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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.
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	<p>Komal wants to start a retail business of fashion items but changes in taste and preferences of customers may result in loss in such type of business. She is hesitating as she is aware of risks which are inherent in every business.</p> <p>She approaches her friend Payal who is the owner of a retail shop. Payal advises her to go ahead with her idea as she will get profit as return for undertaking risk. She also told her that some risks in business can be insured by taking insurance policy.</p> <p>On the basis of the given information about Komal, identify the main features of business risk discussed in the above case.</p> <p>(a) Uncertainties (b) Degree of risk depends upon nature of business (c) Size of business (d) None of the above</p>	1
2	<p>Ram sold an old television of his grandfather to Rahul , who is an antique collector at a price of rupees 10,000. The profit generated by Ram and his such a transaction will not be regarded as a business activity.</p> <p>Which characteristic of business is highlighted in the above paragraph.</p> <p>(a) An economic activity (b) Profit earning (c) Sale or exchange of goods and services (d) Dealing in goods and services on regular basis</p>	1
3	<p>Sushi has contributed capital in a partnership firm without letting anyone know except the partners themselves. A partner like Sushi whose association with the firm is unknown to the general public is called:</p>	1

	<p>(a) Active partner (b) Sleeping partner (c) Nominal partner (d) Secret partner</p>	
4	 <p>Identify the image shown and classify which type of organization is this picture.</p> <p>(a) Departmental undertaking (b) Private Public Partnership (c) Government Company (d) Multinational Corporation</p>	1
5	<p>The shares of a 'Government Company' are purchased in the name of _____</p> <p>(a) Prime Minister of India (b) President of India (c) Chief Minister of the India (d) Finance Minister of India</p>	1
6	<p>Which of the following is not a feature of sole proprietorship?</p> <p>(a) Easy to form (b) Shared control (c) Sole risk bearer (d) Quick decision making</p>	1
7	<p>In the new digital market place banks and financial institutions have started providing services over the Internet. This type of service is provided by the banks on the Internet, lowers the transaction cost, adds value to the banking relationship and empowers customers. Name the service provided by the banks.</p> <p>(a) Electronic fund transfer (b) Automatic teller machine (c) Credit card (d) All of the above</p>	1
8	<p>Statement I : e-business is the conduct of industry, trade and commerce using the computer networks</p> <p>Statement II : e-commerce covers a firm's interaction with its customers and suppliers over the internet.</p>	1

	<p>(a) Both the statements are true. (b) Both the statements are false. (c) Statement I is true, Statement II is false. (d) Statement II is true, Statement I is false.</p>	
9	<p>Which of the following is an example of unethical business practice? (a) Transparent financial reporting (b) Insider trading (c) Fair competition (d) Customer satisfaction</p>	1
10	<p>Which service provides fast delivery of letters and documents across the country? (a) Registered Post (b) Speed Post (c) Ordinary Post (d) Business Post</p>	1
11	<p>ABC Ltd., a well-established company, had surplus funds lying idle. At the same time, XYZ Ltd., a smaller company, was facing a short-term liquidity crunch and needed funds urgently for 3 months to pay its suppliers. ABC Ltd. decided to lend ₹9 crores to XYZ Ltd. for 3 months at an agreed rate of interest. The transaction was done without any collateral or involvement of banks. It was a short-term arrangement based on mutual trust and business relations. The above transaction is an example of:</p> <p>(a) Trade Credit (b) Commercial Paper (c) Inter Corporate Deposit (d) Debentures</p>	1
12	 <p>The type of finance shown in the above picture is obtained from financial institutions and is repayable over a set period with interest. Which source of finance is represented here?</p> <p>(a) Equity Shares (b) Bank Loan (c) Retained Earnings (d) Debentures</p>	1
13	<p>Where funds are required for a period of more than 1 year but less than 5 years, which sources are used</p>	1

	<p>(a) Long term sources (c) Short term sources</p> <p>(b) Medium term sources (d) Very short-term sources</p>	
14	<p>If Kuber Industries has investment in plant and machinery worth ₹ 19 crore, then it will be classified as:</p> <p>(a) Medium Enterprise (c) Small Enterprise</p> <p>(b) Micro Enterprise (d) None of the above</p>	1
15	<p>Assertion (A): Products of small industries give a tough competition to products of large companies. Reason (R): Small industries are unable to use modern technology and it is difficult for them to invest in quality research.</p> <p>(a) Both Assertion (A) and Reason (R) are True and Reason (R) is the correct explanation of Assertion (A). (b) Both Assertion (A) and Reason (R) are True and Reason (R) is not the correct explanation of Assertion (A). (c) Assertion (A) is True but Reason (R) is False. (d) Assertion (A) is False but Reason (R) is True</p>	1
16	<p>Which of the following statement is false about the incentives offered by the government to Small Scale Industries?</p> <p>(a) Availability of land at concessional rates (b) Supply of power at 50% and even exemption of payments for power (c) Exemption from sales tax for 5 years (d) Raw materials are supplied at 50 % concession</p>	1
17	<p>The definition used by the Government of India to describe MSME is based on</p> <p>(i) Investment in Plant and Machinery (ii) Turnover of business (iii) Number of persons employed in business</p> <p>(a) Only (i) (b) Only (i) and (ii) (c) Only (i) and (iii) (d) All of these</p>	1
18	<p>Tamim is a trader dealing in low cost fashionable footwear. In order to sell his goods he opens his shop on fixed days in different market .In context of above case.</p> <p>Name the category of that type of retail trade is identified in above line.</p> <p>(a) Market trader (c) Cheap jacks</p> <p>(b) Street trader (d) Peddlers and hawkers</p>	1
19	<p>Kushagra Pvt. Ltd. Is a garment manufacturing company. It decided to expand its business to foreign markets. Soon Company got an order from the USA and was able to get the benefit of large production and reduction in cost' . Which benefit of International Business to firms is being discussed?</p> <p>(a) Increased capacity utilization (c) Prospectus for growth</p> <p>(b) Increase standard of living (d) Earning of foreign exchange</p>	1

20	<p>Which of the following is a major document needed in connection with export transaction related to payment</p> <p>(a) Letter of Credit (b) Bill of Exchange (c) Bank certificate of payment (d) All of these</p>	1
21	<p>Superstar Steel Ltd., a leading manufacturer of iron and steel decided to open up a new branch in a remote area in Haryana. So that unemployed youth from the rural areas could get same opportunities as those available in the urban areas. This initiative has raised the standard of living of people in rural areas. All children in these families are getting good education and these families are also actively contributing to nation building process through their dedicated work. On the basis of the given information about Superstar Steel Ltd., answer the following questions:</p> <p>(a) Identify and explain the objective of business which is followed by the company. (b) Explain one other objective which the company should follow apart from objective identified in part (a)</p>	3
22	<p>Isha Coffee House is a restaurant in India. It has strong presence across with nearly 600 coffee houses. It is a voluntary association of employees and are governed by managing committees elected by employees. These are completely owned and managed by employees only. These have also received appreciation and support from Government and public. The voting rights in these are neither tied to investment nor patronage.</p> <p>On the basis of the given information about Isha Coffee House, answer the following questions:</p> <p>(a) Which form of business organization is highlighted in the above case? (b) Discuss any two merits of the business organization identified above.</p>	3
23	<p>A commerce teacher, Mr Babu while going through the topic 'Internal trade' cites the examples of 'Bata Shoe Company', having its headquarters in Mumbai where it has its showrooms at different locations of the city as well as in various cities all over India. The products of the company carry the same price in all these showrooms.</p> <p>a) Identify the type of shop cited in the example. b) List any two features of such shops.</p>	3
24	<p>A textile manufacturer in Country XYZ has successfully negotiated an export deal with a buyer in Country ABC. The goods have been packed and transported to the shipping company at the port. The shipping company needs to provide a document to confirm that they have received the goods and that they will transport them to the specified port in Country ABC. Which document is prepared by the shipping company to acknowledge the receipt of goods on the ship and provide an undertaking to carry them to the port of destination?</p>	3
25	<p>The directors of a company have decided to expand the business activities by purchasing fully automatic machinery worth Rs. 80 crores. As a finance manager, advise the directors about the various sources of finance available to the company. Explain the various source of finance advice by the finance manager(any four)</p>	4
26	<p>Mr. Sharma, a factory owner, had insured his factory against fire for ₹50 lakhs. Unfortunately, due to an electrical short circuit, a major fire broke out and caused damage worth ₹40 lakhs. When Mr. Sharma approached the insurance company for the claim, the surveyor confirmed</p>	4

	<p>the loss and the claim was settled. Later, it was discovered that Mr. Sharma also had another fire insurance policy from a different company for the same factory, with coverage of ₹30 lakhs. However, he had not informed either company about the other policy.</p> <ol style="list-style-type: none"> 1. Which principle of insurance was violated by Mr. Sharma? 2. Name the principle that ensures that the insured does not gain from insurance. 3. What principle is applied when multiple insurance policies exist for the same subject matter? 4. How much compensation is Mr. Sharma entitled to in total? 	
27	<p>Identify and explain whether each transaction is B2B, B2C, C2C, or Intra B:</p> <ol style="list-style-type: none"> 1. A manufacturer sells raw materials to a clothing company A customer purchases a pair of shoes from an online retailer. A person sells handmade crafts on Etsy to another individual. An employee submits an expense report to the finance department of their company. 	4
28	<p>Topo is a well-known company in telecom sector. The company is committed to treat everyone fairly with respect and dignity, regardless of difference in age, caste, creed, gender etc. It not only abides by all the laws and pay taxes on time, but also make serve it participate in social services projects. It prefers to give fair advertisement without any exaggeration, and change fairly from its customers and maintain quality. Its managers work effectively and efficiently and minimize waste to maximize the return to their shareholders. The company is running a charitable hospital to provide medical facility to the people of that area. In the context of the above case by quoting the line from the paragraph, Identify any four Interest group towards, which company is fulfilling its social responsibilities.</p>	4
29	<p>Gopal is a manufacturer of readymade kids garments. He sells his products through various dealers across the country. However, his sales are decreasing over the years. Recently, his wife gifted him a T-Shirt, which she had ordered through Myntra (an Online Shopping Site for Fashion and Lifestyle). This gave Gopal an idea to start selling his products online. State any four benefits that Gopal can get through e-business.</p>	4
30	<p>Elegant Furniture Pvt. Ltd. is a company that manufactures wooden chairs and tables. Instead of selling directly to retailers across the country, the company relies on wholesalers in different regions. These wholesalers purchase furniture in bulk, store them in their warehouses, and sell smaller quantities to local retailers. The wholesalers also help retailers by offering goods on credit and updating them about the latest furniture designs. Moreover, they give valuable feedback to Elegant Furniture Pvt. Ltd. about the demand in different markets, helping the company plan its production accordingly.</p> <ol style="list-style-type: none"> a. Mention any two services provided by wholesalers to manufacturers in the above case. b. How do wholesalers help retailers in the given case? 	4
31	<p>Kareena is a kind hearted girl she wants to empower the women of her area so that they can earn for themselves and their family she wants to make them self dependent for this she started a fabric designing organisation the women in her area were having the skill of designing and</p>	6

	<p>creating beautiful pieces which can be exported from the country as well however there will be shortage of funds she wanted that funds should be arrange in such a way that all the members have a decision making power through voting but with limited liability however the business may be controlled by some members called board of directors.</p> <p>a) State which form of business she wants to start? b) Explain any five features of this form.</p>	
32	<p>Rohan, a student of Class XI, was discussing different forms of business organizations with his elder sister who works in a public sector company. She explained to him that her company was set up by the government, had major investment from the government, and aimed to provide services at reasonable rates rather than making profits. She also mentioned that the company is managed by a Board of Directors, and the government appoints the key officials. However, she also told him that the company is answerable to the public and must submit its annual report to the Parliament.</p> <p>On the other hand, Rohan’s friend’s father works in a multinational company (MNC), which operates in more than one country and is known for advanced technology, brand value, and large-scale production.</p> <p>Identify the form of public sector enterprise where Rohan’s sister works. Mention any two features of this type of public sector enterprise. Define a multinational corporation (MNC). What is the main objective of the company where Rohan’s sister works?</p>	6
33	<p>Ramraja wants to set up a business of manufacturing stationery items. But he is an amateur in the field of business and thus, decides to use the services of a consultancy firm. The consultancy firm helped Ramraja in preparing a blueprint of his proposed business idea. This helped Aditya Thakur to know about his financial requirements of business. The consultancy firm suggested Ramraja to meet the financial requirements of business by introducing his own funds and taking a loan from a banking institution.” On the basis of the given information about Ramraja , answer the following questions:</p> <p>a.What is business finance? Explain in brief, the need of the finance for a business firm. b.Identify and explain the two categories of fund suggested by the consultancy firm.</p>	6
34	<p>An Indian company, Galaxy Mobiles Ltd., is planning to import lithium batteries from China for its new model of smartphones. The company has completed the following steps:</p> <ol style="list-style-type: none"> 1. Obtained the Import License – Galaxy Mobiles applied for and received permission to import batteries. 2. Placed the Import Order – The company sent a confirmed order to the Chinese supplier mentioning price, quantity, and delivery terms. <p>State and explain the next six steps of the import procedure?</p>	6
