

KENDRIYA VIDYALAYA SANGTHAN, AHMEDABAD REGION
HALF YEARLY EXAM 2026-27
PRATICE PAPER - 02

CLASS: XI
M.M.: 80

SUBJECT: BUSINESS STUDIES (054)
TIMING: 03 HOURS

1. All questions are compulsory.
2. The question paper contains *34 questions* divided into Sections A, B, C and D
3. Section A: $20 \times 1 = 20$ marks.
4. Section B: $4 \times 3 = 12$ marks.
5. Section C: $6 \times 4 = 24$ marks.
6. Section D: $4 \times 6 = 24$ marks.

Q.N	Questions	M
01	A sole proprietor takes all decisions personally and enjoys complete control. Which feature is highlighted? (a) Separate legal entity (b) Unlimited liability (c) Quick decision-making (d) Perpetual succession	1
02	A company continues after the death or insolvency of its members. This is called: (a) Transferability of shares (b) Perpetual succession (c) Mutual agency (d) Limited liability	1
03	Persons voluntarily join together to promote their common economic interests. Identify the form of organisation. (a) Partnership (b) Cooperative society (c) Company (d) Sole proprietorship	1
04	Which source of finance is suitable for long-term funds without creating a fixed repayment obligation? (a) Equity shares (b) Trade credit (c) Bank overdraft (d) Commercial paper	1
05	Goods purchased on credit with payment after 60 days are an example of: (a) Public deposits (b) Trade credit (c) Equity capital (d) Retained earnings	1
06	Retained earnings are advantageous because they: (a) Create compulsory interest (b) Involve no flotation cost (c) Require collateral (d) Increase creditors	1
07	An entrepreneur checks whether a proposed factory can operate profitably before investing. This mainly relates to: (a) Business risk assessment (b) Staffing (c) Warehousing (d) Advertising	1

08	The insurance principle requiring disclosure of all material facts is: (a) Indemnity (b) Utmost good faith (c) Contribution (d) Subrogation	1
09	A bank permits withdrawal beyond the current-account balance up to an approved limit. This facility is: (a) Cash credit (b) Overdraft (c) Term loan (d) Bank draft	1
10	A specialist inspects goods before dispatch to detect defects. This mainly represents: (a) Quality assurance (b) Insurance (c) Banking (d) Warehousing	1
11	A business sells directly to an individual consumer through its website. This is: (a) B2B (b) B2C (c) C2C (d) C2B	1
12	A customer receives a damaged product bought online. Which feature makes return handling particularly important? (a) Physical proximity (b) Remote interaction (c) No transaction record (d) Absence of technology	1
13	A business reduces plastic packaging despite higher short-term cost. Which responsibility is most directly reflected? (a) Legal responsibility (b) Environmental responsibility (c) Economic responsibility (d) Political responsibility	1
14	Which of the following is an ethical business practice? (a) Misleading advertisements (b) Concealing defects (c) Fair treatment of employees (d) Adulteration	1
15	A company follows pollution-control laws even when inspection is unlikely. This indicates: (a) Legal compliance only (b) Ethical responsibility beyond minimum compliance (c) Profit maximisation only (d) Avoidance of competition	1
16	Assertion (A):* Business has responsibility towards consumers. *Reason (R):* Consumer satisfaction helps build goodwill and long-term survival. (a) Both A and R are true and R correctly explains A (b) Both A and R are true but R does not explain A (c) A is true but R is false (d) A is false but R is true	1
17	Assertion (A):* Business risk cannot be completely eliminated. *Reason (R):* Business operates in an uncertain environment.	1

	(a) Both A and R are true and R correctly explains A (b) Both A and R are true but R does not explain A (c) A is true but R is false (d) A is false but R is true	
18	A firm publishes its environmental impact report and invites stakeholders to review it. This promotes: (a) Transparency and accountability (b) Secrecy (c) Monopoly (d) Speculation	1
19	Which of the following is NOT a characteristic of a cooperative society? (a) Voluntary membership (b) Service motive (c) One member, one vote (d) Compulsory membership	1
20	A business rejects a cheaper supplier because the supplier uses child labour. This primarily reflects: (a) Business ethics (b) Trade credit (c) Financial leverage (d) Warehousing	1
21	Differentiate between a partnership firm and a cooperative society on any three bases.	3
22	A start-up requires ₹15 lakh for expansion. The owners do not want to dilute ownership but can arrange regular interest payments. Suggest a suitable source of finance and explain any two features of it.	3
23	Explain any three services provided by commercial banks to business enterprises.	3
24	A company discovers that one of its products may harm the environment if disposed of improperly. Explain three responsibilities the company should discharge in this situation.	3
25	Riya wants to start a small bakery. She has limited capital, wants full control over decisions and is prepared to bear business risk personally. Identify the most suitable form of business organisation and explain three reasons for your choice.	4
26	Hash runs an online store dealing in all kinds of household items which he procures from rent dealers, Whereas his friend Lakshay runs an online store which sells all kinds of organic products like spices, pickles, jams, etc. These products are produced in his automated manufacturing unit in Kerala. context of the above case: Identify the two concepts which define the scope of business activities undertaken by both Harsh and Lakshay, respectively. Differentiate between the two concepts as identified in part(a) of the question	4
27	"Insurance does not remove risk; it provides protection against financial consequences of specified risks." Explain the statement with reference to any four principles of insurance.	4
28	An online retailer collects customer data, uses targeted advertisements and provides home delivery. State four measures the retailer should adopt to maintain trust and ethical standards in e-business.	4
29	A factory is profitable but causes excessive noise and releases untreated waste into a nearby river. Analyse any four responsibilities of business towards society that are being ignored.	4
30	"Business is an economic activity, but it cannot ignore social objectives." Explain any four responsibilities of business towards different stakeholders and society.	4
31	Explain the meaning of Business Ethics. Discuss any five characteristics/elements that help an organisation build an ethical culture.	6

32	Explain the following- (a) Prospectus (b) Perpetual succession (c) Minimum subscription (d) Memorandum of Association	6
33	*Healthy Bite Foods* manufactures packaged snacks. It has introduced biodegradable packaging, ensures fair wages, displays complete product information and has stopped misleading health claims. The management believes responsible conduct will strengthen consumer trust and long-term profitability. (a) Identify the concept reflected in the company's conduct. (b) State any three responsibilities towards consumers evident from the case. (c) Explain any two benefits of socially responsible behaviour to GreenBite Foods.	6
34	Mr. Sumit owns an ancestral house in Jamnagar. On the advice of his friend he converts it into a lodge after proper renovation. The revenue from the lodge helps to supplement his income considerably. On his death, the property (lodge) is inherited by his three sons in order of their age namely, Mr. Sham, Mr. Anil and Mr. Satish who continued the business. (a) Which form of business was carried by Mr. Sumit ? (b) Which form of business is carried by his sons. (c) Who amongst the three brothers has the right to exercise control over the family business? (d) Which law governs Joint Hindu Family Business. ? (e) Whose liabilities are unlimited among all the members. (f) Enumerate the two conditions necessary for formation of Joint Hindu Family business	6