



INDIAN SCHOOL AL WADI AL KABIR
DEPARTMENT OF COMMERCE
ASSESSMENT 2 -XI 2025-26
BUSINESS STUDIES (054)

Date: 30/11/2025

Time: 3 hours

Marks: 80

GENERAL INSTRUCTIONS:


- This question paper contains 34 questions.
- All questions are compulsory
- Marks are indicated against each question.
- Answers should be brief and to the point.
- Answers to the questions carrying 3 marks may be from 50 to 75 words.
- Answers to the questions carrying 4 marks may be about 150 words.
- Answers to the questions carrying 6 marks may be about 200 words.

Q. NO	QUESTIONS	MARKS
1	<p>Ravi wants to start a business in the petroleum sector. He has identified that crude oil can be processed to obtain various products like petrol, diesel, kerosene, lubricants, and petroleum jelly. He is confused about what type of industry this would be classified as and how it differs from other industries. Identify the type of industry Ravi is planning to establish.</p> <p>a. Synthetic industry b. Analytical industry c. Processing industry d. Assembling industry</p>	1
2	<p>Rhythm and her friends registered their company 'Tech Innovators Private Limited' and received the Certificate of Incorporation on 15th January 2025. They immediately started their software development business. On the other hand, Sargam and her team of seven promoters registered 'MegaTech Solutions Public Limited' and also received their</p>	1

	<p>Certificate of Incorporation on the same date. However, they were advised by their lawyer that they cannot commence business operations yet and must complete certain additional formalities. Identify the step which should be undertaken by Mega Tech Solutions Public Limited to start their business.</p> <ol style="list-style-type: none"> Capital subscription Incorporation Appointment of professionals Preparation of necessary documents. 	
3	<p>The Kapoor family runs a traditional jewellery business that has been passed down through generations. The business is managed as a Hindu Undivided Family (HUF) with the grandfather Mr. R.K. Kapoor as the Karta. The family includes his three sons - Rajesh, Mahesh, and Dinesh with equal ownership rights over the ancestral business property worth ₹1 crore. Rajesh, Mahesh and Dinesh are identified as the _____ of the business.</p> <ol style="list-style-type: none"> Co-partners Members Co-parceners Trustees 	1
4	<p>The Ministry of Road Transport Karnataka, entered into a partnership with Delta Construction Company to build a national highway. The Ministry allocated the project and shared risks, while Delta Construction managed the execution with its financial resources. Identify the type of organisation formed.</p> <ol style="list-style-type: none"> Public sector undertaking Government department. Public Private Partnership Public Partnership 	1
5	<p>Assertion(A): Services are perishable in nature and cannot be stored for future use.</p> <p>Reason(R): Unlike goods, services have little or no tangible components and must be consumed at the time they are produced. They cannot be performed earlier to be consumed at a later date.</p> <ol style="list-style-type: none"> Both A and R are true and R is the correct explanation of A. Both A and R are true but R is not the correct explanation of A. A is true but R is false. A is false but R is true. 	1
6	<p>"Now, you can even print the airlines and railway tickets at home!" This statement refers to which service feature of e-business?</p> <ol style="list-style-type: none"> e-procurement e-delivery 	1

	c. e-bidding d. e-promotion	
7	<p>“Only financially sound and highly rated businesses can raise money through commercial papers. New and moderately rated firms are not in a position to raise funds by this method”. Identify the reason for this limitation of Commercial Papers.</p> <ol style="list-style-type: none"> The business should be able to arrange funds on time for the repayment of CPs on time. CPs are issued in multiples of ₹ 5,00,000 The maturity date of a Commercial paper cannot be extended. All of the above 	1
8	<p>Ms. Maggie, a retired government employee makes flower bouquets for occasional requirements and sells them on demand. She has gained goodwill and reputation over the years and became successful in her business. Now she has a distinct identity in the market and her business stands out among competitors. Which of the following economic objective of the business is achieved by Ms. Maggie?</p> <ol style="list-style-type: none"> Innovation Market standing Profit maximization Productivity 	1
9	<p>Assertion(A): A public company inviting funds from the general public need not make adequate disclosure of relevant information and they have freedom to conceal any material information from the potential investors. Reason(R): SEBI (Securities and Exchange Board of India) which is the regulatory authority in our country has issued guidelines for the disclosure of information and investor protection. Prior approval from SEBI is necessary for protecting the interest of the investors.</p> <ol style="list-style-type: none"> Both A and R are true. R is the correct explanation of A. Both A and R are true, but R is not the correct explanation of A. A is correct, but R is incorrect. A is incorrect, but R is correct. 	1
10	<p>In a small village, there are 50 handloom weavers who individually struggle to purchase raw materials like yarn and dyes at reasonable prices. Large textile manufacturers dominate the market and often exploit these small weavers by offering very low prices for their finished products. The weavers find it difficult to negotiate better prices and access quality raw materials.</p> <p>Ramesh, one of the weavers, suggests forming a cooperative society where all weavers can pool their resources and the society can supply raw materials, equipment and other inputs to the members. The proposed co-operative society would be a;</p> <ol style="list-style-type: none"> Marketing co-operative society Farmers’ co-operative society Producers’ co-operative society Co-operative credit society. 	1

11	<p>“It can be used to provide innovative applications such as tele-medicine, newspapers-on-line, market rates and tele-education even in the most remote areas of our country”. Which of the following service allows the users to avail the mentioned services?</p> <ol style="list-style-type: none"> VSAT DTH Cellular mobile services Cable services 	1
12	<p>Rahul wants to purchase a laptop worth ₹50,000 from an online store that accepts digital cash as payment. He has ₹60,000 in his savings account. What should be the correct sequence of steps for Rahul to complete this purchase using digital cash?</p> <ol style="list-style-type: none"> Download special software from the bank on his computer Pay ₹50,000 to the bank through cheque or draft Use the digital funds to make the purchase on the website Draw digital cash from his account using the software <ol style="list-style-type: none"> i , ii, iv , iii ii , i , iv , iii ii , iv , i , iii i , iv , ii , iii 	1
13	<p>A large manufacturing company wants to establish clear guidelines for ethical behavior across all departments covering areas like honesty, product safety, workplace health, and fair marketing practices. What is the term used for such written documents that define principles of conduct for the entire organization?</p> <ol style="list-style-type: none"> Rules Code Manual Articles 	1
14	<p>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 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. In the context of the given information, name the capital requirement of Gurpreet for his day to day operations.</p> <ol style="list-style-type: none"> Working capital Fixed capital Medium term funds Current Assets 	1

15	<p>_____ are established by central and state governments to provide both owned capital and loan capital for long- and medium-term requirements, supplementing traditional financial agencies.</p> <ol style="list-style-type: none"> Public corporations Commercial banks Financial institutions Private Banks. 	1
16	<p>Rajesh runs a successful electronics store. Last year, his business generated substantial surplus funds which he used to open a second branch without taking any bank loan. This surplus also helped him earn personal income, demonstrated his efficient operations, gained customer trust, and enhanced his market reputation. Identify the term that describes this surplus which serves as a source of income, finance for expansion, indicator of efficiency, society's approval, and reputation builder.</p> <ol style="list-style-type: none"> Sales Income Finance Profit 	1
17	<p>Which of the following is true about Director Identification Number?</p> <ol style="list-style-type: none"> The Central government shall allot a Director Identification Number. DIN cannot be duplicated. DIN is granted in one month of the receipt of the application. All the above 	1
18	<p>Rahul notices that the smartphone he uses, the soft drink he prefers, and the fast food outlet he visits are all brands from companies that have operations in different countries including India. These gigantic corporations are characterized by huge size, large number of products, advanced technology, and a worldwide network of operations. What is the term commonly used to identify such corporations?</p> <ol style="list-style-type: none"> Foreign companies Foreign affiliates Multinational companies Multiple outlets 	1
19	<p>Identify the type of social responsibility of a business depicted in the following image.</p>  <ol style="list-style-type: none"> Legal Responsibility Economic Responsibility Discretionary Responsibility 	1

	d. Other Responsibilities	
20	Which factor is primarily affected when a firm raises capital by issuing new equity shares to external investors? a. Liquidity position of the company b. Control and power of existing owners c. Tax liability of the company d. Interest payment obligations	1
21	The Life Insurance Corporation of India was established in 1956 through the Life Insurance Corporation Act passed by the Parliament. This Special Act nationalized the life insurance business in India. a) Explain the type of organization referred to in the above case. b) Write any two limitations of the type of organisation identified in the given case.	3
22	Sunshine Textiles Ltd., a garment manufacturer, faced multiple challenges in 2024-25: floods destroyed raw materials (₹15 lakhs), workers' strike halted production, competitors reduced prices by 20%, an accountant embezzled ₹5 lakhs, GST rates increased from 5% to 12%, and a machine breakdown stopped production for three days. What are the causes of various risks Sunshine textile faced during the year? Explain any three by quoting lines from the above paragraph.	3
23	Divine Electronics, a well-known consumer electronics manufacturing company, requires to obtain finance for its expansion to meet the increasing demand. As the company desires rapid growth for this goal, it also needs to identify its short-term sources of finance. Suggest any three short-term sources of finance for Divine Electronics with relevant explanation.	3
24	"Business already contributes to society by paying taxes, creating employment, and producing goods and services. Imposing additional social responsibilities is unfair and goes beyond their primary role in the economy." Explain any three arguments against social responsibility of businesses in the light of the given statement.	3
25	Green Tech Industries Ltd. is a growing renewable energy company planning to expand its operations by setting up two new solar power plants. The estimated cost of this expansion is ₹100 crores. The company's management is considering raising funds by issuing equity shares to the public. Write any four advantages that the company gains from the issue of equity shares.	4
26	Tech Start Solutions Pvt. Ltd. was founded by five friends. The company has 8 shareholders who are mostly family members and close friends.	4

	<p>Mega Corp Industries Ltd. is a large manufacturing company with a minimum paid-up capital of ₹5 crores. It has 5,000 shareholders and its shares are listed on the stock exchange.</p> <p>Identify the types of companies mentioned in the above paragraphs and differentiate between them on the basis of</p> <ol style="list-style-type: none"> Minimum number of directors Invitation to public to subscribe shares and Transfer of shares 	
27	<p>MotTech India Ltd., a leading automobile manufacturer in India, wanted to enter the electric vehicle market but lacked advanced battery technology. Tesla Motors, a global electric vehicle company from the USA, had cutting-edge battery technology but wanted to access the Indian market. Both companies agreed to collaborate by forming a new entity called "MotTech-Tesla Electric Pvt. Ltd." where they would share resources, technology, profits, and risks equally for manufacturing electric vehicles in India.</p> <ol style="list-style-type: none"> Identify and explain the form of business. Explain any three benefits of such form of business. 	4
28	<p>Explain any four ways in which payment for the purchases through online shopping may be made.</p>	4
29	<p>Tata Steel, one of India's largest steel manufacturing companies, operates in several industrial towns. The company has implemented various community welfare programs in the areas of health, education, and infrastructure development.</p> <p>Identify the different stakeholder groups towards whom Tata Steel has social responsibilities. (Explain any four)</p>	4
30	<p>Gautham visited State Bank of India Delhi branch on Monday 3rd November 2025. He deposited ₹50,000 in his savings account and withdrew ₹10,000 through a cheque. The bank manager also helped him pay his son's school fees through online transfer. Additionally, Gautham purchased a demand draft of ₹25,000 for paying his insurance premium and rented a locker to store his family's jewellery safely.</p> <p>Explain any four banking services availed by Gautham by quoting lines from the given paragraph.</p>	4
31	<p>Jeena and her friends have a good business idea which they would like to convert into reality. They have decided to start a company form of business where they do not accept any public subscription of shares instead their share capital will be contributed by themselves.</p> <ol style="list-style-type: none"> What are the limitations of company form of business Explain any three main documents to be prepared by them while forming their business. 	6

32	<p>Meera manufactures handmade jewellery and currently sells her products only through a small showroom in Jaipur. She spends ₹50,000 monthly on rent and employs three staff members. Her sister who runs an online jewellery business suggests that Meera should start selling through an e-business platform to expand her reach and reduce costs.</p> <p>If Meera decides to adopt e-business, list and explain any four benefits she would enjoy in her jewellery business.</p>	6
33	<p>ABC Manufacturing Ltd. took a fire insurance policy for their warehouse storing chemicals. While obtaining the policy, they did not inform the insurance company that they also stored highly flammable materials in the same warehouse, which was against safety regulations. A fire broke out due to a short circuit, destroying goods worth ₹1 crore. The insurance company, during their investigation, discovered the presence of unauthorized flammable materials and refused compensation.</p> <ol style="list-style-type: none"> a. Which principle of insurance has been violated by ABC Manufacturing b. Explain the principle identified in (a) c. Explain any other 4 principles of insurance in detail. 	6
34	<ol style="list-style-type: none"> a. Explain any three advantages of issuing debentures as a source of finance from the point of view of a company. (3Marks) b. Describe the following sources of finance. (3 Marks) <ol style="list-style-type: none"> i. GDR ii. ADR iii. IDR 	6