CLASS XII
Post Mid Term (2025-26)
BUSINESS STUDIES (054)
SET B1

Time Allowed: 3 Hours **Max Marks :80**

GENERAL INSTRUCTIONS

1. This question paper consists of 17 printed pages.
2. There are 34 questions in the question paper. All questions are compulsory.
3. This paper contains 20 questions of 1 mark each, 4 questions of 3 marks each ,6 questions of 4 marks each and 4 questions of 6 marks each.

1	Read the following statements carefully: Statement I- The objective of financial management is to maximize the wealth of directors of the company. Statement II- The financing decision of the company is unaffected by the extent of retained earnings. In the light of given statements, choose the correct alternative from the following: (a)Both the statements are true. (b) Both the statements are false. (c) Statement I is true, Statement II is false. (d) Statement II is true; Statement I is false.	1
2.	Product cost sets the lower limits of the price, the utility provided by the product and the intensity of demand of the buyers sets the upper limit. So, in case of inelastic demand, total revenue ………………when price increases. (a) Rises (b) Falls (c) Constant (d) Both (a) and (b)	1
3.	**Assertion**: Bureaucratic red tape shows a government's positive attitude towards business. **Reason**: The attitude of politicians is considered to be a part of political environment. Choose the correct option from the following: a) Both Assertion and Reason are true and Reason is the correct explanation of Assertion b) Both Assertion and Reason are true but Reason is not the correct explanation of Assertion. c) Assertion is true but Reason is false d) Assertion is false but Reason is true	1

4	Assertion (A): The societal marketing concept is the extension of the marketing concept. Reason (R): It not only seeks to find wants of consumers and fill them but also pays attention to the social, ethical and ecological aspects of marketing. Choose the correct option from the following: (a) Both the statements (A) and (R) are correct and (R) is the right explanation of (A) (b) Both the statements (A) and (R) are correct but (R) is not the right explanation of (A) (c) Statement (A) is correct but statement (R) is incorrect (d) Both statements (A) and (R) are incorrect	1
5	Statement I: The depository participant serves as an intermediary between the investor and the depository. Statement II: A depository is like a custodian bank and keeps securities in electronic form on behalf of the investor. (a) Both the Statement I and Statement II are true (b) Both the 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	1
6	Project 'Nanhi Kali' run by Shivam and Sohan Ltd. was started in 2015 and is one of the largest programmes that enables underprivileged girls to complete 10 years of schooling. The project has impacted the lives of over 5 lakh girls from low-income group families across the country. The objective achieved by Shivam and Sohan Ltd. by doing so is: (a) Organizational objective (b) Social objective (c) Personal objective (d) Both (a) and (c)	1
7	Read the following statements: Assertion (A) and Reason (R). Assertion (A): The dividend in growing companies is smaller than that in the non-growth companies. Reason (R): Companies having good growth opportunities retain more money out of their earnings so as to finance the required investment. Choose the correct alternative from the options given below: (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	1

8	Assertion (A): Deviations in key areas of business need to be attended more urgently as compared to deviations in certain insignificant areas. Reason (R): Deviation can be positive, when actual performance is better than the standard performance. Choose the correct option from the following: a) Both Assertion and Reason are true and Reason given is the correct explanation of Assertion b) Both Assertion and Reason are true but Reason given is not the correct explanation of Assertion. c) Assertion is true but Reason is false d) Assertion is false but Reason is true	1
9	In advertising 'there is no direct face-to-face contact between the prospect and the advertiser'. The feature of advertising stated here is: (a) Paid form (b) Impersonality (c) Economical (d) Identified sponsor	1
10	'GEO Builders' were to complete a housing project by December 2024 and hand over the flats to the buyers. Due to excessive heat in the month of May and June 2024, the work slowed down and the project was getting delayed. The firm, in order to complete the project on time, hired more workers through a contractor and asked all the workers to work overtime. Due to the above measures taken by the management, the project was completed on time but the cost of building the flats increased by 10%. Identify the correct option. 'GEO Builders' were: (A) Efficient but not effective (B) Effective but not efficient (C) Neither effective nor efficient (D) Effective as well as efficient	1
11	Read the following statements carefully: Statement- I Values are basic truths or guidelines for behaviour which are formed after research in work situations. Statement- II While practising Principles of Management, values cannot be neglected as business organisations have to fulfil social and ethical responsibility towards society. In the light of given statements, choose the correct alternative from the following: (a)Both the statements are true. (b) Both the statements are false. (c) Statement I is true, Statement II is false. (d) Statement II is true; Statement I is false	1

<table>
<tr><td>12</td><td>Which of the following is the function of Top-level management?
a) They ensure that their department has the necessary personnel.
b) They interact with the actual work force and pass on instructions of the middle management to the workers.
c) They co-operate with other departments for smooth functioning of the organisation.
d) They analyse the business environment and its implications for the survival of the firm.</td><td>1</td></tr>
<tr><td>13</td><td>The picture given below depicts important information related to a decision that a marketer has to take in the area of product
<table>
<tr><td>Manufacturing Date : 10/3/23</td><td>Organic Honey :</td><td>Quantity : 500 ml</td></tr>
<tr><td>Expiry Date : 10/3/25</td><td rowspan="2">
</td><td>No added sugar 10 pure</td></tr>
<tr><td>Max. Retail Price : ₹ 500</td><td>Manufacturer : Organic Agro products ---------- Uttarakha</td></tr>
</table>
Identify the correct option:
(a) Branding
(b) Labelling
(c) Packaging
(d) Grading</td><td>1</td></tr>
<tr><td>14</td><td>With rising pollution levels, consumers are becoming conscious about the harmful effects of polluted air, so the demand for home air-purifiers is increasing day-by-day. Which dimension of business environment is discussed here?
(a) Political Environment
(b) Technological Environment
(c) Economic Environment
(d) Social Environment</td><td>1</td></tr>
<tr><td>15</td><td>In organising process, which of the following step is performed just before establishing reporting relationship between individuals?
(a) Assignment of duties
(b) Identification and division of work
(c) Departmentalization
(d) Imparting training to employees</td><td>1</td></tr>
</table>

16	'The stock exchange can play a vital role in ensuring wider share ownership by regulating new issues, better trading practices and taking effective steps in educating the public about investments.' The function of the stock exchange highlighted above is: (A) Pricing of securities (B) Safety of transaction (C) Spreading of equity cult (D) Providing scope for speculation	1
17.	Many reputed business organisations keep a database of unsolicited applicants in their offices. Such job seekers can be a valuable source of manpower. A list of such job seekers can be prepared and can be screened to fill the vacancies as they arise. The source of recruitment discussed above is: (A) Direct recruitment (B) Casual callers (C) Labour contractors (D) Campus recruitment	1
18.	Assertion (A): Informal organization has a definite structure or form. Reason (R): Informal organization is a complex network of social relationships among members. Choose the correct alternative from the options given below: (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.	1
19.	'Vanguard Inc.', a company manufacturing footwear for men, women and children has been earning consistent profits for the last many years. It has a democratic style of working. Workers are encouraged to develop and carry out plans for improvement in the organisation. Varun who is working in the production department gave a suggestion which resulted in 10% reduction in the cost of production of shoes. He was rewarded for his suggestion. Identify the principle of management followed by 'Vanguard Inc.' in the above case: (A) Esprit De Corps (B) Subordination of Individual Interest to General Interest (C) Initiative (D) Equity	1
20	From the following, identify the Incorrect Statement as per Consumer Protection Act, 2019: (a) National Commission has territorial jurisdiction over the whole country for consumer protection. (b) District Commission entertains complaints where value of goods or services paid as consideration does not exceed ₹ 50 Lakhs. (c) Appeal against District Commission's order can be filed in National Commission. (d) District Commission and State Commission are set by the State Governments.	**1**

21.	Pallavi started a wedding planner company 'Dreams Unlimited' in 2021 and her target was to be amongst the top 10 companies in this field within the next three years. For this she employed people having different skills. She worked hard and united the efforts of different people to achieve this goal. The requirements of the customers in this industry changed very fast and the company adapted to keep pace with the changing environment. As planned, the company achieved its target within three years. All the employees of the organisation were happy and satisfied and the effect of management was noticeable in the organisation. The above case highlights some of the features of management. By quoting lines from the above paragraph, explain any two such features.	3
22	Savita has been assigned the job of a quantity controller. Her daily routine is to send alarm to the manufacturing department about the deviations in the number of units produced so that the target of the day could be achieved. This helps the whole department to focus towards its main plan of action. However, one day she realizes that the number of units which are to be produced is 500 which is very high and creates chaos at the shop floor. She discusses it with the management and the target is reduced to 450. This has helped the manufacturing department in maintaining quality of the work done. There are 10 workers at the shop floor where Savita does inspection. She divided the task into 45 units for each worker so that by the end of the day the target of the department is completed. Quoting the lines, identify three points of importance of controlling that have been highlighted in the above case.	3
23	'Caro', a car manufacturing company was manufacturing high cost, good quality luxury cars. For the last few years, the company was not earning good profits as the demand for the cars was very low. Chief Executive Officer of the company, Piyush had a meeting with the Production and Sales Managers to discuss how to increase the revenue of the company. They found that nowadays instead of purchasing luxury cars people prefer to have such cars on rental basis. So they decided to start 'Car rental service'. The Production Manager also suggested that as these cars were sophisticated and each spare part was very costly it would be better to provide these cars for rental service along with trained drivers so that there would be less wear and tear. Piyush agreed and a training unit was started. Two of the available cars were used for training the drivers. People were very happy as they were getting these cars on rental basis with trained drivers. The idea was a big hit and the company was able to surpass its profit targets of the last 20 years. (a) Identify and explain the method of training given by 'Caro' to its drivers. (b) Also, state any two advantages the drivers will get after this training.	3
24	State any three regulatory functions of 'Securities and Exchange Board of India'.	3

25	"Our assets walk out of the door each evening. We have to make sure that they come back the next morning". Identify the function of management being discussed above and state any three benefits to the organisation that its proper application in the firm will ensure.	4
26	Kapila is working at 'Cresa Engineering Solutions', an engineering consultancy firm. Despite being frequently enticed by many competitive companies offering her a higher pay package, Kapila chooses to stay with 'Cresa Engineering Solutions'. She enjoys her work as her job is designed with greater variety of work content requiring higher level of knowledge and skill and provides the opportunity for personal growth. The company has appropriate skill development programmes and a sound promotion policy due to which Kapila has been getting promotions year after year. Not only this, Kapila's work is being appreciated by the management from time to time. She always gives valuable suggestions and is being rewarded for that also. Over and above, the company implements measures to ensure stability of the employees in the organisation. All these factors motivate Kapila to continue to work in 'Cresa Engineering Solutions'. Identify and explain the four non-financial incentives discussed in the above case.	4
27	Mr. Akshay, a 20-year-old college student purchased a book online from XYZ Pvt Ltd and when it was delivered, he noticed that there was no MRP mentioned on it. He browsed the internet and found that the book was sold at different prices in different places. He filed a case in District forum against the publisher. The court held in favour of Akshay and awarded a compensation of ₹10,000. (a) Identify and state the consumer right violated in the above case. (b) Name and explain the right exercised by Mr. Akshay.	4
28	Dhawan Arora, after acquiring a bachelor's degree in culinary art joined his father's chain of vegetarian restaurants in Delhi. Being young and enterprising, he suggested his father to add a new section of vegetarian bakery items which required an investment of ₹15 crores. His father Mr. Aarav Arora suggested him to take the decision with caution after understanding everything comprehensively as bad decision may damage the financial fortune of business. Identify the decision suggested by Mr. Aarav Arora. Explain the factors affecting the decision identified from the paragraph.	4

29	‘Shanta Enterprises’ was in the business of manufacturing solar panels for the last fifteen years. With their expertise, they were able to manufacture good quality solar panels at lower cost. As a result 'Shanta Enterprises' was flooded with orders and was able to generate a good profit margin. To motivate the employees the company decided to compensate some of them for their hard work. Arvind and Yogesh, who were working on contract basis, were absorbed permanently in the company. Both were happy as now there was stability about their future incomes. Ekta, a regular employee of the company, working as Research and Development Head, was awarded the 'Best Employee of the year Award'. (a) Identify and explain the needs of the employees being met by the incentives provided here, as per Maslow's Need Hierarchy Theory. (b) Explain any other two needs from Maslow's Need Hierarchy Theory.	4
30	Federick limited is in the business of manufacturing and exporting carpets and other home décor products. It has a share capital of ₹ 70 lacs at the face value of ₹ 100 each. Company is considering a major expansion of its production facilities and wants to raise ₹ 50 lacs. The finance manager of the company Mr. Prabhakar has recommended that the company can raise funds of the same amount by issuing 7% debentures. Given that earning per share of the company after expansion is ₹ 35 and tax rate is 30%, did Mr. Prabhakar give a justified recommendation? Show the working.	4
31	Ankur Sachdeva did his MBA from ITB University. He decided to apply his knowledge of scientific management in the fast-food restaurant chain 'Coffee Bean' set up by him. This restaurant was providing burgers, fries, shakes etc, as a part of its menu. Now a days as people are quality conscious, so he was using standardised raw materials, processes, methods, working conditions, machinery etc. The objective was to establish standards of excellence. By doing this he was not only able to reduce the cost but was also able to provide new varieties of burgers, fries and shakes leading to increased turnover. Ankur Sachdeva also believed that there was only one best method to maximise efficiency. As a result, he developed best way of grilling burgers, cooking fries and preparing shakes. His main objective was to maximise the satisfaction of customers, which he was able to achieve. 'Coffee Bean' regularly invests in training and development programmes to equip employees with the necessary skill and knowledge. 'Coffee Bean' believed that efficient employees will produce more and earn more. This will ensure their greatest efficiency and prosperity for both company and workers. The above case highlights the use of Scientific principles and techniques by 'Coffee Bean'. Explain two principle and two techniques, highlighted here in the case study.	6

32	Diligent developers, a website design company in Bangalore is a startup initiative of Mr. Maniraj which aims at achieving a profit margin of 10% in its first year. Mr. Maniraj appointed Mr. Advait as the Digital marketing Head, Mr. Kiyansh as the head of Backend department and Mr. Nirved headed the Graphics Designing Department. Since each head was specialised in specific skills, it resulted in increased efficiency and better coordination. However, problems arose when Mr. Advait started considering group objectives superior to organisational objectives and stopped exchanging information with Mr. Kiyansh and Mr. Nirved. The company had to bear the brunt of lack of coordination and was unable to achieve its objectives. a) Identify and state the organisational structure adopted by the company. b) State two benefits and two limitations of the identified structure highlighted in the above case.	6
33	An Auto Company, Win ltd is facing a problem of declining market share due to increased competition from other new and existing players in the market. Its competitors are introducing lower priced models for mass consumers who are price sensitive. The Board of Directors of the Company announced a meeting to discuss the decisions regarding pricing and launching a new range of models, in order to increase the market share of the company. Attending the meeting was not a discretion for the directors and a penalty was announced for not attending the meeting. The following decisions were taken in the meeting: a) to define the desired future position of the company, as acquiring a dominant position in the market by increasing the market share to 10% in 1 year. b) to change the criteria for choosing vendors for procuring supplies. c) to invest in development of the human resources of the organisation by providing training to higher levels by holding seminars and providing on the job training for the supervisory management. On the basis of the text above, answer the following questions: (a) Define the term 'standing plan' (b) Identify and explain the plans discussed above, which can be classified as standing plans, by quoting the lines.	6
34	(I)Good Living Ltd. manufactures mosquito repellent tablets. These tablets are packed in strips of 12 tablets each. Each of these strips are packed in a cardboard box, 48 such boxes are then placed in a big corrugated box and delivered to various retailers for sale. Quoting the lines, identify the three levels of packaging discussed in the above case. (II) Explain any three important activities that are required for making the goods available to the customers at the right place, in the right quantity and at the right time.	3+3=6