

# KENDRIYA VIDYALAYA SANGTHAN, BHOPAL REGION

## BUSINESS STUDIES (054)

CLASS XII (2025-26)

MM – 80

TIME: 3 Hours

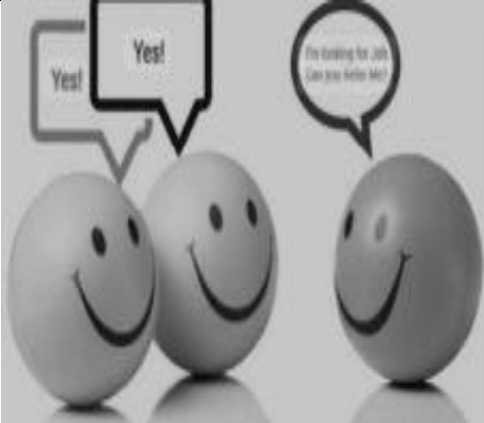
### General instructions :

- 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.N.		Marks
1	Statement I: Management is multi-dimensional. Statement II: The activities involved in managing an enterprise are common to all organisations whether economic, social or political. Choose the correct option from the options given below: (a) Statement I is true and II is false. (b) Statement II is true and I is false. (c) Both the statements are false. (d) Both the statements are true.	1
2	Henri Fayol's principle of discipline which emphasizes obedience to organisational rules and employment agreement, is evolved out of the experience and collective wisdom of managers. The nature of principle of management reflected through the above statement is—----- a) Universal applicability b) Flexible c) Mainly behavioral d) Formed by practice and experimentation	1
3	Read the following statements: Assertion (A) and Reason (R). Choose the correct alternative from those given below: ASSERTION(A): Maslow's need hierarchy theory of motivation is widely recognised and appreciated yet criticised. 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. Alternatives : (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.	1
4	The owner of 'Sweet Moments' wedding hall spent a great deal of time, money and effort in renovation expecting a bumper wedding season in 2020 but due to the pandemic, weddings became intimate home affairs and not many bookings happened. The limitation of planning highlighted in the above case is :	1

	(a) It reduces creativity (b) It may not work in a dynamic environment (c) It leads to rigidity (d) It is time consuming.	
5	Match the impact created by taking following decisions by using the options given: <div style="display: flex; justify-content: space-between;"> <div> Column I  A. Capital budgeting decision  B. Working capital decision  C. Dividend decision  D. Financing decision  A) A — 3, B - 1, C - 4, D – 2  C) A — 4, B - 3, C - 2, D- 1 </div> <div> Column II  1. Affects liquidity and profitability  2. Increase the financial risk of company  3. Increase in size of assets  4. Affects retained earnings  B) A - 2, B - 4, C - 1, D – 3  D) A - 2, B - 1, C - 4, D – 3 </div> </div>	1
6	'Rainbow World School' planned its annual alumni meet to get in touch with old students. Task groups like invitation committee, decoration committee and food committee were formed and placed under the overall supervision of the official in-charge of the event. Reporting relationships were established among various groups to enable smooth interaction and clarity about each group's contribution towards the event. (a) Planning (b) Directing (c) Organising (d) Staffing	1
7	Rakesh is working under his superior Neeraj. He always communicates useful ideas and suggestions to his superior regarding reduction of cost, improvement in the product, etc. Neeraj implements his suggestions and has always found favorable results, but he never appreciates Rakesh for his suggestions. Now Rakesh decided not to communicate any suggestion or idea to Neeraj. Identify the communication barrier. (a) Semantic barriers (b) Personal Barriers (c) Organizational barriers (d) psychological barriers	1
8	The Board of directors of Medex Pharma Ltd. decided to issue debentures worth RS. 40 lakhs in order to finance a major Research and Development project. This would increase the Debt Equity ratio from 1:1 to 2:1. However, at the same time it would increase the Earnings per share. The reason that will justify the above situation is: A) Unfavourable financial leverage, as the financial risk will be higher B) Unfavourable financial leverage, as return on investment is lower than the cost of debt. C) Favourable financial leverage as debt is easily available D) Favourable financial leverage, as return on investment is higher than cost of debt	1
9	On visiting a supermarket to buy a pack of moisturizer, Harsha noticed that the packaging of most of the beauty products exhibited a photograph of a celebrity. Identify the related function of packaging being described in the given case. (a) Facilitates the use of product (b) Assists in promotion of the product (c) Helps in product identification (d) Provides protection to the product	1
10	Ritu Kapoor has set up a bakery, 'Bakes and Cakes' in Pune. She receives online orders for cakes from within the city and supplies them on the same day. She set a target that she would earn a revenue of ₹ 5,00,000 in the first year. She informed her employees about the target and asked them to contribute ideas to achieve the same: Ritu Kapoor has performed the first step in the process of one of the functions of management. The next step to be performed is: (a) Identifying alternative courses of action.	1

	(b) Setting objective (c) Developing premises (d) Follow-up action	
11	<p>Statement I : A financial market facilitates the transfer of savings from savers to investors</p> <p>Statement II : It gives savers the choice of different investments and helps to channelise surplus funds into the most productive use. Choose the correct option from the following :</p> <p>(A) Statement I is true and Statement II is false.            (B) Statement II is true and Statement I is false.            (C) Both the Statements are true.            (D) Both the Statements are false.</p>	1
12	<p>In order to improve upon its competitive edge, Khushboo Limited has change the packaging of its hair care products. They are now available in a consumer friendly design, which has a nozzle attached to the lid so that at the time of usage, the consumer doesn't need to open the cap of the bottle. Name the marketing function being explained in the given lines.</p> <p>(a) Product designing and development                      (b) Customer support services            (c) Promotion                                                              (d) Physical distribution</p>	1
13	<p>JS Printing Solution Ltd. is a company manufacturing printers and scanners. The management of this company is known for speedy and prompt delivery of orders. As a result, the market share of this company is growing. The company grabbed a new project to supply 1,500 printers to Uprise Bank Ltd. for its various branches, within two weeks. The Production Manager, Ashok, made one of his efficient subordinates, Deepak the incharge of the project and also gave him the right to command workers in order to meet the target. Now, Ashok could use his time on high priority areas. He felt that this will also give an opportunity to Deepak to gain experience and develop himself for higher positions. On getting the charge, Deepak was very happy, his confidence level increased and he was encouraged to do his best to fulfill the responsibility. Considering his responsibility, Ashok kept a track of the completion of work with Deepak and he is providing him the needed guidance to reach the target on time.</p> <p>The application of the concept used above allows Ashok to use his time on high priority areas. This will lead to the organisation towards:</p> <p>(a) Adaptation to change            (b) Effective Management            (c) Economies of Scale            (d) Reduction in conflicts among different divisions</p>	1
14	<p>The process of holding securities in an electronic form is known as:</p> <p>(a) Rolling settlement (b) Registration (c) Dematerialization (d) Depository</p>	1
15	<p>Anil holding the top position in a company pass on the confidential information of the company to his relative for personal benefit. Under which function of SEBI this action of Mr. Anil can be stopped ?</p> <p>(a) Protective function                                              (b) Regulatory function            (c) Development function                                              (d) None of the above</p>	
16	<p>The principles of management are guidelines to action but do not provide readymade straitjacket solutions to managerial problems.</p> <p>The feature of principles of management discussed above is :</p> <p>(a) Universal applicability            (b) General guidelines            (c) Flexible            (d) Mainly behavioural.</p>	1

17	<p>Who, of the following, cannot be considered a consumer?</p> <p>(a) A person who buys things to further sell them consideration.</p> <p>(b) A person who gets things without consideration.</p> <p>(c) A person who uses things without the permission of the purchasers.</p> <p>(d) All the above</p>	1
18	 <p>Identify the incorrect statement about the type of source of recruitment depicted above.</p> <p>A. Management can attract qualified people to apply for vacant positions in the organisation.</p> <p>B. It may lead to dissatisfaction and frustration among existing employees.</p> <p>C. Such employees are not likely to be good employees as their background is not sufficiently known.</p> <p>D. Management has a wider choice while selecting people for employment.</p>	1
19	<p>'Himalaya Ltd.', is engaged in manufacturing of washing machines. The target of the organisation is to manufacture 500 washing machines a day. There is an occupational specialisation in the organisation which promotes efficiency of employees. There is no duplication of efforts in such type of organisation structure. Identify the type of organisation structure described above.</p> <p>(a) Divisional Organisation</p> <p>(b) Functional Organisation</p> <p>(c) Informal Organisation</p> <p>(d) None of the above</p>	1
20	<p>Name the step in the staffing process which enables the organizations to offer opportunities for career advancement to their employees by facilitating learning, thereby helping the organisations to not only attract but also retain its talented people in the organisation.</p> <p>A. Placement and Orientation</p> <p>B. Recruitment</p> <p>C. Training and Development</p> <p>D. Performance Appraisal</p>	1
21	<p>In a project, expected rate of return is 10 %. For financing that project, Raj Ltd. Issues 7 % redeemable debentures instead of equity shares. What is that activity called and why does one company do that?</p>	3
22	<p>Vindhya Ayurved Ltd., a new and leading manufacturer of herbal and ayurvedic medicines and grocery products has captured a large share of the market in a short span of time. The Research and Development (R &amp; D) department of the company spends considerable time and effort in developing chemical-free and healthy alternatives for a variety of products of daily use, from toothpaste to biscuits, instant noodles to soaps, shampoos and detergents etc. Their business orientation differs from competitors who are shortsighted and want to maximize profit by maximizing sales. Instead Vindhya Ayurved considers maximization of profit by understanding needs and wants of customers in the target market and development of products or services for satisfying such needs and wants.</p> <p>Identify and explain the marketing management philosophy adopted by Vindhya Ayurved Ltd.</p>	3
23	<p>Home Shop 18 is an online and on-air retail and distribution venture of the Network 18 group, India. It is a part of the Network 18 Media and Investments Limited which is owned and operated by Reliance Industries. Currently, Home Shop 18.com comprises of</p>	3

	<p>more than 15 categories namely, Mobiles, Health &amp; Beauty, Apparel, Jewellery, Home &amp; Kitchen, Household Appliances etc. to name a few. The company offers a wide variety of goods under each of these categories.</p> <p>Identify and explain the relevant consumer right being promoted by the company.</p>	
24	<p>A reality show; 'Shark tank India', telecasted on Sony TV, is based on promoting and nurturing new startups and entrepreneurs in India. Entrepreneurs come there with their innovative business ideas and bargain with potential investors for having finance for their businesses at reasonable rates by explaining their business plans and making them know how they are going to use that acquired finance in the best possible ways. In this whole process they perform some specific aspect (activity) of management. Name that and elaborate.</p>	3
25	<p>Aman, Ahmad and Ally are partners in a firm engaged in the distribution of dairy products in Maharashtra state. Aman is a holder of Senior Secondary School Certificate from Central Board of Secondary Education with Business Studies as one of his elective subjects. Ahmad had done his post graduation in History and Ally in dairy farming. One day, there was a serious discussion between Ahmad and Ally regarding the nature of management, Ahmad argued that management was a profession. Where as Ally argued against it saying that the legal and medical profession are the only professions because they fulfill all the conditions of profession.</p> <p>Aman on the basis of his knowledge of business studies explained the nature of management as a profession to Ahmad and Ally. Explain, how Aman would have satisfied both Ahmad and Ally?</p>	4
26	<p>Matta Auto Ltd. is manufacturing different types of commercial vehicles. Their sales were rupees two hundred crore in the previous year. The company decided to increase sales by 20% during the current year. It conducted internal as well as external audits for the same. Through internal audit, they analysed the strengths and weaknesses of the business across all departments. External audit focused on the opportunities and the threats in the constantly changing business environment. Thus, a comprehensive plan was prepared taking into consideration the business environment and the necessary resources were allocated to achieve the target. The company directed its offices throughout the country to follow the plan. The company's commitment to develop effective plans to achieve a consistent increase in sales has ensured its continual growth over the past one decade.</p> <p>Identify and explain the two types of plans discussed above.</p>	4
27	<p>Explain any four points of importance of principles of management.</p> <p style="text-align: center;"><b>OR</b></p> <p>Explain how principles of management help the managers:</p> <p>(i) in taking scientific decisions and</p> <p>(ii) in providing the managers with useful insights into real world situations.</p>	4
28	<p>ABC Ltd. set a sales target of 1,000 units for the month of April. At the end of the month, the actual sales achieved were 850 units. The sales manager reviewed the sales reports and found that the sales team faced unexpected competition from a new entrant in the market. The sales team also complained about the lack of sufficient promotional material.</p> <p>a) Identify the step of the controlling process that involves setting the sales target of 1,000 units.</p> <p>b) Which step of the controlling process involves the sales manager reviewing reports and finding out reasons like "unexpected competition" and "lack of promotional material"?</p> <p style="text-align: center;"><b>OR</b></p> <p>'Tech Solutions' is an IT firm specializing in software development. For the current financial year, the management had set a budget for project development costs at ₹50</p>	4

	<p>lakhs. After six months, the finance department reported that the actual expenditure had already reached ₹35 lakhs. The CEO, Mr. Kumar, was concerned. He held a meeting with project managers to understand the reasons for this deviation. It was found that unexpected increases in software licensing fees and higher than anticipated employee training costs for new technologies were the main culprits. Mr. Kumar then directed the HR department to find more cost-effective training programs and asked project managers to explore open-source alternatives for some software. He also revised the remaining budget to ensure they do not exceed the annual target.</p> <p>(a) Identify and explain the first two steps of the controlling process mentioned in the above case.</p> <p>(b) Explain any two importance of controlling function.</p>	
29	<p>In an environment of rising petroleum prices and a large middle class population in India, KV Motors Ltd. recognised the need for small cars in India. It created a product far superior than their competitors not only in terms of quality but also in terms of overall driving experience. It soon became the leader in the small car market. As the Indian government was encouraging foreign investment, MNCs having a big name in car manufacturing entered the Indian market.</p> <p>KV Motors further expanded its service network and quality creating an entry barrier for the competitors. It depicted its strengths through various brand building activities. As a result, the market share of KV Motors is refusing to go down in spite of all major automakers as its competitors.</p> <p>(a) Identify the economic reforms highlighted in the above case.</p> <p>(b) Quoting the lines, explain any two points of importance of Business Environment being highlighted in the above case</p>	4
30	<p>'Tech Work' an Artificial Intelligence (AI) startup started in 2024. It was earning good profits. It wanted to expand its business and for its research and development, it required ₹100 crores. The Chief Executive Officer of 'Tech Work' consulted the Finance Manager who suggested that there is a market which facilitates transfer of investible funds from savers to entrepreneurs seeking to establish new enterprises or expand existing ones through the issue of securities. The management of 'Tech Work' decided to raise funds from the investors by issuing equity shares ₹200 per share for the first time.</p> <p>(i) Name the type of capital market through which 'Tech Work' decided to raise funds for its expansion.</p> <p>(ii) State three features of the market identified in (i) above.</p>	4
31	<p>ABC Ltd. purchased new machinery from America for manufacturing some auto components. It was a cost-effective and quality production machine but during the production process, manager observed that the quality of the production was not as per standards. On investigation, it was found that there was lack of knowledge of using these hi-tech machines. So, frequent visits by engineers were required from America but this resulted in high overhead charges.</p> <p>Suggest what can be done to develop the skills and abilities of employees for producing quality products by using these hi-tech machines. Also state how the employees or the organisation will be benefited by your suggestion</p>	6
32	<p>Smitha had been working as an Assistant Manager with "Johnson Enterprises" for the last ten years. She was very popular amongst her colleagues because of her commitment and dedication towards the work. When the manager senior to her retired, all her colleagues thought that now Smitha would be promoted. But to everyone's surprise the vacant post was filled by an outsider, Mrs. Rita. Smitha felt demoralized and her performance started declining. She would abstain herself often and could not meet her targets. Mrs. Rita was a good leader, who would not only instruct her subordinates but would also guide and inspire them. She noticed Smitha's behavior and felt that her</p>	6

	<p>performance could be improved. She started involving Smitha in decision making- issues related to the organization and made her a part of high-level joint- management committed. Smitha was now punctual in office and her performance started improving.</p> <p>a. Identify the function of management being performed by Rita.</p> <p>b. Name the element of the above function of management which helped Rita to improve Smitha's behavior.</p> <p>c. State any three features of the element identified in (ii) above.</p> <p style="text-align: center;">Or</p> <p>Roshan is the chief of "Mehmaan" restaurant located in the city of Bengaluru. The place is known for its exquisite Mughlai cuisine especially mutton biryani and kababs. All the food is prepared under Roshan's purview. The various activities in the kitchen are initiated in accordance to his instructions. He is very clear and specific in issuing instructions to his subordinates in order to ensure smooth working of the department. He personally oversees the method followed by the chefs for preparation of each dish. He misses no opportunity to praise his subordinates for their good work. All his team members feel very happy and satisfied under his direction. He provides constant guidance to them in order to improve upon its taste and presentation and also encourages them to innovate and be more creative in their work.</p> <p>In the above context:</p> <p>a) Identify the various elements of directing mentioned in the above paragraph by quoting lines from the paragraph.</p> <p>b) Describe briefly any two points to highlight the importance of directing as a function of management.</p>	
33	<p>Rasika Ltd. is a company which produces a variety of juices. A profitable business opportunity is seen by it is in the field of producing soft drinks. The marketing manager of the company, Piyush Rastogi has to take several decisions, to achieve marketing success, such as - Whether the drink will be packed in glass bottles or plastic cans: - What will be the name (brand name) of the drink -: At what price it will be sold, i.e. at par with the price at which other competitive brands are sold or below it or above it: - What distribution network will be used to make the product available, e.g., hotels, restaurants, groceries shops, etc., - Whether the new soft drinks will be promoted by putting up advertisements in newspaper or magazine or on radio or television; or say if newspaper, whether in a local newspaper or a national daily, whether in a paper of regional language or an English daily, etc.</p> <p>Explain by quoting the lines from the above para the combination of variables chosen by the marketing manager of the company to prepare a new brand of soft drinks.</p>	6
34	<p>Voltage fluctuations have been common and quite high in India. They harm our electrical appliances like televisions, refrigerators and air conditioners, often leaving them in a permanently damaged condition. N-Guard Company decided to manufacture stabilizers for North India where the voltage fluctuation ranges from 220 V to 230 V. Once the demand for North India was taken care of, they decided to launch stabilizers of varying voltages from 90 V – 260 V for meeting the requirements of voltage fluctuations in other regions of India also. Three engineers were appointed for South, West and East regions of India, as the voltage was different in all the three regions. Though all the engineers were appointed to manufacture stabilizers but the product differed from region to region.</p> <p>(a) Identify the organisational structure of N-Guard Company.</p> <p>(b) State any three advantages and two limitations of the structure identified in the above para.</p>	6