

Class XI Session 2025-26

Subject - Business Studies

Sample Question Paper - 1

Time Allowed: 3 hours

Maximum Marks: 80

General Instructions:

1. This question paper contains 34 questions.
2. Marks are indicated against each question.
3. Answers should be brief and to the point.
4. Answers to the questions carrying 3 marks may be from 50 to 75 words.
5. Answers to the questions carrying 4 marks may be about 150 words.
6. Answers to the questions carrying 6 marks may be about 200 words.
7. Attempt all parts of the questions together.

1. Which of the following is an internal cause leading to sickness and closure of sick small business units? [1]
a) Lack of demand for their products b) Shortage of working capital
c) Delayed payment d) Lack of skilled and trained labour
2. When two or more firms come together to create a new business entity that is legally separate and distinct from its parents it is known as _____. It brings in people with different cultures to work together. It also gives access to better resources like specialized staff and technology. [1]
a) franchising b) joint ventures
c) licensing d) contract manufacturing
3. **Assertion (A):** There are three major forms that a Public enterprise may take. [1]
Reason (R): Any organisation in the public sector should ensure organisational performance productivity and quality standards.
a) Both A and R are true and R is the correct explanation of A. b) Both A and R are true but R is not the correct explanation of A.
c) A is true but R is false. d) A is false but R is true.
4. Which of the following is incorrect regarding the features of a Departmental Store: [1]
a) Size of these stores is very small b) Offering a wide variety of products
c) Generally located at a central place d) Provide all facilities such as restaurant, rest rooms, etc.
5. NABARD was setup in _____. [1]
a) 1987 b) 1982
c) 1975 d) 1991



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15. If the business is to operate in a society which is full of diverse and complicated problems, it may have: [1]

 - a) great chance of success
 - b) little chance of failure
 - c) little chance of success
 - d) no relation with success or failure

16. Which of the following statements is incorrect about commercial banks? [1]

 - a) They accept deposits of money from the public for the purpose of lending or investment
 - b) Public sector commercial banks emphasize on profitability than on social objectives
 - c) Private sector commercial banks are owned, managed and controlled by private promoters and operate as per market forces
 - d) These are governed by Indian Banking Regulation Act, 1949

17. Which of the following is incorrect regarding the types of manufacturing enterprises? [1]

 - a) In a Microenterprise investment in plant and machinery does not exceed twenty-five lakh rupees.
 - b) In a Small enterprise investment in plant and machinery is more than twenty-five lakh rupees does exceed five crore rupees.
 - c) In a medium enterprise investment in plant and machinery is more than five crore rupees but does not exceed ten crores rupees.
 - d) In a Small enterprise investment in plant and machinery is more than twenty-five lakh rupees but does not exceed three crore rupees.

18. Manufacturing industries create which utility? [1]

 - a) Place
 - b) Times
 - c) Form
 - d) Possession

19. Which of the following is part of small scale sector? [1]

 - a) Paper Products and Printing
 - b) Cotton Textiles
 - c) All of these
 - d) Food Products

20. A government company is any company in which the paid-up capital held by the government is not less than _____. [1]

 - a) 51 percent
 - b) 45 percent
 - c) 49 percent
 - d) 25 percent

21. Which points of social importance do a businessman observe by becoming a partner in International Business? [3]

OR

Discuss the formalities involved in getting an export license.

22. What are the various types of industries? [3]

OR

Why is commerce considered as the backbone of industry and other business activities?

23. Explain in detail about fixed shop retailers. [3]

24. Liver Pharmaceutical Limited was set up about ten years ago in a hilly region. The company's business was to manufacture medicines. This company manufactured medicines related to particularly the diseases of the liver. At the time of setting up the factory, 50,000 'Equity shares of the Face Value of' 100 only were issued. With the

setting up of this company, several people in the local area got employment. The medicines manufactured by the company were being supplied all over the country. Now, besides growth in the size of the company, there was also an increase in the capital need of the company. The company was, once again, preparing to seek the help of the public for arranging the capital. In this context, the Top Management held a meeting. In the meeting, it was decided that first of all, from the market survey, it should be ascertained in which particular security the investors are interested to invest their money. The report received after the market survey was that in those days people wanted to have their share in the ownership of the company and also they wanted that they should get their dividend at a fixed rate before the other shareholders. Besides, the investors wanted that after a fixed period, their money invested by them should be refunded. The company decided to issue the shares in accordance with the report of Market Survey.

- Quoting the relevant line, explain what type of shares was decided by the company to be issued.

25. Chanchal, Komal and Kamal-all the three are doing trades of different goods in the same country. Chanchal is dealing in fresh fruits and vegetables, Komal in grains and pulses and Kamal is trading in cloth. It is clear that all three are doing Internal Trade. [4]

- Point out what shall we call the trades of all the three on the basis of Levels and why?

26. Define the terms Business, Profession, and Employment. Classify the following into Business, Profession, and Employment. [4]

- i. Hari sells mobile phones on behalf of his employer.
- ii. It requires minimum academic and other qualifications.
- iii. A hawker sells toys for children outside a function.
- iv. Sanjay is the advocate of the High Court.
- v. Dhruv is the manager of a Mobile Company.
- vi. A person repairs scooters on the roadside.

OR

What is business risk? What is its nature?

27. Harsh runs an online store dealing in all kinds of household items which he procures from different dealers. Whereas his friend Lakshay runs an online store which sells all kinds of organic products like spices, pickles, jams, etc. These products are produced in his automated manufacturing unit in Kerala. In the context of the above case answer the following: [4]

- a. Identify the two concepts which define the scope of business activities undertaken by both Harsh and Lakshay, respectively.
- b. Differentiate between the two concepts as identified in part(a) of the question.

28. Discuss any three differences between private sector enterprises and public sector enterprises. [4]

OR

Explain briefly the following features of global enterprises:

- i. Huge capital resources
- ii. Foreign collaboration
- iii. Expansion of market territory
- iv. Centralised control.

29. Fast Track Ltd. is a leading manufacturer of automobile spare parts. The Managing Director (MD) of the company is of the view that business is an economic institution, which exists with the basic objective of profit [4]



maximisation and assuming social responsibility is against this objective. However, one of the newly appointed manager tried to convince the MD in favour of social responsibility by highlighting the various factors which have forced and persuaded various companies to consider their social responsibilities.

- Discuss the factors which might have been highlighted by the manager to the MD.

30. Why is entrepreneurship regarded as a creative activity? [4]

31. Mohit, Shobhit and Ragini, all the three are students of 10+1(Commerce). The three are studying in different schools. All three are neighbours. It was their routine to discuss in the evening the studies done in their respective schools daily. Because of this habit, their knowledge of all the subjects was more than the other students. They used to discuss the subject, Business Studies a lot among themselves. Some parts of the discussion that they had one day were as the following: [6]

Mohit said: Today, their teacher told them about such business as, because of often unequal distribution of resources, and a difference in the cost of production, is done. Besides, he also told them that the payment in this business is done in the foreign currency.

Shobhit said: Today, our teacher told us about such a business with which we can use the products of better quality make with a foreign technique. Doing so would bring about a newness in our standard of living.

Ragini said: Our teacher told us about a such business as is very helpful to those businessmen for whose products the local demand has become stagnant. In other words, they have much more capable of production than the local demand, and there seems to be no scope for the increase in the local demand in future.

- i. Around what type of business is the discussion done in the above paragraph moving?
- ii. What do the three friends want to tell about the business identified in (i)?
- iii. Write about two points told by Mohit and one each of what is told by Shobhit and Ragini.

32. Distinguish between private companies and public companies. [6]

OR

What is meant by promotion? Discuss the various steps taken by promoters in the promotion of a company.

33. Gurpreet is planning to start a Diagnostic Centre in Ambala. He visits his uncle Mr. Amarnath in Patiala, who is successfully running a Diagnostic Centre for many years, to seek his guidance. Mr. Amarnath tells Gurpreet that the capital needs of his business can be divided into two categories. Firstly, he will need funds to buy land and building, machinery and furniture and fixtures. Secondly, funds Tjvill be required to meet day-to-day operations such as maintaining stocks, bills receivables and for meeting current expenses like salaries, wages, taxes, and rent. [6]

In the context of the above case answer the following:

- a. Identify and explain the two types of capital being described above by quoting lines from the paragraph.
- b. Briefly outline any two factors that are likely to affect the requirem ents of each of the two types of capital.

34. Describe various types of insurance and examine the nature of risks protected by each type of insurance. [6]

OR

An Employer wants to get himself insured against the loss likely to be suffered on account of the fraud, dishonesty and embezzlement of his employees. State the type of Insurance which the employer will have to get done. What do you know about this type of Insurance?



Solution

1.
(d) Lack of skilled and trained labour
Explanation:
Small business firms cannot afford to pay higher salaries to employees.
2.
(b) joint ventures
Explanation:
A joint venture is a commercial enterprise undertaken jointly by two or more parties which otherwise retain their distinct identities.
3.
(b) Both A and R are true but R is not the correct explanation of A.
Explanation:
The 3 forms of organisation that a public enterprise may take are as follows:
 - i. Departmental undertaking
 - ii. Statutory corporation
 - iii. Government company
4. **(a)** Size of these stores is very small
Explanation:
The size of these stores is very small-This feature is incorrect for departmental stores. Departmental stores are much larger in size.
5.
(b) 1982
Explanation:
NABARD was set up in 1982 to promote integrated rural development.
6.
(b) C2C activities
Explanation:
C2C markets provide an innovative way to allow customers to interact with each other.
7.
(d) Government Treasury
Explanation:
The funding of these enterprises come directly from the Government Treasury and are an annual appropriation from the budget of the government.
8.
(d) A is false but R is true.
Explanation:
Even when a nominal partner neither takes part in management nor shares profits/losses of the firm, he still remains liable to the 3rd parties for repayment of the firm's debts because in their eyes he is a partner of the firm.



9.
(d) Power looms
Explanation:
Power looms and small scale industries come under modern small industries.
10.
(d) Indirect trade
Explanation:
Under indirect trade intermediary/ies available
11.
(c) Only D is false
Explanation:
The liability of equity shareholder is limited to the extent of capital contributed by them in the company.
12.
(b) Costly
Explanation:
Vending machines are costly to establish which is one of its limitations.
13. **(a) Indian Partnership Act, 1932**
Explanation:
In India, Partnership form of Business Organization is governed by Indian Partnership Act, 1932.
14. **(a) Abundant finance to carry out its operations**
Explanation:
Small businesses are always in a lack of finance problems.
15.
(c) little chance of success
Explanation:
The ill society endangers the survival of the business. A better business environment maximises the profits, growth, and development of business. Hence the business should try to solve social problems.
16.
(b) Public sector commercial banks emphasize on profitability than on social objectives
Explanation:
Public sector commercial banks emphasize on social objectives than on profitability.
17.
(d) In a Small enterprise investment in plant and machinery is more than twenty-five lakh rupees but does not exceed three crore rupees.
Explanation:
In a Small enterprise investment in plant and machinery can be more than twenty-five lakh rupees but does not exceed five crore rupees.
18.
(c) Form
Explanation:
Manufacturing industries help in the FORMATION of finished goods from raw material available.
19.
(c) All of these



Explanation:

Food products, cotton textiles, paper products, and printing are part of the small scale sector.

20. (a) 51 percent

Explanation:

A government company means any company in which not less than 51 per cent of the paid-up capital is held by the central government.

21. i. Partnership in World Peace
- ii. Increase in the opportunities for Employment
- iii. High Lifestyle
- iv. Exchange of Culture
- v. More efficient use of resources
- vi. Earning of foreign exchange

OR

Licensing is a business arrangement in which one company gives another company permission to manufacture its product for a specified payment. There are few faster or more profitable ways to grow your business than by licensing patents, trademarks, copyrights, designs and other intellectual property to others.

The formalities involved in getting an export license are as follows:

- i. Opening a bank account in any bank authorized by the Reserve Bank of India and get an account number.
 - ii. Obtaining Import Export Code number from the Directorate General of Foreign Trade or Regional Import Export Licensing Authority.
 - iii. Registering with the appropriate Export Promotion Council.
 - iv. Registering with Export Credit and Guarantee Corporation in order to safeguard against risks of non-payments.
22. The different types of industries are as follows:
- i. **Primary Industries:** These industries deal with obtaining or offering raw materials which are processed as commodities for the customers. For example: Farming, Fishing.
 - ii. **Secondary Industries:** These are concerned with using the materials which have already been extracted at the primary stage. For example, manufacturing of steel is a secondary industry.
 - iii. **Tertiary industries:** These are concerned with providing support services to primary and secondary industries as well as activities relating to trade. These industries provide service facilities like transport, banking etc.

OR

Commerce is considered as the backbone of the industry because it performs the following functions:

- i. It eliminates the hindrances of persons through trade.
 - ii. It eliminates the hindrances of place through transportation
 - iii. It eliminates the hindrances of time through warehouse
 - iv. It helps in eliminating the hindrances of finance through banking.
 - v. It helps in eliminating the hindrances of risk through insurance.
 - vi. It eliminates the hindrances of information through communication and advertisements.
23. i. The retailers who have permanent establishments for carrying out business activities are known as fixed shop retailers.
- ii. They are the most common type of retailers found in the market place.
 - iii. They deal with consumer durable as well as non-durable products.
 - iv. They operate on a large scale and have greater resources.
 - v. They deal with different products including consumer durables as well as nondurables.
 - vi. Fixed shop retailers are generally of two types: Small retailers, Large retailers.
 - vii. They do not move from place to place to serve their customers.
 - viii. They have credibility in the minds of customers as they provide greater services such as credit facilities, home delivery, repairs, guarantees, etc.
24. "...People wanted to have their share....dividend at a fixed rate.....".
- Preference Shares would be a suitable option as those are the only shares which entitle the holder to a fixed dividend, whose payment takes priority over that of ordinary share dividends.
25. i. Chanchal is doing the trade of fresh fruits and vegetables. This is a Local Level Trade. We call it a local level trade because the trade of such items is limited to one city or village.



- ii. Komal is doing the trade of grains and pulses. This is a State Level Trade. We call it so because the trade of these items is often done in the different parts of the same state.
 - iii. Kamal is doing the trade of cloth. This is a National Level Trade. We call it so because the trade of cloth is often done between the states of the same country.
26. Business refers to those economic activities, which are concerned with production, purchase and sale of goods or supply of services with the main object of earning a profit.
- Profession includes those activities, which require special knowledge & skill to be applied by individuals in their occupation to earn fees.
- Employment refers to the occupation in which people work for others and get remunerated in return, in the form of salary or wages.
- i. Hari sells mobile phones on behalf of his employer - Employment
 - ii. It requires minimum academic and other qualifications - Profession
 - iii. A hawker sells toys for children outside a function - Business
 - iv. Sanjay is the advocate of the High Court - Profession
 - v. Dhruv is the manager of a Mobile Company - Employment
 - vi. A person repairs scooters on the roadside - Business

OR

The term 'business risk' refers to the possibility of inadequate profits or even losses due to uncertainties e.g. changes in tastes and preferences of consumers, strike, increased competition, change in Government policy etc. It refers to the chance of loss on account of unfavourable or unpredictable happenings. These are of two types -

- a. Speculative - It involve both the possibility of gain as well as the possibility of loss.
- b. Pure - It involve only the possibility of loss. Their occurrence may result in loss whereas non-occurrence may explain absence of loss, instead of gain.

Nature of Business Risks:

- i. **Business risks arise due to uncertainties:** Uncertainties mean when you are not sure of what is going to happen in future. Common examples of uncertainties are: change in demand, government policy, technology etc. Business risk is due to these uncertainties.
 - ii. **Risk is an essential part of every business:** A risk is an important characteristic of the business. No business can avoid risk although the degree of risk may vary Risk can be reduced but cannot be eliminated.
 - iii. **Degree of risk depends mainly upon the nature and size of business:** For small scale business it is less and for large scale business it is more.
 - iv. **Profit is the reward for risk-taking:** The business earns a profit because they are bearing risk. "No risk no gain" larger the risk more is the profit. An entrepreneur bears the risk with the expectations of earning a profit.
27. a. Harsh is engaged in e-commerce as the scope of his business is restricted to only trading, whereas Lakshay is engaged in e-business as he is involved in both production and distribution of organic food products.
- b. The difference between e-business and e-commerce is outlined below:

S. No.	Basis	e-Business	e-Commerce
1.	Meaning	The process of carrying out business activities related to both production and distribution of goods electronically is known as e-business.	The process of carrying out buying and selling goods and services electronically is known as e-commerce.
2.	Scope	It has a wider scope as it includes e-commerce.	It has a narrow scope as it is a part of e-business.
3.	Requirement	It may involve the use of the internet, intranet or extranet.	It is conducted through the internet.
4.	Orientation	e-business includes both internal as well as the external process of a business.	e-commerce activities are confined to only externally oriented processes that involve interactions with customers, suppliers, distributors, etc.

28. Three differences between the public sector and private sector enterprises are as follows:

S.No.	Basis	Private sector enterprise	Public
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(i)	Ownership	owned by private individuals	owned by the state government or central government or both.
(ii)	Purpose	Private sector enterprises are established with a profit motive.	Public sector enterprises are established to promote and to serve the public interest and public welfare.
(iii)	Accountability	Private sector enterprises are accountable to the owners for their performance.	Public sector enterprises are accountable to the general public through parliament or state legislature.

OR

- i. **Huge capital resources:** These enterprises have huge financial resources and also possess the ability to raise funds from different sources. They are able to tap funds from various sources. They can raise funds by issuing equity shares, debentures, etc. Because of their high credibility in the market, the investors of the host countries are always willing to invest in them. Because of their financial strength they are able to survive under all circumstances.
 - ii. **Foreign collaboration:** Usually, these enterprises enter into agreements with companies of the host countries. These agreements are made in respect of the sale of technology, production of goods, patents, resources, etc.
 - iii. **Expansion of market territory:** As the network of operations of these enterprises extends beyond their existing physical boundaries, they expand their market territory. They operate through their branches, subsidiaries in host countries, and occupy dominant positions in various markets.
 - iv. **Centralized control:** Despite the fact that branches of these enterprises are spread over in many countries, they are controlled and managed by their Head Office (H. O.) in their home countries only all these branches have to work within the broad policy framework of the parent company. A common system for working of all the companies under their control is evolved.
29. the factors which might have been highlighted by the manager to the MD is as follows:
1. **Long-term interest of the firm:** A firm and its image stands to gain maximum profits in the long run when it has its highest goal as 'service to society'.
 2. **Avoidance of government regulation:** From the point of view of a business, government regulations are undesirable because they limit freedom.
 3. **Better environment for doing business:** If business is to operate in a society which is full of diverse and complicated problems, it may have little chance of success.
 4. **Converting problems into opportunities:** Related with the preceding argument is the argument that business with its glorious history of converting risky situations into profitable deals, can not only solve social problems but it can also make them effectively useful by accepting the challenge.
30. Entrepreneurship is a process of setting up one's own business by an individual. Entrepreneurship is regarded as a highly creative activity as it is said that entrepreneurship adds or creates 'value'. An entrepreneur creates a link between the raw materials and the products produced as per the needs of the society. Such a process adds to income and wealth. Even if new creation destroys the existing industries for instance new laptops are replacing the old desktop computers it is termed as creative destruction. Entrepreneurship is also regarded as creative in the sense that it involves the introduction of new products and technology. Even if new products or technology are not discovered rather adopted from existing ones they are no less than innovation. This is because using old techniques in a new way requires creativity. For instance, the creator of laptops used the old technique of table computers in a new way and thereby created laptops. Thus creativity can be called the essence of entrepreneurship.
31. i. International
- ii. **Mohit:** The characteristics of International Business.
Shobhit: The Benefit to the Nation through International Business.
Ragini: The Benefit to Firms through International Business.
 - iii. **Mohit:**
 - a. Today, their teacher told them about such business as, because of often unequal distribution of resources, and a difference in the cost of production is done. (Several Bases)
 - b. Besides, he also told them that the payment in this business is done in the foreign currency. (Payment in Foreign Currency)**Shobhit:**...with which we can use the products of better quality make with a foreign technique. (Improvement in the standard of living)
Ragini:.... to those businessmen for whose products the local demand has become stagnant. (Possibilities of Growth)
32. Difference between a private company and public company:

Basis	Private Company	Public Company



(i)	Number of members	Minimum-2 Maximum-200	Minimum- 7 Maximum- Unlimited
(ii)	Number of Directors	Minimum- 2	Minimum- 3
(iii)	Invitation to the general public	Cannot invite the public to subscribe to its securities.	Can invite the public to subscribe to its shares or debentures.
(iv)	Transfer of shares	Restriction on Transfer	No Restriction
(v)	Statutory meeting	No compulsion for holding statutory meetings and filing of the statutory reports.	It needs to hold a statutory meeting and must file a statutory report.
(vi)	Commencement of Business	After the issue of a certificate of incorporation	After the issue of a certificate of commencement of business
(vii)	Issue of prospectus	Does not invite the public for subscription	Invite public for subscription by issuing a prospectus

OR

For the promotion of a company a few persons, called promoters, desirous of forming into a company to achieve some purpose, whether with the intention of making profit or not, have to undergo several steps.

Such steps can be grouped into two parts:

Commercial and Legal. Once the commercial steps are over the legal steps begin. At the latter stage assistance of a person, conversant with Company Law becomes necessary.

Obviously the Company Secretary is that person, Any lawyer or a Chartered Accountant may serve the purpose but he, unless he is a qualified Company Secretary (i.e. who is a member of the Institute of Company Secretaries of India), cannot be appointed as Secretary to the Company if its Paid-up Capital is Rs. 25 lakhs or more.

Step of Promotion:

The Commercial Steps consist of the following:

- i. **Discovery of an Idea:** At first the promoters will find out what shall be the purpose of forming the company. Such an idea can be formulated out of the experience of their own or of others. The purpose must be meaningful having a practical basis otherwise all the efforts will be futile.
 - ii. **Investigation:** They have to make enquiries in the market about the potentiality of the proposed business. Various facts, data and information shall have to be collected and the market has to be studied.
 - iii. **Planning:** After proper deliberation and computation of the facts, information, etc., a plan for the proposed business has to be prepared with details. Opinions of management consultants may be sought and a Project Report may be obtained. In advanced industrial countries, there are professional promoters who do a promotional job.
 - iv. **Financing:** Finance is necessary from the early stage till formation of the company is complete. The initial money comes from the promoters themselves and also from underwriters, if any, to be reimbursed by the company out of its capital. Expenses relate to legal obligations, stationery, conveyance and communication with the Government, the financial institutions (if any), the share brokers, etc.
33. i. The two types of capital being described above are as follows:
- a. **Fixed capital:** 'he will need funds to buy land and building, machinery and furniture and fixtures'. Fixed capital refers to the capital invested in fixed assets of a business. It is raised from long-term funds that remain invested in the business for a period of more than five years.
 - b. **Working capital:** 'funds will be required to meet day-to-day operations such as maintaining stocks, bills receivables and for meeting current expenses like salaries, wages, taxes, and rent.' Working capital refers to the capital invested in meeting the day-to-day needs of a business that are met through short-term funds. Short-term funds are those funds that are required for a period of not more than one year.
 - ii. The factors that are likely to affect the fixed capital requirements of a business are stated below:
 - a. **Nature of business:** The fixed capital needs of a manufacturing concern are higher than that of a trading concern.
 - b. **The scale of business:** When the scale of a business is large it will require more fixed capital or vice-versa.
 - iii. The factors affecting the working capital requirements of a business are stated below:
 - a. **Growth Prospects:** A business having expansion plans will require more working capital.



- b. **Credit allowed:** If a business sells goods on credit, its working capital requirements will be more as compared to a business which only allows cash sales.

34. Type of Insurance	Meaning	Type of Risk Covered
Life Insurance	A life insurance policy is a contract with an insurance company. In exchange for premium payments, the insurance company provides a lump-sum payment, known as a death benefit, to beneficiaries upon the insured's death or on the expiry of a certain fixed period whichever is earlier.	It provides protection to the family at the premature death or gives adequate amounts at old age when earning capacity is reduced.
Fire Insurance	Fire insurance is a contract under which the insurer in return for a consideration (premium) agrees to indemnify the insured for the financial loss which the latter may suffer due to the destruction of or damage to property or goods, by occurrence of fire, during a specified period.	The fire insurance Protects the goods against the risk of fire.
Marine Insurance	Marine Insurance is a contract of insurance under which the insurer undertakes to indemnify the insured in the manner and to the extent thereby agreed against marine losses.	Marine insurance Protects the goods against the risk of loss on a sea voyage.
Health Insurance	Health Insurance policy is a contract between an insurer and an individual or group, in which the insurer agrees to provide specified health insurance at an agreed-upon price (the premium).	Protects against unseen health problems. These include doctor's services, inpatient and outpatient hospital care, prescription drug coverage, pregnancy and childbirth, mental health services, and more.
Motor Vehicle Insurance	It is a contract whereby the insurer agrees to indemnify the insured, in consideration of a fixed premium, for a loss caused by theft, fire, accident, earthquake, etc.	It protects the value of motor vehicles against the risk of theft, accident, and fire, etc. It also covers the owners liability to compensate who are killed or insured through the negligence of the motorist.
Crop Insurance	Crop insurance refers to insurance which insures farmers and crop producers against their loss of crops due to natural disasters, such as hail drought, and floods.	It covers all risks of loss or damages to the crop.

OR

The employer will have to get the 'Fidelity Insurance to protect himself against such a risk.

Fidelity Insurance: Fidelity insurance contract is between an insurance company and some employer. Under this insurance, the insurance company compensates for the loss suffered by the insured employer on account of the fraud, dishonesty, and embezzlement of his employees. It can, therefore, be said that this insurance provides security against the breach of faith by the employees and the subsequent loss caused by such a breach of faith. This insurance is mostly taken where the employees are in charge of the cash and goods of the company. If some employee indulges in fraud, dishonesty, and embezzlement, the loss is compensated by the insurance company.

Features: The chief features of fidelity insurance are the following:

- Subject matter:** The subject-matter is tangible in other insurance contracts. In other words, it can be seen or touched e.g. building, goods, ships etc. But the subject matter of the fidelity insurance is intangible. This insurance is got in respect of the fidelity of the employees and fidelity cannot be seen or touched.
- Service Conditions:** The service conditions of the group of employees or an individual employee for whom the insurance policy is taken cannot be changed without consulting the insurance company.

