CBSE EXAMINATION PAPER-2026

BUSINESS STUDIES

(Solved)

Time allowed : 3 hours | Maximum Marks : 106

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 20** are multiple choice questions

iv. **Section B** – questions number **21 to 26** are short answer type i

v. **Section C** – questions number **27 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.

Ritika wanted to buy a new washing machine. She visited ‘Elec Duniya’, a large electronics store. She saw there many different brands and models on display like KM, Neo, Unipool, INH etc.

The salesperson at the store explained the differences in quality, brand reputation and prices of different washing machines. Ritika could now compare fully automatic, semi-automatic, top load and front load washing machines. The salesperson encouraged her to take her time, check different brands and resolve her queries. Ritika also went to another shop nearby to compare prices and features of different washing machines.

After comparing all the available options, Ritika chose a ‘Neo’ front load washing machine because it offered the best features within her budget. The consumer right exercised by Ritika in the above case is

[1 Marks]

(A) Right to be assured

(B) Right to consumer education

(C) Right to seek redressal

(D) Right to be heard

Question 2.

The workers in Alpha manufacturing company were using traditional methods for production of metal parts. Since no standard procedure existed, workers relied on personal experience and guess work. As a result, productivity in the assembly line began to decline.

To improve productivity, the company hired a consultant specializing in scientific management. The consultant explained that there was only one best method to maximize efficiency and this method could be developed through proper study and analysis. He emphasized that the scientific method should replace the old method, that the workers were using. So, to develop the scientific method, the consultant carefully investigated the traditional methods through work-study and by unifying the best practices, he developed a standard method that would be followed by everyone in the organization.

After applying scientific method, there was a three fold increase in productivity within six months.

The principle of scientific management which helped the company in increasing the productivity was :

[1 Marks]

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

(B) Science, not Rule of Thumb

(C) Cooperation, Not Individualism

(D) Science, not Rule of Thumb

Question 3.

Read the following statements carefully :

Statement – I : Consumers should get together and form themselves into consumer associations for protection and promotion of their interests.

Statement – II : The Consumer Protection Act provides for setting up a two-tier enforcement machinery for the redressal of consumer grievances.

With reference to given statements, choose the correct alternative from the following :

[1 Marks]

(A) Both the statements are false.

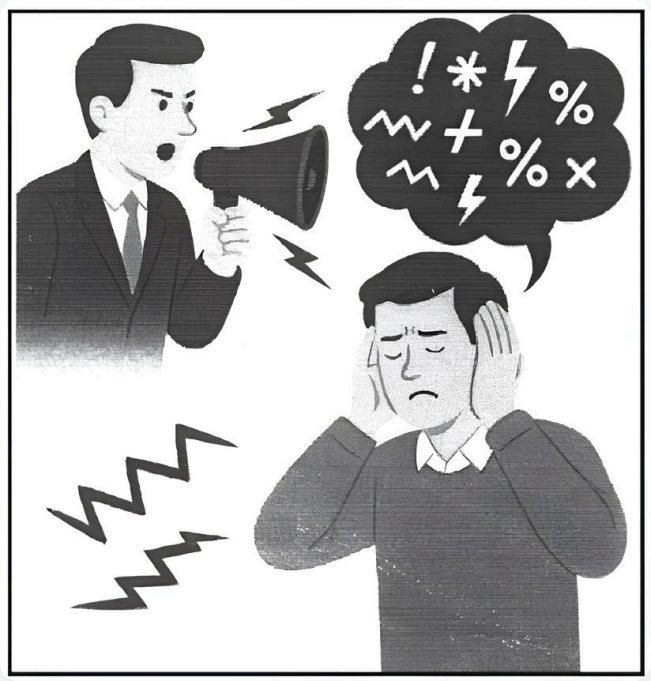
(B) Statement I is false, Statement II is true

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

(D) Both the statements are true

Question 4. Identify the element of communication process from the above picture :

[1 Marks]



(A) Feedback

(B) Media

(C) Noise

(D) Decoding

Question 5.

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

Assertion (A) Many enlightened business firms have set up their own consumer service and grievance cells.

Reason (R) : The consumer has a right to file a complaint and to be heard in case of dissatisfaction with a good or service.

Choose the correct alternative from the alternatives given below

[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 6.

Sudha is a corporate executive and has to attend a felicitation function to be held in her office tomorrow. So she decides to colour her hair. On recommendation of her friend, she purchased 'NATURO' hair colour. After reading essential details such as shade, its ingredients, usage instructions and expiry date mentioned on the box, Sudha opened the box. She took out the colour tube and developer bottle from the box and threw away the box. The level of packaging of box thrown away by Sudha was :

[1 Marks]

(A) Primary packaging

(B) Secondary packaging

(C) Transportation packaging

(D) General packaging

Question 7.

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

Assertion (A) : Money market instruments have a higher degree of liquidity as compared to capital market securities.

Reason (R) : Money market instruments are traded on the stock exchanges.

Choose the correct alternative from the alternatives given below :

[1 Marks]

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

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

Question 8.

Ravi purchased gold jewellery from a reputed jewellery store. He ensured that the jewellery had a hallmark which confirm its purity and authenticity. To avoid paying goods and services tax (GST) he asked the salesperson to write the gold weight and making charges on a slip of paper and hand over it to him.

Which of the following responsibilities of a consumer was not fulfilled by Ravi while purchasing jewellery ?

[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) Buy only standardized goods as they provide quality assurance

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

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

Question 9.

'CARO Tech Solutions' aimed at development of a software system for the company's growing operations. The project was to be completed within six months with a budget of Rs.12,00,000.

The software development team successfully completed its project on time by outsourcing a part of the project, leading to an additional expense of Rs.2,00,000. From the following, identify whether the software development team is

[1 Marks]

(A) Efficient and Effective

(B) Efficient but not effective

(C) Neither efficient nor effective

(D) Effective but not efficient

Question 10.

Due to severe winter and rising pollution levels, ‘Green India Electronics’ planned to launch a new eco-friendly heater in the market. It conducted a survey and found that the demand of this product was very high. As the winter season lasts only for 2 to 3 months, the Chief Executive Officer wanted that there should be close coordination among all the managers to deliver orders on time. Top level managers were asked to work in coordination with their subordinates to ensure that company’s policies were properly followed. To ensure that the heaters would be ready on time, the production manager co-ordinated with the operational level managers. Operational level managers co-ordinated the activities of the workers to ensure that work proceeded according to plans. As a result ‘Green India Electronics’ was able to launch its heaters on time, in the market. The feature of co-ordination discussed in the above case is

[1 Marks]

(A) Co-ordination ensures unity of action.

(B) Co-ordination is a continuous process.

(C) Co-ordination is the responsibility of all managers.

(D) Co-ordination is a deliberate function.

Question 11.

‘Business environment keeps on changing whether in terms of technological improvement, shifts in consumer preferences or entry of new competitors in the market.’ The feature of business environment highlighted in the above statement is

[1 Marks]

(A) Totality of external forces

(B) Relativity

(C) Dynamic nature

(D) Complexity

Question 12.

A position when a company is unable to meet its fixed financial charges like interest payment, dividend on preference shares and repayment obligations is referred to as _____ .

[1 Marks]

(A) Business risk

(B) Financial risk

(C) Trading on equity

(D) Operating risk

Question 13.

Identify the incorrect statement with respect to the importance of planning function of management :

[1 Marks]

(A) Planning promotes innovative ideas as new ideas can take the shape of concrete plans.

(B) Planning provides directions by stating in advance how work is to be done.

(C) Planning eliminates uncertainty by looking ahead and anticipating changes.

(D) Planning facilitates decision making by making a choice among various alternative courses of action.

Question 14. Organising is the process that initiates implementation of plans by clarifying jobs and working relationships and effectively deploying resources for attainment of identified and desired results. Organising process thus involves a series of steps that need to be taken in order to achieve the desired goal. Arrange the steps of the process of organizing in the correct order :

[1 Marks]

(A) Identification and Division of work, Assignment of duties, Departmentalisation, Establishing authority and reporting relationships

(B) Identification and Division of work, Departmentalisation, Assignment of duties, Establishing authority and reporting relationship

(C) Identification and Division of work, Assignment of duties, Establishing authority and reporting relationships, Departmentalisation

(D) Departmentalisation, Identification and Division of work, Establishing authority and reporting relationships, Assignment of duties

Question 15.

Identify the feature of planning which states that the purpose of planning is to meet future events effectively to the best advantage of an organisation :

[1 Marks]

(A) Planning involves decision making

(B) Planning is a mental exercise

(C) Planning is futuristic

(D) Planning focuses on achieving objectives

Question 16.

The step of controlling process which reveals the deviation between actual performance and desired results is :

[1 Marks]

(A) Analysing deviations

(B) Comparing actual performance with the standards

(C) Taking corrective action

(D) Setting performance standards

Question 17.

'Certain provisions of the Companies Act place restrictions on payouts as dividend. Such provisions must be adhered to while declaring the dividend.' The factor affecting dividend decision discussed above is :

[1 Marks]

(A) Access to capital market

(B) Legal constraints

(C) Contractual constraints

(D) Stock market reaction

Question 18.

Read the following statements carefully :

Statement – I : Control should focus on key result areas which are critical to the success of an organization.

Statement – II : Only significant deviations which go beyond the permissible limit should be brought to the notice of management.

With reference to the given statements, choose the correct alternative from the following :

[1 Marks]

(A) Both the statements are true.

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

(C) Both the statements are false.

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

Question 19.

Which of the following is NOT an organisational barrier to communication ?

[1 Marks]

(A) Status

(B) Lack of proper incentives

(C) Organisational facilities

(D) Rules and regulations

Question 20.

Match the principle of management given in Column–I with its explanation given in Column–II:

Choose the correct option from the following :

[1 Marks]

Column – I	Column – II
(a) Discipline	(i) There should be one and only one boss for every individual employee in the organisation.
(b) Unity of direction	(ii) There should be a place for everything (everyone) and everything (everyone) should be in its (his/her) place.
(c) Order	(iii) There should be obedience to organisational rules and employment agreement which is necessary for the working of the organisation.
(d) Unity of command	(iv) Each group of activities having the same objective must have one head and one plan.

(A) (iii) (iv) (i) (ii)

(B) (iv) (iii) (i) (ii)

(C) (iv) (iii) (ii) (i)

(D) (iii) (iv) (ii) (i)

Section B

Question 21.

'Riya Mart' is a company manufacturing disposable crockery. They have been in business for the past five years, but were not earning good profits. Concerned about this, the Chief Executive Officer (CEO), Verma, ordered an internal audit. The audit uncovered several issues like inventory pilferage, employees coming late and their performance not up to the mark. To stop inventory pilferage, Verma, the CEO, introduced surprise stock checks and installed an automated inventory management system to track stock movements. A biometric attendance system was also setup to keep a check on employees coming late. In addition to this, to motivate employees for better performance, they were told in advance what they are expected to do and what are their standards of performance. As a result of these steps, the inventory pilferage reduced, employees became more punctual and their performance improved.

(i) Identify and state the function of management performed by Verma, the Chief Executive Officer of the company.

(ii) State any two points of importance of the function identified in (i) above, which are not discussed in the above para.

[3 Marks]

Question 22. State any three measures to improve communication effectiveness.

[3 Marks]

Question 23. State any three features of leadership.

[3 Marks]

Question 24. State any three functions of middle level management.

[3 Marks]

Question 25. State any three features of 'Demonetisation'.

[3 Marks]

Question 26.

'Soal Footwear Ltd.' is known for its high quality athletic shoes and casual sneakers. With increasing competition and changing consumer preferences, it decided to diversify its product range by adding clothing, bags and accessories under the same brand umbrella. This diversification aimed to capture a larger share of the market and increase customer loyalty.

(i) Suggest with reason which type of organisational structure will be suitable for 'Soal Footwear Ltd.'

(ii) State any two advantages of the organisational structure suggested in (i) above.

[3 Marks]

Section C

Question 27.

'Sheetal Cosmetics Ltd.', is a fast growing beauty and skin care company known for its innovative products and aggressive market expansion. As the company increased its marketing activities like new product launches, accelerated advertising campaigns, social media promotions and influencer collaborations etc., the workload of the marketing department grew sharply. Despite working long hours, the marketing manager Arjun couldn't give adequate attention to strategic planning and high impact decisions as minor operational issues began consuming most of his time. Noticing this, the Chief Executive Officer (CEO) advised Arjun that it was now impractical for him to handle the entire volume of work alone, so he should allow his subordinates to take up routine tasks. This would not only help him manage his time better but also satisfy the subordinate's need for recognition. This will also provide opportunities to the subordinates to develop and exercise initiative

(i) Identify the concept suggested by CEO that will help Arjun to manage volume of work effectively.

(ii) State any three points of importance of the concept identified in (i) above.

[4 Marks]

Question 28.

State any four merits of internal source of recruitment.

[4 Marks]

Question 29.

State any four benefits of training to the employees.

[4 Marks]

Question 30.

Explain the following points of importance of planning :

(i) Planning establishes standards for controlling

(ii) Planning reduces overlapping and wasteful activities

[4 Marks]

Question 31.

Explain the following types of plans :

(i) Objective

(ii) Method

[4 Marks]

Question 32.

Rajiv was on the board of directors of 'Tako Solutions', a software development company and 'Sabka Mart Retail', a large supermarket chain. He wanted to apply management principles in both the companies to improve efficiency and profitability.

He knew that management principles can be applied as much to 'Tako Solutions' as to 'Sabka Mart Retail' though the extent to which the principles can be applied will differ, because the nature of work, scale of operations and business activities in a software firm and a supermarket chain are not the same.

Rajiv also knew that the management principles would not provide readymade solutions because real world situations faced by the two companies were very complex and dynamic. Still, he believed that even small guidelines could help in solving many problems and will improve the way both companies worked. Identify and explain the two points that highlight the nature of principles of management, in the above case

[4 Marks]

Question 33.

'GW Industries', known for its paper products, decided to produce and launch a new line of sustainable packaging called 'EcoPac'.

As management is a complex activity, the Chief Executive Officer of the company translated the work into clear goals and assigned the means to achieve those. He knew that human resources are the greatest asset of an organization, so getting work done through them is also a major task. The production of high quality sustainable packaging also required a proper production process. This was

put in place for managing the flow of input materials and technology to convert these materials into high quality sustainable packaging. In this way 'GW industries' took care of various aspects for successful launch of 'EcoPac'.

A characteristic of management is discussed in the above case. Identify and explain the characteristic.

[4 Marks]

Question 34.

'Eco Care', a start-up, plans to launch a reusable water bottle for environmentally conscious millennials and Gen Z. For this, they conducted a market research to identify the needs of the customers so that an informed decision could be taken for successful marketing of the product. They wanted to work carefully on the design to make the bottle attractive to the target customers.

On the basis of consumer views and opinions, they developed a stylish stainless steel bottle with double wall insulation to keep beverages cold for 24 hours, giving it a competitive advantage in the market. They named the bottle 'Eco-Sip' creating a brand identity focused on sustainability and simplicity. It would also help in product differentiation. The packaging was made using hundred percent recyclable cardboard, with details of sustainability, features, price etc. printed on it.

State the four functions of marketing that are carried out by 'Eco Care' in the above case.

[4 Marks]

Section D

Question 35.

'Koka Manufacturing Ltd.' is a large scale manufacturer in the electronics industry. In this industry assets are prone to obsolescence and their replacement becomes due faster with change in technology. The company is constantly under pressure to upgrade its machinery and equipment as it would help company to stay competitive, improve its product quality and reduce production costs. So instead of purchasing the machinery, company decides to lease the required machinery, giving it flexibility to upgrade equipment at the end of lease term. This helps company to maintain operational efficiency, technological competitiveness and financial flexibility. Identify and explain four factors that would affect the fixed capital requirements of 'Koka Manufacturing Ltd.'.

[6 Marks]

Question 36.

Explain the following steps in the staffing process:

(i) Estimating manpower requirements

(ii) Selection

(iii) Placement and orientation

[6 Marks]

Question 37.

Explain the following non-financial incentives:

(i) Status

(ii) Organisational climate

(iii) Job security

[6 Marks]

Question 38.

Ria ran a small online bakery business. Her business was doing very well. She saved a good amount of money every month and now wanted to invest it wisely. She was in a dilemma to keep her savings in a bank account or to invest it in the stock market. Her friend Aabha, who had done a certification course from National Stock Exchange, encouraged her to invest in the stock market. She explained to Ria that if she invests in the stock market, she could disinvest and reinvest whenever she wanted, which would provide her good liquidity. Aabha also told her that the membership of stock exchange is well regulated trading takes place within the legal framework. As a result, investors get a fair and safe deal.

Ria was still apprehensive as she had heard that there is lot of speculation in the stock market. She wanted to be cautious. Aabha clarified that speculation does exist, but it happens in a restricted and controlled way. She also told Ria that the stock exchange is keen to promote wider share ownership and does so by educating public about investments etc. As a result, young people have started investing in the stock market. After all this discussion, Ria felt confident and decided to invest a part of her savings in the stock market.

Quoting lines, identify and explain the four functions of stock exchange highlighted in the above case.

[6 Marks]

Question 39.

Explain the following elements of Marketing Mix:

(i) Product

(ii) Price

(iii) Promotion

[6 Marks]

Question 40.

Explain the following components of physical distribution:

(i) Order processing

(ii) Warehousing

(iii) Inventory control

[6 Marks]