



B.K. BIRLA CENTRE FOR EDUCATION

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



PRE-BOARD 3 EXAMINATION, 2025-26

BUSINESS STUDIES - 054

SET B

Class: XII

Date: 12/01/2026

Admission no:

Time: 3 Hrs.

Max Marks: 80

Roll no:

General instructions :

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

1. A company's target production is 5000 units in a year, to achieve this target the manager has to operate in double shifts due to power failure. The manager is able to meet the target but at a higher production cost. Is the manager efficient or effective?

- (a) Effective and efficient (b) Effective
(c) Efficient (d) None of the above

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2. A business has to offer wider choice in purchasing enhanced quality of goods and services in order to maintain an edge over its competitors. The implementation of the new economic policy with liberalisation, privatisation and globalisation has posed various challenges for the corporate sector. One of the important challenges is explained in the above lines. Identify it.

- (a) Increasing competition (b) More demanding customers
(c) Necessity for change (d) Market orientation

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3. Assertion (A) Manufacturer's have now flexible manufacturing systems.

Reason (R) Agricultural and industrial production trends are the economic dimensions of the environment which affect the business environment.

Options:

- (a) Both Assertion(A) 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

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4. Which of the following is not a demerit of functional structure?

- (a) It places more emphasis on the objectives pursued by a functional head than on overall enterprise objectives.
- (b) It may lead to conflict of interests among departments due to varied interests.
- (c) It leads to occupational specialisation.
- (d) It may lead to difficulty in co-ordination among functionally differentiated departments

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5. Assertion (A): Delegation does not mean abdication.

Reason (R) : A manager is under obligation to perform the delegated task.

Options:

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

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6. It refers to the way in which urges, drives, desires, aspirations, strivings or needs direct control and explain the behaviour of human beings. Which element of directing is indicated here?

- (a) Supervision
- (b) motivation
- (c) Communication
- (d) None of the above

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7. Assertion(A):Identification and division of work is the first step in the process of organising.

Reason (R): Organising involves identifying and dividing the work that has to be done in accordance with previously determined plans.

Options:

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

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8. When the deviations between the actual performance and the planned performance are within the limits, _____.

- (a) A limited corrective action is required
- (b) No corrective action is required
- (c) A major corrective action is required
- (d) None of the above

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9. This concept of Control Management is based on the belief that if you try to control everything, you may end up controlling nothing.

- (a) Critical point control
- (b) Key result areas
- (c) Management by exception
- (d) Deviations

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10. Statement I: Financial planning is essentially the preparation of financial blueprint of an organisation's future operations.

Statement II: Financial planning is done only for long-term and focuses on capital expenditure programmes only.

Choose the correct option from the options given below:

- (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.

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11. Which of the following statements is not true?

- (a) The cost of debt is higher than the cost of equity
- (b) The lender's risk is lower than the equity shareholder's risk
- (c) The interest paid on debt is treated as a tax-deductible expense
- (d) None of the above

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12. Arrange the following steps involved in the process of financial planning in the correct sequence.

- (a) Estimation of expected profit, Preparation of a sales forecast, Preparation of financial statements
- (b) Preparation of a sales forecast, Preparation of financial statements, Estimation of expected profit
- (c) Preparation of a sales forecast, Estimation of expected profit, Preparation of financial statements
- (d) Preparation of financial statements, Estimation of expected profit, Preparation of a sales forecast

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13. Assertion(A): Debt is more risky as compared to Equity.

Reason (R): Payment of dividend and return of principal amount is obligatory for the business in case of equity.

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

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14. Match Column 'A' with column 'B':

Column 'A'

Column 'B'

- | | |
|-----------------------------|--|
| a) Right issue | i) Securities are offered to issuing houses or stock brokers |
| b) Offer through prospectus | ii) Institutional investors |
| c) Private placement | iii) Privilege to existing shareholders |
| d) Offer for sale | iv) Most popular method of raising funds |

Choose the correct answer from the option given below

- A) a-iv, b-iii, c-ii, d-i
- B) a-i, b-iv, c-iii, d-ii
- C) a-ii, b-i, c-iv, d-iii
- D) a-iii, b-iv, c-ii, d-i

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15. Identify the related function of labelling being depicted below as given on the pack of the chips.



- (a) Describes the product and specifies its content
- (b) Grading of products
- (c) Helps in promotion of the products
- (d) Identification of the product or brand

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16. A marketer of colour TV having 20% of the current market share of the country aims at enhancing the market share to 50 % in next three years. For achieving this objective he specified an action programme. Name the function of marketing being discussed above.

- (a) Product designing
- (b) Standardisation and grading

17. In case a consumer is not satisfied with the order passed in the District Commission, he can further make an appeal in the State Commission within a time period of ____.

(a) 10 days

(b) 20 days

(c) 30 days

(d) 45 days

1

18 Assertion (A) Producers are under legal obligation to provide information on the package and label of the product.

Reasoning (R) Consumer does not have a right to have information about the ingredients of the product.

Options:

(a) Both are true and (R) is the correct explanation of (A)

(b) Both are true but (R) is not the correct explanation of (A)

(c) (A) is true but (R) is false

(d) (A) is false but (R) is true

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19. Which of the following statements is not true with regard to the District Forum?

(a) It consists of a President and three other members, one of whom should be a woman

(b) The members are appointed by the District Government

(c) A complaint can be made to the appropriate District Forum when the value of the goods or services in question, along with the compensation claimed, does not exceed 10 lakhs

(d) All of the above

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20. Naina, her husband, and her two minor daughters were travelling from Mumbai to Delhi, availing of a company's flight services in 2018. The airlines had issued boarding passes to all of them. Naina claimed in her plea that the airlines left all her family at the Mumbai Airport without informing them, despite their being on the airport premises. The family had to stay in a hotel and purchase new tickets the next day. The State Consumer Disputes Redressal Commission (SCDRC), on hearing the plea, asked an airline company to pay Rs 50,000 to Naina and her family. Identify the rights of consumers being exercised in the given case.

(a) Right to safety

(b) Right to be heard

(c) Right to seek redressal

(d) Right to consumer education

1

21. (A) An environmental conscious multinational company "AXN Ltd." follows certain well defined business principles that result in minimizing employee turnover. Following are some of the important environmental factors followed by 'AXN Ltd.'

Honour the law of every country in which it operates.

Respect the culture and customs of all nations.

Provide clean and safe products to enhance the quality of life throughout the world

Develop a culture in the company that enhances individual creativity and teamwork while honouring mutual trust and respect between management and labour.

From the above :

(i) Identify any one business environment and explain it.

(ii) Identify two values depicting in the case.

OR

(B) Lately many companies have planned for significant investment in organised retailing in India. Several factors have prompted their decision in this regard.

Customers income is rising. People have developed a taste for better quality products even though they may have to pay more. The aspiration levels have increased. The government has also liberalised its

economic policies in this regard and permitted even cent per cent foreign direct investment in some sectors of retailing.

Identify changes in any three business environment quoting the lines under different heads – economic, social, technological, political and legal that has facilitated the company's decisions to plan significant investments in organised retailing.

3

22. (A) XYZ ltd. has a plan of increasing profits by 20%. It has devoted a lot of time and money to this plan. But the competition starts increasing, so it could not change its plan to beat its competitors because huge amount of money had already been devoted to the pre-decided plan. It caused losses to the company. Explain any two limitations of planning highlighted in the above case. Also, quote the lines from it

OR

(B) In 'Chak de India' movie, Shahrukh Khan becomes the coach of the girls' hockey team. He knows that he has to prepare the girls for the international hockey matches and bring the world cup after the winning. For this he prepares a long- team plan and thinks the ways how to beat the competitors. He coaches the girls to play in different ways like defensive, offensive, etc. At the outsets of a match he explains who will open the match, and how the ball will be passed by one player to another step by step.

Identify three types of plans that are highlight in the above case, quoting the lines from it.

3

23. Hindustan Ltd., is manufacturing computers, soaps and textiles. Which type of organizational structure would suit the requirements of such organization? State any three advantages of this organization structure.

3

24. Ajay was appointed as a marketing head of 'Alfa Enterprise' manufacturers of toothpaste and toothbrushes. His target sale was 2,000 units a month. Apart from thinking about various channels of distribution to achieve the target he himself started visiting schools in backward areas. He found that even after taking various steps and counselling, some school children had not started brushing their teeth. He investigated and found that they could not afford to buy toothbrushes and toothpaste. So with due permission he started donating 200 toothbrushes and toothpastes every month to the school.

(i) Identify the channel of distribution Ajay would adopt for distribution of toothpaste and toothbrushes and justify it by giving one reason.

(ii) State and explain any two values which Ajay wants to communicate to the society.

3

25. The production manager of Bharat Ltd. instructs a salesman to go slow in selling the product, whereas the marketing manager is insisting on fast selling to achieve the target.

Which principle of management is being violated in this case?

State the consequences of violation of this principle.

4

26. (A) Defining 'organizational objectives' as the first step in the process of planning.

Explain in brief the other steps of this process

OR

(B) Explain "Objective" and "Policy" as types of plan using suitable examples.

4

27. A reputed hostel, GyanPradan provides medical aid and free education to children of its employees.

Which incentive is being highlighted here? State its category and name any two more incentives of the same category.

4.

28 (A) To satisfy the social and physiological needs which type of incentives are needed?

Explain any four types of such incentives.

OR

(B) Ayasha Ltd. assured their employees that inspite of recession, no worker will be retrenched from the job. Name and explain the type of incentive offered to the employees.
Explain one more incentive of the same category. 4

29. Kapil and Kamal and Company is a large manufacturing unit. Recently the company had conducted time and motion studies and concluded that on an average, a worker could produce 300 units per day. However, it has been noticed that the average daily production of a worker is in the range of 200-225 units.

(i) Name the function of management and identify the step in the process of this function which helped in finding out that the actual production of the worker is less than the set target.

(ii) To complete the process of function identified in question (a) and to ensure the performance as per time and motion studies, explain what further steps a manager has to take. 4

30. Mr. Aditya Gupta was the chairman of 'Bandhan Bank'. The Bank was earning good profits. Shareholders were happy as the bank was paying regular dividends. The market price of their shares was also steadily rising. The bank announced its takeover of 'Karur Bank'. Aditya Gupta knew that the share price of Vandan Bank would rise on this announcement. Being a part of the bank, he was not allowed to buy shares of the bank. He called one of his rich friends Nimesh and asked him to invest Rs 6 crores in the shares of his bank, promising him the capital gain.

As expected, the share prices went up by 40% and the market price of Nimesh's shares was now Rs 8.4 crores. He had earned a profit of Rs 2.4crores. He gave Rs 1.2 crore to Mr. Aditya Gupta and kept Rs1.2 crore with him. On regular inspection and by conducting enquiries of the brokers involved, Securities and Exchange Board of India (SEBI) was able to detect this irregularity. SEBI imposed a heavy penalty on Aditya Gupta.

By quoting the lines from the above para identify and state any two functions that were performed by SEBI in the above case. 4

31. 'Bhasin' 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. Actually the company had implemented changes without creating the required infrastructure.

a. Identify the Principles of Management (out of 14 given by Henry Fayol) that were being violated by the company.

b. Explain these principles in brief.

c. What steps should the company management take in relation to the above principles to restore the company to its past glory? 6

32. (A) Why delegation is considered essential for effective organising?

OR

(B) What is a divisional structure? Discuss its advantages and limitations. 6

33. Sakshi Ltd. is a company manufacturing electronic goods. It has a share capital of Rs. 120 lakhs. The earning per share in the previous years was Rs 0.5. For diversification the company requires additional capital of Rs 80 lakhs. The company raised funds by issuing 10 % debentures for the same. During the current year the company earned profit of Rs 16 lakhs on capital employed, It paid tax of 40%.

(a) State whether the shareholders gained or lost in respect of earning per share on diversification. Show your calculations clearly.

(b) Also state any three factors that favour the issue of debentures by the company as part of its capital structure.

6

34. (A) "Though advertising is one of the most frequently used mediums of promotion of goods and services, it attracts a lot of objections.' Explain the term advertisement and any five such objections.

OR

(B) There are some characteristics that should be kept in mind while choosing a brand name. Explain the term branding and its characteristics that a good brand name should have with examples.

6

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