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.

Identify which of the following functions is Not performed by 'Top Level Management' :

[1 Marks]

(A) Formulating overall organizational goals and strategies for their achievement.

(B) Cooperating with other departments for smooth functioning of the organisation.

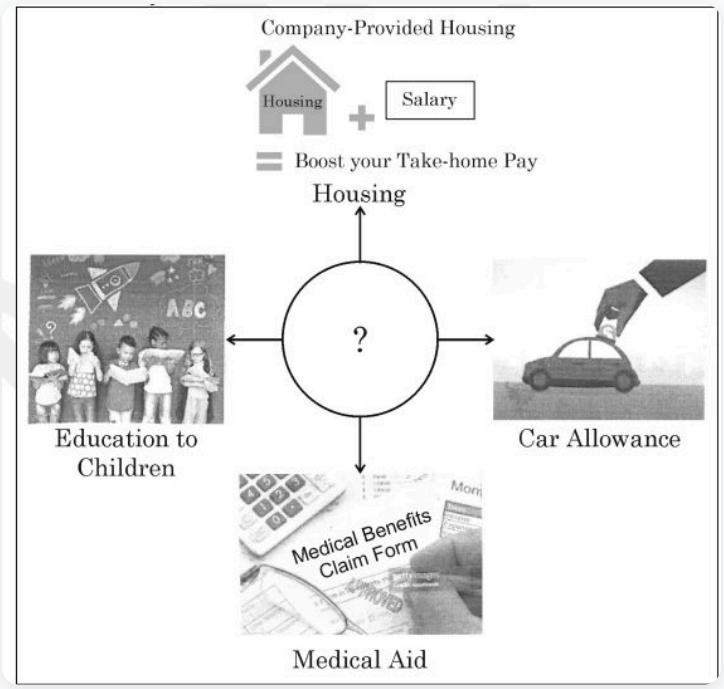
(C) Analyzing the business environment and its implications for the survival of the firm

(D) Being responsible for the welfare and survival of the organization

Question 2.

The question mark in the picture given below represents a financial incentive. Identify the incentive :

[1 Marks]



(A) Perquisites

(B) Retirement benefits

(C) Pay and allowances

(D) Productivity linked wage incentives

Question 3.

Authority, responsibility, rewards, perquisites and prestige of job etc. indicate which of the following non-financial incentives given to a person holding a managerial position ?

[1 Marks]

(A) Job Enrichment

(B) Status

(C) Organisational climate

(D) Job security

Question 4.

The process by which a manager synchronizes the activities of different departments is known as :

[1 Marks]

(A) Planning

(B) Management

(C) Organising

(D) Co-ordination

Question 5.

Match the non-financial incentives given in Column I with their meaning given in Column II :

[1 Marks]

	Column I		Column II
a.	Employee participation	i.	It indicates the characteristics which describe an organization and distinguish one organization from the other.
b.	Organisational climate	ii.	It means ranking of positions in the organisation.
c.	Employee empowerment	iii.	It means giving more autonomy and powers to subordinates.
d.	Status	iv.	It means involving employees in decision making of the issues related to them.

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

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

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

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

Question 6.

The process of estimating the fund requirements of a business and specifying the sources of funds is called _____.

[1 Marks]

(A) Capital Budgeting decision

(B) Trading on Equity

(C) Financial Planning

(D) Financial Management

Question 7.

'Since business environment consists of numerous interrelated and dynamic conditions or forces which arise from different sources, it becomes difficult to comprehend at once what exactly constitutes a given environment.'

The feature of business environment highlighted above is :

[1 Marks]

(A) Relativity

(B) Uncertainty

(C) Complexity

(D) Dynamic Nature

Question 8.

Statement-I : Workforce analysis enables an assessment of the number and types of human resources necessary for the performance of various jobs and accomplishment of organizational objectives. Statement-II : Workload analysis reveals the number and type of human resources available. Choose the correct option 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 9.

NV Electronics has an innovative range of smartphones, T.V's, home entertainment systems, kitchen appliances and air conditioners. Besides supplying quality products, their focus is also on handling customer complaints speedily, providing maintenance services, procuring credit services etc.

The function of marketing discussed above is :

[1 Marks]

(A) Product designing and development

(B) Branding

(C) Customer support services

(D) Marketing Planning

Question 10.

Identify the incorrect statement with respect to 'Motion Study', as a technique of scientific management :

[1 Marks]

(A) Unnecessary movements are sought to be eliminated so that it takes less time to complete the job efficiently.

(B) It refers to the study of movements like lifting, putting objects, sitting and changing positions etc., which are undertaken while doing a typical job.

(C) Through this technique, Taylor was able to design suitable equipment and tools to educate workers on their use.

(D) This technique helps to determine the number of workers to be employed, frame suitable incentive schemes and determine labour costs.

Question 11. In the 'Primary Market' prices of securities are determined by :

[1 Marks]

(A) Management of the company

(B) Demand and supply of the security

(C) Only demand for the security

(D) Employees of the company

Question 12.

Ramesh wanted to buy a room heater as it had become extremely cold. He went to the nearby market in search of a good room heater. He first visited a few big shops selling branded heaters and checked the design, quality and the price. Walking through the market he saw a road side shop displaying an attractive room heater. He walked into the shop to enquire about the room heater. The shopkeeper demonstrated how the heater worked and simultaneously explained its qualities like its rotating function, auto-cut etc.

Ramesh asked about its price and decided to buy it, as in comparison to other room heaters, it was cheaper and had various additional features. However while focusing on the price and features, he did not check the ISI mark or the label which displayed the date of manufacturing, safety features, directions for use etc. The right exercised by Ramesh in the above case is :

[1 Marks]

(A) Right to choose/be assured

(B) Right to be heard

(C) Right to consumer education

(D) Right to safety

Question 13.

Statement – I : Capital market instruments are safer than money market instruments both with respect to returns and principal repayment. Statement – II : The capital market deals in medium and long-term securities such as equity shares and debentures etc. Choose the correct option 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 true and Statement II is false.

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

Question 14.

There are two statements, Assertion (A) and Reason (R).

Assertion (A) : Controlling should not be misunderstood as the last function of management.

Reason (R) : Controlling is a function that brings the management cycle back to the planning function.
Choose the correct alternative from those given below :

[1 Marks]

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

(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 and Reason (R) is false.

Question 15.

'Lima' is a global sportswear brand known for shoes, apparel and sports accessories. Customers can recognize Lima's shoes, t-shirts and bags just by seeing the tiger symbol imprinted on all Lima's products. Lima has legally registered both its name 'Lima' and its tiger symbol so that no other company can legally use the same or similar design in their sportswear.

The tiger symbol is Lima'

[1 Marks]

(A) Brand name

(B) Both Brand mark and Trade mark

(C) Trade mark

(D) Brand mark

Question 16.

There are two statements, Assertion (A) and Reason (R).

Assertion (A) : The dividend in growth companies is more than that in the non-growth companies.
Reason (R) : Companies having good growth opportunities retain more money out of their earnings so as to finance the required investment.

Choose the correct alternative from those given below :

[1 Marks]

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

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

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

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

Question 17.

Alka Motors is one of the leading automobile companies in India. Due to growing demand for electric vehicles, Alka Motors planned to expand its business and for this, it wanted to raise funds. The finance manager suggested that it should raise funds through equity as the market was bullish. As per the suggestion of finance manager, the company decided to raise Rs. 3,500 crore from equity for its expansion plan for electric vehicles.

The factor that the finance manager took into consideration to raise funds through equity was :

[1 Marks]

(A) Cash flow position

(B) Flexibility

(C) Cost of debt

(D) Stock-market conditions

Question 18.

Green-Eats is a start-up offering plant based meal kits. It gained popularity as more young consumers were becoming health conscious and awareness about environmental issues was increasing day-by-day. To promote sustainable eating, they collaborated with schools and colleges and organized workshops for them.

Identify the element of business environment highlighted in the above case

[1 Marks]

(A) Political Environment

(B) Economic Environment

(C) Technological Environment

(D) Social Environment

Question 19.

Neha is working as a Manager at ‘NutriBite’, a company that makes protein rich snacks which are high in demand. She is responsible for implementing organisation’s marketing plans, and ensuring that her department has necessary personnel to achieve goals as per company’s policy.

Identify the ‘level’ of management at which Neha is working

[1 Marks]

(A) Top level

(B) Operational level

(C) Middle level

(D) Both Middle level and Operational level

Question 20.

‘Taylor believed that industrial efficiency depends to a large extent on personnel competencies. He was of the view that the concern for efficiency could be built in right from the process of employee selection. Each person should be scientifically selected. The work assigned should suit her/his capabilities. To increase efficiency, they should be given the required training.’ The principle of scientific management discussed above is :

[1 Marks]

(A) Science, not Rule of Thumb

(B) Cooperation, Not Individualism

(C) Harmony, Not Discord

(D) Development of Each and Every Person to His or Her Greatest Efficiency and Prosperity.

Question 21.

. ‘Stock Exchange is playing a vital role in ensuring wider share ownership by regulating new issues, better trading practices and taking effective steps in educating the public about investments.’

The above lines highlight which function of stock exchange from the following ?

[1 Marks]

(A) Providing Scope for Speculation

(B) Spreading of Equity Cult

(C) Safety of Transactions

(D) Contributes to Economic Growth

Section B

Question 22.

State any three features of Co-ordination.

[3 Marks]

Question 23.

State any three points of significance of Principles of Management.

[3 Marks]

Question 24.

Explain ‘Transfers’ and ‘Promotions’ as internal sources of recruitment.

[3 Marks]

Question 25.

Explain ‘Placement and Orientation’ and ‘Performance Appraisal’ as steps in the process of ‘Staffing’ function of management.

[3 Marks]

Question 26.

Identify and explain the external source of recruitment discussed in each of the following cases :

(i) Veer Infrastructure Pvt. Ltd. was handling the construction of a government hospital building in Unedabad. During the monsoon season, the project was delayed and there was a sudden rush of work to meet the deadline. The site supervisor placed a notice at the entrance of the construction site stating “Daily wage labourers needed for 15 days. Report with Identity Proof on Monday at 9:00 A.M. Preference for workers with experience in masonry or carrying materials”.
(ii) Vista Bank planned to expand its retail banking operations in Tier-2 and Tier-3 cities. They needed to hire over 200 middle-level managers with experience in sales, customer service and operations. Vista Bank approached ‘Avon Consultants’, one of India’s leading management consultancy firms. ‘Avon Consultants’ advertised positions on job portals under their own name and also accessed its

database of experienced professionals across India. After extensive screening, they shortlisted and forwarded qualified candidates to Vista Bank

[3 Marks]

Question 27.

Riya, a software engineer wanted to invest a part of her savings in the stock-market. Encouraged by some online discussions, she came across a company 'Smart-Tech Ltd.', whose stock price was rising very fast. News began to circulate that company had got a large government contract and she believed that its share price would double soon. Convinced by the positive claims, Riya also invested in the shares of this company. Over the next week, the shares continued to rise but suddenly, the price started crashing. Within days, her investment had lost more than 60% of its value.

Riya started researching and discovered that the news about the government contract was false. Securities and Exchange Board of India (SEBI) also took immediate notice of the situation and called for detailed trading information and conducted enquiries and inspections. After examining trading information and conducting enquiries, SEBI found that a group of traders had spread false information to artificially boost the stock price. By taking action against the group of traders, SEBI made it clear that fraudulent and unfair trade practices are strictly prohibited.

(i) Quote lines from the above to identify the two functions being performed by SEBI.

(ii) Also state one more function of each category of the functions identified in (i) above.

[3 Marks]

Section C

Question 28.

Meera purchased a mixer-grinder of a reputed brand from a well-known electronic store for Rs. 5,000. Within ten days, the mixer-grinder stopped working. Meera visited the shop for repair or replacement showing the cash memo and the warranty card but the shopkeeper refused to help her. Though the product was only for Rs.5,000, she filed a complaint at the District Consumer Disputes Redressal Forum.

The Forum ordered the store to replace the product within 30 days. They also added Rs.1,000 as compensation for mental harassment and Rs.800 for legal costs.

State two responsibilities fulfilled by Meera and two reliefs which Meera got through Consumer Redressal Forum.

[4 Marks]

Question 29.

State any four limitations of internal sources of recruitment.

[4 Marks]

Question 30.

State any four benefits of staffing to the organization.

[4 Marks]

Question 31.

Fresh Foods Pvt. Ltd. manufactures and distributes organic packaged food products. It's operations are divided into five main departments – Production, Marketing, Finance, Human Resources and Research and Development. Each department has its own head and a team that focuses only on the work related to their department. This promotes efficiency in utilization of manpower as employees perform similar tasks within a department and are able to improve performance. This also helps in increasing managerial and operational efficiency and results in increased profit .

Since each department handles a narrow range of tasks and focus is on a limited range of skills, it is easier to train new employees.

(i) Identify the organization structure followed by Fresh Foods Pvt. Ltd.

(ii) Also state three advantages of the structure identified in (i) above not discussed in the given case.

[4 Marks]

Question 32.

Aditya owned a skincare company named 'Nat-Ayur'. In July, 2025, he decided to launch a new herbal face cream in the market using traditional herbs like turmeric, sandalwood, neem, aloe vera, saffron etc.

The total cost of producing, packaging, distributing and selling the cream came to `Rs. 60 per tube. 'Nat-Ayur' decided that this would be the minimum price to cover the cost. They wanted to earn a fair margin of profit too. For this 'Nat-Ayur' conducted a survey and found that the expected demand would be high. Customers were ready to pay more for herbal and chemical free products. They also found that many face creams with similar features are available in the market priced between Rs. 80 to Rs.120. To compete effectively, 'Nat-Ayur' decided to price the cream at Rs.99 to attract the customers while offering better benefits.

To add value to the product ‘Nat-Ayur’ invested in eco-friendly packaging, free home delivery and on-line advertisements. This uniqueness gives ‘Nat-Ayur’ a competitive freedom in fixing price of its

cream.

Identify and explain any two factors that were taken into consideration by ‘Nat-Ayur’ for determining the price of their herbal face cream.

[4 Marks]

Question 33.

Explain the following limitations of planning :

(i) Planning leads to rigidity

(ii) Planning may not work in a dynamic environment

[4 Marks]

Question 34.

Explain the following points of importance of Decentralisation :

(i) Develops initiative among subordinates

(ii) Develops managerial talent for the future.

[4 Marks]

Question 35.

‘Priya Motors’, a motorbike manufacturing company, launched a new model of bike in the market named ‘Moto Glide III’. The company planned carefully to make this bike appeal to young riders. The design team focused on making the bike attractive and stylish to the target customers, primarily the youth. They gave it a sleek body, sharp headlights and a digital speedometer. The design made the bike not just look good but also improved its aerodynamics and fuel efficiency. This helped the company stand out from other brands, thereby getting a competitive edge.

The company followed strict quality standards in making each part of the bike which helped in achieving uniformity and consistency in output. ‘Priya Motors’ also offered different versions of bike with different prices based on features like Bluetooth connectivity, colour options etc. Identify and explain two functions of marketing discussed above.

[4 Marks]

Section D

Question 36.

Explain ‘Science, not Rule of Thumb’ as a principle of Scientific Management and ‘Functional Foremanship’ and ‘Time study’ as techniques of Scientific Management.

[6 Marks]

Question 37.

Explain the following principles of General Management :

(i) Unity of Command

(ii) Esprit De Corps

(iii) Stability of Perso

[6 Marks]

Question 38.

‘Freshju’ is a trading company, selling bottled juices made by other manufacturers. Now, it planned to sell its juices across India. For this, ‘Freshju’ decided to enter into ‘Juice manufacturing’. It also has ambitious plans to export its juices to other countries in the future. To meet anticipated higher demand in future, the company set-up a larger manufacturing unit. The Chief Executive Officer, Ravinder, ordered automatic juice-filling and bottling machines to increase speed, improve hygiene and for consistency in production. Since the investment was huge, instead of buying all new machinery ‘Freshju’ took some expensive machines on lease.

They also collaborated with a nearby packaging unit to use their packing machines during peak-season. This helped ‘Freshju’ to manage seasonal surges in demand without investing in additional equipment that would remain underutilized during off season. Quoting lines from the above, identify and explain any four factors that will affect the fixed capital requirements of ‘Freshju’.

[6 Marks]

Question 39.

Greener Organic is a company producing eco-friendly fertilizers and soil boosters. With the growing interest in organic farming, the company is planning to expand its operations across India.

Greener sets its target to increase its sales by 25% in the next year. This gave all departments – sales, production, marketing and logistics – a common target to work. To achieve this, Greener made a comprehensive plan to enter Tier-2 and Tier-3 cities by working with local farmer groups. They also plan to promote their brand through on-line campaigns focused on eco-friendly farming. The company also laid down broad parameters within which the managers could function. All raw materials used had to be certified organic and preferably sourced from local farmers. This would improve quality,

support local people and build trust with customers. The company allocated Rs.50 lakhs for marketing, which included funds for regional newspaper advertisements, digital marketing, promotional events and dealer incentives. By quantifying future facts and figures, the company planned to control costs and evaluate performance.

Identify and explain any four type of plans discussed in the above case

[6 Marks]

Question 40.

Explain any four semantic barriers to communication.

[6 Marks]

Question 41.

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

[6 Marks]