



Indraprastha WORLD SCHOOL

Paschim Vihar, New Delhi-110063

SET A

Session: 2025-26

MID-TERM EXAMINATION BUSINESS STUDIES (054)

Class: XII

Date: 08.09.2025

Maximum Marks: 80
Time Allowed: 3 Hours

GENERAL INSTRUCTIONS

- This Question Paper has 34 questions and 7 printed pages.
- All questions are compulsory to attempt.
- Marks are indicated against each question.
- Answers to the questions carrying 3 marks should be from 50 to 75 words.
- Answers to the questions carrying 4 marks should be about 150 words.
- Answers to the questions carrying 6 marks should be about 200 words.
- Attempt all parts of the questions together.
- Follow the prescribed word limit while answering the questions.
- Mention the correct serial number of the question and attempt the paper neatly.

1. Management has its own vocabulary of terms and concepts. Managers need to communicate with one another with the help of a common vocabulary for the better understanding of their work situation. 1
- Which characteristic of 'Management as a Science' is highlighted in the above statement?
- A. Principles based on experimentation ~~B. Systematized body of knowledge~~
C. Universal validity D. Personalised application
2. Assertion (A): Coordination ensures unity of action. 1
- Reason (R): Coordination act as a binding force between departments and ensures that all action is aimed at achieving the goals of the organisation.
- Both Assertion (A) and Reason (R) are true and Reason is the correct explanation of Assertion.
B. Both Assertion (A) and Reason (R) are true and Reason is not the correct explanation of Assertion.
C. Assertion (A) is true, but Reason (R) is false.
D. Assertion (A) is false, but Reason (R) is true.
3. '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'? 1
- A. Standardisation and grading B. Product designing and development
C. Marketing planning D. Gathering and analysing market information
4. Which of the following statement is incorrect in respect of responsibility of a consumer while purchasing, using and consuming goods and services? 1
- A. Check ISI mark on food products before buying.
B. Ask for a cash-memo on purchase of goods and services.
 Read labels carefully so as to have information about prices, not weight, manufacturing and expiry dates, etc.
D. Assert yourself to ensure that you get a fair deal
5. A manager in a factory wants to determine the most efficient way to assemble a new product. She studies various sequences of operations, the placement of tools and workers, and the overall flow of materials. 1
- The work-study technique being employed by the manager is:
- A. Motion study B. Fatigue study C. Time study D. Method study

6. Hitesh and Recna are entrepreneurs. They noticed that every year in the months of November and December, Delhi, the capital city of India, witnesses poor air quality and rise in pollution levels. They also observed that nowadays people are more concerned about quality of life. Sensing the need, they were the first to bring into the market a new 'Anti-Pollution W 98 Mask' which was not only helpful in combating the pollution but also in increasing the life expectancy of people. Their venture saw a massive success as there was no competitor.

From the following, identify the importance of business environment highlighted above:

- A. Business environment helps the firm to identify threats and early warning signals.
- B. Business environment helps in tapping useful resources.
- C. Business environment helps in improving performance.
- D. Business environment enables the firm to identify the opportunities and in getting the first mover advantage.

7. Assertion (A): Larger the lead time, larger is the quantity of material required to be stored and larger shall be the amount of working capital required.

Reason (R): If the raw material does not have a record of uninterrupted availability, higher stock levels may be required.

- A. Assertion (A) is false and Reason (R) is true.
- B. Both Assertion (A) and Reason (R) are false.
- C. Assertion (A) is true and Reason (R) is false.
- D. Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).

8. Prakhar Ltd. is the manufacturer of life-saving drugs. There was an outbreak of flu two years back that spread quickly and affected many people. Prakhar Ltd. made huge investment on research and development and was able to develop a medicine for the same. The medicine was very effective in controlling the flu and now it has become a necessity for the patients. As a result, the demand for the medicine increased manifold. Considering the demand, the company increased the price of the medicine. The government observed the situation. Since it was the only available medicine to combat flu, the Government declared it as an essential medicine and regulated its price to make it affordable for the public.

From the following, identify the factor(s) affecting the determination of price discussed in the above case:

- (i) Product cost
- (ii) Marketing methods used
- (iii) Utility and demand
- (iv) Government and legal regulations

- A. (iv) only B. (i), (iii) and (iv) C. (iii) and (iv) D. (i), (ii) and (iii)

9. Sara was pursuing her graduation. Every day she saw her mother working tirelessly at home after coming back from her work place. She decided to start a tiffin service to increase her family income. For informing the people about her service, she designed a beautiful innovative pamphlet, got it printed and started distributing it through the daily newspapers. She also appointed two delivery boys to deliver the tiffins. The business was slow to begin with but picked well afterwards. She was able to earn a profit of 20% in the first year itself.

Identify the promotional tool used by Sara to communicate to the customers about her tiffin service.

- A. Advertising B. Personal Selling C. Sales Promotion D. Public Relations

10. Super Fine Rice Ltd. has the largest share of 55% in the market. The company's policy is to sell only for cash. In 2015, for the first-time company's number one position in the industry has been threatened because other companies started selling rice on credit also. But the managers of Super Fine Rice Ltd. continued to rely on it's previously tried and tested successful plans which didn't work because the environment is not static. This led to decline in sales of Super Fine Rice Ltd.

The above situation is indicating two limitations of planning which led to decline in its sales. Identify these limitations.

- A. Planning leads to rigidity and does not guarantee success
B. Planning may not work in a dynamic environment and leads to rigidity
C. Planning does not guarantee success and may not work in a dynamic environment
D. Planning leads to rigidity and reduces creativity.
11. Which of the following statements is incorrect about sales promotion? 1
A. It includes the short-term incentives which are designed to encourage the buyers to make immediate purchase of a product or services.
B. It includes all promotional efforts other than advertising, personal selling and public relations.
C. It includes only those activities that are used to provide long term incentives to boost the sales of the firm.
D. It includes the activities which are undertaken to supplement other promotional efforts such as advertising and personal selling.
12. Shenoy joined a company after completing graduation in management from a reputed business school. During his induction training, he was informed that he would be working in production department. The company wanted to achieve 30% increase in output in the next quarter. His general manager, a man with decades of experience, also said that management is a complex activity. He expected Shenoy to make production plans, identify incentive schemes for workers to make their strengths effective and ensure that there is no disruption due to technical glitch. Shenoy realized very quickly that his job is a series of continuous tasks. After one month, he was informed by the general manager that due to increase in international demand, production targets have been raised. He called for an urgent meeting of his supervisors and senior workers. He offered them an opportunity to realize their potential and earn more by working overtime and in multiple shifts. He was delighted that at the end of the quarter, he was able to meet the targets, workers were happy and there was no chaos.
Identify the characteristic of management not highlighted in the above case. 1
A. Management is a goal-oriented process. B. Management is all pervasive.
C. Management is multidimensional. D. Management is an intangible force.
13. After doing a course in stock market trading, Vansh started an online portal for stock trading under the name 'Investment Guru'. He met his school friend Vijay after a long time in a bank where Vijay had come to open a D-Mat account. Vansh urged Vijay to invest in the forthcoming IPO of a blue-chip company whereas Vijay was inclined to buy existing securities of the other companies to build his investment portfolio. 1
Identify the two different types of markets being referred above.
A. Money Market and Capital Market B. Primary Market and Secondary Market
C. Money Market and Primary Market D. Money Market and Secondary Market
14. Statement I: For products requiring long term storage like agricultural products, the warehouses are located near to the market. 1
Statement II: Higher the level of inventory, higher will be the level of service to customers but the cost of carrying the inventory will also be high.
Choose the correct option from the following:
A. Statement I is true and II is false. B. Statement II is true and I is false.
C. Both the statements are true. D. Both the statements are false.
15. 'Kiwi Infratech' got a short-term contract for building two villas within a period of ten months with the expectation to earn a huge amount of profit. The Works Manager accepted this challenge and completed the work within the given time period. The profit of the company went up by 40% due to this temporary order. The Finance Manager was aware that the company would not earn this huge profit in the near future. So, he decided not to increase dividend per share as earnings for the year had gone up, but not the earning potential of the company. He also knew that this increase in earnings was temporary in nature. 1
The factor affecting Dividend Decision being highlighted above is:
A. Cash flow position B. Shareholders' preference
C. Growth opportunities D. Stability of dividends

16. Dipika Pallika the Padma Shri recipient, in a petition filed in 2012 said that she had faced humiliation and loss of reputation as a transaction of using bank's debit card at a hotel in the Netherlands failed, though she had a balance of more than 10 times the billed amount in her account. The bank claimed that the incident was due to some unavoidable act beyond its control. A consumer court in Chennai has directed the bank to pay a compensation of ₹ 5 lakh to Dipika Pallika for deficiency in service. The bank was also directed to pay her ₹ 5000 as expenses. Identify the right of consumers being exercised in the given case.

- A. Right to safety
B. Right to be heard
C. Right to seek redressal
D. Right to consumer education

17. Which of the following is not a participant of the capital market?

- A. Reserve Bank of India
B. Foreign Investors
C. Corporate Entities
D. Financial Institutions

18. Mukul Gupta is the CEO of ABC Pvt. Ltd. a textile manufacturing company. His son after completing his MBA wanted to join his father's business. He was keen to expand the business. Mukul Gupta was very happy with his son entrepreneurial spirit. Under Mukul's able guidance, his son prepared an estimate of sales for the next three years. Based on the sales estimate, he would get financial statements prepared keeping in mind the requirements of funds for fixed and capital. Then, he would estimate the expected profits. This would help him in knowing how much of funds requirements would be met internally and how much needs to be raised from external sources.

The concept of financial management discussed above is:

- A. Investment Decision
B. Financing Decision
C. Financial Planning
D. Financial Leverage

19. A company has two main product lines: electronics and apparel. Each product line operates as a separate unit with its own dedicated manager, marketing team, and production facilities, all working towards the specific goals of their respective product lines.

Which of Fayol's principles is best illustrated by this organizational setup?

- A. Unity of command
B. Equity
C. Order
D. Unity of direction

20. "Evergreen Paper Ltd." uses recycled paper pulp to manufacture notebooks and other stationery. The company has also initiated a tree plantation drive in the surrounding areas and ensures minimal discharge of pollutants from its factory, going beyond legal requirements.

The objective of business primarily demonstrated by Evergreen Paper Ltd.'s tree plantation and pollution control measures is:

- A. Economic Objective
B. Social Objective
C. Human Objective
D. Innovation

A. Explain any three points of importance of financial planning.

OR

B. Explain any three factors affecting the fixed capital requirements of a business enterprise.

22. 'BNG Ltd.' is a reputed company that manufactures consumer durables. It has a large-scale manufacturing unit where products like electric kettles, toasters, blenders, electric irons, etc. are manufactured. Since the production is at a large scale, the average cost of production is low. As a result, the products are widely available across areas at affordable prices contributing to its strong profit margins. On the other hands 'KMV Ltd.', another reputed consumer durables manufacturer in the same business is also earning good profits. However, 'KMV Ltd.' focuses on producing the products which are superior in quality, performance and features. It has a dedicated Research and Development team which continually works to bring improvement in the quality of its products.

A. Identify the marketing management philosophy followed by 'BNG Ltd.' and 'KMV Ltd.'.

B. Differentiate between the two marketing management philosophies identified in (A) above on the basis of the following:

- (i) Main focus (ii) Ends

The Managing Director of a company revealed to his broker friend, information about the 'Right Issue' that the company was going to make after a fortnight. The broker was engaged in speculation and expected price rise of securities of the company. He purchased a huge lot of the company's securities and sold off after the bonus issue was made. As a result, the broker friend earned a huge profit. As a token of gratitude, the broker also gave a substantial share from the profit earned to his friend, the Director. 3

- A. Identify fraudulent practice highlighted above.
- B. State the function of SEBI which prohibits such practice?
- C. State any other function of SEBI discussed in Part (B).

24. A. "If the project is important then more alternatives should be generated and thoroughly discussed amongst the members of the organization." 3
- a. Identify the step of Planning highlighted in the above statement.
 - b. Also, explain next two steps following the step so identified in part (a).

OR

- B. Explain the following types of business plans:
- a. Strategy
 - b. Rule

25. Best Electronics started manufacturing washing machines under the brand name 'Amaze'. Once the washing machines were manufactured, packaged, branded, priced and promoted, they had to be made available to the customers at the right place, in the right quantity and at the right time. 'Best Electronics' provided for accurate and speedy processing of orders so that the washing machines reach the customers in time, in the right quantity and specifications. They also ensured that the washing machines are physically made available to the customers. Further, 'Best Electronics' arranged for facilities to store the washing machines at different locations near the market to minimize the charges on transportation. 4

Explain any two important activities and components that Best Electronics will have to be involved in for making the goods available to the customers at the right place, in the right quantity and at the right time.

26. 'Nortico Fabrics' was started by Ashish in 2001 to sell bed sheets, towels, comforters, pillows, cushions, bath mats etc. It is now a famous name and its branches are across India. To manage the work all over India, it has eight teams-two each for North, South, East and West India. Ashish spends a considerable amount of time to develop an orderly pattern of group efforts among different teams and to secure unity of action in pursuit of a common purpose. To ensure suitable allocation of tasks to the various members of the teams and to see that the tasks are performed with harmony among the members, he tries to balance the different teams at different locations. 4
- A. Identify and explain the concept of management discussed in the above para.
 - B. Also, explain any one characteristic and one point of importance of the concept identified in (A) above.

27. The students of JPG school visited the factory of 'Jaipur Export House Ltd.' a company manufacturing ready-made garments. They observed that different workers were allocated different tasks like cutting the fabric as per specification, stitching dresses, putting buttons, ironing the finished dresses and packing them. The Chief Executive Officer told the students that it resulted in efficient and effective output. They also observed that there was a fixed place for everything in the factory and everything was at its place. 4

The students discussed with their Business Studies teacher and concluded that principles of management have been followed in the above case.

Identify and explain the two principles of management discussed in the above case.

28. These days, the development of a country is also judged by its system of transferring finance from the sector where it is in surplus to the sector where it is needed most. To give strength to the economy, SEBI is undertaking measures to develop the capital market. In addition to this there is another market in which unsecured and short-term debt instruments are actively traded everyday. These markets together help the savers and investors in directing the available funds into their most productive investment opportunity. 4

- A. Name the function being performed by the market in the above case.
- B. Also, identify the two constituents of the financial market highlighted in the above case.
- C. Differentiate between the two types of constituents identified in part (B) on the basis of liquidity.
29. Varun is a successful businessman in the paper industry. During his recent visit to his friend's place in Mysore, he was fascinated by the exclusive variety of incense sticks available there. His friend tells him that Mysore region is known as a pioneer in the activity of Agarbathi manufacturing because it has a natural reserve of forest products especially Sandalwood to provide for the base material used in production. Moreover, the suppliers of other types of raw material needed for production follow a liberal credit policy and the time required to manufacture incense sticks is relatively less. Considering the various factors, Varun decides to venture into this line of business by setting up a manufacturing unit in Mysore. State by quoting lines the four factors highlighted above which affect the working capital requirements of such enterprises.
30. A. Explain the principle of centralization and decentralization given by Henry Fayol.
OR
B. Explain the technique of differential piece wage system with the help of an example.
31. Sweets has been the mainstay for several large homegrown restaurant brands. Increased life expectancy of people and increased awareness for health care amongst consumers has increased the demand for healthy food options. Young consumers are moving away from consuming traditional sweets to buying more western style premium products which are baked or steamed. With this shift in consumer preferences, 'Shree Restaurants', a well-known restaurant brand, is gearing itself up for playing a greater role in the healthy packaged foods market. In addition to traditional sweets, the company is also planning to expand to healthy savory and sweet items and some ready-to-eat items. These new healthy products are expected to change people's lifestyles. Since it was the first one to recognize the need for a food joint catering to western style premium products which are baked or steamed, it soon became a popular eating joint catering to healthy packaged food and started earning good profits.
- A. Identify and explain any two features of business environment highlighted in the above case by quoting lines.
- B. Explain any two points of importance of business environment highlighted in the above case.
32. In 2021, Lakshay left his luxurious life in Mumbai, where he worked as a manager for Bluebirds Ltd. He shifted to Begampur, Chhattisgarh to fulfill his grandmother's dream of converting their 25-acre ancestral land into a fertile farm. For this he set out specific goals along with the activities to be performed to achieve the goals.
- Every activity was a challenge since he was clueless about farming. He learnt every activity from filling the land to sowing the seeds. To aid farmers he launched his own company 'Innovative Agriculture Solutions Pvt. Ltd.'
- It was difficult initially as no one trusted an urban youth telling farmers about farming. But when everything was discussed in detail the farmers started taking interest. He wanted to ensure that the future events meet effectively the best interests of the company. Through sales forecasting, he prepared an annual plan for production and sales. He also found that the farmers grew only paddy, which was an activity of 3-4 months and the land remained idle for the rest 8-9 months of the year. He not only identified but evaluated various alternatives through which the farms could be utilized for the remaining months of the year. Through correct foresight and logical and systematic thinking based on analysis of all facts, all alternatives were examined and evaluated. He presented a plan to the farmers, where after harvesting paddy, vegetables could be grown. The above case highlights the features of one of the functions of management. Identify the function of management and by quoting lines from the above case identify and explain the features of the identified function.

Saurabh Kumar, the Finance Manager and Atul Chopra, the Managing Director of Ghokerns Ltd. were discussing regarding the source of finance to be raised for modernization of their existing plant. Quoting that 'Sensex has soared by 5078 points' in the last three years; Saurabh Kumar suggests that equity should be preferred while Atul Chopra wanted to opt for debt. They called a meeting with their financial manager and his team. In the meeting, the financial manager told them that their return on investment is 7.5% and their interest coverage ratio is 4 times as compared to 6 times for other firms in the same industry. The rate of interest prevailing in the market is 9%. The finance manager told him that he should prevent himself from using all possible sources of finance so that he can maintain his borrowing power. 6

A. Suggest the source of finance that should be used for modernization of the existing plant. Also, explain the three factors highlighted above which should be kept in mind for taking this decision.

B. Will the shareholders of the company gain from the issue of debt by the company? Explain with reason.

Q. A. Define consumer protection. Also, explain why there is a need to protect the interest of consumers from the point of view of business. 6

OR

B. Describe who is a consumer as per Consumer Protection Act 2019. Also, explain the Right to be heard and Right to seek redressal under Consumer Protection Act 2019.