CBSE EXAMINATION PAPER-2026

BUSINESS STUDIES

(Solved)

Time allowed : 3 hours | Maximum Marks : 107

General Instructions :

Read the following instructions carefully and follow them :

i. This question paper contains **41 questions.** All questions are **compulsory.**

ii. This question paper is divided into **4 sections.**

iii. **Section A** – questions number **1 to 21** are multiple choice questions

iv. **Section B** – questions number **22 to 27** are short answer type i

v. **Section C** – questions number **28 to 35** are short answer type ii

vi. **Section D** – questions number **36 to 41** are long answer

vii. There is no overall choice given in the question paper. However, an internal choice has been provided in few questions.

viii. Use of calculator is NOT allowed.

Section A

Question 1.

The top management of a smartphone manufacturing company recently observed that the government has ordered new safety standards for batteries used in smartphones to prevent overheating. It also noticed that the government announced a reduction in import duties on components used in mobile phones.

The dimensions of business environment highlighted in the above case are :

[1 Marks]

(A) Political and legal environments

(B) Technological and legal environments

(C) Legal and social environments

(D) Political and technological environments

Question 2.

'Tangy Beverages Ltd.' was known for its popular tangy fruit drinks. It had recently introduced a new range of fruit drinks that became an instant hit among consumers and led to a significant increase in the company's profits. As a result, the Board of Directors wanted to declare a higher dividend for the year. The Chief Finance Officer suggested that they should evaluate the impact of dividend on the share price of previous years before taking a decision. An analysis was done, which showed how the company's share price had risen in previous years whenever the dividend was increased. On the other hand, even a small decrease in dividend had led to a noticeable dip in the share price.

Which of the following factors affecting dividend decision was suggested by the Chief Finance Officer to the Board of Directors in the above case ?

[1 Marks]

(A) Access to capital market

(B) Cash flow position

(C) Stock market reaction

(D) Shareholders preference

Question 3.

Read the following statements : Assertion (A) and Reason (R).

Assertion (A) : General forces such as social, political, legal and technological conditions affect an individual firm only indirectly.

Reason (R) : General forces have an impact on all business enterprises, in contrast to, specific forces that affect individual firms directly and immediately in their day-to-day working. Choose the correct alternative from the following :

[1 Marks]

(A) Both Assertion (A) and Reason (R) are incorrect.

(B) Both Assertion (A) and Reason (R) are correct, but Reason (R) is not the correct explanation of Assertion (A).

(C) Both Assertion (A) and Reason (R) are correct and Reason (R) is the correct explanation of Assertion (A).

(D) Assertion (A) is correct, but Reason (R) is incorrect.

Question 4.

One of the factors affecting price determination of a product is 'Pricing Objectives'. Which of the following pricing objectives will result in a higher price being fixed for the product ?

[1 Marks]

(A) Surviving in a competitive market

(B) Obtaining market share leadership

(C) Attaining product quality leadership

(D) Profit maximisation in the long run

Question 5.

''The application of principles of management is dependent upon the prevailing situation at a particular point of time.'' This statement highlights which of the following features of principles of management ?

[1 Marks]

(A) Contingent

(B) Mainly behavioural

(C) Flexible

(D) General guidelines

Question 6.

'Renew Ltd.' was the pioneer in the Electric Vehicles segment and presently has 70% market share. Keeping in mind the rapidly increasing demand for Electric Vehicles due to the rising environment consciousness among people and lower operating costs, the company set a target to increase its market share to 80% in the current year. However, the incentives provided by the government to encourage manufacturing of Electric Vehicles attracted many new players in the market. As this change in the business environment happened suddenly, the company was not able to accurately

assess future trends. As a result, the market share of 'Renew Ltd.' fell from 70% to 55% in the current year. Which limitation of planning has been discussed in the above case ?

[1 Marks]

(A) Planning involves huge costs

(B) Planning does not guarantee success

(C) Planning may not work in a dynamic environment

(D) Planning leads to rigidity

Question 7.

Which of the following statements is incorrect with reference to Maslow's Need Hierarchy Theory of motivation ?

[1 Marks]

(A) People's behaviour is based on their needs.

(B) Only a satisfied need can motivate a person.

(C) People's needs are in hierarchical order, starting from basic needs to other higher level needs.

(D) A person moves to the next higher level of the hierarchy only when the lower need is satisfied.

Question 8.

Which of the following is not a factor affecting capital structure of a company ?

[1 Marks]

(A) Return on investment

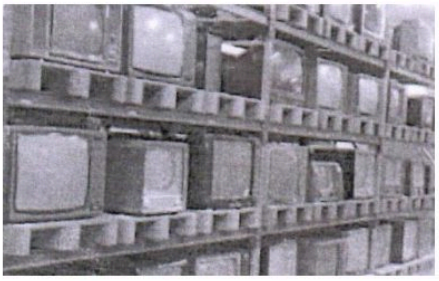
(B) Cash flow position

(C) Financing alternatives

(D) Stock market conditions

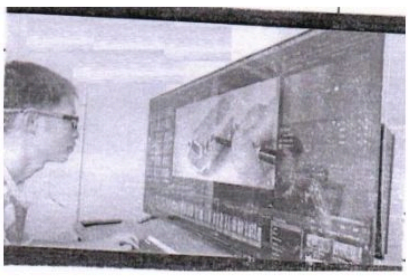
Question 9. Identify the shift in the marketing management philosophy from Picture I to Picture II

[1 Marks]



Mass Production of Televisions

Picture I



Use of Television as a Computer Monitor

Picture II

(A) From Production concept to Product concept

(B) From Production concept to Societal marketing concept

(C) From Societal marketing concept to Production concept

(D) From Product concept to Production concept

Question 10.

The process of giving a name or a sign or a symbol etc., to a product is known as :

[1 Marks]

(A) Labelling

(B) Brand

(C) Packaging

(D) Branding

Question 11.

'Deccan Motors Ltd.' is a renowned name in the automobile sector in India. It deals in both commercial vehicles like bus, truck and lorries, as well as passenger vehicles like cars, scooters, etc. It presently has a functional organisational structure. The Board of Directors have now decided to shift to divisional structure, with separate divisions for commercial vehicles and passenger vehicles.

Identify the benefit the company will get as a result of shifting to divisional structure

[1 Marks]

(A) It will make training of employees easier as the focus will be on limited range of skills.

(B) It will lead to minimal duplication of effort, which will result in economies of scale.

(C) It will promote flexibility and initiative because each division will function as an autonomous unit.

(D) It will lead to occupational specialisation since emphasis will be placed on specific functions.

Question 12.

Obligation of a subordinate to properly perform the assigned duty is known as _____.

[1 Marks]

(A) Responsibility

(B) Accountability

(C) Authority

(D) Delegation

Question 13.

A software company wants to expand its business. For this, it requires a large number of fresh graduates with innovative ideas in the field of Artificial Intelligence and Data Analytics. The existing staff members do not possess these specialized skills, so a notice was put up at the reception of the office asking the present employees to introduce any friend or relative who could possibly be possessing the required skills for the jobs. The source of recruitment that has been used by the software company is

[1 Marks]

(A) Promotion

(B) Transfer

(C) Recommendation of employees

(D) Direct Recruitment

Question 14.

Read the following statements carefully :

Statement I : The entry to a profession is not restricted either through an examination or through acquiring an educational degree.

Statement II : There is no restriction on anyone being designated or appointed as a manager in any business enterprise irrespective of the educational qualifications possessed. In the light of the given statements, choose the correct alternative from the following :

[1 Marks]

(A) Both Statement I and Statement II are false.

(B) Statement I is true and Statement II is false.

(C) Statement I is false and Statement II is true

(D) Both Statement I and Statement II are true.

Question 15.

A leading newspaper company noticed that many of its talented editors were resigning despite being paid competitive salaries. On conducting an internal survey, it was revealed that employees were dissatisfied as they were not being offered benefits over and above the salary, like the employees of other competitive firms. Realising that such additional benefits play an important role in motivating employees, the management decided to provide car allowance, housing facilities, medical benefits, etc. to retain employees in the organisation and improve their satisfaction. Identify the incentive that the newspaper company decided to provide to their employees :

[1 Marks]

(A) Perquisites

(B) Profit sharing

(C) Bonus

(D) Retirement benefits

Question 16.

Match the type of plan given in Column-I with its meaning in Column-II : Choose the correct alternative from the following :

[1 Marks]

	Column-I		*Column-II*
a.	Policy	(i)	Prescribed way or manner in which a task has to be performed considering the objective.
b.	Programme	(ii)	Detailed statement about a project which outline the objectives, policies, procedures, rules, tasks, human and physical resources required and the budget to implement any course of action.
c.	Method	(iii)	A comprehensive plan for accomplishing an organisation's objectives, taking business environment into consideration.
d.	Strategy	(iv)	A general statement that guides thinking or channelises energies towards a particular direction.

(A) a-(iv), b-(i), c-(ii), d-(iii)

(B) a-(iv), b-(ii), c-(iii), d-(i)

(C) a-(ii), b-(iv), c-(i), d-(iii)

(D) a-(iv), b-(ii), c-(i), d-(iii)

Question 17. The purpose of opening a Demat Account with a Depository Participant (DP) is

[1 Marks]

(A) For holding and transferring securities in the Demat form

(B) For entering into an agreement with broker

(C) For making payment to stock exchange for any purchase of securities

(D) For enabling cash transactions in the securities market

Question 18.

The step of the staffing process in which an employee's current and/or past performance is evaluated against certain pre-determined standards is :

[1 Marks]

(A) Recruitment

(B) Performance appraisal

(C) Placement and orientation

(D) Promotion and career planning

Question 19. Which of the following will require higher working capital ?

[1 Marks]

(A) Trading organisations

(B) Short processing cycles

(C) High level of competition

(D) Strict credit policy towards debtors

Question 20.

Read the following statements carefully :

Statement I : In democratic leadership style, the followers are given a high degree of independence to formulate their own objectives and ways to achieve them.

Statement II : In autocratic leadership style, communication is only one-way, with the subordinates only acting according to the command given by their managers.

In the light of the given statements, choose the correct alternative from the following

[1 Marks]

(A) Statement I is true and Statement II is false.

(B) Both Statement I and Statement II are true.

(C) Both Statement I and Statement II are false.

(D) Statement I is false and Statement II is true.

Question 21.

Read the following statements : Assertion (A) and Reason (R).

Assertion (A) : The investing public gets a safe and fair deal on the stock market.

Reason (R) : The membership of stock exchange is well regulated and its dealings are well defined according to the existing legal framework. Choose the correct alternative from the following :

[1 Marks]

(A) Assertion (A) is correct, but Reason (R) is incorrect.

(B) Both Assertion (A) and Reason (R) are incorrect.

(C) Both Assertion (A) and Reason (R) are correct, but Reason (R) is not the correct explanation of Assertion (A).

(D) Both Assertion (A) and Reason (R) are correct and Reason (R) is the correct explanation of Assertion (A).

Section B

Question 22.

'Premier Ltd.' is a clothing company known for its high quality apparel and strong commitment to environment sustainability. The company designs its clothing after carefully understanding the needs of its present and prospective buyers and satisfying them in an effective manner. It assumes that profit can be maximised only when all decisions are taken from the point of view of customer satisfaction. Along with meeting customer needs, 'Premier Ltd.' also shows a deep concern for the long-term well-being of the society. To reduce environmental pollution, the company is using organic cotton and recycled polyester. For reducing waste, they run a programme where customers can return old clothes for recycling and get a discount on new clothes. Not only this, they keep aside a portion of its profits for environmental education programmes in local schools. Identify and explain two marketing management philosophies followed by 'Premier Ltd.'

[3 Marks]

Question 23.

State any three points of importance of Financial Planning

[3 Marks]

Question 24.

State any three factors that determine the requirement of fixed capital of a company.

[3 Marks]

Question 25.

'DF Telecom Ltd.', which produces a range of mobile phones for the Indian market, set a target to produce 30,000 units of mobile phones in the month of December 2025. This was the benchmark against which actual performance would be measured. At the end of the month, it was found that only 27,000 units were produced.

Concerned with the shortfall, the General Manager asked the Production Manager to find out and resolve the problem.

State the steps related to the process of one of the functions of management which the Production Manager has to take to find out and resolve the problem.

[3 Marks]

Question 26.

Differentiate between 'Capital Market' and 'Money Market' on the basis of the following :

(i) Investment outlay

(ii) Liquidity

(iii) Safety

[3 Marks]

Question 27.

State any three development functions of Securities and Exchange Board of India.

[3 Marks]

Section C

Question 28.

Explain the following points of importance of business environment :

(i) Helps in tapping useful resources

(ii) Helps in coping with rapid changes

[4 Marks]

Question 29.

Explain the following techniques of Scientific Management :

(i) Method study

(ii) Standardisation and simplification of work

[4 Marks]

Question 30.

State any four features of coordination.

[4 Marks]

Question 31.

State any four points of importance of management

[4 Marks]

Question 32.

'Ratan Ltd.' and 'Lara Ltd.' are two companies with each having a capital employed of ₹ 20,00,000. 'Ratan Ltd.' had raised funds by issuing shares whereas 'Lara Ltd.'s' capital has 60% equity (in shares of ₹ 100 each) and 40% debt (comprising of 8% debentures). Both the companies have a Return on Investment of 10% and the tax rate is 40%. State with reason which company will be able to give a better return to the shareholders. Show your calculations clearly.

[4 Marks]

Question 33.

Rishabh purchased a car for ₹ 8,00,000. He insured the car on the same day from Alex Insurance Company. Rishabh's car was stolen in Kedwan while he was on vacation with his family. He promptly filed a First Information Report (FIR), informed the insurer and submitted all the required documents.

To Rishabh's shock, the insurance company rejected his claim, alleging he had failed to take due care and had parked the car in an unsafe manner. Determined to challenge this, Rishabh wrote multiple letters to the insurance company, but the insurance company refused to pay the compensation.

Rishabh filed a case with District Commission. The District Commission was satisfied with the genuineness of the complaint and ordered the insurance company to pay a reasonable amount. Identify and explain two consumer rights which have been exercised by Rishabh.

[4 Marks]

Question 34.

Hitesh started a garment manufacturing company recently. However, he soon began facing several problems like targets not met, conflicts among managers, high labour turnover, etc. He hired a management consultant to find out what was going wrong. The consultant conducted investigations and gave the following observations :

(i) In Production Department, workers were receiving instructions from both, the Production Manager and the Marketing Manager. As a result, there was a lot of confusion regarding tasks to be done.

(ii) Promotions were given only to women employees. Other employees did not get equal opportunities in the company to rise.

Identify and explain the two principles of management given by Fayol which are not being followed in Hitesh's company

[4 Marks]

Question 35.

The students of class 11 of 'AL Public School' decided to host a farewell party to students of class 12. A core team was formed that brainstormed and identified various activities that needed to be performed for the same. It was decided that the arrangements for refreshments, sound and music, tentage, gifts, invitations and cultoural programme are required to be made. The students then divided the work into manageable activities so that duplication is avoided and burden of work is shared. The students were excited that they were managing the whole event themselves.

(i) The students of class 11 have performed one of the steps in the process of organising. Identify the step.

(ii) State the next three steps that the students need to perform to complete the process of organising successfully.

[4 Marks]

Section D

Question 36.

'Yummi Foods', a fast-growing snacks chain has been in business for the last 13 years. Realising that there is a growing demand for nutritious food, the company planned to enter the healthy snacks segment. They decided to hire a Marketing Manager with an experience in this segment. For this, they gave an advertisement in a leading newspaper and received more than 200 applications. The Human Resource Manager carefully went through all the application forms and removed the application forms of those applicants who did not meet the basic qualifications. Short introductory interactions were also held to filter out candidates who did not match the job requirements. The shortlisted candidates were then asked to take a test designed to measure their intelligence, personality traits, etc. Candidates who performed well in the test were invited for a formal in-depth conversation to be evaluated on their suitability for the job. A job offer was made to a candidate for the role of a Marketing Manager through an appointment letter mentioning the joining date. But before the job offer was made, 'Yummi Foods' had performed three steps in the process of selection which are not mentioned above. Identify and explain the steps.

[6 Marks]

Question 37.

Explain the following points of importance of delegation :

(i) Employee development

(ii) Motivation of employees

(iii) Effective management

[6 Marks]

Question 38.

'Novel Stores' is a chain of grocery stores that has built its reputation on customer satisfaction. It is known for its high-quality products, including a wide variety of bakery, dairy products and ready-to-cook meal kits, etc. catering to diverse customer needs. The store regularly takes feedback from the customers and stocks items accordingly. The store is popular among the customers for its attractive schemes such as 'buy one get one free' offers and weekly discounts, etc. which are advertised on its website. Once the goods are manufactured, packaged, branded and promoted, 'Novel Stores' ensures that they are made available to customers at the right place, in the right quantity and at the right time. Customers can place orders online and choose to get them delivered at their home or pick them up from the store at a selected time. As a result, the revenues of 'Novel Stores' are growing every year and profits are increasing. Identify and explain the elements of marketing mix highlighted in the above case.

[6 Marks]

Question 39.

Explain any four points of importance of directing function of management.

[6 Marks]

Question 40.

Explain any four psychological barriers of communication.

[6 Marks]

Question 41.

Explain the following points of importance of planning :

(i) Planning provides directions

(ii) Planning reduces overlapping and wasteful activities

(iii) Planning establishes standards for controlling

[6 Marks]