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INDIAN SCHOOL SALALAH
FIRST TERM EXAMINATION – SEPTEMBER 2026



BUSINESS STUDIES (054)

Class : XII

DATE: 16/09/2026

Time : 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	Assertion (A): Coordination is not an exclusive function of the top management. Reason (R): Coordination is the responsibility of all managers of top, middle and operational levels. (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	1
2	'KUL', an eco-friendly stationery brand is expanding its business in three different markets. For this, it uses different promotional strategies in each market. In the corporate gifting market, the company appoints salespersons to contact prospective corporate clients and create awareness about its eco-friendly stationery with the aim of making a sale. In the international market, the company focuses on managing public opinion and building a positive image for its product. It disseminates information and builds goodwill about the business. In the domestic retail market, the company offers cash discounts, free gifts, etc. to encourage the buyers to make immediate purchase of its product. Identify the promotion tools used by 'KUL' to expand its business in each of the markets. (a) Public Relations (b) Personal Selling (c) Sales Promotion (d) All of the above	1

3	‘The increase in the demand for many Ayurvedic medicines, health products and services in the past few months, is related to the need for building immunity and an increased awareness for health care due to the spread of Corona virus’. Identify the feature of business environment being discussed. (a) Specific and general forces (b) Interrelatedness (c) Relativity (d) None of the above 	1
4	The number of times earnings before interest and taxes of a company cover the interest obligation is referred to as: (a) Capital structure (b) Financial leverage (c) Interest Coverage Ratio (d) Debt-Service Coverage Ratio	1
5	On Raksha Bandhan, Reena received a gift from her brother. After removing the gift wrap paper, she saw a decorative cardboard box. Inside the box, she found a small glass bottle containing an expensive face cream. Both the decorative cardboard box and the glass bottle had a beautiful label displaying the brand name, ingredients, expiry date, etc. Which level of packaging does the glass bottle represent? (a) Primary packaging (b) Transportation packaging (c) Secondary packaging (d) General packaging	1
6	The Uttarakhand government has developed surveillance network using latest satellite technology. Under this system, the state’s mining department would be in a position to check illegal mining activities across the state. The state government is also considering the use of drones in its proposed campaign against illegal mining. Identify the related dimensions of business environment. (a) Economic dimension and Legal dimension (b) Social dimension and Technological dimension (c) Technological dimension and Political dimension (d) Political dimension and Economic dimension	1

7	As a result of major government initiatives, more and more people are going 'green'. In order to keep in line with the trend, 'Clapaway' a carpet cleaning company has advertised that they only use natural cleaners that come from renewable resources and that all their service vehicles are hybrid vehicles that use both gas and electricity. Identify one of the points related to the importance of business environment and its understanding by managers which is being highlighted in the above case. (a) It helps in assisting in planning and policy formulation (b) It helps in coping with rapid changes (c) It helps in improving performance (d) It enables the firm to identify opportunities and getting the first mover advantage	1										
8	Megha is planning to enter in the business of Herbal Shampoo in the beginning she was thinking there are very few companies making herbal shampoo, but when she started selling her product she realised that many companies are already in the business of selling herbal shampoo. Identify the factor affecting working capital in the above case. (a) Growth prospects (b) Nature of business (c) Level of competition (d) Business cycle fluctuation	1										
9	Match the type of plan given in Column-I with its meaning in Column-II : <table><tr><th>Column-I</th><th>Column-II</th></tr><tr><td>a. Policy</td><td>(i) Prescribed way or manner in which a task has to be performed considering the objective.</td></tr><tr><td>b. Programme</td><td>(ii) Detailed statement about a project which outline the objectives, policies, procedures, rules, tasks, human and physical resources required and the budget to implement any course of action.</td></tr><tr><td>c. Method</td><td>(iii) A comprehensive plan for accomplishing an organisation's objectives, taking business environment into consideration.</td></tr><tr><td>d. Strategy</td><td>(iv) A general statement that guides thinking or channelises energies towards a particular direction.</td></tr></table> (a) a-(ii), b-(iv), c-(i), d-(iii) (b) a-(iv), b-(ii), c-(i), d-(iii) (c) a-(iv), b-(ii), c-(iii), d-(i) (d) a-(iv), b-(i), c-(ii), d-(iii)	Column-I	Column-II	a. Policy	(i) Prescribed way or manner in which a task has to be performed considering the objective.	b. Programme	(ii) Detailed statement about a project which outline the objectives, policies, procedures, rules, tasks, human and physical resources required and the budget to implement any course of action.	c. Method	(iii) A comprehensive plan for accomplishing an organisation's objectives, taking business environment into consideration.	d. Strategy	(iv) A general statement that guides thinking or channelises energies towards a particular direction.	1
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10	The workers in Alpha manufacturing company were using traditional methods for production of metal parts. Since no standard procedure existed, workers relied on personal experience and guess work. As a result, productivity in the assembly line began to decline. To improve productivity, the company hired a consultant specializing in scientific management. The consultant explained that there was only one best method to maximize efficiency and this method could be developed through proper study and analysis. He emphasized that the scientific method should replace the old method, that the workers were using. So, to develop the scientific method, the consultant carefully investigated the traditional methods through work-study and by unifying the best practices, he developed a standard method that would be followed by everyone in the organization. After applying scientific method, there was a three fold increase in productivity within six months. The principle of scientific management which helped the company in increasing the productivity was :	1										

	(a) Science, not rule of thumb (b) Harmony, not discord (c) Cooperation, not individualism (d) Development of each and every person to his or her greatest efficiency and prosperity	
11	‘Bright Appliances Ltd.’ plans to launch a new product line of energy-efficient air purifiers. To ensure a smooth launch of the air purifiers, the company needs to arrange adequate funds. For this, the Finance Manager estimates the fund requirements and specifies the source of funds the company should use. The process followed by the Finance Manager is called: (a) Financial planning (b) Financial management (c) Financial leverage (d) Investment decision	1
12	The settlement cycle in NSE is: (a) T+3 (b) T+5 (c) T+2 (d) T+6	1
13	‘A manager motivates and leads his team in such a manner that individual members are able to achieve personal goals while contributing to the organisational objective.’ The point of importance of management highlighted above is: (a) Management helps in achieving group goals (b) Management helps in increasing efficiency (c) Management helps in achieving personal objectives (d) Management helps in the development of society	1
14	Statement-I: Capital market instruments are safer than money market instruments both with respect to returns and principal repayment. Statement-II: The capital market deals in medium and long-term securities such as equity shares and debentures etc. Choose the correct option from the following: (a) Statement I is true and Statement II is false. (b) Statement I is false and Statement II is true. (c) Both Statement I and Statement II are true. (d) Both Statement I and Statement II are false.	1
15	Read the following statements Assertion(A) and Reason(R). Assertion (A) : Planning promotes innovative ideas. Reason (R) : Since planning is the first function of management, new ideas can take the shape of concrete plans. Choose the correct alternative from the options given below : (a) Both Assertion (A) and Reason (R) are true. (b) Both Assertion (A) and Reason (R) are false. (c) Assertion (A) is true, but Reason (R) is false. (d) Assertion (A) is false, but Reason (R) is true.	1

16	‘Roma Ltd.’ identified the needs of the customers for the successful marketing of their products. This was important for making an analysis of the available opportunities, threats, weaknesses and strengths of the organisation and help in deciding what opportunities can best be pursued by it. By doing so, which of the following functions of marketing is being performed by ‘Roma Ltd.’? (a) Standardisation and grading (b) Product designing and development (c) Marketing planning (d) Gathering and analysing market information	1
17	‘Renew Ltd.’ was the pioneer in the Electric Vehicles segment and presently has 70% market share. Keeping in mind the rapidly increasing demand for Electric Vehicles due to the rising environment consciousness among people and lower operating costs, the company set a target to increase its market share to 80% in the current year. However, the incentives provided by the government to encourage manufacturing of Electric Vehicles attracted many new players in the market. As this change in the business environment happened suddenly, the company was not able to accurately assess future trends. As a result, the market share of ‘Renew Ltd.’ fell from 70% to 55% in the current year. Which limitation of planning has been discussed in the above case? (a) Planning may not work in a dynamic environment (b) Planning leads to rigidity (c) Planning does not guarantee success (d) Planning involves huge costs	1
18	Shikha, a first-time investor, was excited yet nervous about investing in the stock market as she felt it was risky. She sought guidance from her friend, Rama, who was an experienced investor. Rama assured Shikha that it is safe to invest in the stock market as the membership of stock exchange is regulated by Securities and Exchange Board of India (SEBI). She also told Shikha that SEBI performs various functions to protect the rights and interests of investors. Which of the following functions mentioned by Rama is not a protective function of SEBI? (a) Prohibition of fraudulent and unfair trade practices like making misleading statements, manipulations, price rigging, etc. (b) Conducting research and publishing information useful to all market participants. (c) Controlling insider trading and imposing penalties for such practices. (d) Promotion of fair practices and code of conduct in the securities market.	1
19	Obligation of a subordinate to properly perform the assigned duty is known as _____. (a) Delegation (b) Accountability (c) Responsibility (d) Authority	1
20	“This is the real point of decision making. The best plan has to be adopted and implemented.” Identify the step of planning function of management highlighted above. (a) Evaluating alternative courses (b) Selecting an alternative (c) Implementing the plan (d) Follow-up action	1

21	Kaysons Ltd. was a reputed company manufacturing automotive parts for electric vehicles. As the demand for the electric vehicles grew, Kaysons Ltd. needed more capital to keep up with the demand for automotive parts. Atul, the Finance Manager of Kaysons Ltd. suggested that the company should raise funds through a public issue of shares as the stock market was bullish. The Chief Executive Officer fully understood that this process of raising funds would not only reduce the managements' holding in the company but would also require considerable expenditure. Even then he agreed with the Finance Manager and the public issue of shares was made complying with the guidelines of Securities and Exchange Board of India. Identify and state any three factors affecting choice of capital structure being discussed above.	3
22	Explain the first three steps in the Trading Procedure of Stock Exchange.	3
23	Suhasini, a home science graduate from a reputed college, has recently done a cookery course. She wished to start her own venture with a goal to provide health food at reasonable prices. She discussed her idea with her teacher (mentor) who encouraged her. After analyzing various options for starting her business venture, they short listed the option to sell readymade and ready to make vegetable shakes and sattu milk shakes. Then, they weighed the pros and cons of both the short listed options. 1. Name the function of management being discussed above. 2. Also briefly discuss first two steps of the function discussed in the case.	3
24	Sanchit, after completing his entrepreneurship course from Sweden returned to India and started a coffee shop 'Aroma Coffee shop' in a famous mall in New Delhi. The specialty of the coffee shop was the special aroma of coffee and a wide variety of flavours to choose from. Somehow, the business was neither profitable nor popular. Sanchit was keen to find out the reason. He appointed Sandhya, an MBA from a reputed college, as a Manager to find out the causes for the same. Sandhya took feedback from the clients and found out that though they loved the special unique aroma of coffee but were not happy with the long waiting time being taken to process the order. She analysed and found out that there were many unnecessary obstructions in between which could be eliminated. She fixed a standard time for processing the order. She also realised that there were some flavours whose demand was not enough. So, she also decided to stop the sale of such flavours. As a result within a short period Sandhya was able to attract the customers. Identify and explain any two techniques of scientific management used by Sandhya to solve the problem.	3
25	Identify and explain the type of dimension of business environment related to the following: a) Banks reducing interest rate on housing loans. b) An increasing number of working women. c) Alcohol beverages are prohibited to be advertised on Doordarshan. d) A stable government has built up confidence among the firms to invest in big project.	4
26	Planning as a function of management requires application of mind and involves intelligent imagination and sound judgements. It involves thorough examination and evaluation of different alternatives to choose the most appropriate one. a) Which features of planning are referred to? b) Discuss two other features of planning.	4
27	Rahul, Priya, Amit and Sneha were friends. They decided to start a business jointly. With rising focus on hydration, fitness and a healthy lifestyle, they saw a steady market for water bottles. Customers often own multiple bottles for different uses. Bottles wear out or go out of style over time, creating repeat sales opportunities. Excited by this idea, they all sat together to brainstorm	4

	and decide what kind of water bottle they should make. Rahul believed that to maximise profits, production should be done on a large-scale making goods available and affordable to consumers. Amit, on the other hand, was of the opinion that the bottles should be of a very good quality with features like time markers, filters or infusers, etc. Priya agreed with Amit, but felt that they should first identify the needs of the present and prospective buyers, so that they can satisfy them in an effective way. She suggested offering personalised designs, sports bottles, insulated bottles, etc., depending on the customers' needs. Sneha believed that the business orientation should not be short sighted to serve only the consumers' needs. It should also consider larger issues of long-term social welfare. So, she suggested reusable water bottles made from eco-friendly sustainable materials. Identify and state the marketing management philosophies discussed by Rahul, Priya, Amit and Sneha.	
28	Arjun and Neha were close friends. They had studied together in the same school. After completing their higher education, both of them joined a company named 'Apex Ltd.' in different roles, based on their qualifications. Arjun's role involved analysing the business environment and its implications for the survival of the firm. He was also responsible for the welfare and survival of the organization. Neha, on the other hand, was heading the marketing department in the organisation. Her responsibility was to ensure that her department had the necessary personnel. In addition to many other responsibilities, she had to motivate them to achieve desired objectives. Apart from the functions mentioned in the above case, state two more functions each for Arjun and Neha that they would perform at the level at which they are working.	4
29	Explain the following techniques of scientific management : (i) Motion Study (ii) Differential Piece Wage System	4
30	Mega-Mart" is a large retail company with a central warehouse. The warehouse operations are managed by Mr. Singh, who has been in the job for 20 years. The primary job of the 50 workers is to pick items from shelves, pack them, and prepare them for shipping to various retail stores. The current process is disorganized. Each worker decides their own path through the warehouse and uses whatever packing materials they can find. As a result, productivity is low, and there are frequent delays in shipments. The workers are often stressed, and disputes over who is responsible for which task are common. Mr. Singh often gives instructions based on his past experience, without any formal analysis of the work. Identify the principles of management which are being violated in the above context.	4
31	Radio XYZ is a company which has improved its functioning by proper management. The company has been good in fixing and completing targets. The main reason for its success has been the involvement of all of the employees. The company tries to keep its targets in front of the employees so that each one of them can contribute to the completion of goals. Though their activities may be different yet they contribute to the common targets or goals of the organisation. The company has won the prize for the best organisational climate. This has been possible due to the impact of great managerial discipline which might not be visible to an outsider in the first look but he realises it when he stays in the organisation. Gradually the organisation has developed itself into a very successful company. It has produced different types of radios according to the needs of the customers. During last decade it has adapted to the requirements of the market and produced different type of radios suiting the needs of the customers. The management of three components is always significant to the company i.e. the employees, the process and the amount of work to be done. Controlling these three areas is always a top priority to the company. Recently a meeting was held which laid stress on the need of taking good management to all levels and departments of the organisation.	6

	In the above case identify and explain all the characteristics of management and highlight the lines which help you identify them.	
32	‘Neo Appliances Ltd.’, a company known for its innovative kitchen devices was established in 2001. Over the years, the company performed well and the market value of its shares increased. Rajan had bought shares of ‘Neo Appliances Ltd.’ many years ago. He sold some of the shares to arrange money for his daughter’s higher education. He shared with his friend Madhur how his investment had multiplied over the years. Madhur was impressed and wanted to start investing in shares. He asked Rajan in which market he had sold his shares and whether it was safe to invest in that market. Rajan said, yes this market provides safety of transactions to investors. (a) Name the market in which Rajan sold his shares. (b) Identify and explain the function of the above market which facilitated Rajan in selling his shares. (c) Explain how the market identified in (a) above provides safety of transactions to investors. (d) Explain any three other functions of the market apart from those mentioned in (b) and (c).	6
33	‘Suruchi Textiles Ltd.’ is a reputed textile manufacturing company with stable earnings. It has been paying regular dividends for the last seven years, which has helped it to build a loyal investor base. It has a large number of its shareholders who depend on regular income from their investment and therefore expect at least a minimum dividend every year. To meet these expectations and maintain shareholders confidence, the company has followed a high dividend policy. During the current year, the company planned further expansion, which required additional funds. However, since a major portion of its earnings had been distributed as dividends in earlier years, the company had retained limited funds. But, since ‘Suruchi Textiles Ltd.’ had a strong reputation in the capital market, it was able to raise the required capital from the capital market to finance its expansion plans. Identify and explain four factors affecting the dividend decision discussed in the above case.	6
34	Comcast Cables’ deals in cables of all varieties. Recently it has launched a new product to increase its revenue and take the company to a new height. The company is confused about keeping the price of a newly launched cable which is meant for all types of household works. In order to beat the competition it has decided to keep the prices low as there is tough competition in the market. The company has got a contract from a government institution. This institution works for non-profit motive and whosoever works for them will have to work at subsidized rates so the company will have to take less money but will get tax benefits; the impact on the organization will be that it will have to provide cables at a low price to support government initiative. However, the prime objective of company otherwise is profit maximization. For its metro cities based customers the company has decided to adopt various methods like improvement in quality of salesmen, innovation in packaging, liberal credit terms, etc. Whatsoever the conditions the company can’t go beyond a level as far as pricing is concerned. One such reason is the amount of funds it puts both in the fixed capital like plant & machinery or working capital like wages of labourers which fixes the lowermost limit of the price. The management of the company has recently come to know about a great opportunity arising in Europe for it. It has been contacted by Europe based contractors who are making world class buildings around the globe. They require the cables in high quantity and the requirement is so high that they are ready to pay double the price provided the cables are made available to them within a short period of time. However, the management of the company has decided that in this case they can lower the prices of the cables. This has been done keeping in mind the presence of other European competitors who can lower the prices of their cables in order to survive in the market. Identify the various factors affecting price determination in the above case.	6
