



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



SET: 3


Time allowed: 3 Hrs.

Maximum 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	Questions	Marks
1	<p>“The aim of a manager is to reduce costs and increase productivity through better planning, organizing, directing, staffing and controlling the activities of the organization.”</p> <p>Identify the importance of management highlighted in the statement above.</p> <p>a) Management increases efficiency b) Management creates a dynamic organization c) Management helps in achieving personal objectives d) Management helps in the development of society</p>	1
2	<p>Assertion (A): Directing is a continuous process that continues throughout the life of an organization, regardless of changes in managerial personnel.</p> <p>Reason (R): Without directing, organizational activities would not continue effectively, as direction is essential for coordinating and motivating employees.</p> <p>Options:</p> <p>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</p>	1
3	<p>The primary role of labelling in modern marketing is</p>	1

	<p>a) To increase the product’s physical strength b) To design and develop the information display on the package c) To reduce the cost of packaging materials d) To improve the internal quality of the product</p>	
4	 <p>Identify the type of non-financial incentive illustrated in the picture above.</p> <p>a) Status b) Job enrichment c) Job security d) Employee recognition programmes</p>	1
5	<p>_____ is any process by which the aptitudes, skills and abilities of employees to perform specific jobs are increased.</p> <p>a) Training b) Development c) Education d) Motivation</p>	1
6	<p>Advertisements, including packets of cigarettes carry the statutory warning ‘Cigarette smoking is injurious to health’. Similarly, advertisements of baby food must necessarily inform the potential buyer that mother’s milk is the best. All these regulations are required to be followed by advertisers. Identify the dimension of business environment.</p> <p>a) Political b) Legal c) Social d) Technological</p>	1
7	<p>The investor has to deliver the shares sold or pay cash for the shares bought. This is called the _____</p>	1

	<ul style="list-style-type: none"> a) Pay in day b) Pay out day c) Payment day d) T+2 day 	
8	<p>Statement I: Time study determines the standard time to complete a task by taking several observations of the task performed under normal conditions and adjusting for performance and allowances.</p> <p>Statement II: The objective of a time study is solely to set wages and has no relation to estimating the number of workers required or framing incentive schemes.</p> <p>Options:</p> <ul style="list-style-type: none"> 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 	1
9	<p>For greater productivity, work should be divided into small tasks and each employee should be trained to perform his/her specialized job. This principle is applicable to a government office where there is a diary/dispatch clerk whose job is to receive and send mail or documents, a data entry operator whose task is to input data on the computer, a peon and an officer etc. This principle is also applicable to a limited company where there are separate departments like Production, Finance, Marketing and Research and Development etc.</p> <p>The above example highlights which nature of principles of management?</p> <ul style="list-style-type: none"> a) Universal applicability b) Formed by practice and experimentation c) General guidelines d) Flexible 	1
10	<p>Price is the amount of money customers have to pay to obtain a product. While fixing the price, marketers also decide on _____ and credit terms to make the price attractive to customers.</p> <ul style="list-style-type: none"> a) Discount b) Packaging c) Production costs d) Advertising 	1
11	<p>Assertion (A): Comparing actual performance with standards helps in identifying deviations between actual and desired results.</p>	1

	<p>Reason (R): Setting standards in quantitative terms makes it easier to measure and compare performance.</p> <p>Options:</p> <ul style="list-style-type: none"> 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 											
12	<p>Statement I: Financial leverage means using more debt capital relative to equity in the capital structure.</p> <p>Statement II: Financial leverage carries no risk because debt capital is cheaper than equity capital.</p> <p>Options:</p> <ul style="list-style-type: none"> 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 	1										
13	<p>Match the following:</p> <table border="1" data-bbox="228 1276 1390 1906"> <thead> <tr> <th data-bbox="228 1276 560 1350">COLUMN A</th> <th data-bbox="560 1276 1390 1350">COLUMN B</th> </tr> </thead> <tbody> <tr> <td data-bbox="228 1350 560 1514">1. Supervision</td> <td data-bbox="560 1350 1390 1514">a. process of influencing the behaviour of people by making them strive voluntarily towards achievement of organizational goals</td> </tr> <tr> <td data-bbox="228 1514 560 1633">2. Leadership</td> <td data-bbox="560 1514 1390 1633">b. helps to reduce employee turnover and thereby saves the cost of new recruitment and training.</td> </tr> <tr> <td data-bbox="228 1633 560 1797">3. Communication</td> <td data-bbox="560 1633 1390 1797">c. overseeing what is being done by subordinates and giving instructions to ensure optimum utilization of resources and achievement of work targets.</td> </tr> <tr> <td data-bbox="228 1797 560 1906">4. Motivation</td> <td data-bbox="560 1797 1390 1906">d. process of exchange of information between two or more persons to reach common understanding</td> </tr> </tbody> </table> <p>Options:</p>	COLUMN A	COLUMN B	1. Supervision	a. process of influencing the behaviour of people by making them strive voluntarily towards achievement of organizational goals	2. Leadership	b. helps to reduce employee turnover and thereby saves the cost of new recruitment and training.	3. Communication	c. overseeing what is being done by subordinates and giving instructions to ensure optimum utilization of resources and achievement of work targets.	4. Motivation	d. process of exchange of information between two or more persons to reach common understanding	1
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	<p>a) 1-a, 2-b, 3-c, 4-d b) 1-c, 2-a, 3-d, 4-b c) 1-d, 2-c, 3-a, 4-b d) 1-c, 2-d, 3-b, 4-a</p>	
14	<p>Assertion (A): Management is considered a science because it has a systematised body of knowledge supported by principles developed through observation and experimentation.</p> <p>Reason (R): Unlike natural sciences, management principles cannot be universally applied without modification because they involve human behaviour, which is variable and unpredictable.</p> <p>Alternatives:</p> <p>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 and 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</p>	1
15	<p>From the following information regarding Beta Ltd., which manufactures organic coffee, calculate the Return on Investment (ROI) of the company:</p> <ul style="list-style-type: none"> • Earnings Before Interest and Tax (EBIT) = ₹ 20,00,000 • 12% Debentures = ₹ 15,00,000 • Equity Share Capital (₹10 each) = ₹ 25,00,000 • Tax Rate = 35% <p>a) 25.40% b) 29.58% c) 32.10% d) 27.85%</p>	1
16	<p>The top management undertakes planning for the organization as a whole. Middle management does the departmental planning. At the lowest level, day-to-day operational planning is done by supervisors.</p> <p>Identify the feature of planning highlighted in the case above.</p> <p>a) Planning is futuristic b) Planning is all-pervasive c) Planning is a primary function of management d) Planning is flexible and can be changed</p>	1
17	<p>How does an increase in the debtor's turnover ratio affects a firm's working capital requirement?</p>	1

	<ul style="list-style-type: none"> a) It increases the working capital requirement as more funds are tied up in receivables. b) It decreases the working capital requirement as the firm collects cash faster. c) It has no impact on the working capital requirement. d) It increases inventory levels, thus increasing working capital requirement. 	
18	<p>A company needs to raise money to expand its business for the long term. It can borrow money or sell shares to investors through certain institutions and markets. These institutions help connect savers who have funds with the businesses that need funds for growth. Which concept being described in this situation?</p> <ul style="list-style-type: none"> a) Money market b) Capital market c) Insurance market d) Labor market 	1
19	<p>A manufacturing company has current assets such as cash, marketable securities, debtors, and finished goods inventory. Its current liabilities include bills payable and creditors. Why is it important for the company to maintain sufficient current assets?</p> <p>Options:</p> <ul style="list-style-type: none"> a) To ensure it can meet short-term payment obligations smoothly and continue operations without interruption. b) Because current assets yield higher profits compared to fixed assets. c) To avoid investment in long-term assets and liabilities. d) Because current liabilities don't need to be paid within a year. 	1
20	<p>Which statement best describes the relationship between education and training in an organization?</p> <ul style="list-style-type: none"> a) Education develops the overall capacities of analysis, synthesis, and objectivity, while training focuses on specific skills for organizational goals. b) Training develops a logical and rational mind, but education provides specific job-related skills. c) Education and training are the same and interchangeable in organizational development. d) Training focuses on developing qualities of mind and character, while education is limited to job-related tasks. 	1
21(A)	<p>In a government hospital roles, responsibilities, and authority are clearly defined. The hospital operates under set rules and procedures, with a hierarchy comprising doctors, nurses, administrative staff, and support personnel. The head of the hospital directs the staff by giving official instructions, ensuring patient care standards are maintained, and coordinating activities across departments to achieve the hospital's goal of providing quality healthcare.</p> <ul style="list-style-type: none"> a) Identify the type of organization highlighted in the case above. 	3

21(B)	<p>b) Explain any two disadvantages of the type of organization identified in (a)</p> <p style="text-align: center;">OR</p> <p>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. Ryan’s team members are obligated to complete their assigned sales targets and regularly report their progress to him. Although Ryan delegates tasks and grants decision-making power to his subordinates to execute sales strategies, 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.</p> <p>Quoting the lines, identify the elements of delegation highlighted in the case given above.</p>	3
22	<p>Bright Home Appliances is launching a new refrigerator model. Before finalizing the design, the company conducted extensive surveys to understand what customers want. They discovered that many buyers prefer refrigerators with double doors and a separate water cooler section. Based on this, Bright Home designed their product to include these features and priced it competitively based on what customers were willing to pay. Their marketing strategies focus entirely on meeting customer needs and preferences, ensuring satisfaction. As a result, the product has been well received in the market.</p> <p>a) Identify the marketing philosophy undertaken by Bright Home Appliances. b) Mention any two pillars on which the philosophy identified in (a) is based upon.</p>	3
23 (A)	<p>Financial markets play an important role in the allocation of scarce resources in an economy by performing certain important functions.</p> <p>In light of the above statement, explain any three important functions of financial markets.</p> <p style="text-align: center;">OR</p>	3
23 (B)	<p>Describe three key development functions performed by SEBI to ensure a well-functioning securities market.</p>	3
24	<p>Anjali works in a manufacturing company where she is responsible for implementing strategies designed by the senior leadership team. She oversees several department supervisors, making sure they have enough staff and resources to meet their daily production targets. Anjali also assigns tasks to her team, motivates them to stay focused, and coordinates with other departments like procurement and quality control to ensure smooth operations across the company. She regularly interprets company policies for her team and ensures that the production schedules are met efficiently.</p> <p>a) Identify the level of management Anjali belongs to. b) State any two duties that Anjali has to perform at the level identified in (a)</p>	3

25 (A)	<p>You are the Marketing Manager for Yoona, a Korean company planning to launch a new product in India. The company is looking for a suitable brand name for its product. As the Marketing Manager, suggest the characteristics that should be kept in mind while choosing a good brand name.</p>	4
OR		
25(B)	<p>A marketer of colour TV having 20% of the current market share of the country aims at enhancing the market share to 50 per cent in next three years. For achieving this objective, he specified an action program.</p> <p>a) Name the function of marketing being discussed above. b) Explain any three other functions of marketing.</p>	4
26 (A)	<p>Once objectives are set, assumptions are made. Then the next step would be to act upon them. There may be many ways to act and achieve objectives. All the alternative strategies should be identified. The course of action which may be taken could be either routine or innovative. An innovative course may be adopted by involving more people and sharing their ideas. If the project is important, then more strategies should be generated and thoroughly discussed amongst the members.</p> <p>a) Identify the step of planning mentioned in the passage above. b) Explain two immediate steps to be taken after the step identified in (a)</p>	4
OR		
26 (B)	<p>Green Leaf Pvt. Ltd. is a company that produces organic food products. The management has decided that by the end of the year, the company should increase sales by 15% and launch two new product lines in the market. To achieve this, they have created a set of guidelines for employees wherein they have to ensure all products are competitively priced, and the raw materials are purchased only from certified organic suppliers. Employees are encouraged to follow these guidelines while taking decisions related to marketing, production, and purchases.</p> <p>From the above given case, identify and explain the types of plan.</p>	4
27	<p>The Government of India, made an announcement on November 8, 2016 with profound implications for the Indian economy. The two largest denomination notes, 500 and 1,000 ceased to be legal tender except for a few specified purposes such as paying utility bills. This led to eighty-six per cent of the money in circulation invalid.</p> <p>a) Identify the concept affecting business environment in the above case. b) Mention any three features of the concept identified in (a)</p>	4

28	While analyzing deviations in the process of controlling managers undertake two techniques to analyze the deviations. Explain these techniques in detail.	4
29	<p>Socorro Limited was engaged in the business of food processing and selling its products under a popular brand. Lately the business was expanding due to good quality and reasonable prices. Also, with more people working, the market for processed food was increasing. New players were also coming to cash in on the new trend. In order to keep its market share in the short run the company directed its existing workforce to work overtime. But this resulted in many problems. Due to increased pressure of work the efficiency of the workers declined. Sometimes the subordinates had to work for more than one superior resulting in declining efficiency. The divisions that were previously working on one product were also made to work on two or more products. This resulted in a lot of overlapping and wastage. The workers were becoming indisciplined. The spirit of teamwork, which had characterized the company, previously was beginning to wane. Workers were feeling cheated and initiative was declining. The quality of the products was beginning to decline and market share was on the verge of decrease.</p> <p>From the above given case, state and quote the lines highlighting any two principles violated by Socorro Limited.</p>	4
30	<p>When Bright Wave Enterprises Pvt. Ltd. decided to recruit a marketing executive for its new product line, several candidates submitted their applications through the company's online portal. The HR manager went through the applications and invited a few applicants whose profiles appeared most promising for further evaluation. These candidates were later called to the company's office, where they participated in a written exercise and a short practical task designed to assess their creative thinking and understanding of market trends. Based on their overall performance, selected individuals were invited for a detailed conversation with the marketing head to discuss their approach to real business challenges and teamwork. Before making a final decision, the company contacted the universities and previous workplaces mentioned by the candidates to verify the details shared in their applications. Once the preferred candidate was finalized, the HR department asked them to undergo a standard health check at a partner clinic. After the results were found satisfactory, the company sent an official appointment letter outlining terms of employment, salary structure, and reporting details, which the candidate accepted and confirmed by signing the necessary documents.</p> <p>From the above given case, identify the steps in the process of selection by quoting the lines.</p>	4
31(A)	Raina sent a soiled jacket worth ₹4,500 to Shine Laundry for dry cleaning. When she collected it, she did not immediately notice any problem. Raina wore the jacket to a family event, where a friend pointed out discoloration marks on the jacket. On returning home, she also noticed red rashes on her arms and neck. Concerned, she consulted her dermatologist, who confirmed that the irritation and rashes were caused by harsh chemicals used in the dry-cleaning process.	6

31(B)	<p>Raina contacted Shine Laundry to complain since their negligence not only caused damage to her property (the jacket) but also jeopardized her health as she was not intimated about the hazardous effects of the chemicals which will be used to clean her jacket.</p> <p>From the above give case:</p> <ol style="list-style-type: none"> Identify and state Raina’s rights which have been violated. Which right should Raina exercise to avail compensation? Why? <p style="text-align: center;">OR</p> <p>Aditya bought a laptop from Ajay Sales for ₹75,000. The laptop was advertised as having a high-performance processor, long battery life, and a one-year warranty. Within a few weeks, Aditya noticed that the battery drained completely within two hours, and the laptop frequently froze while performing basic tasks and some pre-installed software was missing key features promised in the advertisement. On one occasion the battery overheated while charging. The constant malfunction caused him to miss important online meetings and delayed his work projects, leading to financial and professional inconvenience.</p> <p>He contacted the store multiple times, but they refused to repair or replace the laptop, claiming that the issues were “due to software usage errors.” Frustrated, Aditya decided to approach the District Consumer Commission to seek justice. Based on this case, what reliefs should Aditya seek from the company?</p>	6
32	<p>A large company named Elite Enterprises Ltd. has hired Mr. Ashwin as the head of the cosmetics unit, Mr. Rajesh as the head of the garments unit and Ms. Asha as the head of the home décor unit. Each of these units’ functions as a self-contained unit and acts as a profit centre, with its manager accountable for the profits or losses of that unit. Within each unit, functions like production, marketing, finance, and purchasing are carried out independently to achieve the goals.</p> <ol style="list-style-type: none"> State the organizational structure adopted by Elite Enterprises Ltd. State any two advantages and three disadvantages of the structure identified in (a) 	6
33	<p>ABC Ltd., a company manufacturing eco-friendly furniture, plans to expand its production capacity. The total amount required for expansion is ₹10 crore. The company decides to raise the funds from two sources:</p> <ul style="list-style-type: none"> • ₹6 crore from owners’ funds (by issuing equity shares and using some retained earnings), and • ₹4 crore from borrowed funds (by taking a loan from a bank and issuing debentures). <p>In this case, the company decided to maintain a mix of 60% owners’ funds and 40% borrowed funds knowing well that this decision affects both the profitability and the financial risk of the company.</p>	6

	<p>a) State the concept of Financial Management discussed above.</p> <p>b) Briefly explain any two factors that will affect the requirement of the concept identified in part (a).</p>	
34	<p>Rahul is the manager of a popular restaurant. Every day, he clearly instructs his employees about their tasks, guides them on maintaining quality, and motivates them to work efficiently during busy hours and special events. He also supervises their work closely to ensure customer satisfaction and leads the team by resolving conflicts and encouraging cooperation. Rahul often interacts with his staff casually during breaks and encourages them to share their ideas and concerns openly. Because of Rahul's efforts in managing these aspects, the restaurant consistently meets its sales targets and receives excellent feedback from customers.</p> <p>a) State the function of management highlighted in the case above.</p> <p>b) Identify the type of communication undertaken by Rahul in the case above</p> <p>c) Explain any three communication networks of the type identified in (a)</p>	6