DIRECTORATE OF EDUCATION GNCT OF DELHI
PRACTICE QUESTION PAPER 2026-27
Mid Term Exam
BUSINESS STUDIES (054)
CLASS XI

Time allowed: 3 Hours Max Marks – 80

General instructions:
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.

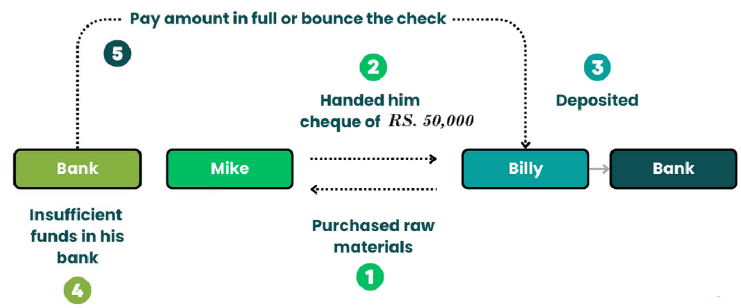
Q. No.		Marks
1	Which of the following is an economic activity where people work for others and get remunerated in return? a) Businessb) Professionc) Employmentd) Social work	1
2	Converting raw sugarcane into packaged sugar in a refinery falls under which type of industry? a) Primary Industryb) Secondary Industry c) Tertiary Industryd) Genetic Industry	1
3	Match the types of partners in **Column I** with their characteristics in **Column II**:	

Column I	Column II
A. Secret Partner	1. Does not contribute capital, allows use of name
B. Sleeping/Dormant Partner	2. Association with the firm is unknown to the general public
C. Nominal Partner	3. Contributes capital, shares profit/loss, does not participate in day-to-day operations

Choose the correct option:
a) A-2, B-3, C-1b) A-1, B-2, C-3
c) A-3, B-1, C-2d) A-2, B-1, C-3 — 1

Q. No.		Marks
4	In a Joint Hindu Family Business, the liability of the Karta is: a) Limited to his share in family property b) Unlimited c) Joint and several only d) Determined by the Registrar	1
5	A government company is any company in which not less than ______ of the paid-up capital is held by the Central Government, or by any State Government or Governments, or partly by the Central Government and partly by one or more State Governments. a) 49%& above b) 50%& above c) 51%& aboved) 75%& above	1

6	Which form of public sector enterprise is established by a Special Act of Parliament or State Legislature defining its powers, objects, and immunities? a) Departmental Undertaking b) Statutory Corporation c) Government Company d) Public Limited Company	1
7	Which type of bank account allows the depositor to deposit and withdraw money at any time without restriction, making it ideal for business firms? a) Recurring Deposit Accountb) Current Account c) Fixed Deposit Accountd) Savings Account	1
8	Under which life insurance policy does the insurer pay the sum assured either upon the death of the insured or on the maturity of a fixed term, whichever is earlier? a) Whole Life Policyb) Endowment Life Assurance Policy c) Annuity Policyd) Joint Life Policy	1
9	Identify the transaction category where two business firms interact electronically, such as a vehicle manufacturer ordering spare parts online from an ancillary supplier: a) B2C (Business-to-Consumer)b) B2B (Business-to-Business) c) C2C (Consumer-to-Consumer)d) Intra-B Commerce	1
10	Read the following statements: **Assertion (A)** and **Reason (R)**. **Assertion (A):** e-Business enables firms to conduct transactions on a 24×7 basis globally. **Reason (R):** Internet technology eliminates geographical barriers and physical office setup constraints. Choose the correct alternative: 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.	1
11	Statement I: Business risk arises due to uncertainties such as change in government policy, fire, and fluctuations in market demand. Statement II: Profit is the reward for taking business risks. Choose the correct option: a) Statement I is correct, and Statement II is incorrect. b) Statement II is correct, and Statement I is incorrect. c) Both statements are correct. d) Both statements are incorrect.	1
12	The minimum number of members required to form a Public Company and a Private Company respectively are: a) 2 and 7b) 7 and 2c) 10 and 2d) 7 and 50	1
13	The document containing the main objects, registered office clause, and liability clause of a joint stock company is called: a) Articles of Associationb) Memorandum of Association c) Prospectusd) Certificate of Incorporation	1
14	Which principle of insurance states that the insured should not make a profit out of a loss and is entitled to recover only the actual amount of loss incurred? a) Principle of Insurable Interestb) Principle of Indemnity c) Principle of Subrogationd) Principle of Uberrimae Fidei	1

15	Identify the banking service from the the following image:  a) Bank Draft b) Bank Overdraft c) Cash Credit d) Bill discounting For Visually Impaired Students: It is a short-term, revolving working-capital loan that lets a business withdraw money up to a sanctioned limit, with interest charged only on the amount actually used. Identify the banking service from the above statement: a) Bank Draft b) Bank Overdraft c) Cash Credit d) Bill discounting	1
16	Which of the following payment mechanisms allows an instantaneous real-time interbank electronic fund transfer 24/7/365 without processing delays? a) RTGS / IMPSb) Crossed Cheque c) Demand Draftd) Postal Order	1
17	Transferring non-core business activities like customer care, payroll accounting, and IT support to an external specialized agency is known as: a) E-commerceb) Business Process Outsourcing (BPO) c) Tele-shoppingd) Franchising	1
18	A customer selling used books or pre-owned electronics to another consumer on platforms like OLX or eBay is an example of: a) B2B Commerceb) B2C Commerce c) C2C Commerced) Intra-B Commerce	1
19	Identify the auxiliary to trade that helps in overcoming the "hindrance of place" by moving goods from producers to consumers: a) Warehousingb) Transportationc) Insuranced) Banking	1
20	Which of the following manage and control the business of Co-operative societies? a) Managing committee b) Elected managing committee c) Board of Directors d) Owner	1
21	Explain any three characteristics of 'Business' as an economic activity.	3
22(A) 22(B)	Why is the liability of members in a Partnership considered a major disadvantage? Explain the concept of 'unlimited liability' and 'joint and several liability'. OR State any three privileges enjoyed by a Private Limited Company as compared to a Public Limited Company.	3
23	Briefly describe the following features of a 'Departmental Undertaking': a) Funding and Revenues b) Accounting and Audit Controls c) Status of Employees	3
24(A)	Differentiate between **Life Insurance** and **Fire Insurance** on the basis of:	

	a) Subject Matter b) Insurable Interest (timing) c) Principle of Indemnity OR	
24(B)	Explain the functions of Warehousing in modern commercial operations: a) Consolidation b) Break-the-bulk c) Price Stabilization	3
25	Distinguish between **Traditional Business** and **e-Business** on any four of the following bases: a) Formation b) Cost of setting up c) Location requirement d) Opportunity for interpersonal touch	4
26	"Profit earning cannot be the sole objective of a business; it must pursue multiple objectives to survive and grow." Explain any four multiple objectives of business.	4
27(A)	Explain the role and significance of **Public Sector Enterprises** in the economic development of India with respect to: a) Development of Infrastructure b) Regional Balance c) Economies of Scale d) Import Substitution OR Explain the concept of **Public-Private Partnership (PPP)**. State any two of its main benefits.	4
28	Explain the following Principles of Insurance: a) Principle of Utmost Good Faith (Uberrimae Fidei) b) Principle of Causa Proxima (Proximate Cause)	4
29	"Customers can make use of call centres set up by companies to make toll free calls to make queries and lodge complaints round the clock at no extra cost to them." Which type of e-business is highlighted in this statement? Explain.	4
30	Explain the following clauses of the **Memorandum of Association (MA)**: a) Name Clause b) Objects Clause	4
31(A)	1. Explain the following auxiliaries to trade and how they remove specific hindrances in the exchange of goods: • Warehousing • Insurance • Advertising 2. Distinguish between **Industry**, **Commerce**, and **Trade** on any three grounds. OR	
31(B)	Define **Business Risk**. Explain any four major causes of business risk (Natural, Human, Economic, and other causes). "Risk is an inherent part of every business." State two reasons why risk cannot be eliminated completely.	6
32(A)	"Choice of form of business organisation depends on various interrelated factors." Explain the following factors influencing the choice of a suitable form of business enterprise:	

	a) Cost and ease in setting up b) Liability of owners c) Continuity and stability d) Capital requirements e) Degree of managerial control desired f) Nature of business operations OR	
32(B)	Explain the merits and limitations of a **Cooperative Society** as a form of business organisation (Three merits and three limitations).	6
33	Explain the steps involved in the **Formation of a Joint Stock Company** under the following stages: a) Promotion Stage (Any three steps) b) Incorporation Stage (Procedure and effect of Certificate of Incorporation)	6
34	Read the case study given below and answer the questions that follow: Aman, Bharat, and Chetan decided to start a logistics and cold-chain venture named *FreshExpress Logistics*. They pooled ₹30 lakhs each. Aman took charge of fleet management and daily customer bookings. Bharat contributed capital and shared profits but chose not to participate in daily activities. Chetan allowed the firm to use his well-known family brand name in the market without investing capital or participating in management. To manage cash flows, *FreshExpress Logistics* opened a specialized business account with a commercial bank that offered overdraft facilities up to ₹15 lakhs. They also insured their transport vehicles and refrigerated warehouses against accidental damage, riots, and fire hazards. To streamline booking operations and handle customer inquiries, they partnered with an IT agency for web hosting and digital payment gateway services. a) Identify the types of partners that Aman, Bharat, and Chetan represent in the firm. **[3]** b) Identify the specific type of bank account and auxiliary service facility utilized by the firm to manage cash flows. **[1]** c) Identify and state two business services (Chapters 4 & 5) adopted by *FreshExpress Logistics* to safeguard and digitize their enterprise. **[2]**	6