

**KENDRIYA VIDYALAYA SANGATHAN ERNAKULAM REGION**  
**PREBOARD EXAMINATION 2025-26**  
**CLASS XII**  
**SUBJECT: BUSINESS STUDIES (054)**

Time: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.		
Qn	Question	M
1	<p>The managers of a company are constantly interacting with employees, suppliers, and customers to adapt to changes in market demand. They modify plans, update processes, and introduce new technologies whenever required to stay competitive. This shows that management keeps adjusting according to changing situations.</p> <p>Name the characteristic of Management discussed above.</p> <p>a) Management is pervasive            b) Management is a dynamic function            c) Management is a continuous process            d) Management is goal-oriented</p>	1
2	<p>The management principle of ‘Division of Work’ was developed after observing that employees become more efficient and skilled when they repeatedly perform a specific task. This observation was made over years of experience and analysis of work performance by managers.</p> <p>The nature of principle of management reflected through the above statement is—</p> <p>a) Universal applicability            b) Flexible            c) Mainly behavioural            d) Formed by practice and experimentation</p>	1
3	<p>Read the following statements: Assertion (A) and Reason (R).</p> <p>Choose the correct alternative from those given below:</p> <p>ASSERTION (A): Maslow’s need hierarchy theory of motivation is widely recognised and appreciated yet criticised.</p> <p>REASON(R): Even though Maslow's theory focuses on needs as a basis of motivation and helps to develop understanding about the motivation phenomenon, his propositions are questioned on their classification and hierarchy.</p> <p>Alternatives:</p> <p>(a) Both Assertion (A) and Reason (R) are true.            (b) Both Assertion (A) and Reason (R) are false.            (c) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of the Assertion.            (d) Both Assertion (A) and Reason (R) are true, and Reason (R) is the correct explanation of the Assertion.</p>	1

4	<p>Read the following statements carefully:  Statement I: Principles of Management are absolute and must be applied rigidly in all business situations.  Statement II: Principles of Management are flexible and can be modified according to changing business needs and situations.  In the light of the 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.</p>	1
5	<p>Rohan works as a Sales Manager in Apex Ltd. He receives a monthly salary of ₹1,50,000 and is also offered a commission of 5% on all sales made by his team in a quarter.  The method being used to calculate his compensation is—  a) Time based direct financial payment  b) Indirect financial payment  c) Time based Pay Plus incentives  d) Performance based direct financial payment</p>	1
6	<p>Out of the following, which is/are component(s) of the economic environment of a business?  1. A rise in interest rates by the Reserve Bank of India increases the cost of loans for companies.  2. People in urban areas are increasingly adopting organic food and fitness lifestyles.  3. Government introduces tax incentives for startups and small businesses.  4. A company follows a strict anti-harassment policy for its employees.  5. Inflation rate has increased by 3%, affecting purchasing power.  Choose the correct option:  a) 1, 3, 5  b) 2, 4  c) 1, 2, 3  d) 2, 3, 4</p>	1
7	<p>Which element of the marketing mix involves decisions about distribution channels, warehousing, inventory management, and logistics to ensure that a product reaches the customers at the right place and time?  a) Product    b) Price    c) Place    d) Promotion</p>	1
8	<p>Which of the following statements correctly describes the controlling function of management?  a) Controlling is only necessary when major problems arise in an organisation.  b) Controlling involves comparing actual performance with standards and taking corrective action.  c) Managers must personally supervise every employee to ensure control.  d) Once plans are made, controlling is no longer required.</p>	1
9	<p>A company decides to hire employees from outside the organisation through job portals and campus placements.  Identify the incorrect statement about this type of recruitment:  a) It allows management to select from a larger pool of candidates.  b) It can sometimes lead to dissatisfaction among existing employees.  c) External recruits always have poor performance due to lack of knowledge about the company.  d) The company can attract highly qualified and experienced candidates.</p>	1

10	<p>Arrange the following elements of the communication process in the correct order:</p> <p>i) Sender  ii) Message  iii) Encoding  iv) Channel/Media  v) Decoding  vi) Receiver  vii) Feedback</p> <p>Options:</p> <p>a) i, ii, iii, iv, v, vi, vii  b) i, iii, ii, iv, v, vi, vii  c) ii, i, iii, iv, v, vi, vii  d) i, ii, iv, iii, v, vi, vii</p>	1																				
11	<p>Choose the correct statement about the role of a depository:</p> <p>a) A depository holds securities in electronic form and facilitates their transfer between investors.  b) A depository buys and sells securities on behalf of its clients like a stockbroker.  c) A depository issues shares and debentures to the public at a premium.  d) A depository sets the prices of securities in the stock market.</p>	1																				
12	<p>A company ensures that its product offers more benefits than its competitors at the same price, so customers feel they are getting the best deal.  Which feature of marketing is highlighted in this statement?</p> <p>a) Needs and wants  b) Customer value  c) Exchange mechanism  d) Creating a market offering</p>	1																				
13	<p>Match the concepts of management given in column I with their meaning given in column II</p> <table border="1" data-bbox="225 1189 1369 1709"> <thead> <tr> <th></th> <th>COLUMN I</th> <th></th> <th>COLUMN II</th> </tr> </thead> <tbody> <tr> <td>A</td> <td>Management Hierarchy</td> <td>i</td> <td>Involves defining and grouping of activities, resource allocation and establishment of authority relationships.</td> </tr> <tr> <td>B</td> <td>Coordination</td> <td>ii</td> <td>Involves establishing performance standards measuring actual performance and taking corrective action</td> </tr> <tr> <td>C</td> <td>Organising</td> <td>iii</td> <td>It shows orderly arrangement of individual and group efforts to ensure unity of action in realisation of common objectives.</td> </tr> <tr> <td>D</td> <td>Controlling</td> <td>iv</td> <td>Refers to different levels in the organisation created as a result of authority responsibility relationships binding individuals as superiors and subordinates.</td> </tr> </tbody> </table> <p>Choose the correct option from the following:</p> <p>a) Aiv,B iii, Cii, Di  b) Aii, B iii, Civ, Dii  c) Aiv, B iii,Ci ,Dii  d) Aiii, Biv, Ci, Dii</p>		COLUMN I		COLUMN II	A	Management Hierarchy	i	Involves defining and grouping of activities, resource allocation and establishment of authority relationships.	B	Coordination	ii	Involves establishing performance standards measuring actual performance and taking corrective action	C	Organising	iii	It shows orderly arrangement of individual and group efforts to ensure unity of action in realisation of common objectives.	D	Controlling	iv	Refers to different levels in the organisation created as a result of authority responsibility relationships binding individuals as superiors and subordinates.	1
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14	<p>Mrs. Ananya Kapoor, the Operations Manager of Stellar Electronics, prepares detailed plans for the next year. Despite her careful planning, sudden changes in government policies and market trends make it difficult to follow the plan exactly.</p> <p>Identify the limitation of planning illustrated in this scenario:</p> <p>a) Planning reduces creativity  b) Planning may not work in a dynamic environment  c) Planning leads to rigidity  d) Planning does not guarantee success</p>	1
15	<p>Identify the step in the staffing process which helps employees enhance their skills, prepares them for higher responsibilities, and assists the organization in retaining talented staff:</p> <p>a) Recruitment  b) Training and Development  c) Placement and Orientation  d) Performance Appraisal</p>	1
16	<p>“Tech Nova Pvt. Ltd.” plans to spend ₹200 Crores to set up a new manufacturing plant that will produce electric vehicles. The company expects returns from this project over the next 10 years.</p> <p>Identify the type of financial decision involved in this case:</p> <p>a) Long-term investment decision  b) Financing decision  c) Working capital decision  d) Dividend decision</p>	1
17	<p>Luminous Tech Ltd. is considering raising funds through a bank loan. The company already has substantial fixed operating costs. The Finance Manager cautions that taking additional debt will increase fixed financial obligations, which may affect the company’s ability to meet its payments during low-profit periods.</p> <p>Which factor influencing the choice of capital structure is highlighted here?</p> <p>a) Cost of debt  b) Risk consideration  c) Control  d) Floatation cost</p>	1
18	<p>The Finance Manager of Orion Textiles, Ms. Priya Sharma, wants to borrow ₹50 lakhs for a period of 6 months to meet the company’s short-term working capital requirements. She approaches a regulated market that deals in short-term funds and instruments like Treasury bills, commercial papers, and certificates of deposit.</p> <p>Identify the market where Ms. Priya Sharma can raise the funds:</p> <p>a) Capital market  b) Money market  c) Secondary market  d) Primary market</p>	1
19	<p>XYZ Limited wants to declare a dividend for the current year. However, the company must ensure that the dividend declaration complies with the Companies Act and other statutory provisions.</p> <p>Identify the factor affecting dividend decisions being discussed in this case:</p> <p>a) Contractual constraints  b) Legal constraints  c) Stock market reaction  d) Access to capital market</p>	1

20	<p>Read the following statements carefully:  Assertion (A): One of the main objectives of financial management is to ensure adequate liquidity for the company.  Reason (R): Liquidity ensures that the company can meet its short-term obligations and continue operations smoothly.</p> <p>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, R is false  d) A is false, R is true</p>	1
21	<p>A) State any three points of significance of decentralisation  OR  B) State any three features of formal organisation.</p>	3
22	<p>Grace Cosmetics Ltd. is a company manufacturing a wide range of skincare and beauty products. In order to create a distinct identity for its new range of herbal face creams, it has given the product line a unique name — “GlowPure” — along with attractive packaging and a memorable logo. The company ensures that the name, logo, and design are used consistently in all advertisements and promotions so that customers can easily recognize the products among competitors.</p> <p>Identify and explain the product related decisions being discussed in the above case.</p>	3
23	<p>A) Give any three points of distinction between the Primary market and Secondary market.  OR  B) Give any three Regulatory functions performed by Securities and Exchange Board of India.</p>	3
24	<p>In 2023, Aarav Mehta established “Sky Rise Builders Pvt. Ltd.”, a real estate company in Mumbai. As the company grew, Aarav realized the need to set a clear direction for its future. He analyzed market trends, studied competitors, and decided that the company should expand into the sustainable housing segment over the next five years. He also formulated long-term plans, laid down policies for different departments, and decided the overall organizational structure.</p> <p>Since these decisions were crucial for the future of the organization, Aarav involved a team of senior executives in the process.</p> <p>a) Identify the level of management at which Aarav and his senior executives are working.  b) State any two functions that this level of management performs.</p>	3
25	<p>A) Briefly explain the elements of marketing mix  OR  B) Explain any four factors affecting pricing of a product</p>	4
26	<p>A) Suryodaya Ltd is appointed a team of five efficient managers to plan for its new project of building residential colony. For this, they are paid a huge amount of remuneration also. Explain, giving reasons, incurring such huge expenditure on planning is justified for the company.  OR  B) Explain the following as a type of plans :  (I) Budget  (ii) Objective</p>	4

27	<p>The management of Eco Fresh Foods Pvt Ltd. noticed a sudden rise in the demand for organic and chemical-free food products. They also observed that various government campaigns were promoting healthy eating habits and banning the use of harmful preservatives. At the same time, new technology was being introduced for safe food processing, and competitors were also adapting quickly.</p> <p>To deal with these changes, the company decided to expand its range of organic food products and introduce eco-friendly packaging.</p> <p>a) Identify and explain the feature of business environment highlighted in the above case. b) Explain any two other features of the business environment, apart from the one identified in part (a).</p>	4
28	<p>XYZ Ltd is a manufacturer of wall clocks and the company is opting a good control system in order to achieve the targets on time. In context of this, explain the importance of controlling.</p>	4
29	<p>The Production Manager of Nova Furniture Pvt. Ltd. noticed that the productivity of workers in the chair-making department was falling. He observed that some workers were taking longer breaks, others were using different methods to complete the same task, and some machines were being underutilized.</p> <p>To overcome these problems, he decided to conduct a detailed analysis to find out:</p> <ul style="list-style-type: none"> <li>• the best way of doing the job,</li> <li>• the time each worker should ideally take to complete it,</li> <li>• the number of workers and machines required for optimal output, and</li> <li>• the best working conditions under which maximum efficiency could be achieved.</li> </ul> <p>a) Identify and name the technique of Scientific Management being described in the above case. b) Briefly explain the different methods included in this technique.</p>	4
30	<p>Kaul Consultants have launched <a href="http://www.naukripao.com">www.naukripao.com</a> exclusively for senior management professionals. The portal lists out senior level jobs and ensures that the job is genuine through rigorous screening process.</p> <p>(i) State the sources of recruitment highlighted in the case above (ii) State four benefits of the above identified source of recruitment.</p>	4
31	<p>Abhishek Engineering Ltd. A leading manufacturer of steel rods wants to enter into the business of manufacturing trucks. For this, the finance manager has to ensure the availability of funds whenever required and its possible sources. He has to see that the company does not raise funds unnecessarily. In this way he has to match the funds requirement and their availability.</p> <p>(i) Identify and give the meaning of the concept discussed in the above para which will help the Finance Manager to achieve his objectives, (ii) Also state any four importance of the concept identified in (i) above.</p>	6
32	<p>Mr Pankaj Kumar is working as the Human Resource Manager in Alankaar Fabrics Limited heading a team of fifteen people in his department. He has played a key role in the success of his organisation by maintaining good interpersonal relations with his subordinates and influencing their behaviour. The subordinates willingly cooperate with him and his working style to increase the output of the organisation.</p> <p>a) Identify and explain the element involved in one of the functions of management discussed in the above case. b) State any four features of the element identified in part a).</p>	6
33	<p>Malini and Shalini recently completed their web designing course from a reputed University in Mumbai. Malini opened her own website development company ' Rapid Software Private Limited' . In order to ensure a smooth flow of communication and better control over the operations of her business, she divided the entire work of a company into four departments i.e., web designing, accounting, research and development and customer service. All</p>	6

	<p>departments are required to report to a coordinating head. The company became successful in the market as all operations were carried out with a high degree of specialisation. Shalini joined a big group named Babylon.com,Inc, which offered a variety of services like Babylon Web Services, Babylon Prime, Babylon Retail. She was appointed as the head of Babylon Web Services division and was made responsible for the profit or loss of her service division. She was happy to take the responsibility as the division would function as an autonomous unit, thus enabling her to make faster decisions.</p> <p>(a). Identify the types of the framework within which managerial and operating tasks are performed, in the organisations, of which, Malini and Shalini were a part of.</p> <p>(b). Give any four differences between the frameworks identified above.</p>	
34	<p>A)Riya recently purchased a blender from a local electronics store. After using it for a week, she noticed that the appliance was not working properly. She returned to the store and requested a replacement or repair. However, the shopkeeper refused to either replace or repair it, claiming that the warranty did not cover “normal wear and tear.” Feeling frustrated, Riya decided to approach the Consumer Forum.</p> <p>a) Identify the rights of the consumer that Riya can claim under the Consumer Protection Act, 2019.</p> <p>b)Which relief or redressal can Riya expect from the Consumer Forum?</p> <p>c) State any two responsibilities of her.</p> <p style="text-align: center;">OR</p> <p>B) Explain role of consumer organisations and NGO’s in consumer protection.</p>	6

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