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INDIAN SCHOOL SALALAH
FINAL EXAMINATION, FEBRUARY 2026 (AY 2025-26)



Class: XI

BUSINESS STUDIES (054)

Date: 12.02.2026

Time: 3 Hrs

Maximum Marks: 80

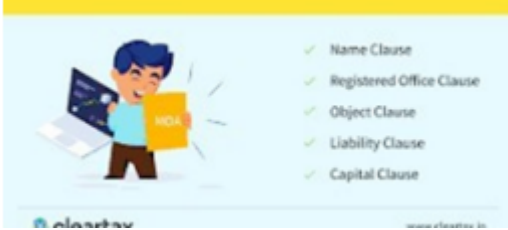
General instructions:

1. This question paper contains 34 questions in 10 pages.
2. Marks are indicated against each question.
3. Answer 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	<p>Sankalp is a successful entrepreneur dealing in Automobile sector especially with Two Wheelers at Ahmedabad. He has been constantly earning good profit from his business and investing surplus towards expansion of his business. All the latest Two Wheeler models are available at his showroom. His marketing and sales team are managed to create new customers from time to time. His unique style of business management has brought him success. Name the type of Business activity in which Sankalp is involved?</p> <p>(a) Tertiary industries</p> <p>(b) Secondary industries</p> <p>(c) Trade</p> <p>(d) Auxiliaries to trade</p>	1
2	<p>With Enactment of LIC Act, 1956, an autonomous body, Life Insurance Corporation of India was formed. The act defines its powers, duties and functions. It has a separate legal entity. It is fully owned by government. It has independent financial policy and can raise funds by borrowing from public and government. However, it is not subject to any budgetary accounting or audit control like Railways. It's annual report is presented in parliament</p>	1

	<p>every year. Identify the type of public sector enterprise referred in above case.</p> <p>(a) Government Companies</p> <p>(b) Statutory Corporation</p> <p>(c) Departmental Undertakings</p> <p>(d) None of these.</p>	
3	<p>Assertion(A) : A sole proprietorship has no separate legal entity.</p> <p>Reason(R) : it is very difficult to start or close down sole proprietorship.</p> <p>a) Both the Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A)</p> <p>b) Both the Assertion(A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A)</p> <p>c) Assertion (A) is true, but Reason (R) is false</p> <p>d) Assertion (A) is false, but Reason (R) is true</p>	1
4	<p>Any business where the government owns at least _____% of the paid-up capital is considered a government firm.</p> <p>(a) 49 percent</p> <p>(b) 51 percent</p> <p>(c) 50 percent</p> <p>(d) 25 percent</p>	1
5	<p>Ravi, a 25-year-old commerce graduate, started a small café called "Brew & Bite" in his hometown. He invested his own savings, managed the daily operations, served customers, purchased supplies, and handled marketing himself. He didn't hire any partner or investor. Over time, his café became popular due to personal customer service and fresh menu ideas. However, during the monsoon season, Ravi suffered losses due to fewer customers. Still, he was determined to continue and bore all the losses himself.</p> <p>The fact that Ravi alone bore all the losses during the monsoon season highlights which</p>	1

	<p>limitation of a sole proprietorship?</p> <p>(a) Lack of managerial skills</p> <p>(b) Limited liability</p> <p>(c) Unlimited liability</p> <p>(d) Separate legal entity</p>	
6	<p>Assertion (A) Business represents exchange of Goods and Services.</p> <p>Reason (R) Risk and Uncertainties are always there with any form of business.</p> <p>(a) Both A and R are true. R is the correct explanation of A</p> <p>(b) Both A and R are true, but R is not the correct explanation of A</p> <p>(c) A is correct, but R is incorrect</p> <p>(d) A is incorrect, but R is correct</p>	1
7	<p>KRITI an electronic engineer after completing her MBA from IIM Kolkata, wants to open her own business of generation of electricity through garbage. She knew that the demand for electricity is increasing day by day whereas it's generation is not sufficient. Secondly, India is facing the problem of garbage disposal also. She shared her business idea with some of her friends and they all liked it and agreed to join the business as owners. After detailed investigation about the idea, i.e., economically viable, technically feasible, KRITI gave her idea a practical shape and got her company incorporated as "Eco Electricity Ltd." After incorporation, the company issued share capital of 1 crore in the capital market. KRITI wants to open her own business of generation of electricity through garbage. Specify the category of such type of industry.</p> <p>(a) Analytical</p> <p>(b) Extractive</p> <p>(c) Synthetic</p> <p>(d) Processing</p>	1

8	 <p>Identify the image through contents in the given picture</p> <p>(a)Partnership deed</p> <p>(b)Memorandum of Association</p> <p>(c)Articles of Association</p> <p>(d)Prospectus</p>	1
9	<p>A person gets his stock of ₹ 25,000 insured for ₹35,000. A fire occurs and the whole stock gets damaged. The insurance company will pay him only ₹25,000, the actual value of his stock and not ₹35,000. Which principle of insurance is applied in this case?</p> <p>(a) Principle of Contribution</p> <p>(b) Principle of Subrogation</p> <p>(c) Principle of Indemnity</p> <p>(d) Principle of Insurable Interest</p>	1
	<p>Read the following text and answer question no.10-12 on the basis of the same:</p> <p>Tarrain Ltd. A firm manufacturing textile, wished to diversify their business. They were considering two options, either to diversify into manufacturing toothpaste or switches. They wanted to invested in the purchase of land, to set up a manufacturing unit in the backward areas of Gujarat. The finance manager of the company, Mr. Krishnakant was asked by the management to do the financial planning by identifying most suitable source of raising long-term funds for financing the investment decisions and short-term sources for working capital decisions.</p>	
10	<p>Mr.Krishnakant was asked by the management to do the financial planning by identifying most suitable source of raising long-term funds for financing the investment decisions.</p> <p>Identify which of the following is not the long-term source of finance:</p> <p>(a) Equity Shares</p>	1

	<p>(b) Preference shares</p> <p>(c) Retained earnings</p> <p>(d) Public deposits</p>	
11	<p>Name the source of finance having least financial risk on the business:</p> <p>(a) Debentures</p> <p>(b) Trade credit</p> <p>(c) Equity shares</p> <p>(d) Public deposits</p>	1
12	<p>This is a short-term source of finance extended by one trader to another for the purchase of goods and services. It facilitates the purchase of suppliers without immediate payment. Identify the source of finance stated above:</p> <p>(a) Commercial paper</p> <p>(b) Retained earnings</p> <p>(c) Subsidy</p> <p>(d) Trade Credit</p>	1
13	<p>Which of the following is not a feature of business ethics?</p> <p>a) Based on social values</p> <p>b) Legally enforceable rules</p> <p>c) Provides guidelines for moral conduct</p> <p>d) Voluntary in nature</p>	1
14	<p>A manufacturer in Country X has successfully prepared a shipment of goods to be sent to an international buyer in Country Y. When the cargo is loaded onto the ship at the port, the commanding officer of the ship issues a receipt confirming that the goods have been loaded. This document is essential for the exporter, as it provides proof that the goods have been placed on the ship, allowing the shipping process to proceed smoothly.</p> <p>What is the name of the receipt issued by the commanding officer of the ship when the cargo is loaded on board?</p>	1

	<p>(a) Shipping Receipt</p> <p>(b) Mate's Receipt</p> <p>(c) Cargo Receipt</p> <p>(d) Charter Receipt</p>									
15	<p>How does international business benefit consumers?</p> <p>(a) By reducing product variety</p> <p>(b) By offering low-quality goods</p> <p>(c) By increasing prices</p> <p>(d) By offering a wider choice of goods</p>	1								
16	<p>Match the types of enterprises in Column A with their corresponding investment in plant & machinery/equipment (for manufacturing and service sectors) in Column B, as per the MSMED Act (2020 revision).</p> <table style="width: 100%; border: none;"> <thead> <tr> <th style="text-align: left; width: 50%;">Column A (Type of Enterprise)</th> <th style="text-align: left; width: 50%;">Column B (Investment Limit in Plant & Machinery/Equipment)</th> </tr> </thead> <tbody> <tr> <td>A. Micro Enterprise</td> <td>1. Investment not exceeding ₹50 crore</td> </tr> <tr> <td>B. Small Enterprise</td> <td>2. Investment not exceeding ₹1 crore</td> </tr> <tr> <td>C. Medium Enterprise</td> <td>3. Investment more than ₹1 crore but not exceeding ₹10 crore</td> </tr> </tbody> </table> <p>Options:</p> <p>a) A-2, B-3, C-1</p> <p>b) A-1, B-2, C-3</p> <p>c) A-2, B-1, C-3</p> <p>d) A-3, B-2, C-1</p>	Column A (Type of Enterprise)	Column B (Investment Limit in Plant & Machinery/Equipment)	A. Micro Enterprise	1. Investment not exceeding ₹50 crore	B. Small Enterprise	2. Investment not exceeding ₹1 crore	C. Medium Enterprise	3. Investment more than ₹1 crore but not exceeding ₹10 crore	1
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17	<p>Assertion (A): Small industries promote balanced regional development of the country.</p> <p>Reason (R): In case of small industries, quick and timely decisions can be taken due to small size of the organisation</p>	1								

	<p>(a) Both Assertion (A) and Reason (R) are True and Reason (R) is the correct explanation of Assertion (A).</p> <p>(b) Both Assertion (A) and Reason (R) are True and Reason (R) is not the correct explanation of Assertion (A).</p> <p>(c) Assertion (A) is True but Reason (R) is False.</p> <p>(d) Assertion (A) is False but Reason (R) is True</p>	
18	<p>Linkages and switched services within a licensed area of operation to operate media services.” This best units to which of the following options:</p> <p>(a) Cellular mobile services</p> <p>(b) Direct to Home services</p> <p>(c) Radio paging services</p> <p>(d) Cable Services</p>	1
19	<p>Which of the following statements about Inter-Corporate Deposits (ICDs) is/are correct?</p> <p>1. Inter-corporate deposits are short-term unsecured loans extended by one company to another.</p> <p>2. They are regulated by the RBI under the Banking Regulation Act.</p> <p>3. ICDs are generally given by cash-rich companies to earn a higher rate of return than traditional bank deposits.</p> <p>4. A public company is not allowed to accept ICDs beyond the prescribed limit under the Companies Act, 2013.</p> <p>Select the correct combination:</p> <p>a) Only 1 and 3</p> <p>1b) Only 1, 3 and 4</p> <p>c) Only 2, 3 and 4</p> <p>d) All 1, 2, 3 and 4</p>	1
20	<p>Which of the following is NOT a function of the National Small Industries Corporation</p>	1

	(NSIC)? a) Providing machinery and equipment on hire-purchase basis b) Assisting in exporting products of small enterprises c) Offering marketing support to small-scale industries d) Imposing direct taxes on large-scale industries	
21	Raj and Akash have been close friends since college. Raj is a skilled chef, while Akash has experience managing restaurants. In 2024, they decided to start a small food delivery business together called " <i>Foodie Express</i> ". Both of them contributed capital, shared the responsibilities of running the business, and agreed to divide the profits equally. They also registered the business under their joint names but did not form a private limited company. Within a year, their business started gaining popularity in the city. However, once, due to a sudden loss, Raj had to repay some debts from his personal savings. Later, Akash wanted to expand, but since the business had limited funds and borrowing was difficult, they postponed the plan. (a) What form of business organisation is shown in the above case? Name it. (b) Identify any two limitations of this form of business by quoting lines from the above paragraph.	3
22	Ramesh is engaged in manufacturing bangles in Jaipur he has invested ₹ 20,00,000 in the business. He is doing business for attaining an important Objectives of the business for that he thoughts Every businessman seeks to earn profit by satisfying the want of consumers. He is also thinking that no business can survive for long without earning sufficient profits., Survival Every business aims to ensure that it continues to survive and exist in the future., He also wants to Growth of the Business for that he is performing reinvesting the profit to grow and expand its activities. He is measured the growth in the business in terms of sales volume, market share, number of products, etc. Identify the objective of the business by quoting lines & explain in brief.	3
23	Fixed shop retailers are shops which have a permanent establishment to sell their products. One of their characteristics is that they need not move from place to place for product selling. In the same manner, specify the other characteristics of these retailers.	3
24	In 1995, representatives from various countries gathered to establish a global body aimed at promoting and regulating international trade. This organization was created to provide a permanent institutional framework that would help facilitate free and fair trade among	3

	nations. Over the years, the organization has played a critical role in resolving trade disputes, setting trade agreements, and ensuring that trade flows as smoothly and predictably as possible. Identify the concept and explain Its objectives.	
25	Universal enterprise is dealing in auto spare parts. With the expansion in business the enterprise found that the decisions are delayed and level of coordination is coming down. The CEO called for a meeting of all the managers. Rajiv a newly appointed manager suggested that company should have its own internet so that all the employees can interact and pass important information to each other through internet. Even short meetings different departments can be conducted through Video conferencing to take fast action The CEO liked the idea and installed an internet for connecting all the employees in line (a) Which branch of e-business is suggested by Mr. Rajiv? (b) What are the benefits provided by e-business?	4
26	Identify and explain the 'Type of Bank Accounts' highlighted in the following statement. (i) The main objective of this account is to enable the businessmen to conduct their business transactions smoothly. (ii) This account is a combination of savings Account and Fixed Deposit Account. (iii) It is the account meant for people who wish to save a part of their income to safeguard the future and earn interest on the savings. (iv) The minimum period of deposit under this account is six months and maximum is ten years.	4
27	What is business ethics? Mention the basic elements of business ethics?	4
28	Pranav owns a large-scale retail outlet in Chandigarh. He deals with various kinds of products in his shop like textiles, footwear, cosmetics, stationery, Grocery, etc. He sells them in different divisions in his big shop. In context of the above case. 1. Identify the type of retail outlet being described in the above lines. 2. State any three features of that outlet.	4
29	Eco Smart Appliances Ltd., a company manufacturing eco-friendly kitchen devices, wanted to raise ₹1 crore to install new machines. The management didn't want to share ownership or give voting rights to new investors. So, they decided to raise funds from the public by offering a certificate promising a fixed interest of 10% per annum and repayment after 7 years. These certificates were freely transferable in the market, attracting many investors looking for safe and regular income. (a) Identify the financial instrument used by the company. (b) Mention any three merits of this instrument from the company's point of view.	4
30	Manisha started a business of Home Cleaning Services under the name of 'Care home'. Her total investment in the equipment is Rs. 75 lacs. (a) Identify the category in which her business will fall under Micro, Small and Medium Enterprises Development Act, 2006. (b) State any three roles played by Small business in India.	4

31	Rajasthan handicraft has received a grand order for handmade products from a German company. The exporter has obtained the pre- shipment inspection report under the export quality control and Inspection Act 1963 and also got the excise clearance certificate from the authorities. Explain the next six steps to be taken by the Indian counterpart to export these goods.	6
32	Indian railway is a part of railway ministry. It is organised, financed and controlled by railway ministry. The finances are allocated from government treasury and whatever revenue it earns is deposited to government treasury only. It is treated as a part of government and even the appointment, recruitment and selection of employees is done in the same way as that of civil servant. Name the type of public sector enterprise railway is considered as. How does it get its finance? Explain any four limitations of such enterprise.	6
33	Swayam wants to start a business organisation he wants to select such a form in which there is no interference of anyone in the decision making, he want that he enjoys all the profit himself, he wants that decision can be taken as early as possible, he wants that the business can be started with minimum legal formalities. Although he is aware that there can be shortage of funds and the business may not continue in his absence or his death. a. Which form of business organization swayam wants to start? b. Quoting the lines from the paragraph highlight the features, merits and demerits of this form of business enterprise	6
34	Differentiate between Owners fund and Borrowed fund.(Any six points).	6
