



B.K. BIRLA CENTRE FOR EDUCATION

SARALA BIRLA GROUP OF SCHOOLS
A CBSE DAY-CUM-BOYS' RESIDENTIAL SCHOOL

TERM-1 EXAMINATION (2026-27) CLASS XII, BUSINESS STUDIES (054) SET 2 - MS

Class: XII
Date: 7/09/2026
Admission no:

Time: 3hrs
Max Marks: 80
Roll no:

General Instructions:

1. This question paper contains 34 questions. All questions are compulsory.
2. Q1 to 20 are of 1 mark each (Multiple Choice / Assertion-Reason). One question is image/diagram based.
3. Q21 to 24 are of 3 marks each. Answers should not exceed 60–80 words.
4. Q25 to 30 are of 4 marks case/source-based questions of 4 marks each. Answers should not exceed 100–120 words.
5. Q31 to 34 are of 4 long-answer questions of 6 marks each. Answers should not exceed 150–200 words.

Q1. Galaxy Foods Ltd. achieved its target of producing 50,000 packets of snacks during the month. However, due to poor inventory planning, it incurred heavy storage costs and excessive wastage. [1]

The company can be said to be:

- (a) Efficient but not effective
- (b) **Effective but not efficient**
- (c) Both efficient and effective
- (d) Neither efficient nor effective

Q2. The Board of Directors of Orion Motors Ltd. decided to introduce electric buses in the market. The departmental heads prepared departmental plans, while supervisors ensured workers followed production schedules on the shop floor. [1]

Who among the following belongs to operational management?

- (a) Board of Directors
- (b) Departmental Heads
- (c) **Supervisors**
- (d) CEO

Q3. A sales executive receives instructions only from the Regional Sales Manager even though the Marketing Manager also wants to assign work. [1]

Which principle of Fayol is being followed?

- (a) Equity
- (b) **Unity of Command**
- (c) Scalar Chain
- (d) Order

Q4. After conducting several experiments, the production manager fixed one best method of assembling LED televisions and instructed every worker to follow that method. [1]

Which principle of Scientific Management is illustrated?

- (a) Harmony, not Discord
- (b) **Science, not Rule of Thumb**
- (c) Cooperation, not Individualism
- (d) Division of Responsibility

Q5. Assertion (A): Gang Plank allows employees at the same level to communicate directly in special situations. [1]

Reason (R): Gang Plank completely eliminates the Scalar Chain in an organisation.

- (a) Both A and R are true, and R is the correct explanation.
- (b) Both A and R are true, but R is not the correct explanation.
- (c) **A is true, but R is false.**
- (d) A is false, but R is true.

Q6. The Government announced a reduction in GST rates on electric vehicles to encourage consumers to purchase eco-friendly transport. [1]

This represents which dimension of Business Environment?

- (a) Political
- (b) **Economic**
- (c) Social
- (d) Technological

Q7. Consumers are increasingly demanding sugar-free beverages. Beverage companies are frequently changing their product formulations to satisfy these preferences. [1]

This illustrates which feature of Business Environment?

- (a) **Dynamic Nature**
- (b) Relativity
- (c) Inter-relatedness
- (d) Uncertainty

Q8. ABC Ltd. prepared a detailed production schedule for the winter season. Unexpected floods disrupted transportation, delaying deliveries. [1]

This situation highlights the limitation of planning that:

- (a) Planning reduces creativity.
- (b) Planning leads to rigidity.
- (c) **Planning may not work in a dynamic environment.**
- (d) Planning guarantees success.

Q9. The HR manager carefully studied future manpower requirements before recruiting additional employees. [1]

Which step of planning is being performed?

- (a) Selecting an Alternative
- (b) **Developing Premises**
- (c) Setting Objectives
- (d) Identifying Alternative Courses of Action

Q10. Assertion (A): Planning provides direction to all managerial activities. [1]

Reason (R): Planning clearly defines organisational objectives and the methods to achieve them.

- (a) **Both A and R are true and R is the correct explanation.**
- (b) Both A and R are true but R is not the correct explanation.
- (c) A is true but R is false.
- (d) A is false but R is true.

Q11. A Production Manager delegated authority to his assistant for purchasing raw materials but remained answerable for the final outcome. [1]

Which element of delegation is reflected?

- (a) Authority
- (b) Responsibility
- (c) **Accountability**
- (d) Informal Authority

Q12. A company manufacturing mobile phones grouped all employees working in Production, Marketing, Finance and Human Resource into separate departments. [1]

This organisational structure is:

- (a) Matrix Structure
- (b) **Functional Structure**
- (c) Divisional Structure
- (d) Project Structure

Q13. The management organised orientation programmes, workshops and technical courses for newly recruited engineers to improve their competencies. [1]

Which step of Staffing is illustrated?

- (a) Recruitment
- (b) Selection
- (c) **Training and Development**
- (d) Placement

Q14. Identify the type of training: [1]



- (a) **Apprenticeship training**
- (b) Vestibule training
- (c) Induction
- (d) Internship

Q15. Assertion (A): Vestibule training is conducted away from the actual workplace. [1]

Reason (R): It allows employees to learn using equipment similar to that used in the workplace without disturbing actual production.

- (a) **Both A and R are true and R is the correct explanation.**
- (b) Both A and R are true but R is not the correct explanation.
- (c) A is true but R is false.
- (d) A is false but R is true.

Q16. Assertion (A): Financial incentives alone are sufficient to motivate every employee. [1]

Reason (R): Employees have different needs and expectations that influence motivation.

- (a) Both A and R are true.
- (b) Both A and R are false.
- (c) A is true but R is false.
- (d) **A is false but R is true.**

Q17. Arrange the communication process in the correct order: [1]

- i. Feedback ii. Sender iii. Encoding iv. Receiver
- v. Decoding vi. Message vii. Channel

Options:

- (a) **ii, iii, vi, vii, iv, v, i**
- (b) ii, vi, iii, vii, iv, v, i
- (c) ii, iii, vii, vi, iv, v, i
- (d) vi, ii, iii, vii, iv, v, i

Q18. Which of the following is **NOT** a characteristic of controlling? [1]

- (a) It is a continuous process.
- (b) It helps in achieving organisational goals.
- (c) **It can eliminate all deviations completely.**
- (d) It is pervasive in nature.

Q19. Three companies adopted different approaches: [1]

Company A: Measures performance before comparing it with standards.

Company B: Compares performance without measuring actual performance.

Company C: Measures actual performance, compares it with standards and analyses deviations before taking corrective action.

Which company follows the correct controlling process?

- (a) Company A
- (b) Company B
- (c) **Company C**
- (d) Company A and Company C

Q20. Statement I: Controlling provides feedback for future planning. [1]

Statement II: Planning and Controlling are independent functions.

Choose the correct answer.

- (a) Both statements are true.
- (b) **Statement I is true but Statement II is false.**
- (c) Statement I is false but Statement II is true.
- (d) Both statements are false.

Q21. GreenNest Appliances Ltd. manufactures energy-efficient kitchen appliances. During its initial year, the company earned enough revenue only to cover its operating expenses. After reviewing its performance, the management decided to: [3]

- Introduce solar-powered kitchen appliances.
- Open a manufacturing unit in a rural area to generate employment.
- Invest in research to develop eco-friendly products.

(a) Identify and explain the **objectives of management** discussed in the above case. (2)

(b) State **any two values** the company wants to communicate to society. (1)

Ans) (a) **Objectives of Management (Any Two)**

1. Organisational Objectives (1 Mark)

The company aims at survival during its initial year and future growth by introducing innovative products and investing in research.

2. Social Objectives (1 Mark)

The company creates employment in rural areas and manufactures environmentally friendly products for the welfare of society.

(b) **Values (Any Two) ($\frac{1}{2} + \frac{1}{2} = 1$ Mark)**

- Environmental Sustainability
- Rural Development
- Employment Generation
- Social Responsibility

Q22. Changing lifestyles have increased the demand for online fitness programmes. Fit Life Academy, earlier operating through physical centres, launched an AI-based fitness application. Customers could now subscribe, track progress and consult trainers online. This resulted in a significant increase in enrolments. [3]

Identify and explain the **dimension of Business Environment** highlighted above. Also explain **any two points of importance of Business Environment**.

Ans) **Dimension (1 Mark)**

Technological Environment

It includes technological innovations and scientific developments that influence business operations.

Importance (Any Two) (1 + 1 Marks)

- Helps identify opportunities and gain first-mover advantage.
- Helps identify threats and take timely action.
- Assists in planning and policy formulation.
- Helps improve business performance.

Q23. (A) Explain any three features of Functional Structure.

[3]

OR

(B) Explain any three advantages of Divisional Structure.

Ans) (A) **Functional Structure-Any Three**

- Activities grouped according to functions.
- Each department headed by a functional specialist.
- Promotes specialisation.
- Facilitates coordination within departments. (Any Three $\times 1$)

OR

(B) Divisional Structure -Any Three

- Facilitates expansion.
- Product specialisation.

- Faster decision-making.
- Easy performance evaluation.
- Better accountability. (Any Three ×1)

Q24. (A) Explain any three Semantic Barriers to Communication.

[3]

OR

(B) Explain any three Personal Barriers to Communication.

Ans) Semantic Barriers (Any Three)

- Badly expressed message
- Symbols with different meanings
- Faulty translations
- Technical jargon
- Body language mismatch (Any Three ×1)

OR

(B) Personal Barriers (Any Three)

- Lack of attention
- Premature evaluation
- Distrust
- Loss in transmission and poor retention (Any Three ×1)

Q25. TechNova Ltd. manufactures smart watches. To complete urgent export orders, employees were regularly asked to work beyond office hours. Due to excessive workload, many employees became less productive. In addition, some workers started receiving instructions from both the Production Manager and the Quality Manager. Gradually, cooperation among employees declined and conflicts increased.

Identify and explain **any three principles of management** violated in the above case by quoting the relevant lines. [4]

Ans) 1. Division of Work

"Employees were regularly asked to work beyond office hours..."

Overburdening employees reduced efficiency.

2. Unity of Command

"Receiving instructions from both Production Manager and Quality Manager..."

Employees should receive orders from one superior only.

3. Esprit de Corps

"Cooperation among employees declined..."

Team spirit should be encouraged. (1 + 1 + 2)

Q26. A garment manufacturing company conducted time study, motion study, and developed standard methods for stitching garments. Workers were trained to follow the prescribed methods, resulting in reduced fatigue and higher productivity. [4]

(a) Identify the techniques of Scientific Management used in above case.

(b) State any two other techniques of Scientific Management.

Ans) Ans) (a) Time Study

- Motion Study
- Standardisation (Any Two)
- **(b) Any Two**
- Functional Foremanship
- Differential Piece Wage System
- Fatigue Study
- Method Study
- Simplification of Work

Q27. (A) The Government announced subsidies for electric tractors. Aggrotech Ltd. immediately began designing electric farm equipment. The company recruited engineers and organised training programmes before launching the new products.

By quoting the lines, explain any four points showing the importance of understanding Business Environment. [4]

Ans) **Ans) (A) Any Four**

- Identifying opportunities
- First mover advantage
- Assisting planning
- Improving performance
- Identifying threats

OR

(B) A smartphone company immediately upgraded its production after the Government announced satellite-based mobile communication services.

Identify and explain any four features of Business Environment visible in the above situation.

Ans) **(B) Any Four**

- Dynamic Nature
- Inter-relatedness
- Specific and General Forces
- Uncertainty
- Relativity

Q28. Bright Solutions Ltd. regularly evaluates employee performance against predetermined standards. Employees whose performance falls below expectations are provided specialised technical training. Before assigning them to new roles, the company also conducts orientation programmes. [4]

(A) Name the function of management being performed.

(B) Identify and explain the two steps highlighted.

(C) State any two earlier steps of this process.

Ans) **Ans) (A) Staffing (1)**

(B) Performance Appraisal

- Training and Development

(1 +1)

(C) Any Two

- Estimating manpower requirement
- Recruitment
- Selection
- Placement
- Orientation ($\frac{1}{2}$ + $\frac{1}{2}$)

Q29. EcoBuild Ltd. manufactures solar panels. To motivate employees, deserving workers were promoted to permanent jobs, while outstanding performers received the "Innovator of the Year Award." [4]

(a) Identify and explain the incentives provided.

(b) State the needs satisfied according to Maslow's Need Hierarchy Theory.

Ans) **Ans) (a)** Job Security

- Employee Recognition Programme (1 +1)

(b) Safety Needs

- Esteem Needs (1 +1)

Q30. (A) Explain the following terms with appropriate scenario: [4]

(i) Critical Point Control

(ii) Management by Exception

Ans) **Ans) (A)**

Critical Point Control

- Focus on Key Result Areas.
- Important activities require close monitoring.
- Management by Exception
- Management concentrates on significant deviations.
- Saves managerial time and effort.

OR

(B) Explain any four features of Controlling.

Ans) **Features of Controlling** - Any Four

- Goal-oriented
- Pervasive
- Continuous
- Forward and backward looking
- Dynamic function

Q31. (A) Nova Consumer Products Ltd. manufactures home appliances and has separate departments for Production, Finance, Marketing and Human Resource. Due to increasing customer demand and market expansion, the company diversified into manufacturing kitchen appliances, air purifiers, smart home devices and solar appliances. The management realised that the existing organisational structure was no longer suitable for handling multiple product lines efficiently. [6]

(a) Identify and explain the organisational structure that Nova Consumer Products Ltd. should adopt. Give one reason for your answer.

(b) Explain any two advantages of this organisational structure.

Ans) (a) **Identified Structure and Reason**

- **Structure:** The company should adopt a **divisional organisational structure**.
- **Explanation:** A divisional structure groups activities based on product lines, where each product division (kitchen appliances, air purifiers, etc.) operates as a self-contained unit with its own functions like production, marketing, and finance.
- **Reason:** Nova Consumer Products Ltd. is diversifying into multiple distinct product lines, which requires specialized attention and independent management for each product category to handle market expansion efficiently.

(b) **Advantages of Divisional Structure**

- **Product specialization:** It helps in developing specialized skills regarding a specific product category, leading to better decision-making and market responsiveness.
- **Greater accountability:** Profits, costs, and performance can be easily tracked for individual product lines, making it simpler to identify and fix underperforming divisions.

OR

(B) Differentiate between Authority, Responsibility and Accountability on the basis of:

Meaning , Origin, Delegation, Flow

Ans)

Basis	Authority	Responsibility	Accountability
Meaning	Right to command and exact obedience.	Obligation to perform an assigned task.	Answerability for the final outcome.
Origin	Arises from a formal managerial position.	Arises from a superior-subordinate relationship.	Arises from the delegation of authority.
Delegation	Can be fully delegated down the line.	Cannot be fully delegated or shifted.	Absolute and cannot be delegated at all.
Flow	Flows downward from superior to subordinate.	Flows upward from subordinate to superior.	Flows upward from subordinate to superior.

Q32. The HR Manager of Elite Retail Ltd. has been asked to recruit 30 Customer Relationship Executives for its expanding online business. [6]

Describe, in the correct sequence, any six steps involved in the Selection Process, briefly explaining each step.

Ans) Any **six** steps in correct sequence (1 mark each)

- Preliminary Screening
- Selection Tests
- Employment Interview
- Reference and Background Check
- Selection Decision
- Medical Examination

-Job Offer

-Contract of Employment (Award marks only if the sequence is correct.)

Q33. The employees of FutureTech Solutions Ltd. receive attractive salaries and enjoy excellent working conditions. However, the HR Manager observed that employees lacked enthusiasm because they rarely received appreciation for their work, had limited opportunities for promotion and were seldom entrusted with challenging assignments. [6]

(a) Identify the motivational theory applicable in the above case.

(b) Explain all the levels of the theory and suggest suitable measures the company should adopt to improve employee motivation.

Ans) (a) **Motivational Theory Applicable**

The case relates to **Maslow's Hierarchy of Needs Theory**. Although the employees' basic and safety needs are well satisfied (attractive salaries, good working conditions), their **higher-order needs — esteem needs and self-actualisation needs — remain unfulfilled**, which is causing the lack of enthusiasm.

(b) **Levels of Maslow's Hierarchy of Needs**

Maslow arranged human needs in a hierarchical order, from basic to higher-level needs. A satisfied need no longer motivates, and the next higher need emerges to dominate behaviour.

1. **Basic Physiological Needs**

These are needs required for survival — food, shelter, clothing, sleep, and basic salary/pay. In an organisational context, these are met through fair wages/salary.

2. **Safety/Security Needs**

The need to be free from physical danger and economic insecurity — job security, safe working conditions, pension, provident fund, insurance, etc.

3. **Affiliation/Social/Belongingness Needs**

Since people are social beings, they need love, affection, a sense of belonging, and friendship — satisfied through teamwork, cordial relations with colleagues and superiors, and social/cultural activities at work.

4. **Esteem Needs**

These relate to self-respect, recognition, status, prestige, and the respect of others. At work, these are satisfied through appreciation, awards, recognition, higher designations, and respect from peers and seniors.

5. **Self-Actualisation Needs**

These are the needs to realise one's full potential — growth, self-fulfilment, and achieving what

one is capable of becoming. At work, these are satisfied through challenging jobs, creative tasks, opportunities for growth, and scope for using one's skills fully.

Application to the Case:

In FutureTech Solutions Ltd., physiological needs (attractive salary) and safety/comfort needs (excellent working conditions) are already satisfied. However:

- Lack of appreciation → **Esteem needs unmet**
- Limited promotion opportunities → **Esteem needs unmet**
- No challenging assignments → **Self-actualisation needs unmet**

Suggested Measures for the Company

1. **Recognise and appreciate good performance** — through verbal appreciation, certificates, "employee of the month" awards, or public acknowledgment, to satisfy esteem needs.
2. **Create clear promotion policies and career growth paths** based on merit and performance, giving employees higher designations/status.
3. **Assign challenging and meaningful work** that utilises employees' skills and creativity, allowing them to grow and realise their potential (self-actualisation).
4. **Involve employees in decision-making** and give them autonomy in handling projects, which builds a sense of importance and achievement.
5. **Provide training and development opportunities** so employees can enhance their skills and take on more responsibility over time.
6. **Delegate authority along with responsibility**, showing trust in employees' abilities, which boosts both esteem and self-actualisation needs.

By addressing these higher-order needs, FutureTech Solutions Ltd. can restore employee enthusiasm and motivation, since merely satisfying lower-level needs (pay and comfort) is not sufficient to keep employees motivated once those needs are met.

Q34. Skyline Electronics Ltd. fixed a monthly production target of 25,000 LED televisions with maximum wastage limited to 3%. At the end of the month, actual production was 22,000 units, while wastage increased to 6%. Investigation revealed that outdated machinery, shortage of skilled workers and irregular maintenance were responsible for the poor performance.

(A) Explain all the steps involved in the Controlling Process with reference to the above case. Also suggest suitable corrective measures. [6]

Ans) **Steps in the Controlling Process (with reference to Skyline Electronics Ltd.)**

Controlling is the process of ensuring that actual performance conforms to planned performance. It involves the following steps:

1. Setting Performance Standards

Standards are the criteria against which actual performance is measured. They should be clear, measurable, and expressed in quantitative as well as qualitative terms wherever possible.

In the case: Skyline Electronics Ltd. set a **monthly production target of 25,000 LED televisions** with **maximum permissible wastage of 3%**. These served as the benchmarks/standards for the month.

2. Measurement of Actual Performance

Actual performance is measured in a reliable and consistent manner, using the same units as the standards, so that a valid comparison can be made. It should be measured after the task is completed as well as periodically during the process (concurrent control), so deviations can be detected early.

In the case: At the end of the month, actual performance was measured and found to be **22,000 units produced with wastage of 6%.**

3. Comparing Actual Performance with Standards

This step involves comparing actual performance with the set standards to find out the deviation. It helps determine how much actual performance has fallen short of, met, or exceeded the target.

In the case:

- Production shortfall = $25,000 - 22,000 = 3,000$ **units short**
- Wastage exceeded the limit by = $6\% - 3\% = 3\%$ **excess wastage**

4. Analysing Deviations

All deviations are not equally important, so management must analyse them using:

- **Critical Point Control** – focusing on key result areas (KRAs) that affect the organisation significantly.
- **Management by Exception** – giving attention only to significant deviations, not minor ones. Causes of deviation must also be identified.

In the case: Investigation revealed the deviations (low production and high wastage) were caused by:

- **Outdated machinery**
- **Shortage of skilled workers**
- **Irregular maintenance**

5. Taking Corrective Action

Once the causes of deviation are identified, corrective measures are taken to ensure the deviation does not recur. If deviations are beyond the control of managers, standards themselves may need revision.

Suggested Corrective Measures for Skyline Electronics Ltd.

1. **Modernise machinery** – Replace or upgrade outdated machines with advanced, efficient technology to improve output and reduce breakdowns.
2. **Recruit and train skilled workers** – Hire adequately skilled staff and provide training programmes to enhance the existing workforce's efficiency.
3. **Implement a regular maintenance schedule** – Introduce preventive/planned maintenance of machinery to avoid irregular breakdowns and reduce wastage.
4. **Introduce quality control checks** at various stages of production to detect and minimise wastage early.
5. **Review and possibly revise standards** temporarily if outdated machinery genuinely limits capacity, until modernisation is complete.
6. **Motivate employees** through incentives for achieving production targets with minimal wastage.

By systematically following the controlling process — setting standards, measuring performance, comparing, analysing deviations, and taking corrective action — Skyline Electronics Ltd. can identify the root causes of poor performance and take timely steps to bring production and wastage back within the desired limits.

OR

(B) Urban Fashion Ltd. prepared an annual sales plan expecting a revenue of ₹25 crore. Midway through the year, consumer demand shifted towards sustainable clothing. The CEO immediately instructed the design team to introduce eco-friendly products and directed the marketing department to

redesign promotional campaigns accordingly. She also advised managers to continuously monitor changes in customer preferences while preparing future plans.

(a) Explain the relationship between Planning and Controlling with reference to the case.

(b) Identify the corrective actions taken by the CEO.

Ans) **(a) Relationship between Planning and Controlling (with reference to the case)**

Planning and Controlling are **interrelated and interdependent functions of management**, often described as the "twins of management." Planning without controlling is meaningless, and controlling without planning is directionless.

1. Planning is the basis of Controlling

Controlling is only possible when standards/goals have already been set through planning. Without a plan, there is nothing to compare actual performance against.

In the case: Urban Fashion Ltd. had prepared an **annual sales plan expecting ₹25 crore revenue**, which served as the standard/benchmark for controlling.

2. Controlling improves and guides future Planning

Controlling provides useful information (through feedback) about deviations, weaknesses, and changing conditions, which helps managers revise existing plans and make better future plans.

In the case: Monitoring of the market revealed a **shift in consumer demand towards sustainable clothing**, a deviation from what was assumed while planning. This feedback prompted the CEO to take corrective action and also **advised managers to continuously monitor customer preferences while preparing future plans** — showing that controlling feeds back into planning.

3. Planning is prospective (forward-looking), Controlling is retrospective (backward-looking) but both are forward-oriented in purpose

Planning decides what is to be done in the future, while controlling looks at past/current performance to ensure future actions stay on track.

4. Planning and Controlling are both continuous and dynamic processes

Just as plans need to be updated with changing circumstances, controlling must continuously monitor the environment to signal when such changes are needed.

In the case: The CEO's instruction to **continuously monitor changes in customer preferences** reflects that controlling is an ongoing process that keeps planning realistic and updated.

5. Planning without Controlling is useless; Controlling without Planning is baseless

Since Urban Fashion Ltd. had a clear sales plan, the CEO could identify the deviation (shift in demand) and take timely corrective action — demonstrating that effective planning enabled effective controlling, and the controlling process, in turn, will refine future planning.

(b) Corrective Actions Taken by the CEO

1. Instructed the design team to introduce eco-friendly/sustainable clothing products — to align the product line with the new consumer demand for sustainable fashion.
2. Directed the marketing department to redesign promotional campaigns — to promote the eco-friendly products effectively and appeal to the changed customer preferences.
3. Advised managers to continuously monitor changes in customer preferences while preparing future plans — to ensure that future planning remains realistic, adaptable, and responsive to market/environmental changes, preventing similar deviations in the future.

These actions show that the CEO used controlling as a tool to correct deviations (by realigning products and promotions with market demand) and simultaneously strengthened the planning process for the future by building in continuous environmental monitoring.
