B.K. BIRLA CENTRE FOR EDUCATION

SARALA BIRLA GROUP OF SCHOOLS
A CBSE DAY-CUM-BOYS' RESIDENTIAL SCHOOL

NABET

INDIAN PUBLIC SCHOOLS' CONFERENCE

TERM -1 EXAMINATION 2026-27
BUSINESS ADMINISTRATION (833)
SET – 1 MS

Class: XI | **Time: 3 hrs**
Date: 31/08/2026 | **Max Marks: 60**
Admission no: | **Roll no:**

General Instructions:
1. Please read the instructions carefully.
2. This Question Paper consists of 24 questions in two sections – Section A and Section B.
3. Section A has Objective type questions whereas Section B contains Subjective type questions.
4. Out of the given (6 + 18 = 24) questions, candidate has to answer (6+11=17) questions in the allotted (maximum) time of 3 hours.
5. All questions of a particular section must be attempted in the correct order.

<u>SECTION A - OBJECTIVE TYPE QUESTIONS</u>

Q1. Answer any 4 out of the given 6 questions. (4 x 1= 4)

(i) Arjun spends his mornings volunteering at a local animal shelter, feeding and caring for stray animals without accepting any payment. In the evenings, he manufactures and sells handmade candles from home, earning a regular income to support his family.
Which of Arjun's two activities would be classified as an activity performed to earn one's livelihood, through the production and exchange of goods and services? [1]
a) Volunteering at the animal shelter, because it involves regular, skilled effort
b**) Selling handmade candles, because it involves production and sale of goods for income**
c) Both activities, since both require Arjun's time and effort
d) Neither activity, since neither is registered as a formal enterprise

(ii) Read the following situation and answer the question that follows:
Dr. Meera is a cardiologist who completed years of specialised medical training and is registered with the Medical Council. She is bound by a strict code of ethics, must maintain confidentiality with her patients, and charges a professional fee for her consultations. She cannot simply hand over her practice to someone without the required medical qualification.
Dr. Meera's occupation is an example of which type of economic activity?
a) Business — since she earns income from her patients
b) Profession — since it requires specialised knowledge/skill and is governed by a code of conduct
c) Employment — since she works regularly and gets paid
d) None of these

(iii) Riya is exploring different career options after completing her studies. She notices that her uncle, who owns a restaurant, sometimes earns huge profits during festivals but also suffers losses during off-seasons. Her sister, who is a doctor, earns a regular professional fee, while her friend working in a bank receives a fixed monthly salary.
Based on the above situation, identify the economic activity that has the highest element of risk and uncertainty of returns.

a) Employment
b) Profession
c) **Business**
d) None of these

(iv) **Assertion** (A): Business has the highest element of risk and uncertainty of returns among all economic activities. [1]
Reason (R): The income earned from business depends on factors such as market demand, competition, government policies, and other external conditions.
Choose the correct option:
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.

(v) Industries engaged in providing support services to trade and industry, such as banking, insurance and transport, are called: [1]
a) Primary industries b) Secondary industries
c) **Tertiary/Service industries** d) Genetic industries

(vi) __________ removes the hindrance of risk in the distribution of goods. [1]
a) Trade b) **Insurance**
c) Warehousing d) Advertising

Q2. Answer any 5 out of the given 7 questions.
(i) Aarav owns a small bakery. He is known for using high-quality ingredients, maintaining excellent customer service, and offering unique recipes that nearby bakeries cannot easily replicate. As a result, customers prefer his bakery over others in the locality.
The favourable **internal factor** that gives Aarav's bakery an advantage over its competitors is known as: [1]
a) Weakness b) Threat
c) Strength d) None of these

(ii) A smartphone manufacturing company has been performing well for several years. Recently, a foreign competitor entered the market with advanced technology and lower prices. As a result, the company's sales and market share started declining.
The external factor that may adversely affect the performance of the business is called: [1]
a) Opportunities b) **Threats**
c) Strengths d) None of these

(iii) The Factories Act, 1948, which regulates working conditions in factories, is an example of: [1]
a) Technological environment b) **Legal** environment
c) Social environment d) Political environment

(iv) __________ is often described as the lifeblood of any business. [1]
a) **Capital/Finance** b) Brand image
c) Work environment d) None of these

(v) __________ refers to the integration of a domestic economy with the world economy through free flow of trade, capital and technology. [1]
a) Liberalisation b) Privatisation
c) Globalisation d) Disinvestment

(vi) Statement I: A business's strengths are internal factors that help it gain a competitive advantage.
Statement II: Threats are favourable internal factors that improve the performance of a business. [1]
Choose the correct option:
a) Both Statement I and Statement II are true.
b) Both Statement I and Statement II are false.
c) Statement I is true, but Statement II is false.
d) Statement I is false, but Statement II is true.

(vii) A manufacturing company was facing delays in production. Instead of blaming only the production department, the manager analysed how purchasing, finance, human resources, and marketing were interconnected. He also considered changes in customer demand and government regulations before making a decision. [1]
The manager's approach is best explained by the systems approach to management, which:
a) Emphasises only psychological and social aspects of management.
b) Emphasises only the technical requirements of the organisation.
c) Encourages managers to view the organisation as a whole and as part of a larger environment.
d) Ignores the external environment altogether.

Q3. Answer any 6 out of the given 7 questions.
(i) Who are 'impulse' customers? [1]
An.) Customers who buy goods on the spur of the moment / sudden urge, without any prior planning.
(ii) How can a business identify the needs of its consumers? [1]
Ans. Through market research/surveys, customer feedback, or by observing buying behaviour (any one method).
(iii) Differentiate between a product and a service on the basis of tangibility. [1]
Ans. A product is tangible and can be seen/touched, whereas a service is intangible and cannot be seen or touched.
(iv) Explain the meaning of 'unsought goods.' [1]
Ans. Goods that the consumer does not normally think of buying, or is not aware of, e.g., life insurance, fire extinguishers
(v) State the classification of consumer goods on the basis of buying behaviour. [1]
Ans. Convenience goods, Shopping goods, Speciality goods and Unsought goods.
(vi) Identify any two needs of consumers that a business must fulfil. [1]
Ans. Quality of product/service and reasonable price (any two; also availability, after-sales service).
(vii) Define 'convenience goods.' [1]
Ans. Goods that consumers purchase frequently, immediately, and with minimum shopping effort, e.g., soap, newspaper.

Q4. Answer any 5 out of the given 6 questions.
(i) A partner who contributes capital, shares profits & losses, and has unlimited liability, but does not take part in the day-to-day management of the firm, is called a/an: [1]
a) Active partner b) **Sleeping**/Dormant partner
c) Nominal partner d) Secret partner
(ii) The Indian Partnership Act was enacted in the year: [1]
a) 1949 b) **1932**
c) 1956 d) 2013
(iii) What is meant by a 'Product'? [1]
Ans. Anything that can be offered to a market to satisfy a want or need, including goods, services and ideas.
(iv) The minimum number of persons required to form a cooperative society is: [1]

a) 2 b) 5 c) 7 d) **10**

(v) What is meant by 'oligarchic management' in a joint stock company? [1]

Ans. Management of the company being controlled by a small group of directors/persons rather than being truly representative of all shareholders' wishes.

(vi) In a cooperative society, voting is based on the principle of: [1]

a) One share, one vote b) **One member, one vote**

c) No voting rights d) Multiple votes per member

Q5. Answer any 5 out of the given 6 questions.

(i) The capital of a company is divided into a number of units, each of which is called a: [1]

a) Dividend b) Debenture

c) **Share** d) Bond

(ii) The Board of Directors of a joint stock company is elected by the: [1]

a) General public b) Government

c) Shareholders d) Employees

(iii) Which of the following is NOT true of the sole proprietorship form of organisation? [1]

a) Quick decision-making b) **Separate** legal entity

c) Ease of formation and closure d) Confidentiality of business affairs

(iv) As per Section 464 of the Companies Act, 2013, the maximum number of partners in a firm cannot exceed the number prescribed by the Government, which is currently: [1]

a) 20 b) **50**

c) 100 d) 10

(v) Which form of business organisation is based on voluntary membership and is formed mainly for the welfare/mutual benefit of its members? [1]

Ans. Co-operative

(vi) A partner who lends his name to the firm without having any real interest in the business is known as a: [1]

a) Active partner b) Sleeping partner

c) **Nominal** partner d) Secret partner

Q6. Answer any 5 out of the given 6 questions.

(i) Which of the following is NOT a key area of business operations? [1]

a) Location b) Process/Layout

c) Organisation structure d) **Personal** hobbies

(ii) Importing goods with the intention of re-exporting them, rather than for domestic consumption, is known as: [1]

a) Import trade b) Export trade

c) **Entrepot** trade d) Internal trade

(iii) "A firm procures money, machinery, material and manpower from its environment, including financiers, government and suppliers." Which importance of business environment is highlighted by this statement? [1]

a) **It helps in tapping useful resources** b) It helps in coping with rapid changes

c) It helps in policy formulation d) It helps identify threats and early warning signals

(iv) A private company that has just been incorporated wants to start its business operations immediately. Which additional certificate, if any, must it obtain before commencing business? [1]

a) Certificate of Incorporation b) Certificate of Commencement of Business

c) **No additional certificate is required** d) Trade licence only

(v) "Members may come and members may go, but the company continues to exist." This statement highlights which feature of a joint stock company? [1]

Ans. Perpetual succession

(vi) Who undertakes the overall management and control of the affairs of a company on behalf of its shareholders? [1]

a) **The Board of Directors** b) Departmental Heads

c) The Managing Director alone d) The Company Secretary

SECTION B – SUBJECTIVE TYPE QUESTIONS (30 Marks)

Answer any 3 out of the given 5 questions in 20–30 words each.

Q7. What is meant by 'Partnership at Will'? Explain. [2]

Ans. A partnership where no fixed duration or specific determination of the partnership has been agreed upon by the partners; it continues at the will of the partners and can be dissolved by any partner giving notice in writing to the others.

Q8. Identify the dimension of business environment highlighted in each of the following statements:

(i) It describes the level and type of technology used in production, communication and marketing by business firms.

(ii) It describes the framework of laws and legislations within which business firms operate. [2]

Ans. (i) Technological environment (ii) Legal environment.

Q9. What is meant by 'Partner by Estoppel'? [2]

Ans. A person who, by his words or conduct, represents himself (or knowingly allows himself to be represented) as a partner of a firm, though he is not actually a partner, and is thereby stopped (estopped) from denying his liability as a partner to third parties who dealt with the firm relying on that representation.

Q10. What is meant by 'Industry' and 'Commerce'? [2]

Ans. Industry refers to economic activities concerned with the production/processing of goods and the rendering of services. Commerce refers to activities that facilitate the exchange and distribution of goods, i.e., trade together with its auxiliaries such as transport, banking, insurance and warehousing.

Q11. Highlight any two demerits of a cooperative organisation. [2]

Ans. (i) Limited capital, as membership and individual capital contribution are generally restricted.

(ii) Lack of managerial skill/professional expertise, as management is often in the hands of members with limited business experience.

Answer any 3 out of the given 5 questions in 20–30 words each.

Q12. Priya, a college student, frequently visits a small neighbourhood photocopy and stationery shop run by a single owner near her hostel to buy notebooks, pens and get photocopies done.

(i) State the form of business organisation Priya is most likely dealing with.

(ii) State any one feature of such a form of organisation. [2]

Ans. (i) Sole Proprietorship. (ii) Any one feature – e.g., single ownership and complete control by one person, unlimited liability of the owner, ease of formation and closure.

Q13. Define 'Partnership' as per the Indian Partnership Act, 1932. Why does a sole proprietor find partnership a viable option when she/he wants to expand the business? [2]

Ans. Definition – the relation between persons who have agreed to share the profits of a business carried on by all, or any of them acting for all. Reason – expansion requires more capital, managerial skill and shared risk, which partnership provides through the addition of partners.

Q14. ‘Business environment offers both opportunities as well as threats.’ Do you agree with the given statement? Briefly discuss with the help of an example. [2]

Ans. Yes, agreed. For example, the growth of e-commerce is an opportunity for firms that adopt online selling, but a threat for traditional brick-and-mortar retailers who fail to adapt.

Q15. Enumerate the meaning of the following classifications of consumers: (i) Loyal consumers (ii) Discount consumers. [2]

Ans. (i) Loyal consumers consistently prefer and purchase from the same brand/store over time. (ii) Discount consumers are price-sensitive and buy mainly when discounts/sale offers are available.

Q16. What is a Partnership Deed? State its main contents. [2]

Ans. A Partnership Deed is a written agreement among partners containing the terms and conditions governing the partnership. Main contents: name & address of the firm and partners, nature of business, capital contribution of each partner, and the profit-sharing ratio (any relevant points).

Answer any 2 out of the given 3 questions in 30–50 words each.

Q17. Discuss the meaning of 'Genetic' and 'Extractive' industries with the help of examples. [3]

Ans. Genetic industries are engaged in re-producing/multiplying living organisms (plants and animals) for sale, e.g., nurseries, poultry and cattle-breeding farms, seed production. Extractive industries draw out/extract materials from the earth, air or water, e.g., mining, fishing, agriculture, and forestry.

Q18. Explain the difference between a product and a service on the basis of:
(i) Who comes to whom
(ii) Ownership
[3]

Ans. Who comes to whom – in the case of many products, the product is delivered/moved to the customer, whereas for several services the customer must go to the service provider (or vice versa). Ownership – ownership of a product can be transferred from seller to buyer, whereas a service cannot be owned; it can only be used/experienced.

Q19. Ramesh owns a bakery shop in his town. He prepares cakes and snacks using limited labour and capital, mainly serving the local community. Over the years, his business expanded into a chain of bakeries in the state. Later, he tied up with a multinational food company and opened large automated factories across India.
(i) Identify which stage of business (small, medium, or large scale) Ramesh was operating in at each phase.
(ii) Explain two features of Large-Scale Business, with suitable examples. [3]

Ans. (i) Local bakery shop = Small-scale business; chain of bakeries in the state = Medium-scale business; automated factories across India = Large-scale business. (ii) Features of large-scale business: (a) Huge capital investment in plant, machinery and technology (e.g., automated factories); (b) Wide market reach, with operations and distribution spread across the country/internationally.

Answer any 3 out of the given 5 questions in 50–80 words each.

Q20. Discuss any four advantages of sole proprietorship. [4]

Ans. (i) Easy formation and closure, with minimum legal formalities. (ii) Quick decision-making, as the owner need not consult anyone. (iii) Direct motivation, since the owner retains all the profit. (iv) Confidentiality/secrecy of business affairs, as there is no obligation to disclose accounts publicly.

Q21. Explain the main constituents of the legal environment and its impact on business, with examples. [4]

Ans. The legal environment consists of (i) laws enacted by the legislature (e.g., the Companies Act, Consumer Protection Act), (ii) administrative orders/rules issued by government departments and regulatory bodies, and (iii) judicial decisions/court judgments that interpret the law. Impact: businesses must comply with such laws in their operations – e.g., GST law affects pricing and tax compliance, while the Consumer Protection Act affects product quality standards and after-sales service commitments; non-compliance can lead to penalties or closure.

Q22. Explain any four features of business environment. [4]

Ans. (i) Totality of external forces – comprises economic, social, political, legal and technological factors. (ii) Dynamic – keeps changing due to changes in government policy, technology and consumer preferences. (iii) Uncertain – changes are often difficult to predict with complete accuracy. (iv) Relative concept – the impact of the same environmental factor differs from country to country and firm to firm.

Q23. Explain Memorandum of Association and Articles of Association. [4]

Ans. Memorandum of Association (MOA) is the charter document of a company that defines its objectives, scope of activities and its relationship with the outside world; a company cannot undertake any activity beyond what is stated in its MOA. Articles of Association (AOA) contain the internal rules and regulations governing the management and administration of the company's internal affairs, such as rights and duties of directors, conduct of meetings, and procedures relating to shares, and must be read subject to the MOA.

Q24. Distinguish between a Private Company and a Public Company on the basis of:
(i) Number of members

(ii) Minimum paid-up capital
(iii) Number of directors
(iv) Transfer of shares [4]

Ans. Number of members – Private: minimum 2, maximum 200; Public: minimum 7, no maximum limit. Minimum paid-up capital – following the Companies (Amendment) Act, 2015, no minimum paid-up capital is prescribed for either type. Number of directors – Private: minimum 2; Public: minimum 3. Transfer of shares – Private company restricts the right of members to transfer shares; a public company's shares are freely transferable.

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