

KENDRIYA VIDYALAYA SANGATHAN, CHANDIGARH REGION**PRE- BOARD-II EXAMINATION (2025-26)****CLASS XII****SUBJECT: BUSINESS STUDIES****Max. Marks: 80****TIME ALLOWED: 3 HOUR****General Instructions:**

1. This question paper contains 34 questions.
2. Marks are indicated against each question.
3. Answer should be brief and to the point.
4. Answer to questions carrying 3 marks may be from 50 to 75 words.
5. Answer to questions carrying 4-5 marks may be about 150 words.
6. Answer to questions carrying 6 marks may be about 200 words.
7. Attempt all parts of the questions together.

S. N	Questions	Marks
1	Max Ltd. needed funds to fulfill a big order. The management of the company borrowed money from a financial institution @ 15% interest, while the prevailing rate of interest was 11%. As a result of this company was able to achieve the target. In the above case management was: (A) Effective (B) Efficient (C) Both (A) and (B) (D) Inefficient	1
2	Many multinational food chains such as KFC, Domino's etc. have altered their food menu according to Indian taste and culture. Name the dimension of business environment which is responsible for this step: (A) Economic environment (B) Social environment (C) Technological environment (D) Legal environment	1
3	'Hariom Builders' became the market leader in the designer house segment as it was the first to recognize the need of using Artificial Intelligence in designing houses in the changing environment of technological advancement. This highlights the following point of importance of business environment: (A) It helps to identify threats and early warning signals. (B) It enables the firm to identify opportunities and getting first mover advantage. (C) It helps in tapping useful resources. (D) It helps in improving performance.	1
4	Statement 1– Divisional structure comprises of separate business units in which manpower is grouped based on different products manufactured. Statement II - Divisional structure is suitable for the organization which manufacture the variety of products using different productive resources (A) Both statements are correct (B) Both statements are incorrect (C) First statement is true, second is false (D) First statement is false, second is true	1
5	Which of the following is not a benefit of training and development to an organization? (A) Help to avoid wastage of efforts and money (B) Enhance employee productivity (C) Lead to better career of the individual (D) Reduce absenteeism and increase employee turnover	1

6	Match the statement in column A with the correct functions in the process of staffing in column <table><tr><th>Column A</th><th>Column B</th></tr><tr><td>(A) It eliminates unqualified or unfit applicants.</td><td>(i) Recruitment</td></tr><tr><td>(B) It is positive staffing process.</td><td>(ii) Preliminary Screening</td></tr><tr><td>(C) This source of recruitment infuses fresh blood in the organization.</td><td>(iii) Trade Test</td></tr><tr><td>(D) This selection test measures the existing skills of an individual.</td><td>(iv) External source of recruitment</td></tr></table> Choose the correct option: (A) (A)-(i); (B)-(ii); (C)-(iii); (D)-(iv) (B) (A)-(ii); (B)-(i); (C)-(iv); (D)-(iii) (C) (A)-(ii); (B)-(iv); (C)-(i); (D)-(iii) (D) (A)-(i); (B)-(iii); (C)-(ii); (D)-(iv)	Column A	Column B	(A) It eliminates unqualified or unfit applicants.	(i) Recruitment	(B) It is positive staffing process.	(ii) Preliminary Screening	(C) This source of recruitment infuses fresh blood in the organization.	(iii) Trade Test	(D) This selection test measures the existing skills of an individual.	(iv) External source of recruitment	1
Column A	Column B											
(A) It eliminates unqualified or unfit applicants.	(i) Recruitment											
(B) It is positive staffing process.	(ii) Preliminary Screening											
(C) This source of recruitment infuses fresh blood in the organization.	(iii) Trade Test											
(D) This selection test measures the existing skills of an individual.	(iv) External source of recruitment											
7	“It is a career-oriented process designed to help the employees in the progress towards maturity and actualization of their potential capabilities.” Identify the process (A) Staffing (B) Selection (C) Development (D) Training	1										
8	Read the following statements: Assertion and Reason. Choose one of the correct alternatives given below: Assertion: Planning is a pre-requisite for controlling. Reason: Planning provides standards against which actual performance is compared under controlling. (A) Both Assertion and reason are true and reason is correct explanation of assertion. (B) Assertion and reason both are true but reason is not the correct explanation of assertion. (C) Assertion is true, reason is false. (D) Assertion is false, reason is true.	1										
9	Management of Customer Satisfaction Ltd. replaced the old machinery with latest one to overcome quality issue. Which step in the process of controlling is highlighted by this statement? (A) Analyzing deviations. (B) Measurement of actual performance. (C) Comparing actual performance with standards. (D) Taking corrective actions.	1										
10	‘Healthy Food Limited’ has been earning handsome profits for the last many years consecutively. The company must decide the dividend to be declared this year. The company has enough goodwill in the capital market. As such, it is not at all difficult for it to arrange capital in the capital market. Keeping in the view all these factors, the company decided to increase last year’s dividend by 15%. Which component affecting dividend decision has been highlighted in the above paragraph? (A) Cash flow position (B) Taxation policy (C) Access to capital market (D) Growth opportunities.	1										

11	Read the following statements: Assertion and Reason. Choose one of the correct alternatives given below: Assertion: Financial decisions seek to determine the quantum of finance to be raised from various long-term sources. Reason: Financial decisions fundamentally involve the preparation of a financial blueprint of future operations of an organization. (A) Both Assertion and reason are true and reason is correct explanation of assertion. (B) Both Assertion and reason are true but reason is not the correct explanation of assertion. (C) Assertion is true, reason is false. (D) Assertion is false, reason is true.	1
12	Suhana Ltd. has Debt Equity ratio of 3:1 whereas Himani Ltd. has Debt Equity ratio 1:1. Name the advantage Suhana Ltd. will have over Himani Ltd, when rate of interest is lower than the rate of return on the investment of the company. (A) Trading on equity (B) Low risk (C) Low cost of equity (D) Greater flexibility	1
13	Statement I– Shareholder’s funds involve commitment regarding the payment of returns or the repayment of capital. Statement II – Debt is the cheapest of all the sources of funds and tax deductibility of interest makes it still cheaper. (A) Statement I is true, statement II is false (B) Statement I is false, statement II is true (C) Both statements are correct (D) Both statements are incorrect	1
14	During the Covid-19 pandemic, the restaurant industry faced many challenges. The slowdown led to huge decrease in demand. From April 2022, the effect of COVID started reducing. The economy started picking up and a boom was noticed in the restaurant industry. As a result, larger amount of working capital was required with increased production and sales. The factor affecting the working capital requirement discussed above is (A) Seasonal factor (B) Production cycle (C) Operating efficiency (D) Business cycle	1
15	Which of the following statement is incorrect? (A) Capital market refers to facilities and institutional arrangements through which long term funds, both debt and equity are raised and invested. (B) Secondary market is the market where securities are sold by the company to the investors directly or through an intermediary. (C) Primary market is the market where only buying of securities take place. Securities cannot be sold there. (D) Money market is a market for short term funds which deals in monetary assets whose period of maturity is up to one year.	1
16	Lexi Ltd. launched Buddyline, an exercise book and comprehensive stationery brand name comprising of ball pens, gel pens and geometry boxes after identifying the target market and understanding the needs and wants of the consumers of that market. All their products were of good quality and eco-friendly but expensive. They wanted to distinguish their product from that of their competitors. They spent lot of effort, time and money in creating the brand name, as they knew that without a brand name, they can only create awareness for the generic product and can never be sure of the sale of their products. The effort paid off and the demand for the products started growing. The customers liked the brand and became habitual to it. They did not mind paying a higher price. Over a period, it became a status symbol to buy Buddyline brand because of its quality. The consumers felt pride in using them. Identify the marketing philosophy followed by Lexi Ltd. -	1

	(A) The selling concept (B) The product concept (C) The marketing concept (D) The societal marketing concept	
17	Which of the following option explains the Standardization and Grading function of marketing? (A). It affects the success or failure of a product in the market. (B) It refers to designing and developing the package for the products. (C) It helps in achieving uniformity and consistency in the output and classifies products into different groups based on their size. (D) It reduces the need for inspection of products.	1
18	Arushi was working in a multinational company. Her father gifted her a smart phone worth Rs. 40,500 on her birthday. The mobile phone was purchased by her father from his friend's shop. After few months, the mobile phone started creating problems. Arushi tried to contact the manufacturer many times but he did not respond. Ultimately, she decided to file a complaint against the manufacturer. The appropriate grievance redressal machinery where Arushi can file a complaint is: (A) District commission (B) State commission (C) National commission (D) Supreme court	1
19	As per Consumer Protection Act, 2019, the consumer has right to file a complaint and to be heard in case of dissatisfaction with a good or a service. The consumer right being referred here is..... (A) Right to safety (B) Right to be heard (C) Right to be informed (D) Right to seek redressal	1
20.	Niyati is working as a teacher in a school in Mansarovar Garden. She always tells the children at the school not to pollute the environment, and do not to throw wrappers of chips and chocolates here and there. She always carries a bag with her to collect the wrappers and to put them in the dustbin. By doing this, which responsibility of a consumer is she discharging: (A) Reading label carefully (B) Asserting to get a fair deal (C) Respecting the environment (D) Being honest in the dealing.	
21	Harinder Agro Ltd. started a new venture for distribution of harmful and chemical free vegetables. They conducted a survey to find out consumer preferences for such vegetables. They found that most of the consumers were concerned about the harmful chemicals being used in growing the vegetables. They found out that 90% of the households were searching alternatives. The company contacted a group of agricultural experts to lay down the procedure for growing the vegetables by the farmers. They decided to train the farmers in new technology to grow chemical free vegetables according to new innovative methods. The experts also suggested soil management techniques through which farmers would be able to create an abundant and lasting harvest. Identify and explain the two dimensions of business environment highlighted in the above para.	3
22	Super Fine Rice Ltd. has the largest share of 55% in market. The company's policy is to sell only for cash. In 2015, for the first time, company's number one position in the industry has been threatened because other companies started selling rice on credit also. But the managers of Super Fine Rice Ltd. continued to rely on its previous tried and tested successful plans which did not work because the environment is not static. This led to decline in sales of Super Fine Rice Ltd. The above situation is indicating two limitations of planning which led to decline in its sales.	3

	Identify and explain these limitations.	
23	Agrima, Arunima and Avika are pursuing MBA from a reputed institution. Now it is the time of their placement. Agrima wants to work in a company which would provide her more authority for fulfilling her duties and will give recognition, rewards, perquisites, and prestige of job. Arunima wants to work in an organization in which behavior of individuals is influenced by its characteristics like autonomy, reward orientation, consideration to employees, risk-taking etc. Avika wants to join the organization which has appropriate skill development programs and sound promotion policy that encourages employees to exhibit improved performance. Identify and state the incentives about which Agrima, Arunima and Avika are talking about. OR Mukesh is working under his superior Neeraj. He always communicates useful suggestions to his superior regarding reduction of cost, improvement in the product, etc. Neeraj implements his suggestion and has always found favorable results, but he never appreciates Mukesh for his suggestions. Now Mukesh decides not to communicate any suggestion or idea to Neeraj. Identify the factor which acts as a communication barrier. Explain two other factors of the same group of communication-barriers.	3
24	Pranav is engaged in transport business. Pranav wants to expand and diversify his transport business. Explain two factors that will affect his fixed capital requirements from the above lines. OR Vansh Limited is a large and reputed company which manufactures ventilators. After the outbreak of COVID-19 in 2020, the company witnessed an increase in its production capacity and start production of PPE kits, sanitizers, and masks in 2022. The finance manager of the company Mr. Rajiv feels confident about the future of the company and its liquidity position. In the light of the above statement, explain any two factors which should be considered by Vansh Limited while formulating dividend policy of the company.	3
25	XYZ Power Limited set up a factory for manufacturing solar lanterns in a remote village as there is no reliable supply of electricity in rural areas. The revenue earned by the company was sufficient day by day, so the company decided to increase production to generate higher sales. For this, they decided to employ people from nearby villages as very few job opportunities were available in that area. The company also decided to provide training to their employees, for updating their knowledge. Identify any two objectives of management discussed above by quoting the lines. OR The directors of Duplex India Limited called for meeting of all the employees, in the meeting directors informed the employees that the main objective of company is to increase the sale by 30%. Various plans were made to improve the potential and efficiency of employees as well as various operations. The sales manager suggested some changes in the product as per the latest demand in the market. As a result, the company was able to achieve its target successfully at the end of the year. State any two characteristics of management highlighted above by indicating lines.	4
26	A company is manufacturing garments. The managers want to increase profits by purchasing new high-speed machines or increasing the sale price or using waste material in manufactured stuffed toys. He decided that “using waste material” is the best solution for him. (a) Identify the concept of management involved. (b) Mention the step involved in the above process by quoting the lines from the question. (c) Also explain the remaining steps of planning process.	4
27	Nakul belongs to a small village in Varanasi. Being the only literate person in his immediate family, he decides to settle in a city. So, he opens a sweets shop in Chandni Chowk, Delhi as he possesses extraordinary culinary skills. Very soon he starts getting requests from his cousins in the village to engage them in some kind of job in his business. Considering it to be his moral obligation, he engages five of his cousins in his business without paying any specific attention to their individual capabilities. This leads to wastage of materials, time, effort, and energy, resulting in lower productivity and poor quality of products. As a result, the	4

	profitability of his business starts falling. Soon, he realized that for the success of the business it is essential that right kind of people must be available in the right number at the right time. In the context of the above case: (a) Identify and explain the function of management that has been overlooked by Nakul. (b) Describe briefly the importance of the function of management as identified in part (a) any three points.	
28	Amender is the production manager of 'Pramod Tea Company' in Guwahati. He gives orders to his subordinates and expects that they obey those orders. He does not consult them nor encourage them to participate in decision making. (a) Identify and state the leadership style adopted by Amender. (b) When can be this style be effectively used by a manager? State.	4
29	Planning and controlling both are forward as well as backward looking. Explain the statement.	4
30	What is packaging? Explain the levels of packaging. OR Describe the components of physical distribution.	4
31	Explain the following techniques of scientific management: (a) Time study (b) Differential piece wage system (c) Motion study OR Briefly explain the following principles of management given by Henry Fayol: (a) Unity of command (b) Initiative (c) Scalar chain	6
32	Karan opens a retail mart in local market. As he knows it will be impossible for him to handle all work alone, he appoints Johar to perform task on his behalf, thereby reducing the workload. This decision provided Karan with more time to concentrate on important matters. Besides he recruits, eight other persons as support staff. Over the year his business earned a good name for itself. So, he opens another outlet in the city. Considering Johar's competence, he gives the independent charge of running the new outlet to him, thereby empowering him autonomy in functioning of the outlet. (a) Identify the concept used in above paragraph. (b) State the importance of the above identified concept.	6
33	Stock exchange acts as a regulator of the securities market. It is a continuous market where securities are bought and sold. It gives investors the chance to disinvest and reinvest. Through this process of disinvestment and reinvestment savings get channelize into their most productive investment avenues. To ensure that the investing public get a safe and fair deal in the market, the membership of the stock exchange is well regulated and its dealings are well defined according to the existing legal framework. It also ensures wider share of ownership by regulating new issues, better practices and taking effective steps in educating the public about investments. Various functions performed by the stock exchange are discussed in the above para. By quoting the lines from the above para, state any four functions of stock exchange.	6
34	You are a mobile manufacturer and you have introduced a new brand of mobile in the market. What are the factors which you consider while determining the price of your product? OR Urvashi is a manufacturer of textile and she does not want to reach to the customers directly. What are the other options of channels of distribution available to Urvashi? Explain with the help of examples.	6

END OF PAPER