



ST. FROEBEL SENIOR SECONDARY SCHOOL  
A-3 BLOCK, PASCHIM VIHAR, NEW DELHI-110063  
MID TERM EXAMINATION (2025-26)

SUB: - BUSINESS STUDIES  
CLASS-XII

Name of the Student \_\_\_\_\_  
Roll No. \_\_\_\_\_



Time Allowed: 3 hours

M.M.: 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>'GEO Builders' were to complete a housing project by December 2024 and hand over the flats to the buyers. Due to excessive heat in the month of May and June 2024, the work slowed down and the project was getting delayed. The firm, in order to complete the project on time, hired more workers through a contractor and asked all the workers to work overtime. Due to the above measures taken by the management, the project was completed on time but the cost of building the flats increased by 10%. Identify the correct option.</p> <p>'GEO Builders' were :</p> <p>(A) Efficient but not effective (B) Effective but not efficient (C) Neither effective nor efficient (D) Effective as well as efficient</p>	1
2	<p>Read the following statements : Assertion (A) and Reason (R). Assertion (A) : Informal organisation has a definite structure or form. Reason (R) : Informal organisation is a complex network of social relationships among members.</p> <p>Choose the correct alternative from the options given below :</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, but 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
3	<p>'Through the process of disinvestment and reinvestment, savings get channelized into their most productive investment avenues.'</p> <p>The function of the stock exchange highlighted above is :</p> <p>(A) Spreading of equity cult (B) Providing liquidity and marketability to existing securities (C) Contributing to economic growth (D) Providing scope for speculation</p>	1
4	<p>After identifying the needs and wants of the target market and understanding that parents were increasingly looking for eco-friendly and safe toys for their children, a toy manufacturing company 'Deepak Toys Ltd.' decides to use eco-friendly materials for their toys. The company also ensures that their manufacturing process will not harm the environment.</p> <p>The marketing management philosophy that guided the efforts of 'Deepak Toys Ltd.' is :</p>	1

	(A) Selling concept (B) Product concept (C) Marketing concept (D) Societal marketing concept	
5	<p>'KM Creations', a leading fashion brand, has been expanding its business into new markets. However, recently the company is facing challenges due to changes in inflation rates and disposable income of people. These factors have started affecting the company's pricing strategy and profitability. 'KM Creations' is now closely monitoring these changes to minimise their impact on its operations. The component of business environment highlighted in the above para is :</p> <p>(A) Political Environment (B) Technological Environment (C) Economic Environment (D) Social Environment</p>	1
6	<p>Read the following statements : Assertion (A) and Reason (R).            Assertion (A) : The dividend in growth companies is smaller than that in the non-growth companies.            Reason (R) : Companies having good growth opportunities retain more money out of their earnings so as to finance the required investment.            Choose the correct alternative from the options given below :</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, but 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
7	<p>Identify the type of plan shown on the Notice Board of the factory, from the picture given below :</p> <div style="display: flex; justify-content: space-around;">   </div> <p>(A) Method                      (B) Policy                      (C) Strategy                      (D) Rule</p>	1
8	<p>Organising involves a series of steps that need to be taken in order to achieve the desired goal. Identify the correct sequence of steps of organising function of management from the following :</p> <p>(A) Departmentalisation, Identification and Division of work, Assignment of duties, Establishing reporting relationships.            (B) Departmentalisation, Assignment of duties, Identification and Division of work, Establishing reporting relationships.</p>	1

	(C) Identification and Division of work, Departmentalisation, Assignment of duties, Establishing reporting relationships. (D) Identification and Division of work, Departmentalisation, Establishing reporting relationships, Assignment of duties.	
9	Identify the incorrect statement with respect to 'Product' as an element of Marketing Mix : (A) A buyer buys a product or service for what it does or the benefit it provides. (B) A product is a bundle of utilities, which is purchased because of its capability to provide satisfaction of a certain need. (C) A customer may seek to satisfy functional, promotional and technological benefits from the purchase of a product. (D) Product relates to not only the physical product, but also the benefits offered by it from the customer's view point.	1
10	"With the growth of computers, more and more companies are using interactive sites on the Internet, to gather customer views and opinions, before taking important business decisions." Identify the marketing function highlighted in the above lines. (A) Marketing planning (B) Product designing and development (C) Branding (D) Gathering and Analysing Market Information	1
11	The process of holding securities in an electronic form is known as : (A) Dematerialisation (B) Rematerialisation (C) Depository (D) Capitalisation	1
12	Bisphenol A is one of the most harmful chemicals used to make plastic water bottles. Its levels increase when the water is stored in these bottles for a long period of time. Keeping health considerations in mind, Ketan ordered six glass water bottles and decided not to use plastic bottles in the future. On receiving the parcel, he found that two bottles were broken as the container or wrapper was not adequate to protect the bottles. The product-related decision neglected by the marketer was : (A) Branding (B) Packaging (C) Labelling (D) Both (B) and (C)	1
13	From the following, identify the incorrect statement with respect to 'Delegation' : (A) Delegation is a compulsory act because no individual can perform all tasks on his own. (B) It has a narrow scope as it is limited to the superior and his immediate subordinate. (C) It is a process followed to share tasks. (D) It increases the role of the subordinates in the organisation by giving them more autonomy.	1
14	_____ is a legally enforceable document issued by the broker to the investor within 24 hours of executing trade which helps to settle disputes/claims between the investor and the broker. (A) Contract note (B) Order confirmation slip (C) Unique order code (D) Client registration form	1
15	Which of the following is not a factor affecting investment decision ? (A) Investment criteria involved (B) Control considerations (C) Cash flows of the project (D) Rate of return	1
16	Read the following statements carefully : Statement I : Financial market is the market for the creation and exchange of financial assets. Statement II : On the basis of "maturity of financial instruments traded", financial market is classified into money market and capital market.	1

	In the light of the given statements, choose the correct alternative 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 false. (D) Both Statement I and Statement II are true.	
17	Which of the following are 'Standing Plans' ? (i) Budgets (ii) Policies (iii) Programmes (iv) Procedures (v) Methods (vi) Rules Choose the correct alternative : (A) (ii), (iii), (v) and (vi) (B) (ii), (iv), (v) and (vi) (C) (iii), (iv), (v) and (vi) (D) (i), (ii), (iii) and (iv)	1
18	Out of the following, which is/are the component(s) of the social environment. 1) Rate of inflation has increased by 2% leading to a higher total cost for business enterprises. 2) Various specialty health food and grocery shops have opened in an area where fitness and health enthusiasts live. 3) Life expectancy rate in India has improved over the past 20 years due to adequate health facilities and infrastructure. 4) A company in its human resource manual discloses a zero tolerance policy for racial discrimination and discriminatory practices against employees with disability. 5) The Advertising Standards Council of India prohibits the advertisement that promotes products or services that are banned by law Choose the correct option : (A) only 2 (B) 1,2,3 (C) 2,4,5 (D) 2,3,4	1
19	Mohammad Kanjiwal, a beekeeper since April 2021 is now part of the growing tribe of at least 50 urban dwellers across Maharashtra raising bees and harvesting honey in their balconies, rooftops and back gardens. As he had been focussed on eating right the thought of domesticating honey bees to promote healthy consumption habits and seeing honey being cultivated right before his eyes was mesmerising for him. Identify the factor constituting the general environment being discussed above. (a) Economic environment (b) Social environment (c) Technological environment (d) Political environment	1
20	Financial leverage is called favourable if (a) Return on investment is lower than cost of debt (b) Return on investment is higher than cost of debt (c) Debt is nearly available (d) If the degree of existing financial leverage is low.	1
21	'Chaman Pharmaceuticals Ltd.' is a company providing medicines all over the country. After establishing itself and making a name in the field of medicines, it decided to enter into the field of medical devices, baby care products and nutritional supplements. Each product category had a different head accountable for profits, revenues and costs. In case of poor performance of their product, the heads were held responsible. But as the heads of different product categories were different, conflict could arise among different heads with	3

	reference to allocation of funds. Also providing a separate set of similar functional heads for each product category increased expenditure. (i) Identify and explain the type of organisation structure 'Chaman Pharmaceuticals Ltd.' had followed after entering into the field of medical devices, baby care products and nutritional supplements. (ii) Also state any one advantage and any one disadvantage of the organizational structure discussed in the above para by quoting lines.	
22	State any three 'Protective functions' of the Securities and Exchange Board of India.	3
23	'Refresh Zone' was a popular coffee house chain offering premium coffee and snacks in a cozy environment. However, over time, the company began to face challenges in maintaining its market position. Customers had started complaining about lack of variety failing to cater to evolving consumer preferences. Also the price of coffee in 'Refresh Zone' was significantly higher than its competitors. Many consumers felt that the quality of coffee was not justifying its premium pricing. Identify and explain two components of marketing mix that the management of 'Refresh Zone' needs to work on.	3
24	State any three points of significance of decentralization.	3
25	A) State any two reliefs available to a consumer under Consumer Protection Act, 2019. B) Explain any two points of importance of management.	2+2
26	Satya Prakash has been successfully running a dry fruit wholesale business in Rajasthan for the past five years. He makes sufficient investments in current assets in order to facilitate smooth day-to-day operations of the business. The company has recently sold dry fruits worth ₹ 50 lakhs to one of its corporate customers, 'Deshmukh Pure Grains' on a strict credit policy. Satya Prakash then immediately placed an additional order for replenishment of stock. However, he received the dry fruits from his supplier after a large time lag. a) State the concept of Financial Management discussed above. b) Briefly explain any three factors highlighted above that will affect the requirement of the concept identified in part a).	4
27	(a) Explain the following features of Coordination : (i) Coordination is a continuous process. (ii) Coordination is an all-pervasive function.	4
28	'Global Foods Ltd.', a multinational company in the food processing industry, has a good customer base. Recently it has expanded into new international markets. But due to increased awareness for health care, there is a shift in consumer demand for healthier food options. For this reason, the company needs to adapt to frequent technological advancements in production processes so that healthy food product options can be made available in the market. Additionally, the company is concerned about fluctuations at global level in commodity prices, exchange rates and political conditions. 'Global Foods Ltd.' is finding it increasingly difficult to predict future outcomes due to the constantly changing nature of the market. In order to effectively cope up with these significant changes, managers have to understand and examine the environment to develop suitable courses of action. By continuously monitoring the environment and adopting suitable business practices, the company will not only improve its present performance but also continue with it for a long period in achieving its objectives. Identify and explain two features and two points of importance of business environment discussed in the above para.	4
29	Explain any two points of importance of consumer protection from the point of view of business.	4
30	Explain the following elements of Promotion Mix :	4

	(i) Sales Promotion (ii) Personal Selling	
31	<p>A company, 'SK Energy Ltd.' is providing solar energy solutions in some states of the country. Now it wants to expand its operations in some other states also. It needs ₹ 30,00,000 for its expansion. The Chief Financial Officer suggested two options for this.</p> <p>Option I : To raise the entire funds through issue of shares of ₹ 10 each.</p> <p>Option II : To raise ₹ 10,00,000 through issue of shares of ₹ 10 each and ₹ 20,00,000 by raising debt @ 10% p.a.</p> <p>The return on investment of the firm is 12% and tax rate is 30%.</p> <p>(i) Which of the two options will maximise shareholders' wealth ? Give reason in support of your answer.</p> <p>(ii) Will the earning per share improve if return on investment of the company is 8% ? Give reason in support of your answer. Show your working clearly.</p>	6
32	<p>Explain the following features of planning :</p> <p>(i) Planning is a mental exercise.</p> <p>(ii) Planning is continuous.</p> <p>(iii) Planning is futuristic.</p> <p>(iv) Planning involves decision-making.</p>	6
33	<p>(A) The Factory Manager of Manik Steel Plant, Mussadi Lal was in dilemma over workers shirking work. It was becoming difficult for him to identify the workers who sometimes faked illness to skip work and on various other times, intentionally wasted time, which led to underutilisation of resources. The job of the workers was complex and intricate. He discussed the problem with one of his retired friends, Kantilal, who suggested him to appoint eight supervisors who would be specialists in their own fields and would be assigned work according to his/her qualities. Identify and explain the technique of scientific management discussed above.</p> <p>(B) Distinguish between Formal and Informal organization on the following basis:</p> <p>(I) Nature</p> <p>(II) Authority</p> <p>(III) Origin</p>	3+3
34	<p>'Marut Enterprises' is a large company manufacturing washing machines. From the last few months, employees have been reporting dissatisfaction with the overall work environment which has led to a decline in productivity. The management realized that there is no coordination between various departments. On one hand, the Production Manager is giving instructions to the workers to speed up the work to achieve the targets whereas on the other hand, the Sales Manager is also giving instructions to the workers of the production department to slow down the production as sales are not picking up. It was also observed by the company's management that there is a lack of proper communication among different levels of superiors and subordinates. Even in case of emergencies, a worker is not in a position to contact the Chief Executive Officer directly, which is affecting the productivity and the morale of the workforce. The management felt a need to foster a positive environment which may promote team spirit of unity and harmony among the employees.</p> <p>Identify and explain the three principles of management given by Henri Fayol which can help in addressing the challenges faced by the company.</p>	6