



Delhi Public School, Howrah

PERIODIC TEST I - (2024-2025)

Class-XI

Care must be taken not to write anything on the question paper. All the questions must be attempted in the correct sequence.

SUBJECT: BUSINESS STUDIES (CODE-054)

Time Allowed: - 3 HOURS


Maximum Marks - 80

General Instructions:

Please read the following instructions very carefully:

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.

Q.No.		Marks
1.	<p>Demand for a particular product may decline due to change in taste and preferences of consumers or due to increased competition from other producers. Lower demand results in low sales and profits. In another situation, the shortage of raw material in the market may shoot up its price. The firms using these raw materials will have to pay more for buying them. As a result, cost of production may increase which, in turn, may reduce profits. What is the reason for the above-mentioned losses in the business?</p> <p>a) Business Risk b) Irresponsibility of business entrepreneur c) Role of over expectation of profit in business d) Both (b) and (c)</p>	1
2.	<p>Sujoy is engaged in production of bicycle. His son is working as an engineer and his daughter is working as a manager in a reputed company. Which of the following economic activities is Sujoy and his son and daughter engaged in?</p> <p>a) Sujoy is doing business. His son is a professional and his daughter is an employee. b) Sujoy is a professional. His son is doing business and his daughter is an employee. c) Sujoy is an employee. His son is a professional and his daughter is doing business. d) Everyone is engaged in business here.</p>	1
3.	<p>Which of the following statements is/are incorrect?</p> <p>i. Profit can be taken as society's approval to the utility of business. ii. Profit maximisation indicates the efficient working of a business. iii. There are hardly any sizable business enterprises, whose only objective is profit maximisation.</p> <p>a) Only i b) Only ii c) Only iii d) None of the statement is incorrect</p>	1

4.	<p>The two friends, Nikita and Soham started a business by the name of 'Nike Fancy Dress Shoppy'. Both of them invested equal capital in the business. At the start of the business, because of his domestic circumstances, Soham had placed one condition before Nikita that if unfortunately, they suffered a heavy loss in their business, he would not be able to give anything except the capital invested in the business. Nikita had accepted this condition. Name the type of partnership:</p> <p>a) Particular Partnership b) Illegal Partnership c) General Partnership d) Limited Partnership</p>	1
5.	<p>Which one of the following is the correct sequence of stages in the formation of a company?</p> <p>a) Promotion, incorporation, capital subscription, commencement of business b) Incorporation, capital subscription, promotion, commencement of business c) Promotion, commencement of business, incorporation, capital subscription d) Promotion, incorporation, certificate of commencement, capital subscription</p>	1
6.	 <p>The business shown in this image falls under which type of industry?</p> <p>a) Primary b) Secondary c) Tertiary d) Quaternary</p>	1
7.	<p>Provision of residential accommodation to the members at reasonable rates is the objective of ____.</p> <p>a) Producers' Cooperative b) Consumers' Cooperative c) Housing Cooperative d) Credit Cooperative</p>	1
8.	<p>Mr. Agarwal is one of the promoters of Rock Industrial Ltd. The enterprise has been incorporated, and now, steps are being taken to invite subscription to its shares from the public. Mr. Agarwal insisted that they provide true and fair information in the document that they prepare for the purpose. Identify the form of business enterprise mentioned above.</p> <p>a) Sole Proprietorship. b) Joint stock company. c) Cooperative society. d) Hindu undivided family business.</p>	1
9.	<p>Assertion(A): Commerce refers to all those activities which are concerned with the transfer of goods and services from the producers to the consumers. Reason(R): Commerce embraces all those activities which are necessary for maintaining a free flow of goods and services. It includes trade and auxiliary to trade.</p> <p>a) Both Assertion and Reason are true and the Reason is the correct explanation of the Assertion. b) Both Assertion and Reason are true but the Reason is not the correct explanation of the Assertion.</p>	1

	<p>c) Assertion is true but Reason is false. d) Assertion is false but Reason is true.</p>	
10.	<p>Assertion(A): Karta is the eldest member of the family. Reason(R): Under HUF business, control of the business lies in the hands of Karta.</p> <p>a) Both Assertion and Reason are true and the Reason is the correct explanation of the Assertion. b) Both Assertion and Reason are true but the reason is not the correct explanation of the Assertion. c) Assertion is true but Reason is false. d) Assertion is false but Reason is true.</p>	1
11.	<p>Which of the following is a reason why decision-making in a sole proprietorship might not be balanced?</p> <p>a) Sole proprietors have too many employees. b) Sole proprietors may not excel in all managerial areas. c) Sole proprietors have access to unlimited resources. d) Sole proprietors avoid making decisions.</p>	1
12.	<p>'Rama Krishana Pvt. Ltd.' is a well-known company of its own industry sector. This company is earning a considerable profit. Inspired by the great profit, both the classes, the proprietors and the Employees, are using their utmost skill. Not only this but both the sides are also feeling inspired to do something special. They are making efforts to make good quality products available to the customers at a low price, to pay the shareholders a handsome dividend and the employees' reasonable remuneration. The company's foundations have become so strong that there is no doubt about its continuity in the market for a long time. On the other hand, another company of the similar industry namely Rama Pvt. Ltd. which is at the point of death, is likely to get closed any time because of decline in the profit.</p> <p>'Inspired by the great profit, both the classes, the proprietors and the Employees, are using their utmost skill'.</p> <p>The above statement is related to which point of 'Role of Profit in Business':</p> <p>a) For long survival b) For building prestige and recognition c) For increasing efficiency d) None of the above</p>	1
13.	<p>Choose the incorrect statement from the following:</p> <p>a) The personal property of the partners of a partnership firm cannot be attached to satisfy the claims of creditors of a company. b) Ram & Hari, two partners in a partnership business, declare Gopal as a partner with knowing that Gopal remain silent then Gopal will be liable to third parties for any loss. Here Gopal will be Partner by holding out. c) As per the guidelines of Securities and Exchange Board of India, a company must receive a minimum of 90% subscription against the entire issue before making any allotment of shares to the public. d) Rama is a nominal partner in a business who has no actual interest in business trade or its profits but he is paid fee by the firm for lending its name to firm.</p>	1
14.	<p>Consider the statement: "Entrepreneurship is responsible for the creation and expansion of opportunities for employment and profession." What could be a potential negative consequence if entrepreneurship is not supported in a country?</p> <p>a) Increased government intervention in the economy. b) Limited opportunities for new job creation and professional growth. c) Over-reliance on multinational corporations. d) Decreased regulation and oversight of businesses.</p>	1
15.	<p>Manasi started a unique seafood business and within a few years her business was well established. Now she needs to export her goods outside the state. As the goods are perishable in nature, she needs some extra protection for her business goods. Which auxiliaries of trade are necessary for her</p>	1

	business now? a) Transportation, Insurance and warehousing. b) Insurance and Transportation. c) Warehousing and Insurance. d) Only Warehousing.											
16.	Which of the following statements regarding causes of business risk is/are true? I. Dishonesty, carelessness etc are the human causes of business risks. II. Financial problems, like rise in interest rate for borrowing, levy of higher taxes, etc., also come under economic causes as they result in higher unexpected cost of operation or business. III. Management inefficiency is a natural reason for business risks. IV. Political disturbances are also a major reason for business risk. a) Only I, II and III b) Only I, III and IV c) Only I, II and IV d) Only II, III and IV	1										
17.	The Sole proprietorship business assets of a firm are worth Rs. 70,000 but the debts remain unpaid are worth Rs. 1,00,000. What course of action can the creditors take in the following cases? a) The creditors may claim from the personal property of the proprietor as he has unlimited liability. b) Creditors of Rs. 30,000 debts will suit a case against the proprietor due to insufficient assets. c) Both option a and b. d) None of the above options.	1										
18.	Match the following columns. <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Column A</th> <th style="text-align: center;">Column B</th> </tr> </thead> <tbody> <tr> <td>a. Risk of loss due to fire covered by fire insurance.</td> <td>i. Entrepot</td> </tr> <tr> <td>b. A product passes through various stages to become a final product.</td> <td>ii. Extractive Industry</td> </tr> <tr> <td>c. Raising products from natural resources.</td> <td>iii. Aids to Trade</td> </tr> <tr> <td>d. Import of goods for the purpose of export.</td> <td>iv. Processing Industry.</td> </tr> </tbody> </table> a) a-ii ; b-iv ; c-iii ; d-i b) a-ii ; b-i ; c-iii ; d-iv c) a-i ; b-iv ; c-iii ; d-ii d) a-iii ; b-iv ; c-ii ; d-i	Column A	Column B	a. Risk of loss due to fire covered by fire insurance.	i. Entrepot	b. A product passes through various stages to become a final product.	ii. Extractive Industry	c. Raising products from natural resources.	iii. Aids to Trade	d. Import of goods for the purpose of export.	iv. Processing Industry.	1
Column A	Column B											
a. Risk of loss due to fire covered by fire insurance.	i. Entrepot											
b. A product passes through various stages to become a final product.	ii. Extractive Industry											
c. Raising products from natural resources.	iii. Aids to Trade											
d. Import of goods for the purpose of export.	iv. Processing Industry.											
19.	“Utility of goods is their want-satisfying capability. More is the aspiration to have the goods, the more is the utility procured from them.” Which of the following utility is created by Manufacturing Industry? a) Form b) Place c) Time d) Possession	1										
20.	If an entrepreneur successfully sets up a business enterprise that provides innovative solutions, which of the following long-term impacts might this have on the industry and economy? a) The industry may become stagnant due to lack of competition. b) The entrepreneur might face immediate failure due to high competition. c) The industry might experience growth and increased competitiveness, leading to overall economic development. d) The entrepreneur will become isolated from other economic activities.	1										
21.	GMR Industries entered the airports space in early 2000s and is today counted amongst the top 5 private airport developer and operates globally. GMR Industries presently owns and operates Delhi International Airport and Hyderabad International Airports. Apart from being the largest private airport company in India, GMR Industries is the only Indian airport developer to have developed and	3										

	operated airports outside India. Identify and define the type of industry and its category being discussed in above case.	
22.	Mention any three specific privileges that a private limited company enjoys over a public limited company? OR Explain the purpose and benefits of setting up producer cooperative societies.	3
23.	X, Y, Z have mutually decided to set up small factory in rural area. They decided to hide the association of X with the factory to outsiders, and Y will not take part in day-to-day activities of business due to his health issues. However, Z will take active part in all activities. Briefly explain the various types of partners, mentioned in the above case.	3
24.	Describe the principle of 'one member, one vote' in a cooperative society. How does this principle impact the decision-making process? OR Explain the concept of limited liability in a joint stock company. How does it benefit the shareholders?	3
25.	Explain the following features of Partnership: a) Continuity b) Mutual agency OR Explain the important documents required to be submitted to the Registrar at the time of formation of company: a) Memorandum of Association b) Article of Association	4
26.	What are the primary objectives of businesses aim to achieve through their activities? OR 'Profit is an essential objective of business due to certain reason'. Comment.	4
27.	Animesh runs a coaching centre in a market near to the north campus in Delhi University. Over the years, his business has gained popularity among the students. He now plans to buy another property to set up a parallel Institute, keeping in view the growing demand. The property owner is giving him an option to induct him as a partner and convert his sole proprietorship form of business into partnership. This way Animesh, will be a liable to pay him only half of the price of the property. In your opinion, should Animesh accept the offer of the property dealer and change his form of business or not. Justify your answer by giving any four suitable points.	4
28.	"There is a special form of business organisation which is only found in India." Identify the type of business organisation and describe its features.	4
29.	Dayanand is planning to set up a book store in a popular complex in Lucknow. His prime idea of promoting this business is to reinstate the diminishing reading habits among the people of all age groups. The publication of books usually takes place in particular locations. Besides, he also needs communication facilities so as to enable publishers, traders and consumers exchange information with one another. He is planning to take a loan of 2 lakh from bank for his business. Moreover, he will be using facilities of cheque payment, online payment etc. for various transactions. Considering the fact that his business involves various types of risks and must be protected against fire, theft and other risks. Also, material and goods kept in stock or in transit are subject to the risk of loss or damage. At the same time, employees are also required to be protected against the risks of accident and occupational hazards. Furthermore, he needs to inform and persuade the target market about his business so as to promote his business. In context of the above case: (a) Identify the different auxiliaries to trade which Dayanand will require by quoting the relevant lines. (b) Also, mention the type of utility created by each of these auxiliaries to trade as identified in part(a) of the question.	4

30.	Sunanda is running an organic store under the brand name, 'Earth' in a popular market in Dehradun. She acknowledges that risks in her business cannot be predicted with utmost accuracy as business environment is dynamic in nature. Therefore, it is not possible to predict future events with accuracy like, change in consumer preferences, increase in competition, natural calamities etc. Also, she feels that the risks in business can be minimized, but cannot be eliminated altogether. As her business is operated at a small scale, she feels her quantum of risk is relatively low. At the same time, she truly believes in the saying that 'no risk, no gain' is applicable to all the business organizations. Identify and explain the various characteristics of business risk being described in the above paragraph.	4
31.	<p>I. Discuss the types of partnerships:</p> <p>(a) Particular Partnership (b) Partnership at will (c) Limited Partnership</p> <p>II. Can a Minor be admitted to Partnership? Give explanation in support of your answer.</p> <p style="text-align: center;">OR</p> <p>I. Explain the factors responsible while choosing an appropriate form of business organisation:</p> <p>(a) Liability (b) Continuity (c) Capital consideration</p> <p>II. "Cooperative society offers various advantages as compared to other forms of business organisation". Comment</p>	3+3
32.	<p>What do you understand by Trade? Discuss the various types of trade with example.</p> <p style="text-align: center;">OR</p> <p>Distinguish between business and profession on the basis of nature, objective, qualification, investment, risk, and code of conduct.</p>	6
33.	<p>Katha wanted to pitch in to reduce the financial crisis prevailing in her house and thought of working as a cook. She started working in three different households, one Punjabi, one Gujarati and one South Indian family. She soon realised that all the three households had different cuisine. It was indeed a challenge for her to learn the techniques of the cuisine. All the families greatly appreciated the time frame within which she had mastered the local cuisine. After working for them for a year, she decides to open a small eating joint of her own, along with two of her friends by the name 'The Little Eatery'. They decided to share profits equally and that each of them will be liable for acts performed by the other two. Soon the eatery became a hot spot because of the fusion platter which was being offered. On the basis of above case, answer the following questions:</p> <p>(a) What type of business organization is 'The Little Eatery'? Justify your answer by quoting the lines from the paragraph.</p> <p>(b) What are the key characteristics of the form of organisation that you identified as 'The Little Eatery' case?</p> <p>(c) How does financial liabilities affect Katha and her friends in their business?</p>	2+2+2
34.	<p>John is an entrepreneur who has recently started a tech startup focused on developing innovative software solutions for small businesses. He invested a significant amount of his savings into this venture, understanding that there were substantial risks involved. The market for tech startups is highly competitive, and many businesses fail within the first few years. Despite these challenges, John believed that his unique product offering would set his company apart and lead to substantial profits. John's company faced numerous hurdles in the initial stages, including technical issues, securing funding, and attracting the right talent. However, after a year of persistent effort, the company began to gain traction. Small businesses started adopting his software, and positive reviews spread, leading to increased sales. John's risk in investing his savings and enduring initial hardships began to pay off as his company started generating significant profits.</p> <p>a) Discuss the relationship between risk and profit in a business context.</p> <p>b) What strategies can entrepreneurs employ to mitigate risks while still aiming for high profits?</p>	3+3
Page 6 of 6		