

Marking scheme

CBT – AUGUST, 2025

CLASS-XI (COMMERCE)

1. A group of farmers in a village decided to form an organization to collectively purchase and sell their produce. They aimed to eliminate middlemen and get better prices for their crops. **What type of business organization is this?**

- a) Sole Proprietorship
- b) Partnership
- c) Cooperative Society
- d) Company

ANSWER (c)

Explanation: Because it is the type of cooperative society.

2. A large-scale manufacturing company has many shareholders who own shares of the company. The company is registered under a specific act and has a separate legal identity from its owners. **What is a key characteristic of this type of organization?**

- a) Unlimited liability
- b) Easy dissolution
- c) Separate legal entity
- d) Owner manages all aspects

ANSWER (c)

Explanation: Separate legal entity means, entity separate from its owners.

3. Ravi decided to start a small business providing custom-made furniture. He wants to have complete control over the business, make all decisions himself, and not share the profits with anyone. He also wants to keep the legal formalities and costs of starting the business to a minimum. However, he's concerned about his ability to raise a large amount of capital for future expansion. Which form of business organization would be most suitable for Ravi's initial business venture?

- (a) Partnership
- (b) Joint Hindu Family Business
- (c) Sole Proprietorship
- (d) Cooperative Society

ANSWER (c)

Explanation: All the features are related from Sole Proprietorship

4. Satish lost his job during the Covid-19 pandemic now he wants to start a business of his own in his hometown, Satish had limited finance available with him and he does not want many legal formalities to

start a business, suggest Satish which forms of business organisation he should go for:

- a) Partnership
- b) Sole proprietorship
- c) Joint Hindu family business
- d) Cooperative society

ANSWER (b)

Explanation: All the features are related from Sole Proprietorship

5. A is running a retail shop of grocery items under the sole proprietorship form of business, A's son wants him to expand the shop and deal in other types of goods as well but A does not agree with his son's plan. Do you think that A's son can execute his plan without A's consent?

- a) Yes
- b) No
- c) Yes but after completing a few legal formalities
- d) None of these

ANSWER (b)

Explanation: Because A is the owner of the Business and all the decisions will be taken by A only.

6. Harish was a sole proprietor and was running a retail shop of gift items. Unfortunately, due to an accident Harish died, due to which his business also came to an end. Which feature of the sole proprietorship is applied here:

- a) No separate entity
- b) Lack of business continuity
- c) Sole risk bearer and profit recipient
- d) None of these

ANSWER (b)

Explanation: After Harish death business will not run.

7. Pooja is engaged in a business of clothes. She has to manage all the tasks related to the business alone and because of her weak marketing skills and knowledge her business is not making profits up to her expectations. Pooja's business is a _____ form of business organization's:

- a) Joint Hindu Family Business
- b) Sole proprietorship
- c) Partnership
- d) Cooperative society

ANSWER (b)

Explanation: In sole proprietorship all the managerial decisions are taken by proprietor.

8. A, B and C together made a donation of Rs.60,000 to an organization called Smart Healthcare Club. Can this contribution be called as partnership:

- a) Yes

- b) No
- c) Yes, if the amount contributed by A,B and C is equal
- d) None of these

ANSWER (b)

Explanation: This is not the feature of Partnership.

9. Ram, Shyam and Kavi were in a partnership firm. Kavi wants his son to enter into the firm, Shyam agrees to this but Ram does not agree to Kavi's intentions. Can Kavi bring his son to the partnership firm even if Ram does not agree

- a) Yes
- b) No
- c) Yes, but after completing certain legal formalities
- d) None of these

ANSWER (b)

Explanation: At the time of Admission of a partner, consent of all the partners is must.

10. Partner who does not contribute to the capital neither takes part in the management of the firm but still he/she is liable to pay the firm's debt because they are considered to be a partner of the firm in the eyes of a third party:

- a) Dormant
- b) Nominal
- c) Active
- d) Partner by estoppel

ANSWER (d)

Explanation: Features are matched with the "Partner by estoppel".