



B.K. BIRLA CENTRE FOR EDUCATION

SARALA BIRLA GROUP OF SCHOOLS
A CBSE DAY-CUM-BOYS' RESIDENTIAL SCHOOL

TERM -1 EXAMINATION (2026-27) CLASS XII, BUSINESS STUDIES (054)

Class: XII

SET-1

Time: 3hr

Date: 7/09/2026

Max Marks: 80

Admission no:

Roll no:

General Instructions:

1. Please check this question paper contains 7 printed pages.
2. This question paper contains 34 questions.
3. Marks are indicated against each question.
4. Answers should be brief and to the point.
5. Answers to the questions carrying 3 marks may be from 50 to 75 words.
6. Answers to the questions carrying 4 marks may be about 150 words.
7. Answers to the questions carrying 6 marks may be about 200 words.
8. Attempt all parts of the questions together.

Q1. Sunrise Furniture Ltd. completed the production of 2,000 chairs within the scheduled time. However, the company used excessive raw materials and labour hours, increasing the production cost significantly.

- (a) The company is both efficient and effective. [1]
(b) The company is effective but not efficient.
(c) The company is efficient but not effective.
(d) The company is neither efficient nor effective.

Q2. Elite Electronics Ltd. manufactures smart home appliances. The company's CEO and Board of Directors recently decided to expand the business into international markets. Departmental managers prepared plans for production, finance, and marketing to achieve this goal. On the factory floor, supervisors ensure that workers complete their assigned tasks efficiently and maintain product quality. [1]

- (a) Top Management (b) Middle Management
(c) Operational Management (d) None of these

Q3. A company ensures that a particular employee receives orders/instructions from only one superior, to avoid confusion and conflicting instructions. Which principle of Fayol is illustrated here? [1]

- (a) Unity of Command (b) Unity of Direction
(c) Esprit de Corps (d) Order

Q4. A manufacturing company noticed that workers were using different methods to assemble the same product, resulting in inconsistent quality and delays. To overcome this, the production manager conducted a detailed study of each task, identified the most efficient method, standardised the process, and prepared a work schedule specifying what work should be done, how it should be done, and by when, before production began. [1]

- (a) Harmony, not discord (b) Science, not rule of thumb

- (c) Cooperation, not individualism (d) Development of each person to his greatest efficiency

Q5. **Assertion (A):** The scalar chain principle requires that communication must always move strictly step-by-step through the defined hierarchy, with no exceptions. [1]

Reason (R): A 'Gang Plank' allows two employees at the same level, in different chains of command, to communicate directly to save time, as an exception to the scalar chain.

- (a) Both A and R are true, and R is the correct explanation of A
(b) Both A and R are true, but R is NOT the correct explanation of A
(c) A is true, but R is false
(d) A is false, but R is true

Q6. The Reserve Bank of India recently reduced the repo rate to encourage banks to lend more, boosting investment in the economy. This is an example of which dimension of business environment? [1]

- (a) Social environment (b) Economic environment
(c) Political environment (d) Technological environment

Q7. Due to increasing public concern about environmental sustainability, several FMCG companies have repeatedly redesigned their product packaging. Although the existing packaging met all legal requirements, companies continued modifying it to match changing customer expectations and remain competitive.

- (a) Uncertainty (b) Relativity [1]
(c) Dynamic nature (d) Inter-relatedness

Q8. A company prepared a detailed production schedule for a festive season. However, a sudden transport strike prevented goods from reaching retailers on time. [1]

- (a) Objective (b) Procedure
(c) Policy (d) Rule

Q9. Mr Gun Amroha, the General Manager of Welworth Textiles scans the business environment and adapts the organisation to the changes taking place in different dimensions of the business environment. However, it is still difficult for him to accurately assess the future trends. Identify the limitation of planning related to the above. [1]

- (a) Planning leads to rigidity. (b) Planning may not work in a dynamic environment.
(c) Planning does not guarantee success. (d) Planning reduces creativity.

Q10. **Assertion (A):** Planning reduces the impact of uncertainty on business operations.

Reason (R): Planning enables managers to anticipate possible future events and prepare suitable responses.

- (a) Both A and R are true, and R is the correct explanation of A [1]
(b) Both A and R are true, but R is NOT the correct explanation of A
(c) A is true, but R is false
(d) A is false, but R is true

Q11. The finance manager of a company delegates the task of ledger maintenance to an accountant along with the necessary authority, but still remains answerable to the CEO for the accuracy of accounts. Which element of delegation makes the finance manager continue to be answerable? [1]

- (a) Authority (b) Responsibility

- (c) Accountability (d) Task

Q12. A formal organisation structure that groups jobs and activities on the basis of functions such as production, marketing and finance is known as: [1]

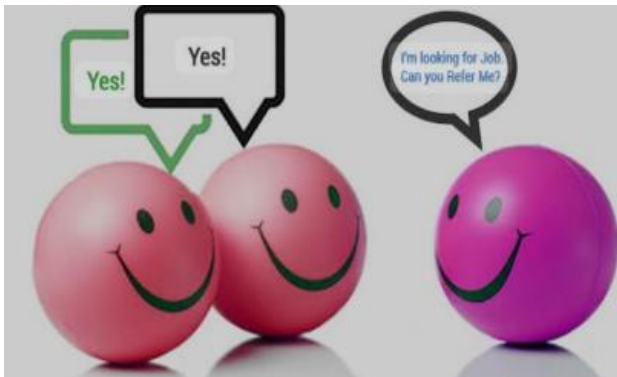
- (a) Divisional structure (b) Functional structure
(c) Matrix structure (d) Informal structure

Q13. Name the step in the staffing process which enables the organizations to offer opportunities for career advancement to their employees by facilitating learning, thereby helping the organisations to not only attract but also retain its talented people in the organisation. [1]

- (a) Placement and Orientation
(b) Recruitment
(c) Training and Development
(d) Performance Appraisal

14. Look at the picture given below and answer the question that follows: [1]

Identify the incorrect statement about the type of source of recruitment depicted above.



- (a) Management can attract qualified people to apply for vacant positions in the organisation.
(b) It may lead to dissatisfaction and frustration among existing employees.
(c) Such employees are not likely to be good employees as their background is not sufficiently known
(d) Management has a wider choice while selecting people for employment.

Q15. **Assertion (A):** On-the-job training methods are generally more cost-effective as employees learn while actually producing goods/services. [1]

Reason (R): Off-the-job training always guarantees higher performance than on-the-job training in every situation.

- (a) Both A and R are true, and R is the correct explanation of A
(b) Both A and R are true, but R is NOT the correct explanation of A
(c) A is true, but R is false
(d) A is false, but R is true

Q16. **Assertion (A):** Maslow's need hierarchy theory of motivation is widely recognised and appreciated yet criticised.

Reason (R): Even though Maslow's theory focuses on needs as a basis of motivation and helps to develop understanding about the motivation phenomenon, his propositions are questioned on their classification and hierarchy. [1]

- (a) Both A and R are true, and R is the correct explanation of A

- (b) Both A and R are true, but R is NOT the correct explanation of A
- (c) A is true, but R is false
- (d) A is false, but R is true

Q17. Arrange the following elements of communication process in the correct sequence: [1]

i) Media ii) Message iii) Sender iv) Decoding v) Receiver vi) Feedback vii) Encoding

Choose the correct option:

- a) iii, i, vii, ii, v, iv, vi
- b) iii, ii, vii, i, iv, v, vi
- c) ii, iii, vii, vi, iv, v, i
- d) ii, i, vii, iii, v, iv, vi

Q18. Choose the correct statement about the controlling function of management. [1]

- (a) No corrective action is required when the deviation goes beyond the acceptable range in important areas.
- (b) Deviations should be analysed for their causes.
- (c) Measurement of actual performance should be done only after the task is complete
- (d) Managers must keep a check on each and every activity, otherwise the entire organisation may suffer

Q19. Three companies adopted different approaches to controlling:

- **Company X:** Takes corrective action before identifying the causes of deviations.
- **Company Y:** Analyses deviations and then decides whether corrective action is necessary.
- **Company Z:** Ignores deviations as long as profits are earned. [1]

Which company is following the controlling process correctly?

- (a) Company X only
- (b) Company Y only
- (c) Company Z only
- (d) Both Company X and Company Z

Q20. **Statement I:** Controlling is a backward-looking function because it evaluates past performance.

Statement II: Controlling is also forward-looking because it helps improve future plans through corrective actions. [1]

Choose the correct option:

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

Q21. Mega Ltd. manufactured water-heaters. In the first year of its operations, the revenue earned by the company was just sufficient to meet its costs. To increase the revenue, the company analysed the reasons behind the less revenues. After analysis, the company decided: [3]

- To reduce the labour costs by shifting the manufacturing unit to a backward area where labour was available at a very low rate.
- To start manufacturing solar water-heaters and reduce the production of electric water heaters slowly.

This will not only help in covering the risks but also help in meeting other objectives.

a. Identify and explain the objectives of management discussed above.

b. State any two values which the company wanted to communicate to society.

Q22. With changes in the consumption habits of people, Neelesh who was running a sweet shop, shifted to the chocolate business. On the eve of Diwali, he offered chocolates in attractive packages at reasonable prices. He anticipated huge demand and created a website chocolove.com for taking orders online. He got a lot of orders online and earned huge profits by selling the chocolate.

Identify and explain the dimensions of business environment discussed in the above case. [3]

Q23. (A) Explain the features of functional structure. [3]

OR

(B) Explain the features of divisional structure.

Q24. (A) Explain briefly any three personal barriers to communication. [3]

OR

(B) Explain briefly any three organisational barriers to communication.

Q25. Soniya ltd. Was engaged in the business of manufacturing auto components. Lately this business has been expanding due to increased demand for cars. The competition was also increasing. In order to keep its market share intact, the company directed its workforce to work overtime. But this resulted in many problems.

Due to increased pressure of work, the efficiency of workers declined. Sometimes, the subordinates had to work for more than one superiors. The workers were becoming indisciplined. The spirit of teamwork, which had characterized the company previously, had begun to wane. [4]

Identify and explain three principles of management that were being violated, quoting the lines from above case.

Q26. Ravi, the plant manager of a chemical unit, replaced the earlier practice of workers following 'rule-of-thumb' work methods with scientifically tested standard methods for performing each task, after conducting detailed motion and time studies. This helped reduce wastage of material and fatigue among workers

(a) Identify and explain the technique(s) of scientific management used by Ravi. (2 marks) . [4]

(b) Explain any two other techniques of scientific management. (2 marks)

Q27. (A) The Government is considering a pioneer proposal to launch a single debit-cum credit card to increase the ease and usage for the consumers. The card which will be called the "National Mobility Card" will have unique advantages for making payments in metro, buses, parking and making transactions during visits abroad. After hearing this news, Mega Bank decided to launch a "Mega Mobility Card" on similar lines, so that they could be the first to exploit the opportunity, arising due to the increasing trend of digitization. In order to improve their performance, they laid down a plan to hire more people in their marketing department and prepared guidelines to train their sales force to market the new card facility being launched by the bank.

By quoting the lines, identify and explain the importance of understanding Business Environment discussed above. [4]

OR

(B) An electronics company quickly modified its product line to include 5G-compatible smartphones after the government announced a nationwide rollout of 5G technology. This swift change helped the company stay competitive.

Identify and explain four features of the business environment visible in the situation.

Q28. The IT major GIRPA is terminating the employment of its senior managers, if after evaluating their performance against pre-determined standards if it is found lacking. With this disruption analysts say a large portion of the employees may become irrelevant unless they learn new skills and apply the knowledge to work on emerging technologies. GIRPA is ready to facilitate employee learning, through its in-house centres. [4]

(A) Name the function of management performed by GIRPA to maintain a satisfactory work force.

(B) Identify and explain the two steps in the process of the function of management discussed above.

(C) Also state any two steps of the function of management discussed, that the firm had to perform before performing the above steps.

Q29. 'Shanta Enterprises' was in the business of manufacturing solar panels for the last fifteen years. With their expertise now they were able to manufacture good quality solar panels at lower cost. As a result 'Shanta Enterprises' was flooded with orders and was able to generate a good profit margin. To motivate the employees the company decided to compensate some of them for their hard work. Arvind and Yogesh, who were working on contract basis, were absorbed permanently in the company. Both were happy as now there was stability about their future income. Ekta, a regular employee of the company, working as Research and Development Head, was awarded the 'Best Employee of the year Award'. [4]

(a) Identify and explain the incentives given by Shanta Enterprises to its employees.

(b) Explain the needs of the employees being met by such incentives as per Maslow's Need Hierarchy Theory.

Q30. (A) Explain: (a) Critical point control; and (b) Management by exception, as an important part of Analysing Deviations' a step in the process of controlling. [4]

OR

(B) Explain any four features of controlling function.

Q31. TnG' is a leading manufacturer of baby care and feminine care products and has a good market reputation. It has Production, Marketing, Human Resources, Customer Service and Research and Development departments. To capitalise on its brand name and to take advantage of new business opportunities, the company decided to diversify into manufacturing of new range of products like 'Beauty and Wellbeing', 'Home Care', 'Personal Care', 'Nutrition', etc. For this, the company had to add more employees and create more departments and choose a good organisational structure which would help the company in achieving its objectives. [6]

(a) Explain the organisational structure that 'TnG' should choose after it decided to diversify. Also give reason in support of your answer.

(b) State how the organisational structure explained in (A) above will help the organisation and the heads of different departments. Explain two points in favour of each.

OR

(B) Distinguish between Authority, Responsibility and Accountability on the following basis.

BASIS – Meaning, Delegation, Origin, Flow.

Q32. The HR Manager of Bright Insurance Co. has been asked to recruit 20 sales executives. Describe, in the correct sequence, the steps involved in the selection process that the HR Manager should follow, briefly explaining each step. [6]

Q33. Neha manages a garment export unit. Despite paying good salaries and providing safe working conditions, she noticed high employee turnover and low motivation. On talking to employees, she found

that their basic and safety needs were well taken care of, but they complained of a lack of recognition for good work and no opportunities for career growth or realising their true potential at the workplace. [6]

a) Identify the motivational theory applicable here.

b) Explain all the levels of the need hierarchy given by this theory with reference to the case, and suggest what Neha should do to improve employee motivation.

Q34. (A) XYZ Ltd, a steel manufacturing company, sets a target of producing 10,000 tonnes of steel per month with wastage not exceeding 2%. Actual production for the month was only 8,500 tonnes, with wastage of 4%, and on investigation this was traced to old machinery and irregular power supply. [6]

Explain, with reference to this case, all the steps involved in the controlling process, and suggest suitable corrective measures the company should take.

OR

(B) 'Trendy Garments' is a fashion retail chain. Their annual plan included a sales target of ₹10 crore. To achieve this, they allocated significant resources to marketing and new product development. However, after the first quarter, the sales figures were significantly lower than expected. The marketing head explained that a sudden shift in consumer preferences towards sustainable fashion, which was not anticipated in their original plan, heavily impacted their traditional product line. The CEO, Ms. Sharma, immediately called for an emergency meeting. She instructed the product development team to fast-track sustainable fashion lines and the marketing team to re-strategize their campaigns to highlight eco-friendly aspects. She also mentioned that in the future, the company should regularly monitor environmental and social trends more closely.

(a) Explain the relationship between Planning and Controlling as depicted in this case study.

(b) Identify and explain the corrective actions taken by Ms. Sharma in this scenario.

ALL THE BEST