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. _____ serves as an intermediary between the investor and the depository who is authorised to maintain the accounts of dematerialised shares.

[1 Marks]

(A) Depository Participant

(B) National Securities Depository Limited

(C) Central Depository Services Limited

(D) Stock Exchange

Question 2.

On Raksha Bandhan, Reena received a gift from her brother. After removing the gift wrap paper, she saw a decorative cardboard box. Inside the box, she found a small glass bottle containing an expensive face cream. Both the decorative cardboard box and the glass bottle had a beautiful label displaying the brand name, ingredients, expiry date, etc.

Which level of packaging does the glass bottle represent ?

[1 Marks]

(A) Primary packaging

(B) Transportation packaging

(C) Secondary packaging

(D) General packaging

Question 3.

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

Assertion (A) : Holding shares in demat form is very convenient as it is just like a bank account.

Reason (R) : Securities and Exchange Board of India (SEBI) has made it mandatory for the settlement procedures to take place in demat form. Choose the correct alternative from the following :

[1 Marks]

(A) Assertion (A) is false and Reason (R) is true.

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

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

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

Question 4.

Read the following statements carefully :

Statement I : Business environment includes both specific and general forces.

Statement II : Specific forces have an impact on all business enterprises and thus may affect an individual firm only indirectly.

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

[1 Marks]

(A) Both Statement I and Statement II are false

(B) Both Statement I and Statement II are true

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

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

Question 5.

Which of the following statements are correct with respect to the benefits the organisation would get by imparting training to its employees ?

(i) Training equips the future manager who can take over in case of an emergency.

(ii) Training makes an employee more efficient to handle machines and thus, they are less prone to accidents.

(iii) Training increases the satisfaction and morale of the employees.

(iv) Training enhances employee productivity, both in terms of quantity and quality, leading to higher profits.

[1 Marks]

(A) (ii) and (iii)

(B) (i), (ii), (iii) and (iv)

(C) (i) and (iv)

(D) (i) and (ii)

Question 6.

Which of the following is not an advantage of divisional structure of an organisation ?

[1 Marks]

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

(B) It helps in development of varied skills in the divisional head which prepares him for higher positions.

(C) It leads to minimal duplication of effort which results in economies of scale and lowers cost.

(D) It promotes flexibility and initiative, because each division functions as an autonomous unit, leading to faster decision making.

Question 7.

Which of the following consumer rights under Consumer Protection Act, 2019 gives the freedom to consumers to access a variety of products at competitive prices ?

[1 Marks]

(A) Right to be heard

(B) Right to consumer education

(C) Right to be assured

(D) Right to be informed

Question 8.

'Gamma Ltd.', with its state-of-the-art manufacturing set-up in Karnesha, produces smartphones for the Indian market. Rapid technological improvements, changing consumer preferences and the entry of new competitors in the market push the company to revise its plans frequently. This reflects which characteristic of business environment ?

[1 Marks]

(A) Dynamic nature

(B) Relativity

(C) Complexity

(D) Inter-relatedness

Question 9.

'Radhe Textiles', a children's garment manufacturing business, and Ghanshyam Garments, a home furnishing manufacturing business operate in the same industrial area. Both companies jointly set up a common dyeing and finishing plant. This was because the scale of operations of each of them was not sufficient to make full use of the plant. With both of them jointly using the plant, the requirement of fixed capital for each company will now be :

[1 Marks]

(A) Same as earlier

(B) Lower than earlier

(C) Higher than earlier

(D) Ni

Question 10.

'RAVL' is a company manufacturing LED bulbs. To ensure efficiency in production, the workers are given monthly targets. For the month of October 2025, the workers were given a target to produce 8,000 bulbs. At the end of the month, it was found that actual production was only 6,000 bulbs. After investigation, it was found that the target was not met due to shortage of trained workers. To resolve the problem, the Production Manager arranged training programmes for workers and also hired additional workers.

Which step of the controlling process was followed by the Production Manager to resolve the problem of shortage of trained workers ?

[1 Marks]

(A) Setting performance standards

(B) Measurement of actual performance

(C) Comparing actual performance with standards

(D) Taking corrective action

Question 11.

Which of the following is not a limitation of internal sources of recruitment ?

[1 Marks]

(A) It reduces the scope of induction of fresh talent in the organization.

(B) The employees may become lethargic if they are sure of time-bound promotions.

(C) It may lead to dissatisfaction and frustration among existing employees as they may feel that their chances of promotion are reduced.

(D) The spirit of competition among the employees may be hampered.

Question 12.

'A manager motivates and leads his team in such a manager that individual members are able to achieve personal goals while contributing to the organisational objective.'

The point of importance of management highlighted above is :

[1 Marks]

(A) Management helps in achieving group goals

(B) Management helps in achieving personal objectives

(C) Management helps in increasing efficiency

(D) Management helps in the development of society

Question 13.

Match the step of the process of organising given in Column-I with its explanation given in Column-II : Choose the correct option from the following :

[1 Marks]

	Column-I		*Column-II*
1.	Departmentalisation	(i)	Each individual is told who he has to take orders from and to whom he is accountable
2.	Establishing authority and reporting relationships	(ii)	The work is divided into manageable activities so that duplication can be avoided and burden of work can be shared among the employees
3.	Identification and division of work	(iii)	Work of different job positions is defined and work allocated to various employees in accordance with their skills and competencies
4.	Assignment of duties	(iv)	Activities of a similar nature are grouped together, which facilitates specialization

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

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

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

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

Question 14.

The market where existing securities are traded is known as :

[1 Marks]

(A) Secondary Market

(B) Money Market

(C) Primary Market

(D) Both Primary and Secondary Market

Question 15.

The number of times earnings before interest and taxes of a company cover the interest obligation is referred to as :

[1 Marks]

(A) Debt-Service Coverage Ratio

(B) Interest Coverage Ratio

(C) Capital structure

(D) Financial leverage

Question 16.

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

Assertion (A) : Workload analysis and workforce analysis are important to understand the manpower requirements.

Reason (R) : It helps the organization to know whether it is overstaffed, understaffed or optimally staffed. Choose the correct alternative from the following :

[1 Marks]

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

(B) Assertion (A) is true, but Reason (R) is false.

(C) Assertion (A) is false, but Reason (R) is true.

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

Question 17.

Read the following statements carefully :

Statement I : Higher fixed operating costs result in higher business risk.

Statement II : If the firm's business risk is lower, the firm's capacity to use debt is higher. In light of the given statements, choose the correct alternative from the following :

[1 Marks]

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

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

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

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

Question 18.

Shikha, a first-time investor, was excited yet nervous about investing in the stock market as she felt it was risky. She sought guidance from her friend, Rama, who was an experienced investor. Rama assured Shikha that it is safe to invest in the stock market as the membership of stock exchange is regulated by Securities and Exchange Board of India (SEBI). She also told Shikha that SEBI performs various functions to protect the rights and interests of investors.

Which of the following functions mentioned by Rama is not a protective function of SEBI ?

[1 Marks]

(A) Conducting research and publishing information useful to all market participants

(B) Prohibition of fraudulent and unfair trade practices like making misleading statements, manipulations, price rigging, etc.

(C) Controlling insider trading and imposing penalties for such practices.

(D) Promotion of fair practices and code of conduct in the securities market.

Question 19. 'Bright Appliances Ltd.' plans to launch a new product line of energy-efficient air purifiers. To ensure a smooth launch of the air purifiers, the company needs to arrange adequate funds. For this, the Finance Manager estimates the fund requirements and specifies the source of funds the company should use. The process followed by the Finance Manager is called :

[1 Marks]

(A) Financial management

(B) Financial planning

(C) Investment decision

(D) Financial leverage

Question 20.

'Sumi', a well-established domestic car manufacturer, anticipates entry of a premium foreign automobile brand in the country. The management of the company foresees a decline in the market share, especially in the premium segment. To retain its market share and stay competitive, the company launches aggressive advertising and takes measures to reduce the cost of production. It further invests in improving product quality, introducing new features and aligning their cars with international standards. The point of importance of business environment described above is :

[1 Marks]

(A) It helps in tapping useful resources.

(B) It helps in coping with rapid changes.

(C) It enables a firm to identify opportunities and getting the first mover advantage.

(D) It helps the firm to identify threats and early warning signals

Question 21.

From the picture given below, identify the responsibility that the consumer is fulfilling while purchasing 'Ready-to-Eat Pasta'

[1 Marks]



(A) Be aware about various goods and services available in the market so that an intelligent and wise choice can be made.

(B) Read labels carefully so as to have information about prices, net weight, manufacturing and expiry dates, etc.

(C) Ask for a cash memo on purchase of goods or services.

(D) Assert yourself to ensure that you get a fair deal.

Section B

Question 22.

Aditi purchased a high speed blender from an online retailer for ₹ 2,000. When she used it to prepare soup, it made a loud noise. It also failed to blend properly and emitted an unusual smell. She first contacted the online retailer through their toll-free helpline.

They told her that they were responsible only for selling the blender and were not responsible for defects. Aditi then collected all relevant proofs such as the invoice and records of her communication etc. Then she contacted the customer service team of the manufacturer. The technical team inspected the blender and confirmed that the motor was defective. Despite this, the manufacturer neither replaced the blender, nor refunded her money. They stopped responding to Aditi's calls. Aditi was frustrated and filed a complaint against the manufacturer in the appropriate consumer court.

State any three reliefs available to Aditi if the consumer court is satisfied about the defect in the high speed blender.

[3 Marks]

Question 23.

'KUL', an eco-friendly stationery brand is expanding its business in three different markets. For this, it uses different promotional strategies in each market. In the corporate gifting market.

the company appoints salespersons to contact prospective corporate clients and create awareness about its eco-friendly stationery with the aim of making a sale. In the international market, the company focuses on managing public opinion and building a positive image for its product. It disseminates information and builds goodwill about the business. In the domestic retail market, the company offers cash discounts, free gifts, etc. to encourage the buyers to make immediate purchase of its product.

Identify and state three different promotion tools used by 'KUL' to expand its business in each of the markets.

[3 Marks]

Question 24.

Explain the following functions of Marketing :

(i) Marketing planning

(ii) Customer support services

[3 Marks]

Question 25.

Explain the following factors which affect the fixation of price of a product :

(i) Extent of competition in the market

(ii) Marketing methods used

[3 Marks]

Question 26.

Distinguish between Capital Market and Money Market on the following basis :

(i) Investment outlay

(ii) Duration

(iii) Safety

[3 Marks]

Question 27.

Give any three differences between Primary Market and Secondary Market

[3 Marks]

Section C

Question 28.

'GW Textiles' was facing rising competition, inefficiencies on the shop floor and declining revenues. To address these problems, Leena was appointed as the new Factory Manager. In the first few weeks, Leena walked around the factory and watched how work was actually being done. She noticed that some workers were sincere and focused, while others showed little interest and avoided responsibility. To overcome this problem Leena began spending time on the shop floor every week, interacting closely with the workers and was able to make them act in the desired manner to achieve organisational goals. Her approach helped create a positive work environment where employees felt encouraged to perform better, leading to improved efficiency on the shop floor and improved revenues.

(i) Identify the element of directing highlighted in the above case.

(ii) State any three features of the element identified in (i) above.

[4 Marks]

Question 29.

Rahul, Priya, Amit and Sneha were friends. They decided to start a business jointly. With rising focus on hydration, fitness and a healthy lifestyle, they saw a steady market for water bottles. Customers often own multiple bottles for different uses. Bottles wear out or go out of style over time, creating repeat sales opportunities. Excited by this idea, they all sat together to brainstorm and decide what kind of water bottle they should make.

Rahul believed that to maximise profits, production should be done on a large scale making goods available and affordable to consumers.

Amit, on the other hand, was of the opinion that the bottles should be of a very good quality with features like time markers, filters or infusers, etc. Priya agreed with Amit, but felt that they should first identify the needs of the present and prospective buyers, so that they can satisfy them in an effective way. She suggested offering personalised designs, sports bottles, insulated bottles, etc., depending on the customers' needs.

Sneha believed that the business orientation should not be short-sighted to serve only the consumers' needs. It should also consider larger issues of long-term social welfare. So, she suggested reusable water bottles made from eco-friendly sustainable materials.

Identify and state the marketing management philosophies discussed by Rahul, Priya, Amit and Sneha

[4 Marks]

Question 30.

State any four psychological barriers to communication.

[4 Marks]

Question 31.

State any four points of importance of staffing function of management.

[4 Marks]

Question 32.

'Staple Foods Ltd.', a packaged food company is planning to expand its operations. To meet growing manpower needs, it adopts different external sources of recruitment for different levels of employees by balancing cost, time and quality in talent acquisition across organisational levels.

For positions requiring high trust and confidentiality, the company prefers applicants introduced by existing senior employees. For specialised technical and professional roles like Marketing Head, Operations Manager, etc., it contacts private agencies and professional bodies. These agencies are

able to access a wider talent pool as they compile bio-data of a large number of candidates and recommend suitable names to their clients. For casual vacancies of unskilled or semi-skilled jobs, they post job vacancies on the company's notice board to attract local candidates. Job seekers assemble outside the premises of the organisation on the specified date and selection is done on the spot. 'Staple Foods Ltd.' also maintains a record of unsolicited job applications and contacts suitable candidates from this pool whenever vacancies arise.

State the external sources of recruitment used by 'Staple Foods Ltd.' for recruitment of people at various organisational levels.

[4 Marks]

Question 33.

Explain the following points of importance of controlling function of management :

(i) Accomplish organisational goals

(ii) Making efficient use of resources

[4 Marks]

Question 34.

Explain the following non-financial incentives :

(i) Status

(ii) Organisational climate

[4 Marks]

Question 35.

'Suruchi Textiles Ltd.' is a reputed textile manufacturing company with stable earnings. It has been paying regular dividends for the last seven years, which has helped it to build a loyal investor base. It has a large number of its shareholders who depend on regular income from their investment and therefore expect at least a minimum dividend every year. To meet these expectations and maintain shareholders confidence, the company has followed a high dividend policy.

During the current year, the company planned further expansion, which required additional funds. However, since a major portion of its earnings had been distributed as dividends in earlier years, the company had retained limited funds. But, since 'Suruchi Textiles Ltd.' had a strong reputation in the capital market, it was able to raise the required capital from the capital market to finance its expansion plans. Identify and explain four factors affecting the dividend decision discussed in the above case.

[4 Marks]

Section D

Question 36.

'Global Tech Ltd.' was a multinational company that manufactured modern electronics devices and employed nearly 10,000 people from across the world. The company had a well-defined organisational structure with separate departments for finance, marketing and production. Every department had its own objectives, policies and style of working. As each department performed its activities in isolation from others, conflicts arose within the organisation.

Further, due to complex technology involved in producing modern electronic devices, 'Global Tech Ltd.' relied heavily on specialists. The specialists were confident of their professional knowledge and often did not consider suggestions from others in matters pertaining to their area of specialisation. This resulted in conflict among different specialists and others in the organisation. As the company continued to grow, more employees from different backgrounds and work habits joined the organisation. The increasing size of workforce, along with departmental differences and dependence on specialists, made it difficult to ensure that everyone worked towards the same organisational goals. Therefore it became necessary for the management to harmonise individual goals with organisational goals and integrate the efforts of departments and specialists to achieve common objectives.

(i) Identify and state the concept which would help 'Global Tech Ltd.' in bringing together the efforts of employees and specialists to achieve common goals of the organisation.

(ii) Quoting lines from the given case, state any three points of importance of the concept identified in (i) above

[6 Marks]

Question 37.

'Kia Tyres' is a company manufacturing tyres for cars, two-wheelers, trucks and buses. It has a well-defined organisational structure designed by the management to facilitate smooth functioning of the organisation. It specifies the relationships among various job positions and the nature of their inter-relationship. It is easier to fix responsibility, since mutual relationships are clearly defined. There is no ambiguity in the role that each member has to play, as duties are specified. This also helps in avoiding duplication of work. As a result, 'Kia Tyres' is able to effectively accomplish its goals.

However, during lunch breaks and after office hours, employees from different departments of 'Kia Tyres' meet regularly. This helps to fulfil the social needs of employees and allows them to interact with like-minded people. This enhances their job satisfaction by giving them a sense of belongingness in the organisation.

(i) Identify the types of organisation discussed in the above and give their meaning.

(ii) State two advantages of each of the types of organisation identified in (i) above, not discussed in the given case.

[6 Marks]

Question 38.

Explain the following principles of management :

(i) Discipline

(ii) Unity of direction

(iii) Equity

[6 Marks]

Question 39.

Explain the following points of significance of principles of management :

(i) Providing managers with useful insights into reality

(ii) Scientific decisions

(iii) Meeting changing environment requirements

[6 Marks]

Question 40.

Explain the following limitations of planning :

(i) Planning leads to rigidity

(ii) Planning may not work in a dynamic environment

(iii) Planning involves huge costs

[6 Marks]

Question 41.

Explain the following points of importance of planning :

(i) Planning facilitates decision-making

(ii) Planning establishes standards for controlling

(iii) Planning promotes innovative ideas

[6 Marks]