

BUDHA DAL PUBLIC SCHOOL PATIALA
Pre Board Examination (6 December 2025)

Class XII (Commerce)
Subject - Business Studies (054) (Set-B)

Time: 3hrs

M.M.80

General Instructions

1. All questions are compulsory.
2. Questions from 1 to 20 carrying 1 mark each.
3. Questions from 21 to 24 carrying 3 marks each.
4. Questions from 25 to 30 carrying 4 marks each.
5. Questions from 31 to 34 carrying 6 marks each.

1. "Spirit of invention and innovation among people" is the component of which environment? (1)
(a) Legal environment (b) Technological environment
(c) Social environment (d) Economic environment
2. The impact of financial leverage on the profitability of a business can be seen through which analysis? (1)
(a) EBT-EPS (b) EAT-EPS (c) EBIT-EPS (d) EBIT-EBT
3. Philippines aero group PAL Holdings announced discounted fares, starting as low as Rs 1,599 for domestic destinations operated by its Indian joint venture carrier and Rs 2,599 for international flights operated by other group airlines under a limited period offer.
Suggest the medium of communication, which can be used by the firm to inform a large number of people about the new fares. (1)
(a) Personal selling (b) Sales promotion
(c) Advertising (d) Public relations
4. Which of the following statements is incorrect? (1)
(a) Opportunity is referred to the positive internal trends or changes that will help the person to improve his/her performance.
(b) Business environment is the sum total of all things internal to business firms.
(c) Business environment is a relative concept
(d) None of the above
5. Identify the principle of fayol illustrated by the picture in which manager is asking for suggestions from his subordinates to achieve the projected sales. (1)



- (a) Equity (b) Stability of personnel
(c) Scalar chain (d) Unity of direction

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6. Board of Directors of 'Fun Ltd' formulated a policy to spread the decision-making authority in subordinates. What that policy matter is known as? (1)
- (a) Delegation
 - (b) Decentralisation
 - (c) Dispersal
 - (d) Both (b) and (c)
7. Having transformed 3,000 Kirana stores across eight cities into virtual super markets, the start-up quick flee further decided in advance, to collaborate with 18,000-22,000 store owners in top 40 cities of the country by the end of this year. The company has set its eye on digitizing over 2,00,000 Kirana stores over next 24-30 months. Identify the step in the process of planning discussed above. (1)
- (a) Setting objectives
 - (b) Developing premises
 - (c) Evaluating alternative courses
 - (d) Selecting an alternative
8. Choose the correct option regarding arrangement of current assets in order liquidity from highest to lowest: (1)
- (a) Marketable securities, cash, debtors, bills receivables
 - (b) Prepaid expenses, cash, marketable securities, bills receivables
 - (c) Bills receivables, cash, marketable securities, debtors
 - (d) Cash, marketable securities, bills receivables, debtors
9. Natural disaster like flood in Kerala lead to failure of production and sales strategies of many companies. Which limitation of planning is highlighted? (1)
- (a) Planning leads to rigidity
 - (b) Planning may not work in dynamic environment
 - (c) Planning reduces creativity
 - (d) Planning does not guarantee success
10. An analysis that reveal the number and type of employees available with the organisation is (1)
- (a) workforce analysis
 - (b) workload analysis
 - (c) medical examination
 - (d) internal source
11. Which of the following is incorrect with regard to characteristics of directing (1)
- (a) Directing is a continuous process
 - (b) Directing flows from bottom to top
 - (c) Directing takes place at every level of management
 - (d) Directing initiates action

12. Match the Column I with Column II on the basis of Maslow's need hierarchy theory of motivation.

Column I

A Stability of Income

B Acceptance and Friendship

C. Growth

D. Shelter

Codes

Column II

(i) Self actualisation

(ii) Basic physiological need

(iii) Security need

(iv) Affiliation need (1)

(a) A(iii) B(iv) C(i) D(ii)

(b) A(ii) B(iv) C(iii) D(i)

(c) A(iv) B(iii) C(i) D(ii)

(d) A(ii) B(iii) C(iv) D(i)

13. Himesh is a senior manager in a software consultancy firm. He regularly prepares performance reports of his subordinates as part of appraisal. The step of controlling process highlighted here is ____ (1)

(a) measuring performance (b) compare performance against standard

(c) analysing deviation (d) taking corrective action

14. Assertion: The entry to a profession is not restricted through an examination or through acquiring an educational degree.

Reason: There is no restriction on anyone being appointed as a manager in any business enterprise. (1)

Choose one of the correct alternatives given below:

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

(b) Both Assertion and Reason are true and Reason is not the correct explanation of Assertion.

(c) Assertion is true but Reason is false.

(d) Assertion is false but Reason is true.

15. After obtaining the Post Graduate degree in the subject of 'Business Environment', Mr. Saksham Miglani was appointed as the manager in a company. He noticed that the market changes taking place very fast were having a negative impact on the company. Taking advantage of his academic ability, he made a thorough study of the business environment. Based on his study, he prepared a formula to cope with the rapid changes taking place. Within no time, the negative impact on the company of the changes taking place disappeared. Now, the company is running successfully.

Identify the point of importance of the business environment highlighted in the above event. (1)

(a) It helps the firm in identifying the threats and early warning signals.

(b) It enables the firm in identifying opportunities and getting the first mover advantage.

(c) It helps in tapping useful resources.

(d) It helps in coping with rapid changes.

16. An industry's target production is 1,000 units in a year. To achieve this target, the manager has to operate on double shifts due to power failure most of the time. The manager is able to produce 1,000 units but at a higher production cost. In the above case, what is the status of the manager? (1)

- (a) Manager was effective as well as efficient
- (b) Manager was effective but not efficient
- (c) Manager was efficient but not effective
- (d) None of the above

17. Suhasini plans her winter collection in the month of June itself. She has to then ensure that there is adequate workforce to continuously monitor whether production is proceeding according to plans. Her marketing department also has to be briefed in time to prepare their promotional and advertising campaigns. Identify the characteristic of coordination to which the above case is related. (1)

- (a) Coordination is an all pervasive function
- (b) Coordination is a deliberate function
- (c) Coordination is a continuous process
- (d) Coordination ensures unity of action

18. Statement I: Not only employee-turnover, but frequent termination of rotation must also be avoided.

Statement II: Employee must be provided the feeling of job security. With feeling of insecurity of job, the employees cannot contribute their maximum.

Alternatives:

(1)

- (a) Statement I is true and Statement II is false
- (b) Statement I is false and Statement II is true
- (c) Both statements are true
- (d) Both statements are false

19. Ankit, a manager, expects his subordinates to work for the happiness and pleasure of being in the organisation. Which principle of management is being overlooked? (1)

- (a) Subordination of individual to general interest
- (b) Remuneration to employees
- (c) Esprit de corps
- (d) Centralisation and decentralisation

20. A purchase manager of a company has to purchase 500 tonnes of raw material. Apart from the other suppliers in the market, his son also supplies that raw material. The manager purchases the raw material from the firm of his son at a rate higher than the market rate. Which principle of management has been violated in this situation? (1)

- (a) Unity of command
- (b) Unity of direction
- (c) Subordinating personal interest to general interest
- (d) Equity

21. "Controlling is an indispensable function in the process of management." In the light of this statement, explain its importance. (3)

OR

"Directing is the least important function of management." Do you agree with this statement? Give any two reasons in support of your answer.

22. Shreedar had worked as an Operations Manager at a cab aggregator firm for ten years, gaining in-depth knowledge of the business. He then decided to leave the job and started his own cab aggregator business 'Easy Cab' with his friend Mukesh. Shreedar became the Chief Executive Officer and Mukesh the Chief Operating Officer in 'Easy Cab'. They decided to initially offer their services only in Goregram. To finance the venture, they applied for a loan to purchase electric cars for their fleet aiming to provide a sustainable and eco-friendly way to travel.
- (a) Identify the level of management at which Shreedar and Mukesh are working in 'Easy Cab'.
- (b) State any two functions required to be performed by both Shreedar and Mukesh at the level of management they are working. (3)
23. Ankit is a marketing head in Avenue Ltd. He prepare sales target for upcoming year. For this, he analyse the previous year's sales data, growth trend of the company, market demand, competitors strategy, etc. The activities performed by Ankit in the given case highlights one of the characteristics of planning. Identify and comment on the characteristic so identified. (3)
24. State any three factors affecting working capital requirements. (3)
25. "Coordination is needed at all levels of management and is the responsibility of all managers". Explain (4)

OR

- "Coordination is the process by which managers in synchronizes the activities of different departments towards the achievements of common goal". In the light of above statement, explain any four features of coordination.
26. Diwali, Eid, Holi and Christmas are auspicious occasions in our country. People are in a festive mood during this period and are willing to spend more. Producers are offering varieties of sweets, dishes, cards, gifts, clothes and many more products, to satisfy the diverse needs of the consumers and also earn profits in return. It becomes necessary to study such values of customers for a business unit.
- Identify and explain the concept. (4)
27. Ashutosh Fabrics Ltd has a plan of increasing profits by 30%. For this, it has incurred a lot of time and money. But the competition starts increasing, so it could not change the plan to beat its competitors as huge amount of money had already been spent the pre-decided plan.
- It caused huge losses to the company. Identify and explain any two limitations of planning highlighted in this case by quoting lines. (4)
28. Differentiate between marketing concept and selling concept of marketing management philosophies. (4)
29. What is financial leverage? State any three factors determining the choice of an appropriate capital structure of a company. (4)
30. Arnab has been appointed as a manager in "Tifco Gears Ltd", engaged in a business of giving vehicles on rent. However, he does not know who he has to take orders from and to whom he is accountable.
- There is no reporting relationship established in the company. (4)

- (i) Identify and explain the step of organising process being overlooked in the above case.
- (ii) Also, state the two steps which are performed before the step identified in (i) above.
31. Explain any four communication tools used by marketers to persuade customers about their firms' products. (6)
32. Sahil, the director of a textile company, is planning to manufacture bags for the utilisation of waste material from one of his textile unit. For this, he decided to setup a new manufacturing unit. He also thought of giving equal opportunities to men and women.
- For this, he selected S Chatterjee, Inderjeet Kaur, Aslam and Sarabjeet as heads of sales, accounts, purchase and production departments respectively.
- (i) Identify and state the next two steps that Sahil has to follow in the staffing process after selecting the above heads.
- (ii) What benefits does a company derive by following the process of staffing? (6)
33. A popular magazine published an article on job cuts across the globe. It stated that due to reasons like cost cutting, market conditions and technological advancement, almost two lakh people in the IT sector have lost the last year their jobs during the last year.
- This was read and discussed by employees of Techwire Ltd., a software development company in India. It created a lot of unrest among them and their morale came down.
- The productivity of the employees started declining. The Chief Executive Officer of the company observed the insecurity among the staff about their jobs. Understanding his role as the leader, he wrote an e-mail to all the employees assuring them about stability of their future income and job. This communication gave the employees psychological and emotional satisfaction and showed positive results in terms of their performance. The Chief Executive Officer was able to make the subordinates act in a desired manner to achieve the organizational goals, without giving them any monetary incentives.
- (i) Identify and explain the incentive used by the Chief Executive Officer to improve the performance of the employees.
- (ii) State the need of the employees as per Maslow's Hierarchy of Needs theory which was satisfied in the above case.
- (iii) State the next two needs which will be satisfied after (ii) above. (6)
34. There are two companies B and D. Total contribution of capital is Rs 40 lakh each. The ratio of equity to total capital in company B is Rs 10 lakh and debt is Rs 30 lakh while in company D, the total equity capital is Rs 40 lakh, sourced through equity. EBIT is 8 lakh, the interest rate on debt is @ 10% and the tax rate is 30%. Which company enjoys favourable financial leverage? Face value of a share is Rs 10. (6)