

Marking Scheme
Sample Question Paper
2026-27
Class XI- Business Studies

Handwritten:
23/10/26

Question No.	Answer	Reference with Book (Page No.)	Marks Awarded
1	b) Regular exchange of goods	4	1
2	b) Providing financial assistance to traders and businesses	59	1
3	a) Salaries and pensions paid to British officials	57	1
4	c) File a suit against a third party for recovery of dues	81	1
5	b) A-II, B-I, C-III, D-IV	78-79	1
6	c) Technological Environment	142	1
7	b) Risk sharing	182	1
8	a) Both A and R are true and R is the correct explanation of A.	10	1
9	a) i and ii only	2	1
10	b) E-business	26	1
11	d) Monopoly creation	44	1
12	c) Startup India	55	1
13	c) Uses limited resources and employs fewer workers	83	1
14	c) NSIC (National Small Industries Corporation)	82	1
15	b) Rural and Agricultural Sector	108	1
16	a) Both Statement I and Statement II are correct, and Statement II correctly explains Statement I.	108	1
17	b) Hawker and Peddler	128	1
18	c) Departmental Store	134	1
19	c) Letter of Credit	157	1
20	a) Both A and R are true, and R is the correct explanation of A.	152	1
21	(a) As business is primarily an economic activity, its main objective is to achieve economic goals. The three major economic objectives are survival, profit, and growth. 1. Survival: The primary objective of every business is to survive and remain in operation for a long period. Survival depends on earning adequate profits and maintaining customer satisfaction. 2. Profit: Profit is a key objective of every business. It is necessary for the survival, stability, and future development of the enterprise. Profit serves as a reward for the risks undertaken by the business and helps in meeting various business expenses and expansion plans. 3. Growth: Every business aims to grow and expand its operations over time. Growth may take place through an increase in customers, sales, products, markets, or business units. Expansion enables a business	10	3 (1 Mark Each)

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	to strengthen its position in the market and achieve long-term success.																										
	OR (b) Comparison between Business, Profession and Employment (Any 3) <table> <tr> <th>Basis</th><th>Business</th><th>Profession</th><th>Employment</th></tr> <tr> <td>Mode of Establishment</td><td>Started by the entrepreneur's decision</td><td>Requires membership of a professional body and certificate of practice</td><td>Based on service agreement and appointment letter</td></tr> <tr> <td>Nature of Work</td><td>Trading, manufacturing, and sale of goods/services</td><td>Providing specialised professional services</td><td>Working under the employer's instructions</td></tr> <tr> <td>Qualification</td><td>No minimum qualification required</td><td>Requires specialised education, training, and experience</td><td>Depends on job requirements and employer's needs</td></tr> <tr> <td>Reward/Return</td><td>Profit</td><td>Fee</td><td>Salary/Wages</td></tr> <tr> <td>Capital Investment</td><td>Small or large investment may be required</td><td>Limited investment required</td><td>Generally no capital investment required</td></tr> </table>	Basis	Business	Profession	Employment	Mode of Establishment	Started by the entrepreneur's decision	Requires membership of a professional body and certificate of practice	Based on service agreement and appointment letter	Nature of Work	Trading, manufacturing, and sale of goods/services	Providing specialised professional services	Working under the employer's instructions	Qualification	No minimum qualification required	Requires specialised education, training, and experience	Depends on job requirements and employer's needs	Reward/Return	Profit	Fee	Salary/Wages	Capital Investment	Small or large investment may be required	Limited investment required	Generally no capital investment required	5	3 (1 Mark Each)
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22	Principles of Insurance (Any 3) 1. Utmost Good Faith (Uberrimae Fidei)- This principle requires both the insured and the insurer to act honestly. The proposer must disclose all material facts about the subject matter being insured, while the insurer must clearly explain all terms and conditions of the policy. If important facts are hidden, the insurer can reject the claim or declare the policy void. 2. Insurable Interest- The insured must have a financial interest in the life or property being insured. This means the insured should suffer a monetary loss if the insured property or life is damaged or lost. Without insurable interest, no valid claim can be made. 3. Indemnity (The 'No Profit' Rule)- The objective of insurance is to place the insured in the same financial position as before the loss. The compensation paid cannot exceed the actual value of the loss. Thus, the insured is compensated only for the actual damage suffered and cannot make a profit from insurance. 4. Proximate Cause (Causa Proxima)- Proximate cause means the nearest or most dominant cause of a loss. When a loss occurs due to multiple causes, the insurer pays compensation only if the	183	3 (One mark each)																								

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	immediate and effective cause of the loss is covered under the policy. 5. Subrogation (Transfer of Rights)- After paying compensation for a loss, the insurer acquires the rights and remedies related to the damaged property. The insurer can recover the loss from a third party responsible for the damage. This prevents the insured from receiving compensation twice for the same loss. 6. Contribution- When the same property is insured with more than one insurer, the insured cannot recover the full amount from each insurer separately. All insurers share the loss in proportion to the amount insured by them. The total compensation cannot exceed the actual loss. 7. Mitigation (Minimise the Loss)- The insured must take reasonable care to reduce or minimise the loss. Insurance does not mean that the insured can act carelessly. Adequate steps should be taken to protect the insured property and prevent further damage.		
23	(a) Ways to Fund a Startup (Any 3) 1. Bootstrapping ○ The entrepreneur uses their own money. ○ No need to repay anyone or share ownership. ○ Example: Using savings to start an online clothing store. 2. Angel Investors ○ Wealthy individuals invest in promising startups. ○ They provide money and often business guidance. ○ In return, they receive a share of ownership. 3. Venture Capital (VC) ○ Investment firms fund startups with high growth potential. ○ Large amounts of capital can be raised. ○ Investors receive equity and may participate in decision-making. 4. Crowdfunding ○ Funds are collected from many people through online platforms. ○ Useful for innovative products and ideas. ○ Example platforms include Kickstarter and Indiegogo. 5. Business Incubators and Accelerators ○ Organizations that support startups with funding, mentorship, office space, and networking opportunities. ○ Help startups grow faster. 6. NBFCs and Microfinance Institutions (MFIs) • NBFCs (Non-Banking Financial Companies) and Microfinance Institutions (MFIs) provide financial support to startups and small entrepreneurs who may find it difficult to obtain loans from traditional banks.	61-62	3 (One Mark each)

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46

3 (One Mark each)

Innovative Entrepreneurship refers to introducing a new idea, product, service, or technology in the market. Aman demonstrated **Innovative Entrepreneurship** because he developed a unique AI-based smart recycling machine that had never been introduced in his city before.

Imitative Entrepreneurship involves adopting existing business ideas and modifying them to suit local needs. Riya demonstrated **Imitative Entrepreneurship** because she started manufacturing eco-friendly products by adopting a business model already successful in larger cities and adapting it for local customers.

Social Entrepreneurship focuses on solving social or environmental problems while creating benefits for society. Karan demonstrated **Social Entrepreneurship** because he established a non-profit enterprise that recycled waste and provided employment opportunities to underprivileged people, aiming for social welfare rather than profit.

24

- 109-
110

3
(1+1+1)

- Angel Investor invests personal funds; Venture Capitalist invests pooled funds.
- Angel Investor invests in early-stage startups; Venture Capitalist invests in growth and expansion stages

25

- 27

4	(1/2 Mark Each)
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32

4 (1 Mark each)

"The prices of timber and other raw materials increased significantly."

Cause of Business Risk: Economic Cause

"A new company entered the market with innovative designs and lower prices."

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	Cause of Business Risk: Other Cause (Competition/Market Competition)																	
26	Strength: High-quality products, timely delivery, and a strong reputation among customers. Weakness: Limited financial resources and a small delivery network. Opportunity: Increasing awareness and demand for healthy and organic food products. Threat: Entry of large e-commerce companies into the organic food market, leading to increased competition.	144	4 (1 each)															
27	Difference Between Entrepreneurship and Intrapreneurship <table><tr><th>Basis</th><th>Entrepreneurship</th><th>Intrapreneurship</th></tr><tr><td>a. Risk Involved</td><td>Involves high personal and financial risk.</td><td>Lower personal and financial risk; risk is mainly borne by the organisation.</td></tr><tr><td>b. Reward</td><td>Potential rewards are higher in terms of financial gains and personal fulfilment.</td><td>Rewards usually include recognition, bonuses, and career advancement.</td></tr><tr><td>c. Support</td><td>Support depends on government schemes, incubation centres, angel investors, or philanthropists.</td><td>Support usually flows from the company or organisation.</td></tr><tr><td>d. Policies</td><td>Ventures are not limited by pre-existing organisational policies and guidelines.</td><td>Must follow the organisation's guidelines, policies, and processes.</td></tr></table>	Basis	Entrepreneurship	Intrapreneurship	a. Risk Involved	Involves high personal and financial risk.	Lower personal and financial risk; risk is mainly borne by the organisation.	b. Reward	Potential rewards are higher in terms of financial gains and personal fulfilment.	Rewards usually include recognition, bonuses, and career advancement.	c. Support	Support depends on government schemes, incubation centres, angel investors, or philanthropists.	Support usually flows from the company or organisation.	d. Policies	Ventures are not limited by pre-existing organisational policies and guidelines.	Must follow the organisation's guidelines, policies, and processes.	49	4 (One Mark Each)
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28	a. Small Enterprise Reason: It operates with low investment, a small workforce (8 workers), and serves mainly local markets. b. Medium Enterprise Reason: It has moderate investment, employs around 150 workers, and operates across several states. c. Large Enterprise Reason: It involves huge investment, employs more than 2,000 workers, and exports products internationally. d. Large enterprises enjoy economies of scale , which reduce the cost of production and enable them to serve national and international markets efficiently.	75	4 (One Mark each)															
29	(a) Services of Wholesaler to Manufacturer 1. Providing Market Information – Shares market trends and customer preferences. Line- “Mohan Traders regularly provides information to the manufacturer about customer preferences, market demand, and sales trends.”	124-126	4 (2+2)															

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	2. Risk Bearing – Bears risks of damage, theft, or price fluctuations. <i>Line- “purchases products in bulk from the manufacturer and stores them in large warehouses.”</i> Services of Wholesaler to Retailer 1. Availability of Goods in Small Quantities – Supplies goods as per retailer's needs. <i>Line- “Mohan Traders offers goods in small quantities as per their requirements”</i> 2. Credit Facilities – Provides goods on credit. <i>Line- “extends short-term credit facilities to trusted retailers”</i> OR (b) Services of Retailer to Manufacturer and Wholesaler 1. Providing Market Feedback – Shares customer preferences and trends. <i>Line- “To meet the changing demands of customers, the store owner regularly collects feedback regarding product quality, packaging, prices, and consumer preferences. This information is shared with the respective manufacturers, helping them improve their products and introduce new varieties in the market.”</i> 2. Facilitating Regular Sales – Maintains steady sales. <i>Line- “The store also promotes the products of manufacturers through attractive displays, local advertisements, and special discount schemes during festive seasons.”</i> Services of Retailer to Consumer 1. Offering Variety – Provides different products under one roof. <i>Line- “FreshMart ensures the availability of a wide range of products under one roof.”</i> 2. Providing Personal Services – Offers delivery, credit, and assistance. <i>Line- “Customers can inspect goods before purchase, receive guidance regarding product features, and buy goods in quantities suitable to their needs. The retailer also provides after-sales assistance and entertains customer complaints whenever necessary, thereby enhancing customer satisfaction.”</i>		
30	(a) The scope of E-Business refers to the various business activities that are conducted through electronic networks, especially the Internet. It is wider than e-commerce because it includes not only buying and selling but also customer service, payments, communication, and business transactions. 1. B2B (Business-to-Business)- It involves electronic transactions between one business firm and another. Manufacturers, wholesalers, and retailers use online platforms to place orders, make payments, and exchange information. Example: A car manufacturer purchasing tyres online from a tyre company.	21	4

2. B2C (Business-to-Consumer)- It refers to transactions between businesses and final consumers through websites or mobile applications. **Example:** Customers purchasing products from Amazon or Flipkart.

3. C2C (Consumer-to-Consumer)- In this type of e-business, consumers sell goods and services directly to other consumers through online platforms. **Example:** Selling used books or furniture on OLX.

4. Intra-B (Intra-Business)- It involves the use of electronic means within an organization for communication, information sharing, and coordination among employees and departments. **Example:** Employees accessing company records through an internal network.

31 (a) **Difference Between MOA and AOA (Any 6)** 116 (1 each)

Basis	Memorandum of Association (MOA)	Articles of Association (AOA)
Meaning	Main document defining the objectives and scope of the company.	Document containing rules for internal management of the company.
Status	Primary and supreme document of the company.	Subordinate to MOA.
Scope	Regulates the company's relationship with outsiders.	Regulates internal affairs of the company.
Contents	Contains name, registered office, objects, liability, capital, and subscription clauses.	Contains rules regarding shares, meetings, directors, dividends, and accounts.
Alteration	Difficult to alter and may require special approvals.	Comparatively easier to alter through a special resolution.
Ultra Vires Acts	Acts beyond MOA are void and cannot be ratified.	Acts beyond AOA can be ratified if approved by shareholders.
Relationship	MOA prevails over AOA in case of conflict.	Must always be consistent with MOA.

OR

(b) I. A. Departmental Undertakings- A Departmental Undertaking is a public enterprise that is run directly by a government department or ministry. It functions as an extension of the government itself and is fully controlled by it. Examples include Indian Railways and the Department of Posts.

B. Statutory Corporation- A Statutory Corporation is a public enterprise established through a special Act passed by Parliament or a State Legislature. It has a separate legal identity and enjoys operational flexibility while remaining under government control. Examples include LIC and SBI.

C. Government Company- A Government Company is a company in which the Central Government, State Government(s), or

120 (2+2+2)

both together hold at least **51% of the paid-up share capital**. It is registered under the Companies Act and functions as a separate legal entity. Examples include BHEL and ONGC.

II. 1. Departmental Undertaking – Features (Any one)

- Fully owned and controlled by the Government; no private ownership.
- Established as a department of a ministry and functions as its extension.
- Performs activities that are an integral part of government functions.
- Financed entirely through the Government budget.
- Profits earned go back to the Government.
- Managed by government officers.
- Employees are government employees.

2. Statutory Corporation – Features (Any One)

- Created by a special Act of Parliament or State Legislature.
- Has a separate legal identity.
- Governed by the provisions of the Act that establishes it.
- Managed by a government-appointed Board of Directors.
- Can sue and be sued in its own name.
- Can borrow money and retain profits with government approval.
- Employees are not government employees.
- Not subject to the same accounting and audit rules as government departments.
- Finances are raised independently through government borrowings, public borrowings, or internal revenues.

3. Government Company – Features (Any One)

- Government holds at least 51% of the paid-up share capital.
- Has a separate legal entity distinct from the Government.
- Registered under the Companies Act, 2013.
- Can own property, enter contracts, and sue or be sued in its own name.
- Managed by a Board of Directors, including government nominees and experts.
- Enjoys financial autonomy and can raise funds through shares, bonds, loans, and grants.
- Retains profits after paying dividends.

Accountable to Parliament through annual reports and audits.

32

a. Owner's Funds (Self-financing/Personal Savings)

b. Equity Share Capital

c. Retained Earnings (Ploughed-back Profits)

d. Owner's funds are considered a permanent source of finance because they do not need to be repaid during the lifetime of the business.

e. (Any two)

102-
103

6
(1+1+1+
1+2)

Basis	Owner's Funds	Borrowed Funds
Meaning	Funds invested by the owners of the business.	Funds borrowed from outsiders such as banks,

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			financial institutions, and debenture holders.		
	Repayment	No obligation to repay during the life of the business.	Must be repaid after a specified period.		
	Return	Owners receive dividends, which are not fixed.	Lenders receive fixed interest regardless of profits.		
	Control	Owners have voting rights and control over management.	Lenders do not have management or voting rights.		
33	(a) Features of International Trade 1. Involvement of Two or More Countries - International trade takes place between at least two countries. - One country exports goods/services and another imports them. - Example: India exporting software services to the USA. 2. Use of Foreign Currency and Exchange Rate Fluctuations - Payments are made in foreign currencies such as US Dollar, Euro, or Yen. - Exchange rates keep changing, affecting the cost of imports and exports. - A weaker rupee makes imports expensive but exports more competitive. 3. Differences in Government Policies and Regulations - Every country has different trade laws, rules, and regulations. - Governments regulate trade through: Tariffs: Taxes on imports. Quotas: Limits on the quantity of imports. Import Licensing: Permission required to import certain goods. 4. Higher Degree of Risk and Uncertainty - International trade is riskier than domestic trade. - Risks include: - Damage or loss of goods during transit. - Political instability. - Exchange rate fluctuations. - Delay in payment or non-payment by buyers. 5. Requirement of Extensive Documentation - International trade requires many documents to ensure legality and security. - Important documents include: Invoice: Details of goods and prices. Bill of Lading: Proof of shipment. Letter of Credit: Bank guarantee for payment.			150-151	6 (One Mark Each)

- **Insurance Policy:** Protection against loss or damage.

6. **Separation of Buyers and Sellers**

- Buyers and sellers are located in different countries.
- They are separated by distance, language, culture, and time zones.
- This may create communication barriers and cultural misunderstandings.

OR

(b) I. Benefits to Participating Countries

1. Efficient Utilisation of Resources

- Countries specialize in producing goods and services in which they have an advantage.
- This leads to better use of natural and human resources.

2. Availability of a Wider Variety of Goods and Services

- Countries can import products that are not available domestically.
- This improves the standard of living of people.

3. Economic Growth and Development

- International trade expands markets for domestic producers.
- It increases production, income, employment, and overall economic growth.

4. Earning Foreign Exchange

- Exports help countries earn foreign currency.
- Foreign exchange is used to pay for imports and other international obligations.

II. Benefits to Business Firms

1. Expansion of Market

- Firms can sell their products in foreign countries.
- This gives access to a larger customer base and increases sales opportunities.

2. Higher Profitability

- Larger markets lead to higher sales and profits.
- Mass production also helps reduce costs.

3. Exposure to Global Competition and Innovation

- International competition encourages firms to improve quality and adopt new technologies.
- It promotes innovation and efficiency.

4. Better Utilisation of Production Capacity

- Firms can produce more by serving both domestic and foreign markets.
- This reduces wastage of resources and increases productivity.

5. Enhanced Brand Image and Global Presence

- International trade helps firms build a global reputation.
- It increases customer trust and brand recognition worldwide.

III. Benefits to Consumers

1. Wider Variety of Products and Services

- Consumers get more choices from different countries.

2. Improved Quality

152

2+2+2

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	• Competition encourages producers to provide better-quality products. 3. Competitive Prices • Increased competition helps keep prices reasonable and affordable. 4. Access to Innovative Products • Consumers can use new and advanced products developed in other countries. 5. Improved Shopping Experience • Better customer service, product information, and after-sales support improve customer satisfaction.																				
34	a. Current Account Feature: It allows frequent and unlimited deposits and withdrawals and is suitable for business transactions. b. Savings Account Advantage: It encourages saving habits and provides interest on deposited money. c. Answer: Fixed Deposit Account (FD Account) Reason: It offers a higher rate of interest on money deposited for a fixed period. d. Answer: RTGS (Real Time Gross Settlement) Reason: It is used for large-value transactions and transfers funds instantly in real time. e. Answer: NEFT (National Electronic Funds Transfer) f. Any 1 <table><tr><th>Basis</th><th>NEFT</th><th>RTGS</th></tr><tr><td>Transaction Limit</td><td>No minimum limit</td><td>Minimum ₹2 lakh</td></tr><tr><td>Transaction Speed</td><td>Settled in batches</td><td>Real-time settlement</td></tr><tr><td>Operating Hours</td><td>Available 24×7</td><td>Available 24×7</td></tr><tr><td>Charges</td><td>Generally lower</td><td>Generally higher</td></tr><tr><td>Applicability</td><td>Suitable for low to moderate amounts</td><td>Suitable for large and urgent payments</td></tr></table>	Basis	NEFT	RTGS	Transaction Limit	No minimum limit	Minimum ₹2 lakh	Transaction Speed	Settled in batches	Real-time settlement	Operating Hours	Available 24×7	Available 24×7	Charges	Generally lower	Generally higher	Applicability	Suitable for low to moderate amounts	Suitable for large and urgent payments	163, 170- 171	6 (One Mark each)
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