, the agreement can be terminated if the buyer fails to fulfill the payment terms or decides not to continue with the purchase. This protects the seller's interests.

> Quick Tip
>
> In a hire purchase system, ownership of the goods is transferred only after the final payment is made.

Question 11.
Which of the broad categories of industries covers oil refinery and sugar mills?
(a) Primary
(b) Secondary
(c) Tertiary
(d) Banking

Correct Answer: (b) Secondary

Solution:
Secondary industries involve processing raw materials into finished or semi-finished products. Oil refineries and sugar mills convert raw materials like crude oil and sugarcane into usable products, making them part of secondary industries.

> Quick Tip
>
> Secondary industries play a critical role in manufacturing and adding value to raw materials.

Question 12.
Communication is sharing of information between two or more persons, with continuous ______:
(a) efforts
(b) feedbacks
(c) gestures
(d) movements

Correct Answer: (b) feedbacks

Solution:
Effective communication involves continuous feedback, ensuring that the information has been received and understood correctly. Feedback is essential for meaningful and interactive communication.

Quick Tip
Feedback ensures clarity and reduces misunderstandings in communication.

Question 13.
When a person wants to buy goods in bulk, the best mode of purchase for him will be:
(a) Purchase by inspection
(b) Purchase by sample
(c) Purchase by description
(d) Purchase from the nearest retailers

Correct Answer: (b) Purchase by sample

Solution:
When buying goods in bulk, purchasing by sample allows the buyer to inspect a small portion or representation of the product before placing a large order, ensuring quality.

Quick Tip
Purchase by sample reduces the risk of bulk purchases by ensuring the buyer is satisfied with the quality.

Question 14.
Electronic media for advertising include:
(a) Hoardings
(b) Vehicular displays
(c) Internet
(d) Poster

Correct Answer: (c) Internet

Solution:
Electronic media involves the use of technology to reach a wide audience. The internet is a powerful electronic medium for advertising, offering global reach, interactivity, and targeted advertising.

Quick Tip

Electronic advertising via the internet allows businesses to connect with specific audiences efficiently.

Question 15.
The type of trade which is totally dependent upon advertisement is called:
(a) Departmental store
(b) Mail order business
(c) Co-operative store
(d) Multiple store

Correct Answer: (b) Mail order business

Solution:
Mail order businesses rely heavily on advertisements to attract customers, as the sales process occurs remotely through catalogs, brochures, or online promotions.

Quick Tip

Advertisements are crucial for mail order businesses to provide information and create trust with potential customers.

Question 16.
These stores are mostly controlled by a group of consumers:
(a) Multiple shops
(b) Departmental store
(c) Super bazar
(d) Large shops

Correct Answer: (c) Super bazar

Solution:
A super bazar is a type of cooperative store managed and controlled by a group of consumers. It provides a variety of products at reasonable prices, aiming to serve the interests of its members and the community.

Quick Tip

Super bazars reduce middlemen costs, ensuring affordability and transparency in operations.

Question 17.
It sells different varieties of the same product line:
(a) Variety store
(b) Super bazar
(c) Speciality store
(d) Single line store

Correct Answer: (c) Speciality store

Solution:
A speciality store focuses on selling a wide range of products belonging to a single category or product line. For example, a shoe store offering a variety of shoes for different purposes is a speciality store.

Quick Tip
Speciality stores are known for their expertise in a specific product line and better customer service.

Question 18.
A 'dispatch note' is also known as 'Letter of ______':
(a) Inspection
(b) Advice
(c) Credit basis
(d) Dispatch

Correct Answer: (b) Advice

Solution:
A dispatch note is also referred to as a "Letter of Advice" as it informs the recipient about the dispatch of goods. It helps the buyer prepare for the receipt of goods and ensures proper documentation.

Quick Tip
Dispatch notes facilitate smooth transactions and reduce the chances of errors during delivery.

Question 19.
Case: Sudha Publishing House was a Private Limited Company. The publishing business was growing by leaps and bounds. The demand was huge. It required huge investment to set up its branches and printing base all over the country. The board members were thinking to offer

shares to the public to meet investment requirements.

On the basis of the above case, answer the following questions:
(a) Identify the form of organisation, which board members are thinking of.
(b) Which two benefits would be availed, if this form is accepted by the company?

Solution:
(a) The board members are thinking of converting the company into a **Public Limited Company**.
(b) Two benefits of becoming a Public Limited Company are:

1. **Access to Large Capital:** By issuing shares to the public, the company can raise substantial funds required for expansion and meeting investment demands.
2. **Enhanced Credibility and Market Presence:** Being publicly listed increases the company's visibility, trustworthiness, and ability to attract investors.

Explanation:
A Public Limited Company allows businesses to raise capital by offering shares to the public through stock exchanges. This is essential for scaling operations, meeting financial needs, and enhancing the company's reputation in the market.

> Quick Tip
>
> Public Limited Companies are ideal for large-scale businesses as they provide greater financial resources and market credibility.

Question 20.
After reading an advertisement in the newspaper about an upcoming public issue of preference shares of a pharmaceutical company, Deepanshu made up his mind to invest money in that issue. Later on, he discussed his plan with his friend Chitkarsh, who is a stockbroker. Chitkarsh, on the contrary, advised him to invest in equity instead.
Give any three reasons to invest in equity and not in preference shares.

Solution:
Equity shares are often considered a better investment option than preference shares for the following reasons:

1. **Higher Returns:** Equity shares have the potential to generate higher returns over the long term in the form of dividends and capital appreciation. Preference shares provide fixed returns, which are generally lower.
2. **Ownership and Voting Rights:** Equity shareholders are part-owners of the company and enjoy voting rights, enabling them to have a say in important company decisions. Preference shareholders do not have these rights.
3. **Growth Opportunities:** Equity investments offer better growth opportunities as the company's profits increase, which is reflected in the share price.

Investing in equity is suitable for investors willing to take risks and aiming for higher returns over a longer period.

Quick Tip
Equity shares involve higher risk but also provide greater rewards, making them ideal for growth-focused investors.

Question 21.
If there is no regularity in dealings, an activity cannot be called business. Do you agree? Give reasons in support of your answer.

Solution:
Yes, regularity in dealings is essential for an activity to be considered a business. The reasons are:

1. **Continuity:** Regularity ensures that the business operates continuously, allowing it to grow and build a loyal customer base.
2. **Profit Generation:** Businesses aim to earn profits, which is possible only through consistent dealings.
3. **Trust and Reputation:** Regular operations help in establishing trust with customers and improving the business's reputation in the market.

For example, a shop that sells products every day is a business, but selling personal belongings occasionally is not a business activity.

Quick Tip
Regularity in business dealings builds trust with customers and ensures long-term profitability.

Question 22.
"Sale and Purchase always go together." Discuss the concept of Purchase and Sale in the light of the given statement.

Solution:
The statement highlights the interdependence of sale and purchase in the business cycle:

1. **Mutual Dependence:** A sale can only occur when someone purchases the product or service. Without buyers, sellers cannot exist.
2. **Flow of Goods and Money:** Businesses purchase raw materials to produce goods, which are then sold to customers. This creates a flow of goods, services, and money in the economy.

3. **Economic Activity:** The cycle of purchase and sale is the backbone of economic activity, enabling the exchange of resources and wealth creation.

For example, a farmer sells crops to a retailer who purchases them to sell to customers. Both activities are necessary for the economy to function.

Quick Tip
Purchase and sale are two sides of the same coin, driving the demand-supply chain in the economy.

Question 23.
What is meant by "Sale through Instalment Payment System"?

Solution:
The Instalment Payment System is a method of purchasing goods where:

1. **Ownership and Payment:** The buyer takes immediate possession of the goods but pays the price in smaller, regular installments over a period of time.
2. **Interest Charges:** In many cases, interest is charged on the remaining balance, increasing the total cost.
3. **Example:** High-value goods like cars, furniture, or electronics are often sold using this system to make them affordable for customers.

This system allows buyers to enjoy the benefits of ownership while spreading the financial burden over time. However, failure to pay installments can lead to repossession of the goods by the seller.

Quick Tip
The installment payment system is helpful for buying expensive products but requires careful budgeting to avoid default.

Question 24.
Rahul is a Project Manager. He often uses his office phone to give instructions to his employees because "Telephone is a very popular form of oral communication." Do you agree? Give reasons.

Solution:
Yes, the telephone is a very effective and widely used form of oral communication. The reasons are:

1. **Immediate Communication:** Telephone communication allows instant interaction, enabling Rahul to provide quick instructions to his employees.

2. **Clarity and Feedback:** Verbal instructions reduce misunderstandings as questions can be clarified immediately.

3. **Efficiency:** It saves time compared to written communication methods like emails or memos.

For instance, Rahul can quickly discuss project updates and resolve issues with his team over the phone.

Quick Tip
Telephones are ideal for real-time discussions, providing quick feedback and ensuring clear communication.

Question 25.
Jayant intends to start a business in the form of a company. But he has no idea about the company. Guide him about the following with reference to a company:
(i) Perpetual succession
(ii) Common seal
(iii) Artificial person
(iv) Liability

Solution:

1. **Perpetual Succession:** A company continues to exist irrespective of changes in ownership or the demise of its members.

2. **Common Seal:** The common seal is the official signature of the company used for validating documents.

3. **Artificial Person:** A company is considered a legal entity that can enter contracts, own property, and sue or be sued.

4. **Liability:** Shareholders have limited liability, meaning they are only responsible for the unpaid value of their shares, protecting personal assets from business debts.

These features make a company a distinct legal entity, providing stability and legal protection to its members.

Quick Tip
A company's legal features, like perpetual succession and limited liability, make it a reliable and enduring business structure.

Question 26.
Explain any two techniques of Sales Promotion, with an example of each.

Solution:
Sales promotion refers to short-term incentives provided to encourage the purchase of products or services. Two common techniques are:

1. **Discount Offers:** Companies offer products at reduced prices to attract customers.
   Example: A clothing store announces a "50% off sale" during the festive season to boost sales.
2. **Free Samples:** Businesses provide free samples of their products to potential customers to introduce new items or increase awareness.
   Example: A cosmetic company distributes free sachets of a new shampoo at malls.

These techniques create immediate demand and help businesses compete effectively.

Quick Tip
Sales promotion techniques like discounts and free samples are effective tools to capture customer attention and increase sales volume.

Question 27.
Describe the activities undertaken by a producer before production.

Solution:
Before starting production, a producer undertakes several activities to ensure smooth operations. These include:

1. **Market Research:** Understanding customer needs, preferences, and market trends to identify potential products.
2. **Procurement of Resources:** Arranging raw materials, labor, and equipment needed for production.
3. **Planning:** Preparing a production plan, including timelines, costs, and resource allocation.
4. **Compliance with Laws:** Ensuring all legal requirements, such as licenses and permits, are fulfilled.
5. **Financial Arrangements:** Securing funds through loans or investments to support production activities.

These activities help the producer minimize risks and enhance efficiency during production.

Quick Tip
Effective pre-production planning ensures the availability of resources, reduces waste, and maximizes profitability.

Question 28.
Name and explain the means of communication in which a computer-based system of receiving and responding to incoming telephone calls is used.

Solution:
The means of communication is called a **Call Center**. It uses a computer-based system to handle customer inquiries, complaints, and support services efficiently. Features include:

1. **Automated Response:** Calls are directed to the appropriate department using automated menus.
2. **Customer Interaction:** Customer queries are addressed by trained representatives.
3. **Data Handling:** Call centers maintain customer records and provide personalized service.

Example: A telecom company uses a call center to address issues like bill payments or technical support.

Quick Tip
Call centers enhance customer satisfaction by providing quick and efficient solutions to their problems.

Question 29.
"Rita and Sita established a joint stock company to manufacture and sell toys." Identify this form of business organisation. Explain any five features of this form of business organisation.

Solution:
This form of business organisation is a **Joint Stock Company**. Its features include:

1. **Separate Legal Entity:** The company is distinct from its owners and can enter contracts, sue, or be sued in its name.
2. **Limited Liability:** Shareholders are liable only up to the unpaid value of their shares.
3. **Perpetual Succession:** The company continues to exist even if its members change or pass away.
4. **Transferability of Shares:** Shares can be easily transferred, providing liquidity to shareholders.
5. **Large Capital Base:** The company can raise significant funds by issuing shares to the public.

Example: Rita and Sita can raise funds through shares to expand their toy manufacturing business.

Quick Tip

A joint stock company is suitable for large-scale operations, offering stability and access to significant financial resources.

Question 30.
Outline the procedure for buying goods through Mail Order.

Solution:
The procedure for buying goods through mail order includes the following steps:

1. **Catalog Selection:** The buyer selects products from a catalog or online store.
2. **Order Placement:** The buyer places an order by filling out a form or placing an online request.
3. **Payment:** Payment is made in advance or upon delivery through cash, cheque, or online payment methods.
4. **Order Processing:** The seller processes the order and prepares the goods for dispatch.
5. **Delivery:** The goods are delivered to the buyer through postal or courier services.

Example: Buying books from an online retailer like Amazon follows a similar mail-order process.

Quick Tip

Mail order shopping is convenient for customers who prefer home delivery of products without visiting stores.
