CBSE EXAMINATION PAPER-2026

BUSINESS STUDIES

(Solved)

Time allowed : 3 hours | Maximum Marks : 103

General Instructions :

Read the following instructions carefully and follow them :

i. This question paper contains **40 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 34** are short answer type ii

vi. **Section D** – questions number **35 to 40** 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.

Kabir purchased a luxury car for ₹ 2 crores from a well-known car dealer named 'Global Motors'. Within a few days, he found serious defects in the car. When he contacted 'Global Motors', they refused to repair or replace the car. Kabir then filed a case in the appropriate consumer court. However, he was not satisfied with the orders of this court. Where can Kabir file an appeal now ?

[1 Marks]

(A) Supreme Court

(B) National Commission

(C) District Commission

(D) State Commission

Question 2.

Sharad was the Operations Manager at 'Nova Ltd.' He assigned the task of completing an urgent order to Anita, the Production Supervisor. She was given the authority to plan the work and meet the deadline. Anita further assigned the work to Rohit, a machine operator and asked him to finish it by the end of the day. Rohit did not complete the task on time, due to which the company failed to deliver the order. Who is accountable to Sharad for non-completion of the work ?

[1 Marks]

(A) Rohit

(B) Both Rohit and Anita

(C) Anita

(D) Sharad himself

Question 3.

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

Assertion (A) : Motivation can be either positive or negative.

Reason (R) : Individuals are heterogeneous in their expectations, perceptions and reactions. Choose the correct alternative from the options given below :

[1 Marks]

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

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

(C) Both Assertion (A) and Reason (R) are false.

(D) Assertion (A) is true, but Reason (R) is false

Question 4.

'Planning requires application of mind involving foresight, intelligence imagination and sound judgement.' The feature of planning reflected by the above statement is :

[1 Marks]

(A) Planning is a mental exercise

(B) Planning is continuous

(C) Planning involves decision-making

(D) Planning is futuristic

Question 5.

'The business environment differs from country to country and even region to region.'

The feature of business environment reflected in the above statement is :

[1 Marks]

(A) Relativity

(B) Complexity

(C) Dynamic nature

(D) Uncertainty

Question 6.

The pouch depicted below contains packets of different flavours of chips. Identify the level of packaging of the pouch :

[1 Marks]



(A) Primary

(B) Secondary

(C) Transportation

(D) General

Question 7.

'It involves a variety of programmes designed to promote or protect a company's image and its individual products in the eyes of the public.' The promotion tool being referred to in the above statement is :

[1 Marks]

(A) Advertising

(B) Personal Selling

(C) Public Relations

(D) Sales Promotion

Question 8.

Identify the incorrect statement with respect to the importance of business environment :

[1 Marks]

(A) It helps in tapping useful resources

(B) It helps in coping with rapid changes

(C) It helps in increasing political instability and thus build the confidence of people to invest in long term projects

(D) It helps in assisting in planning and policy formulation

Question 9.

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

Assertion (A) : The cost of debt is higher than the cost of equity for a firm.

Reason (R) : The lender's risk is lower than the equity shareholder's risk, since the lender earns an assured return and repayment of capital. Choose the correct alternative from the options given below :

[1 Marks]

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

(B) Both Assertion (A) and Reason (R) are true and Reason (R) is 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

Question 10. 'Cosy Garments' started the manufacturing of jackets in September, 2025. They expected a rise in the demand for jackets during the winter season. To handle the increased workload, the Production Manager estimated the number of workers required during peak production days and planned accordingly. The type of plan highlighted in the above case is :

[1 Marks]

(A) Budget

(B) Policy

(C) Objective

(D) Method

Question 11.

'Agri Solutions', a fast-growing agri-tech company, was facing a problem of employees leaving the organisation frequently. As a result, work suffered and time and money were spent repeatedly on recruitment and training. On investigation, it was found that the problem was due to employees not

getting sufficient time to settle into their new roles. So the company decided to keep their employees at the same position for a minimum tenure and give them sufficient time to show results. This led to a significant reduction in employee turnover and improvement in organisational efficiency.

The principle of management highlighted in the above case is :

[1 Marks]

(A) Authority and Responsibility

(B) Division of Work

(C) Order

(D) Stability of Personnel

Question 12.

_____ is the framework within which the managerial and operating tasks are performed.

[1 Marks]

(A) Organisational structure

(B) Decentralisation

(C) Organising

(D) Delegation

Question 13.

Rohit is a manager at a furniture manufacturing company. The company holds an annual sale in the month of December, which is very popular. Rohit prepares the production plans for the annual sale well in advance, in the month of June every year. After planning, he ensures that enough workers are available and continuously monitors whether the work is progressing as scheduled or not. He also informs the marketing team well in time so that they can plan their promotional campaigns accordingly. The feature of coordination highlighted in the above case is :

[1 Marks]

(A) Coordination is an all-pervasive function

(B) Coordination is a continuous process.

(C) Coordination is the responsibility of all managers.

(D) Coordination is a deliberate function.

Question 14. Choose the statement that correctly highlights the advantage of Divisional Structure :

[1 Marks]

(A) It helps in increasing managerial and operational efficiency, resulting in increased profit.

(B) It facilitates expansion and growth, as new divisions can be added without interrupting the existing operations.

(C) It makes training of employees easier, as the focus is on a limited range of skills

(D) It promotes control and coordination within a department because of similarity in the tasks being performed.

Question 15.

Identify the incorrect statement with respect to the feature of Directing function of management :

[1 Marks]

(A) Directing initiates action

(B) Directing takes place at top level of management only

(C) Directing is a continuous process

(D) Directing flows from top to bottom

Question 16.

Match the incentives given in Column I with their meanings given in Column II. Choose the correct option from the following :

[1 Marks]

Column I	*Column II*
1. Job Security	(i) Involving employees in decision-making of the issues related to them
2. Job Enrichment	(ii) Providing opportunities to employees to improve their skills and be promoted to higher level jobs
3. Career Advancement Opportunity	(iii) Stability about future income and work
4. Employee Participation	(iv) Designing jobs that include greater variety of work content and higher levels of knowledge and skill

(A) 1-(iv), 2-(iii), 3-(ii), 4-(i)

(B) 1-(i), 2-(ii), 3-(iii), 4-(iv)

(C) 1-(iii), 2-(iv), 3-(ii), 4-(i)

(D) 1-(iii), 2-(i), 3-(ii), 4-(iv)

Question 17.

'The larger the lead time, the larger the quantity of material to be stored, and the larger shall be the amount of working capital required.' The factor affecting the requirement of working capital discussed in the above statement is :

[1 Marks]

(A) Production cycle

(B) Inflation

(C) Availability of raw material

(D) Operating efficiency

Question 18.

Read the following statements carefully :

Statement I : Planning and controlling are both forward-looking as well as backward-looking.

Statement II : Planning is evaluative, whereas controlling is prescriptive. In the light of the given statements, choose the correct alternative from the following

[1 Marks]

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

(B) Both Statement I and Statement II are false

(C) Both Statement I and Statement II are true

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

Question 19.

Dinkar, the General Manager at 'Tara Lamps' noticed that rising costs were affecting the company's profits. To increase the profits, he decided to reduce the costs and increase the productivity. He planned for rearrangement of work processes, assigned the tasks according to workers' skills, gave clearer directions to employees than before and regularly controlled the activities of the organisation.

This not only resulted in cost reduction but also in increased productivity and profits. The point of importance of management highlighted in the above case is :

[1 Marks]

(A) Management helps in achieving personal objectives

(B) Management creates a dynamic organisation

(C) Management helps in the development of a society

(D) Management increases efficiency

Question 20.

Read the following statements carefully :

Statement I : The production concept assumes that the customers will not buy, or not buy enough, unless they are adequately convinced and motivated to do so.

Statement II : The selling concept assumes that the consumers will favour those products which are widely available at an affordable price. In the light of the given statements,

choose the correct alternative from the following :

[1 Marks]

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

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

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

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

Question 21.

'The first step in the controlling process is setting up of performance standards.' Identify the correct order of the subsequent steps of the controlling process.

[1 Marks]

(A) Comparing actual performance with standards, Taking corrective action, Analysing deviations, Measurement of actual performance

(B) Measurement of actual performance, Taking corrective action, Comparing actual performance with standards, Analysing deviations

(C) Measurement of actual performance, Comparing actual performance with standards, Analysing deviations, Taking corrective action

(D) Analysing deviations, Measurement of actual performance, Comparing actual performance with standards, Taking corrective action

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Section B

Question 22.

'Delicious Salads' was a company that supplied packaged salads to the supermarkets. Recently, the management noticed that a large amount of vegetables were getting spoiled every week. This was increasing the costs and reducing the profits because of which the company was not able to achieve its goals. To solve this, the Production Manager, Meera was asked to take charge of the situation and bring the wastage under control. Meera found that the vegetable cleaning, cutting and packing departments were working at their own pace, leading to the spoilage of vegetables.

Meera started out by setting standards for each of the departments, which were well coordinated with one another. Each activity would be performed in accordance with those standards. Within a month, 'Delicious Salads' was able to supply the salads with minimum wastage and achieve its goals.

Explain the two points of importance of the controlling function of management discussed in the above case.

[3 Marks]

Question 23.

State any three points of difference between Formal organisation and Informal organisation

[3 Marks]

Question 24.

State any three points of difference between Divisional structure and Functional structure of an organisation.

[3 Marks]

Question 25.

'Tiva Motors' planned to set up a new manufacturing unit for the electric scooters in Varanchal. One important consideration for setting up of the unit in Varanchal was that the government in Varanchal had been stable for several years. This had built confidence among business people to invest in long-

term projects there. They understood that an adequate knowledge of the rules and regulations framed by the government is a prerequisite for a good business performance. So, before starting the operations, the company decided to obtain licences under environmental laws and necessary permissions from the government departments. Identify and explain the two dimensions of business environment that are highlighted in the above case.

[3 Marks]

Question 26.

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

(i) Participants

(ii) Liquidity

(iii) Duration

[3 Marks]

Question 27.

Explain how the following factors affect the requirements of fixed capital of a company:

(i) Nature of the business

(ii) Technology upgradation

(iii) Level of collaboration

[3 Marks]

Section C

Question 28.

Explain the following features of principles of management :

(i) Cause and effect relationship

(ii) Contingent

[4 Marks]

Question 29.

Explain the following techniques of scientific management :

(i) Motion Study

(ii) Differential Piece Wage System

[4 Marks]

Question 30.

State any four responsibilities of a consumer under the Consumer Protection Act, 2019.

[4 Marks]

Question 31.

Arjun and Neha were close friends. They had studied together in the same school. After completing their higher education, both of them joined a company named ‘Apex Ltd.’ in different roles, based on their qualifications. Arjun’s role involved analysing the business environment and its implications for the survival of the firm. He was also responsible for the welfare and survival of the organisation. Neha, on the other hand, was heading the marketing department in the organisation. Her responsibility was to ensure that her department had the necessary personnel. In addition to many other responsibilities, she had to motivate them to achieve desired objectives.

Apart from the functions mentioned in the above case, state two more functions each for Arjun and Neha that they would perform at the level at which they are working

[4 Marks]

Question 32.

‘Sabka Consumer Forum’, a well-known non-governmental organisation (NGO), has been working for the welfare of the consumers. Its main aim is to educate the general public about consumer rights by organising training programmes, seminars and workshops. Seeing the growing need for awareness, the NGO started publishing periodicals and other publications to impart knowledge about consumer problems, legal reporting, reliefs available and other matters of consumer interest. These publications became very popular and people began approaching the NGO for guidance.

One day, a group of residents from a nearby housing society approached ‘Sabka Consumer Forum’. They had purchased water purifiers from a company, which turned out to be defective. Even after repeated complaints, the company had failed to respond. ‘Sabka Consumer Forum’ studied the case and decided to file a complaint on behalf of the consumers in the appropriate consumer court.

Apart from the functions mentioned in the above case, state any four other functions which may be performed by ‘Sabka Consumer Forum’ for protecting and promoting consumer interests

[4 Marks]

Question 33.

Rhea runs an online business selling handmade candles. During the Diwali season, the demand for her handmade scented candles increases a lot. A month before Diwali, she received a big order from a chain of gift stores in and around the city. Rhea immediately checked the order details and processed it. She was aware that it was important to provide for accurate and speedy processing of orders, in the absence of which goods would reach the customers late or in the wrong quantity or specifications. After processing the order, Rhea arranged a vehicle to pick up the cartons from her workshop. She knew that the products can reach the customers only when they are physically moved from the place of production to the place of sale. The vehicle delivered the order at the gift chain's warehouse well before the festive rush.

(a) Identify the two components of physical distribution that Rhea managed effectively.

(b) Explain the other two components of physical distribution that Rhea needs to work on.

[4 Marks]

Question 34.

'Neo Appliances Ltd.', a company known for its innovative kitchen devices was established in 2001. Over the years, the company performed well and the market value of its shares increased. Rajan had bought shares of 'Neo Appliances Ltd.' many years ago. He sold some of the shares to arrange money for his daughter's higher education. He shared with his friend Madhur how his investment had multiplied over the years. Madhur was impressed and wanted to start investing in shares. He asked Rajan in which market he had sold his shares and whether it was safe to invest in that market. Rajan said, yes this market provides safety of transactions to investors.

(a) Name the market in which Rajan sold his shares.

(b) Identify and explain the function of the above market which facilitated Rajan in selling his shares.

(c) Explain how the market identified in (a) above provides safety of transactions to investors.

[4 Marks]

Section D

Question 35.

'Alpha Electronics' had recently received a large order for the supply of electronic control panels. The management was under pressure to deliver it on time. When one of the production lines started malfunctioning, the Production Manager, Suresh, was concerned. Although 'Alpha Electronics' was an organisation with highly centralised pattern where free communication was not encouraged. Suresh, still decided to call his senior technician, Manoj, to understand the problem. Suresh had the reputation

of being unapproachable. He was conscious of his seniority and position so he rarely encouraged his subordinates to speak freely. Manoj was nervous as the production line was damaged due to his own negligence and he thought sharing it with his senior, Suresh, would adversely affect his interests. Anyhow, he had to go to Suresh's office. When Manoj entered Suresh's office, he saw that Suresh was pre-occupied with an important file before him. Suresh asked Manoj to explain what the problem was. Manoj reluctantly started explaining, but he felt that Suresh wasn't listening to him. So Manoj did not share the complete information and the problem in the production line could not be rectified on time. Identify and explain four communication barriers discussed in the above case.

[6 Marks]

Question 36.

Explain the following points of limitations of planning :

(i) Planning reduces creativity

(ii) Planning leads to rigidity

(iii) Planning does not guarantee success

[6 Marks]

Question 37.

'Quality Foods Ltd.', a company manufacturing packaged snacks has been in business for the last 10 years. It enjoys a good reputation and has a loyal customer base. This financial year, the profits of the company increased manifold as the company introduced a new range of baked snacks that became very popular. As the year came to an end, the company had to decide how much dividend to pay to its shareholders. In view of the above and with the understanding that investors, in general, view an increase in dividend as good news and stock prices react positively to it, the Board of Directors were keen on declaring a high dividend. However, the Chief Finance Officer of the company pointed out that they need to keep many considerations in mind before declaring dividend. He drew the attention of the Board of Directors to the loan that the company has taken, containing a clause that imposes restriction on the payment of dividend. Further, he pointed out that even though the profits were high, a large amount of money was tied to the amounts receivables from the debtors. Without enough cash in hand, announcing a high dividend may not be practical. He also reminded the Board of Directors that 'Quality Foods Ltd.' was planning to expand into the breakfast cereal market. Since this new project will require a huge investment, the company will need to retain more money out of their earnings to finance it.

(a) Identify and explain any two factors affecting dividend decision that would have influenced the decision of the Board of Directors to pay a high dividend.

(b) Identify and explain any two factors to which the Chief Finance Officer drew the attention of the Board of Directors.

[6 Marks]

Question 38.

Explain the following steps in the process of staffing :

(i) Selection

(ii) Promotion and Career Planning

(iii) Compensation

[6 Marks]

Question 39.

Explain the following external sources of recruitment :

(i) Direct Recruitment

(ii) Casual Callers

(iii) Labour Contractors

(iii) Labour Contractors

[6 Marks]

Question 40.

Explain the following points of importance of organising :

(i) Adaptation to change

(ii) Effective administration

(iii) Expansion and growth

[6 Marks]