



COMMON PRE-BOARD EXAMINATION
BUSINESS STUDIES-Code No. 054
Class-XII-(2025-26)
ANSWER KEY



Time allowed: 3 Hrs.

Maximum Marks: 80

Q. NO	QUESTIONS				MARKS
	Q. No	SET 1	SET 2	SET 3	
	1	b	a	a	1 mark each
	2	a	b	a	
	3	a	a	b	
	4	a	a	d	
	5	c	b	a	
	6	a	a	b	
	7	b	c	a	
	8	a	d	c	
	9	d	a	a	
	10	b	a	a	
	11	a	a	a	
	12	a	b	c	
	13	a	c	b	
	14	b	b	a	
	15	a	a	b	
	16	b	b	b	
	17	a	c	b	
	18	b	d	b	
	19	b	a	a	
	20	c	a	a	
21(A)	MS: 1 mark identify. 1 mark each for disadvantage (1 + 1 = 2) Formal organization (a) lead to procedural delays (b) Poor organization practices may not provide adequate recognition to creative talent, since it does not allow any deviations from rigidly laid down polices. (c) It is all difficult to understand human relationships in an enterprise as it places more emphasis on structure and work. OR				3
21(B)	MS: ½ mark quote, ½ mark identify Authority – “Ryan has been promoted to the position of Sales Manager in his company. He has the right to assign tasks to his team members and expects them to follow his instructions because of his managerial position” Responsibility – “Ryan’s team members are obligated to complete their assigned sales targets and regularly report their progress to him”				3

	Accountability – “he remains answerable to the top management for the overall sales performance. If any sales targets are missed, Ryan must explain the reasons and take corrective steps”	
22	<p>MS: 1 mark identify, 1 mark each for pillar (1 + 1 = 2)</p> <p>Marketing Concept</p> <p>Pillars:</p> <ol style="list-style-type: none"> (i) Identification of market or customer who are chosen as the target of marketing effort. (ii) Understanding needs and wants of customers in the target market. (iii) Development of products or services for satisfying needs of the target market. (iv) Satisfying needs of target market better than the competitors. (v) Doing all this at a profit. 	3
23 (A)	<p>MS: ½ mark title point and ½ mark explain (1 + 1 + 1 = 3)</p> <ul style="list-style-type: none"> • Mobilisation of Savings and Channeling them into the most Productive Uses • Facilitating Price Discovery • Providing Liquidity to Financial Assets • Reducing the Cost of Transactions <p style="text-align: center;">OR</p>	3
23 (B)	<p>MS: 1 mark each (1 + 1 + 1 = 3)</p> <ol style="list-style-type: none"> 1. Training of intermediaries of the securities market. 2. Conducting research and publishing information useful to all market participants. 3. Undertaking measures to develop the capital markets by adapting a flexible approach. 	3
24	<p>MS: 1 mark identify, 1 mark each for duties (1 + 1 = 2)</p> <p>Middle level</p> <ol style="list-style-type: none"> (i) interpret the policies framed by top management, (ii) ensure that their department has the necessary personnel, (iii) assign necessary duties and responsibilities to them, (iv) motivate them to achieve desired objectives, (v) cooperate with other departments for smooth functioning of the organization. At the same time, they are responsible for all the activities of first line managers. 	3
25 (A)	<p>MS: 1 mark each point (1 + 1 + 1 + 1 = 4)</p> <ol style="list-style-type: none"> (i) The brand name should be short, easy to pronounce, spell, recognise and remember e.g., Ponds, VIP, Rin, Vim, etc. 	4

25(B)	<p>(ii) A brand should suggest the product's benefits and qualities. It should be appropriate to the product's function.</p> <p>(iii) A brand name should be distinctive.</p> <p>(iv) The brand name should be adaptable to packing or labelling requirements, to different advertising media and to different languages.</p> <p>(v) The brand name should be sufficiently versatile to accommodate new products, which are added to the product line.</p> <p>(vi) It should be capable of being registered and protected legally.</p> <p>(vii) Chosen name should have staying power i.e., it should not get out of date.</p> <p style="text-align: center;">OR</p> <p>MS: 1 mark identify. Function – ½ mark title point and ½ mark explain</p> <p>Ans: Marketing planning</p> <p>Functions:</p> <ul style="list-style-type: none"> • Gathering and Analysing Market Information • Product Designing and Development • Standardisation and Grading • Packaging and Labelling • Branding • Customer Support Services • Pricing of Product • Promotion • Physical Distribution • Storage or Warehousing • Transportation 	4
26 (A)	<p>MS: 1 mark identify. ½ mark title point and 1 mark explain – steps (1.5 + 1.5 =3)</p> <p>a. Identifying alternative courses of action</p> <p>b. Evaluating alternative courses</p> <p>c. Selecting an alternative</p> <p style="text-align: center;">OR</p>	4
26 (B)	<p>MS: 1 mark identify and 1 mark explain</p> <p>Ans: Policy, Objectives</p>	4
27	<p>MS: 1 mark identify, 1 mark each for features (1 + 1 + 1 = 3)</p> <p>Demonetization</p> <p>1. Demonetisation is viewed as a tax administration measure. Cash holdings arising from declared income was readily deposited in banks and exchanged</p>	4

	<p>for new notes. But those with black money had to declare their unaccounted wealth and pay taxes at a penalty rate.</p> <ol style="list-style-type: none"> 2. Demonetisation is also interpreted as a shift on the part of the government indicating that tax evasion will no longer be tolerated or accepted. 3. Demonetisation also led to tax administration channelizing savings into the formal financial system. Though, much of the cash that has been deposited in the banking system is bound to be withdrawn but some of the new deposits schemes offered by the banks will continue to provide a base loans, at lower interest rates. to 4. Another feature of demonetisation is create a less-cash or cash-lite economy, i.e., channeling more savings through the formal financial system and improving tax compliance. Though there are arguments against this as digital transactions require use of cell phones for customers and Point-of-Sale (PoS) machines for merchants, which will only work if there is internet connectivity. On the contrary, these disadvantages are counterbalanced by an understanding that it helps people into the formal economy. 	
28	<p>MS: 1 mark title point, 1 mark explanation (2 + 2 = 4)</p> <ul style="list-style-type: none"> • Critical point of control • Management by exception 	4
29	<p>MS: ½ mark quote and ½ mark state and 1 mark explain (quoted lines are for teacher’s reference)</p> <ul style="list-style-type: none"> • Division of Work: Earlier, each division was working on a single product. Later, when they were made to work on two or more products, efficiency declined due to lack of specialization. <i>“The divisions that were previously working on one product were also made to work on two or more products.”</i> • Unity of Command: The subordinates were working under more than one superior, which created confusion and inefficiency. <i>“Sometimes the subordinates had to work for more than one superior resulting in declining efficiency.”</i> • Discipline: Due to work pressure and lack of proper control, the workers became indisciplined. <i>“The workers were becoming indisciplined.”</i> • Order: The company expanded without creating the required infrastructure, leading to overlapping and wastage. <i>“Actually the company had implemented changes without creating the required infrastructure.”</i> • Esprit de Corps (Team Spirit): The spirit of teamwork, which once characterized the company, started to fade. 	4

	<p><i>“The spirit of teamwork, which had characterized the company previously, was beginning to wane.”</i></p>			
30	<p>MS: ½ mark identify, ½ mark quote</p> <ul style="list-style-type: none"> • Preliminary screening: “went through the applications and invited a few applicants whose profiles appeared most promising...” • Selection tests: “participated in a written exercise and a short practical task...” • Employment interview: “invited for a detailed conversation with the marketing head...” • Reference and background checks: “contacted the universities and previous workplaces...” • Medical examination: “asked them to undergo a standard health check...” • Job offer & contract: “sent an official appointment letter... which the candidate accepted and confirmed by signing...” 			4
	Q.no	Set 1	Set 2	Set 3
	31	<p>1 mark - identify</p> <p>1 mark - explaining (1 + 1 = 2)</p> <p>2 factors, 1 mark identify and 1 mark explaining (2 + 2 = 4)</p> <p>Capital Structure</p> <p>Any 2 factors</p> <ol style="list-style-type: none"> 1. Cash flow position 2. Debt service coverage ratio (Dscr) 3. interest coverage ratio (icr) 4. return on investment (roi) 5. cost of equity 6. control 7. floatation cost 8. risk consideration 9. tax rate 10. flexibility 	<p>1 mark identify, 1 mark explain (1 + 1 = 2)</p> <p>1 mark identify communication</p> <p>1 mark each (1 + 1 + 1 = 3)</p> <p>Directing</p> <p>Informal Communication</p> <ul style="list-style-type: none"> • Communication Network • Gossip Network • Probability Network • Cluster Network • Single Strand Network 	<p>31 A</p> <p>a. 1 mark each identify and 1 mark each explain – Right to be informed, Right to safety (1 + 1 + 1 + 1 = 4)</p> <p>b. 1 mark right 1 mark reason– Right to seek redressal</p> <p>31 B</p> <p>1 mark each (1 + 1 + 1 + 1 + 1 + 1 = 6)</p> <p>Ans:</p> <ol style="list-style-type: none"> 1. To remove the defect in goods or deficiency in service 2. To replace the defective product with a new one,

		<p>11. regulatory Framework</p> <p>12. stock market conditions</p>		<p>3. To refund the price paid for the product, or the charges paid for the service</p> <p>4. To pay a reasonable amount of compensation for any loss or injury suffered by the consumer due to the negligence of the opposite party.</p> <p>5. To discontinue the unfair/restrictive trade practice and not to repeat it in the future.</p> <p>6. To cease manufacture of hazardous goods and to desist from offering hazardous services.</p>	
32	<p>1 mark identify, 1 mark explain (1 + 1 = 2)</p> <p>1 mark identify communication</p> <p>1 mark each (1 + 1 + 1 = 3)</p> <p>Directing</p> <p>Informal Communication</p>	<p>1 mark - identify</p> <p>1 mark - explaining (1 + 1 = 2)</p> <p>2 factors, 1 mark identify and 1 mark explaining (2 + 2 = 4)</p> <p>Capital Structure</p> <p>Any 2 factors</p> <p>1. Cash flow position</p>	<p>1 mark state – Divisional structure</p> <p>1 mark each advantages (1 + 1 = 2), 1 mark each disadvantages (1 + 1 + 1 = 3)</p> <p>Advantages (any 2)</p> <p>(a) Product specialisation</p> <p>(b) Divisional heads are accountable for</p>		

	<ul style="list-style-type: none"> • Communication Network • Gossip Network • Probability Network • Cluster Network • Single Strand Network 	<ol style="list-style-type: none"> 2. Debt service coverage ratio (Dscr) 3. interest coverage ratio (icr) 4. return on investment (roi) 5. cost of equity 6. control 7. floatation cost 8. risk consideration 9. tax rate 10. flexibility 11. regulatory Framework 12. stock market conditions 	<p>profits, helps in fixation of responsibility in cases of poor performance of the division</p> <p>(c) promotes flexibility and initiative</p> <p>(d) It facilitates expansion and growth</p> <p>Disadvantages (any 3)</p> <p>(a) Conflict may arise among different divisions</p> <p>(b) It may lead to increase in costs</p> <p>(c) a manager may gain power and in a bid to assert his independence may ignore organisational interests.</p>	
33	<p>1 mark state – Divisional structure</p> <p>1 mark each advantages (1 + 1 = 2), 1 mark each disadvantages (1 + 1 + 1 = 3)</p> <p>Advantages (any 2)</p> <p>(a) Product specialisation</p> <p>(b) Divisional heads are accountable for profits, helps in fixation of</p>	<p>33 A</p> <p>a. 1 mark each identify and 1 mark each explain – Right to be informed, Right to safety (1 + 1 + 1 + 1 = 4)</p> <p>b. 1 mark right 1 mark reason– Right to seek redressal</p> <p>33 B</p>	<p>1 mark - identify</p> <p>1 mark - explaining (1 + 1 = 2)</p> <p>2 factors, 1 mark identify and 1 mark explaining (2 + 2 = 4)</p> <p>Capital Structure</p> <p>Any 2 factors</p> <p>1. Cash flow position</p>	

		<p>responsibility in cases of poor performance of the division</p> <p>(c) promotes flexibility and initiative</p> <p>(d) It facilitates expansion and growth</p> <p>Disadvantages (any 3)</p> <p>(a) Conflict may arise among different divisions</p> <p>(b) It may lead to increase in costs</p> <p>(c) a manager may gain power and in a bid to assert his independence may ignore organisational interests.</p>	<p>1 mark each (1 + 1 + 1 + 1 + 1 + 1 = 6)</p> <p>Ans:</p> <ol style="list-style-type: none"> To remove the defect in goods or deficiency in service To replace the defective product with a new one, To refund the price paid for the product, or the charges paid for the service To pay a reasonable amount of compensation for any loss or injury suffered by the consumer due to the negligence of the opposite party. To discontinue the unfair/restrictive trade practice and not to repeat it in the future. To cease manufacture of hazardous goods and to desist from offering hazardous services. 	<ol style="list-style-type: none"> Debt service coverage ratio (Dscr) interest coverage ratio (icr) return on investment (roi) cost of equity control floatation cost risk consideration tax rate flexibility regulatory Framework stock market conditions 	
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34	<p>34 A</p> <p>a. 1 mark each identify and 1 mark each explain – Right to be informed, Right to safety (1 + 1 + 1 + 1 = 4)</p> <p>b. 1 mark right 1 mark reason– Right to seek redressal</p> <p>34 B</p> <p>1 mark each (1 + 1 + 1 + 1 + 1 + 1 = 6)</p> <p>Ans:</p> <ol style="list-style-type: none"> To remove the defect in goods or deficiency in service To replace the defective product with a new one, To refund the price paid for the product, or the charges paid for the service To pay a reasonable amount of compensation for any loss or injury suffered by the consumer due to the negligence of the opposite party. 	<p>1 mark state – Divisional structure</p> <p>1 mark each advantages (1 + 1 = 2), 1 mark each disadvantages (1 + 1 + 1 = 3)</p> <p>Advantages (any 2)</p> <ol style="list-style-type: none"> Product specialisation Divisional heads are accountable for profits, helps in fixation of responsibility in cases of poor performance of the division promotes flexibility and initiative It facilitates expansion and growth <p>Disadvantages (any 3)</p> <ol style="list-style-type: none"> Conflict may arise among different divisions It may lead to increase in costs a manager may gain power and in a bid to assert his independence may ignore organisational interests. 	<p>1 mark identify, 1 mark explain (1 + 1 = 2)</p> <p>1 mark identify communication</p> <p>1 mark each (1 + 1 + 1 = 3)</p> <p>Directing</p> <p>Informal Communication</p> <ul style="list-style-type: none"> Communication Network Gossip Network Probability Network Cluster Network Single Strand Network 	
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		<p>5. To discontinue the unfair/restrictive trade practice and not to repeat it in the future.</p> <p>6. To cease manufacture of hazardous goods and to desist from offering hazardous services.</p>			
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