B.K. BIRLA CENTRE FOR EDUCATION
SARALA BIRLA GROUP OF SCHOOLS
A CBSE DAY-CUM-BOYS' RESIDENTIAL SCHOOL

TERM -1 EXAMINATION 2026-27
BUSINESS ADMINISTRATION (833)
SET – 2 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.

SECTION A - OBJECTIVE TYPE QUESTIONS

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

(i) Meera started baking cakes from home two years ago. She receives orders every week from nearby residents, keeps a record of her customers, buys raw materials regularly, and earns income by selling cakes throughout the year.
Based on the above situation, identify the characteristic of business that is best reflected. [1]
(a) One-time activity **(b) Continuous/recurring activity**
(c) Personal hobby (d) Social service

(ii) Meera prepares cakes every day based on expected customer demand. Sometimes, a few cakes remain unsold, resulting in a financial loss. Despite careful planning, she cannot always predict customer preferences accurately. [1]
The possibility of Meera incurring losses due to unsold stock illustrates which feature of business?
(a) Production of goods and services
(b) Uncertainty of return
(c) **Element of risk**
(d) Sale or exchange of goods

(iii) Shama's aim of earning profit from her bakery classifies her activity as a/an: [1]
(a) **Economic activity** (b) Non-economic activity
(c) Recreational activity (d) Charitable activity

(iv) If Ajita had baked cakes only for a charity event, without any intention of earning profit, this activity would be classified as: [1]
(a) Business (b) Profession
(c) **Non-economic/social activity** (d) Employment
(v) Which of the following best differentiates business from employment? [1]
(a) **Business requires investment of capital and bearing of risk; employment does not**
(b) Employment always earns a higher income than business
(c) Business never requires any skill (d) Employment involves risk-bearing

(vi) Besides profit earning, the objectives of business also include: [1]
(a) Only maximising the owner's personal wealth
(b) **Consumer/customer satisfaction and social welfare**
(c) Avoiding payment of taxes (d) None of the above

Q2. Answer any 5 out of the given 7 questions. (5 x 1 = 5)
(i) Business environment refers to: [1]
(a) The internal policies of a firm only
(b) **All the external forces that affect the working of a business**
(c) Only government rules (d) Only the competitors of a firm

(ii). A fall in the purchasing power of consumers due to inflation affects business through which environment? [1]
(a) **Economic environment** (b) Technological environment
(c) Political environment (d) Natural environment

(iii) Which of the following is NOT a feature of business environment? [1]
(a) Dynamic in nature (b) Uncertain in nature
(c) **Predictable with complete accuracy** (d) Consists of inter-related components

(iv) New labour welfare laws passed by the government affect business through the: [1]
(a) Technological environment (b**) Legal environment**
(c) Natural environment (d) Social environment

(v) A growing consumer preference for eco-friendly products is an example of a change in the: [1]
(a) Political environment **(b) Social environment**
(c) Legal environment (d) Economic environment

(vi) **Assertion** (A): Understanding the business environment helps firms identify opportunities and threats. [1]
Reason (R): Business environment consists only of internal factors, such as men, money and machines.
(a) Both A and R are true, and R is the correct explanation of A
(b) Both A and R are true, but R is not the correct explanation of A
(c) **A is true, but R is false**
(d) A is false, but R is true

(vii) Aarav wants to buy a new laptop for college. Before making the purchase, he compares different brands, prices, features, warranty, and customer reviews at several stores and websites before selecting one.
[1]
Based on the above situation, which of the following is an example of a shopping good?
(a) Salt (b) Match box
(c) Laptop **(**d) Milk

Q3. Answer any 6 out of the given 7 questions. (6 x 1 = 6)
(i) The stage of the Product Life Cycle in which sales decline and the product may be withdrawn from the market is: [1]
(a) Introduction (b) Growth
(c) Maturity (d) **Decline**

(ii) Which characteristic of services means that their production and consumption occur simultaneously? [1]
(a) Intangibility (b) **Inseparability**
(c) Perishability (d) Heterogeneity/variability

(iii) Industrial goods used as raw material for further production, such as cotton used by textile mills, are classified as: [1]
(a) Consumer goods (b) **Producer/industrial goods**
(c) Specialty goods (d) Convenience goods

(iv) Variability/heterogeneity, as a feature of services, means that: [1]
(a) Services are identical every time they are rendered
(b) **The quality of service may vary from one provider/occasion to another**
(c) Services can be stored for future use
(d) Services can be owned like goods

(v) Which form of organisation is generally best suited for a business requiring moderately large capital, diverse skills and shared risk? [1]
(a) Sole Proprietorship (b) **Partnership**
(c) One Person Company (d) None of these

(vi) The liability of members in a Joint Stock Company is generally: [1]
(a) Unlimited
(b) Limited to the extent of the unpaid amount on shares held
(c) Zero under all circumstances
(d) Joint and several, as in a partnership

(vii) Which of the following is true about a Cooperative Society? [1]
(a) It is formed to earn maximum profit for a few members
(**b) It works on the principle of mutual help and welfare of members**
(c) Voting rights are based on the number of shares held
(d) It always has unlimited liability

Q4. Answer any 5 out of the given 6 questions. (5 x 1 = 5)
(i) Continuity/perpetual succession is a feature most commonly associated with: [1]
(a) Sole Proprietorship (b) Partnership
(c) **Joint Stock Company** (d) HUF business

(ii) **Assertion** (A): A sole proprietorship enjoys quick and flexible decision-making. [1]
Reason (R): There is a single owner who takes all decisions without needing to consult anyone else.
(a) Both A and R are true, and R is the correct explanation of A
(b) Both A and R are true, but R is not the correct explanation of A
(c) A is true, but R is false
(d) A is false, but R is true
(iii) Read the following passage and answer Question Nos. iii to vi on the basis of the same:

A group of promoters planned to set up a new manufacturing company. They first conceived the business idea and arranged initial resources (Promotion stage). They then filed the necessary documents with the Registrar of Companies and received a certificate confirming the company's legal existence. Being a public company, they later issued a document inviting the public to buy shares, and after collecting the minimum subscription, obtained permission to commence business operations. [1]
The stage in which the promoters conceive the business idea and assemble initial resources is called:

(a) Incorporation (b) **Promotion**
(c) Capital subscription (d) Commencement of business

(vi) The certificate received confirming the company's legal existence is the: [1]
(a) Certificate of Incorporation (b) Certificate of Commencement of Business
(c) Prospectus (d) Memorandum of Association

(v) The document issued by the public company inviting investors to subscribe for its shares is the:
(a) Articles of Association (b) **Prospectus** **[1]**
(c) Partnership Deed (d) Memorandum of Association

(vi) A public company can commence its business operations only after obtaining the: [1]
(a) Certificate of Incorporation only (b) **Certificate of Commencement of Business**
(c) Partnership Deed (d) None of these
Ans. (b) Certificate of Commencement of Business

Q5. Answer any 5 out of the given 6 questions. (5 x 1 = 5)
(i) Which document lays down the relationship of the company with outsiders and defines its objectives? [1]
(a) Articles of Association (b) **Memorandum of Association**
(c) Prospectus (d) Partnership Deed

(ii) In the absence of a Partnership Deed, profits among partners are shared: [1]
(a) According to capital contributed by each partner (b) **Equally among all partners**
(c) According to the number of years spent in the firm (d) As decided by the eldest partner

(iii) Registration of a partnership firm under the Indian Partnership Act, 1932 is done with the:
(a) Registrar of Companies (b) Registrar of Firms [1]
(c) SEBI (d) RBI

(iv) The minimum number of members required to form a Public Company under the Companies Act, 2013 is: [1]
(a) 2 **(b) 7**
(c) 1 (d) 3

(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. (5 x 1 = 5)
(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)

Q7. State any two features of business environment. [2]

Ans) * Dynamic in nature – business environment keeps changing due to changes in government policy, technology, competition, etc. (1)

- Uncertain – changes in the environment, such as those in technology or fashion, are difficult to predict accurately in advance. (1)

Q8. State any two points of difference between goods and services. [2]

Ans) * Tangibility – goods are tangible and can be touched/seen, while services are intangible. (1)

- Ownership – ownership of goods can be transferred from seller to buyer, whereas services cannot be owned, only used/experienced. (1)

Q9. State any two merits of Sole Proprietorship as a form of business organisation. [2]

Ans) Easy to start and close – minimum legal formalities are required to start or wind up the business. (1)

- Quick decision-making – the sole owner takes all decisions promptly without having to consult anyone. (1)

Q10. State any two merits of a Joint Stock Company as a form of business organisation. [2]

Ans) * Large capital – the company can raise large amounts of capital by issuing shares/debentures to the public. (1)

- Limited liability – shareholders' liability is limited to the extent of the unpaid value of shares held by them, protecting personal assets. (1)

Q11. State any two contents generally included in a Partnership Deed. [2]

Ans) * Name and address of the firm and all partners. (1)

- Profit and loss sharing ratio among partners (also accept: nature of business, capital contribution of each partner, duties/rights of partners, rules for admission/retirement of a partner). (1)

Answer any 3 out of the given 5 questions in 20–30 words each. (3 x 2 = 6)

Q12. Explain two three objectives of business, other than profit earning [2]

Ans) * Consumer/customer satisfaction – providing quality goods and services at fair prices to satisfy customer needs. (1)

- Social welfare/social responsibility – contributing towards the welfare of society, e.g., providing employment, avoiding pollution. (1)
- Organisational/employee objectives – ensuring fair wages, good working conditions and welfare of employees. (1)

Q13. Explain the concept of Product Life Cycle and briefly describe its stages. [2]
Ans) Meaning: Product Life Cycle refers to the various stages that a product passes through, from its introduction into the market until it is withdrawn/discontinued. (1)

- Stages: (i) Introduction – product is launched, sales grow slowly and promotion costs are high; (ii) Growth – sales increase rapidly and profits begin to rise; (iii) Maturity – sales growth slows down as the market gets saturated and competition increases; (iv) Decline – sales and profits fall, and the firm may withdraw the product. (2)

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. (2 x 3 = 6)

Q17. Discuss any four features of business environment [3]
Ans) * Totality of external forces – business environment consists of all factors external to the business, such as economic, social, political, legal, and technological forces. (1)

- Dynamic and uncertain – the environment keeps changing, and such changes are often difficult to predict with accuracy. (1)
- Relative concept – the impact of the same environmental factor differs from country to country and from firm to firm. (1)
- Inter-related components – the various components/dimensions of business environment (economic, social, legal, etc.) are closely inter-connected and influence one another. (1)

Q18. Explain any four features of a Cooperative Society as a form of business organisation [3]
Ans) Voluntary membership – any person can voluntarily join or leave a cooperative society. (1)

- Democratic control – managed on the principle of 'one member, one vote', irrespective of the capital contributed. (1)
- Service motive – the primary aim is mutual help and welfare of members rather than profit maximisation. (1)
- State control / limited liability – cooperative societies are registered and regulated under the Cooperative Societies Act, and the liability of members is generally limited. (1)

Q19. Explain the four stages involved in the formation of a Joint Stock Company. [3]
Ans) Promotion – conceiving the business idea, undertaking feasibility studies and arranging preliminary resources (by the promoters). (1)

- Incorporation – preparing and filing documents (Memorandum of Association, Articles of Association, etc.) with the Registrar of Companies, who issues a Certificate of Incorporation, giving the company a separate legal existence. (1)
- Capital Subscription – a public company issues a prospectus inviting the public to subscribe to its shares/debentures, and collects the minimum subscription amount. (1)
- Commencement of Business – after complying with the legal requirements relating to capital subscription, the public company obtains a Certificate of Commencement of Business and can begin operations. (1)

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.

****