



B.K. BIRLA CENTRE FOR EDUCATION

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

PRE-BOARD 2 EXAMINATION, 2025-26

BUSINESS STUDIES 054

MS (SET B)

Class: XII

Date: 17/12/2025

Admission no:

Time: 3 Hrs.

Max Marks: 80

Roll no:

General Instructions:

1. Please check this question paper contains 9 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.

1	(a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A)	1
2	D. Assignment of duties	1
3	C. Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of the Assertion.	1
4	(c) establishing a unique identity	1
5	(c) A traditional brick-and-mortar retailer is forced to close its doors after online retailers offer lower prices and a wider selection of products.	1
6	(b) Selling and Marketing	1
7	(d) issuing right shares for existing shareholders at a discounted price	1
8.	C. Buy only standardised products	1
9	(d) It monitors and regulates the securities market to protect investors and maintain market integrity.	1
10	(a) A budget system that sets targets for sales and profits.	1
11	(d) to build relationships with stakeholders	1
12	(b) Both (A) and (R) are true but (R) is not the correct explanation of (A)	1
13	(c) Both the statements are true	1

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|-----|---|---|
| 14. | (b) Foreign policy of the government | 1 |
| 15. | (c) Employees' development | 1 |
| 16 | A. (a)-(iii), (b)-(ii), (c)-(i), (d)-(iv) | 1 |
| 17 | D. The provisions of the Consumer Protection Act came into force from 1981. | 1 |
| 18 | C. Pricing decision | 1 |
| 19 | (c) Professional association | 1 |
| 20 | A. Both the statements are true. | 1 |
| 21 | <p>(i) Setting performance standards: The first step in the controlling process is to set the performance standards. Standards are those criteria, on which the actual performances are measured. These standards serve as a benchmark towards which an organisation strives to work.</p> <p>(ii) Measurement of actual performance: After the establishment of standards, the next step is measuring the actual performance with the set standards. This can be done by opting several methods like personal observation, sample checking, performance reports, etc.</p> <p>(iii) Comparison of actual performance with standards: In this step, the actual performances are compared with the established standards. Such comparisons reveal the deviation between planned and actual results.</p> <p>Award 1 mark each to the corrective measures.</p> | 3 |

OR

1. Management by Exception:(MBE) is a managerial approach that focuses on identifying and addressing significant deviations or exceptions from standard performance. Instead of monitoring all stores equally, the regional manager prioritizes attention on exceptional cases that deviate significantly from established benchmarks.

2. Critical Point Control: It involves closely monitoring specific key performance indicators (KPIs) or KRA's that have a significant impact on overall sales performance. Managers use this technique to identify critical points where immediate action is necessary to prevent potential crises or losses.

Award 1.5 mark to each technique.

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|-------|--|---|
| 22(A) | <p>Single Use plans- A single-use plan is developed for a one-time event or project. Such a course of action is not likely to be repeated in future, i.e., they are for non-recurring situations. The duration of this plan may depend upon the type of the project. It may span a week or a month or a day.</p> <p>Standing plans- A standing plan is used for activities that occur regularly over a period of time. It is designed to ensure that internal operations of an organisation run smoothly. Such a plan greatly enhances efficiency in routine decision-making. It is usually developed once but is modified from time to time to meet business needs as required.</p> | 3 |
|-------|--|---|

OR

- (B) **Planning reduces creativity-** Planning is an activity which is done by the top management. Usually the rest of the members just implement these plans. As a consequence, middle management and other decision makers

are neither allowed to deviate from plans nor are they permitted to act on their own. Thus, planning in a way reduces creativity since people tend to think along the same lines as others.

Planning leads to rigidity-In an organisation, a well-defined plan is drawn up with specific goals to be achieved within a specific time frame. These plans then decide the future course of action and managers may not be in a position to change it. Following a pre-decided plan, when circumstances have changed, may not turn out to be in the organisation's interest.

- 23 1. When organisations hire externally, they bring in new talent with fresh perspectives and diverse skill sets. These individuals often possess different experiences, backgrounds, and knowledge, which can inject creativity and innovation into the company's operations. 3
 2. Hiring talent from outside the organisation can provide valuable industry insights and a competitive edge. External recruits may come from rival companies or different sectors, bringing with them knowledge of market trends, best practices, and emerging technologies.
 3. External recruitment can lead to faster growth and skill development within the organisation. When experienced professionals join a new workplace, they often possess a wide range of expertise that can be quickly shared and disseminated among the existing workforce.
 Award 1 mark each for External recruitment advantages.
- 24 **Calculation of Return on Investment (ROI)** 3

$$\text{ROI} = \frac{\text{Earnings before interest and tax}}{\text{Total investment}} \times 100$$

$$\text{ROI} = \frac{1500000}{3000000} \times 100$$

$$= 50\%$$
Calculation of Interest Coverage Ratio (ICR)

$$\text{Interest coverage ratio} = \frac{\text{Earnings before interest and tax}}{\text{Interest}}$$

$$\text{ICR} = \frac{1500000}{120000}$$

$$= 12.5 \text{ times}$$
- 25 (I) **Management is an intangible force:** Management is an intangible force that cannot be seen but its presence can be felt in the way the organisation functions. The effect of management is noticeable in an organisation where targets are met according to plans, employees are happy and satisfied, and there is orderliness instead of chaos. 4
 (II) Importance of management: (Any three)
 • **Management helps in achieving group goals:** Management is required not for itself but for achieving the goals of the organisation. The task of a manager is to give a common direction to the individual effort in achieving the overall goal of the organisation.
 • **Management increases efficiency:** The aim of a manager is to reduce costs and increase productivity through better planning, organising, directing, staffing and controlling the activities of the organisation.
 • **Management creates a dynamic organisation:** All organisations have to function in an environment which is constantly changing. It is generally seen that individuals in an organisation resist change as it

often means moving from a familiar, secure environment into a newer and more challenging one. Management helps people adapt to these changes so that the organisation is able to maintain its competitive edge.

- **Management helps in achieving personal objectives:** A manager motivates and leads his team in such a manner that individual members are able to achieve personal goals while contributing to the overall organisational objective.

- **Management helps in the development of society:** An organisation has multiple objectives to serve the purpose of the different groups that constitute it. In the process of fulfilling all these, management helps in the development of the organisation and through that it helps in the development of society.

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1. When we invest in training and development, we empower our employees with the skills and knowledge they need to excel in their roles. Well-trained employees are more confident, efficient, and productive.
 2. Investing in training and development allows us to stay ahead of the competition by adapting to emerging trends, technological advancements, and changing customer needs.
 3. Employees value organisations that prioritise their growth and development. By investing in training, we show our commitment to their professional advancement, fostering higher levels of employee engagement and job satisfaction.
 4. A learning culture encourages employees to think creatively, leading to innovation and process improvements. By investing in employee development, we nurture a culture that values continuous learning, enabling us to adapt swiftly to changing market conditions and customer demands.
- Award 1 mark each for points given or any other relevant point.

4

OR

1. Preliminary Screening: This is the initial stage of the selection process. Its purpose is to filter out candidates who do not meet the minimum qualifications and requirements for the management position. The screening helps save time and resources by focusing only on eligible candidates.
2. Selection Tests: These tests are assessments that evaluate candidates' aptitude, skills, and abilities related to the managerial role. These tests help assess a candidate's cognitive abilities, problem-solving skills, critical thinking, and domain knowledge.
3. Employment Interview: It is a crucial step in the selection process. It allows the organization to assess your communication skills, interpersonal qualities, cultural fit, and enthusiasm for the position. It also provides an opportunity to learn more about the company and the role.
4. Final Interviews and Decision-making: In the final interviews, the organization aims to narrow down the candidate pool further and make a well-informed decision about the best fit for the management position. This stage often involves interactions with senior management and decision makers.

Award 1 mark each for the selection process steps.

27

(I) **Esteem Needs**

(II)

- **Employee Recognition programmes:**

Recognition means

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acknowledgment with a show of appreciation. When such appreciation is given to the work performed by employees, they feel motivated to perform/work at a higher level.

• **Employee Participation:** It means involving employees in decision making of the issues related to them. In many companies, these programmes are in practice in the form of joint management committees, work committees, canteen committees etc.

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The type of the incentive offered to the employees is Job Security. It is one of the non-financial motivators:

a. Job Security: Job security is an important non-monetary motivator. Security of job means a feeling of permanence and stability. For example, if an employee has a sense of fear or insecurity in his mind, that he can be removed from his job any time, he will never work wholeheartedly and this worry continues troubling him. On the other hand, if he has a feeling that his job is secure and permanent and he cannot be removed from his job easily, he will work without any worry and with an easy mind. Consequently, his efficiency increases. This is the reason why people prefer a permanent job with less salary to a temporary job with more salary.

b. Employee Participation: Employees get encouraged to notice their participation in managerial works. Therefore, they offer their full cooperation in making successful the policies prepared with their help.

OR

Various types of non-financial incentives are as follows:

(i) Job security Generally, workers prefer security of job. It is an assurance by the employer that the worker will continue in the employment. It eliminates uncertainty about the earnings and job and have a positive impact on the efficiency.

(ii) Participation in management's decisions The active participation of workers and their representatives in decision-making helps in securing cooperation and commitment of workers towards organisational goals.

(iii) Employee recognition It is one of the most important motivator. It helps in improving the attitudes of employees and at the same time, motivates them to put their best efforts. Efficiency and innovations of the workers should be recognised and praised. Recognition can be given by appreciating the work, installing awards and certificates, display of achievements on the notice board, etc.

(iv) Job enrichment Assignment of challenging Jobs is a significant non-financial incentive. Assignment of challenging work to subordinates provide opportunities for

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maximum development ‘ and helps them to reach upto the point of self-realisation.

(v) **Status** In the organisation context, status means ranking of positions in the organisation. The status of a person is reflected in his authority, responsibility, pre-requisites and recognition. Psychological, social and esteem needs of an individual are satisfied by status.

29 **Features of Planning**

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(1) **Planning focuses on achieving objectives:** Organisations are set up with a general purpose in view. Specific goals are set out in the plans along with the activities to be undertaken to achieve the goals. Thus, planning is purposeful. Planning has no meaning unless it contributes to the achievement of predetermined organisational goals.

(2) **Planning is futuristic:** Planning essentially involves looking ahead and preparing for the future. The purpose of planning is to meet future events effectively to the best advantage of an organisation. It implies peeping into the future, analysing it and predicting it. Planning is, therefore, regarded as a forward looking function based on forecasting.

(3) **Planning involves decision making:** Planning essentially involves choice from among various alternatives and activities. The need for planning arises only when alternatives are available. In actual practice, planning presupposes the existence of alternatives. Planning, thus, involves thorough examination and evaluation of each alternative and choosing the most appropriate one.

(4) **Planning is a mental exercise:** Planning requires application of the mind involving foresight, intelligent imagination and sound judgement. It is basically an intellectual activity of thinking rather than doing, because planning determines the action to be taken. However, planning requires logical and systematic thinking rather than guesswork or wishful thinking.

30 Following are the differences between advertising and personal selling (any four):

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S.No.	Advertising	Personal Selling
1.	Advertising is an impersonal form of communication	Personal selling is a personal form of communication.
2.	Advertising involves transmission of standardised messages, i.e., the same message is sent.	In personal selling, the sales talk is adjusted keeping view of the customer's background and needs.
3.	Advertising is inflexible as the message can't be adjusted to the needs of the buyer.	Personal selling is highly flexible. as the message can be adjusted.
4.	It reaches masses, i.e., a large number of people can be approached.	Only a limited number of people can be contacted because of time and cost considerations.
5.	In advertising the cost per person reached is very low.	The cost per person is quite high in the case of personal selling.
6.	Advertising can cover the market in a short time.	Personal selling efforts take a lot of time to cover the entire market.
7.	Advertising makes use of mass media such television, radio, newspaper, and magazines.	Personal selling makes use of sales staff, which has limited reach.

8.	Advertising lacks direct feedback. Marketing research efforts are needed to judge customers' reactions to advertising	Personal selling provides direct and immediate feedback. Sales persons come to know about the customers' reactions immediately
9.	Advertising is more useful in creating and building interest of the consumers in the firm's products.	Personal selling plays an important role at the awareness stage of decision making.
10.	Advertising is more useful in marketing to the ultimate consumers who are large in numbers.	Personal selling is more useful in selling products to the industrial buyers or to intermediaries such as dealers and retailers who are relatively few in number.

31

Techniques of Scientific Management:

6

Time Study

Fatigue Study

Principles of General Management:

Equity

Fair Remuneration

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Delegation implies transfer of authority, from a superior to his subordinate. It is an essential concept for effective organisation as it lowers the burden on the manager and thereby, facilitates the manager to focus on activities that command high priority. Also, the managers can extend his area of operations once he delegates the work to subordinates. In addition to this, it provides the subordinates with more opportunities for growth. It helps in efficient completion of tasks as the subordinates can now show their skills and exercise initiative. The following points highlight the importance of delegation in effective organising.

6

(i) Managerial Efficiency: Delegation of the work to the subordinates, help the managers to concentrate on other areas of concern. With delegation of routine work to the subordinates, the manger can focus on other high priority areas. Besides, it provides them the opportunity to explore and innovate into new areas. For example, if the manager delegates the basic work to the subordinate he can put his mind into exploring ways to improve efficiency.

(ii) Employee Proficiency: By delegating the work, managers empower his subordinates by providing them opportunities to apply their skills. Herein, the subordinates get a chance to prove his abilities, gain experience and develop his career. Thus, delegation in a way helps in preparing future managers.

(iii) Motivation: Along with improving the managerial and employee efficiency, delegation provides the employees with the psychological benefits. It acts as a motivational guide for the workers. It imparts a feeling of mutual trust and commitment between the superior and subordinate. With responsibility the employee gains confidence and he gets encouraged to give their best to the organisation.

(iv) Growth: Delegation facilitates easy growth and expansion. Delegation helps in the preparation of efficient and experienced mangers that can take up leading positions at times of growth of the organisation. That is, workers trained and prepared through delegation contribute to the expansion and growth of the organisation more efficiently.

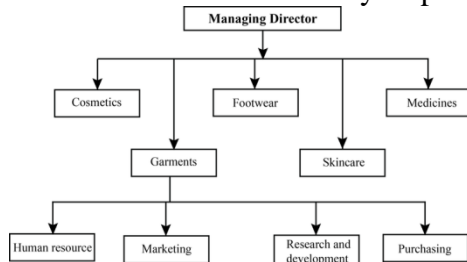
(v) Hierarchical Structure: Delegation forms the basis of the hierarchical structure of an organisation. It decides the superior-subordinate chain and determines who has to report to whom. It clearly states down the reporting relationships which helps in smooth working of the organisation.

(vi) Coordination: Delegation promotes coordination of work. It reduces overlapping of work by defining the reporting relationships. All the elements of delegation such as authority, responsibility and accountability helps in providing a clear working relationship, thereby, increasing efficiency.

OR

Divisional organisation structure in which various departments are created on the basis of products, territory or region, is called a divisional structure. Each unit has a divisional manager, who is responsible for performance and has authority over their division. Each division is further divided into functional units like production, sales, finance, etc.

The divisional head is solely responsible for the profit or loss of their division.



Advantages of Divisional Structure

Divisional structure has the following advantages:

- (i) It helps the managers to develop varied skills related to a product and facilitates managerial development.
- (ii) Fixation of responsibility and accountability is easy, as divisional heads are responsible for the profits and losses of their divisions.
- (iii) With more initiative and flexibility, decisions are taken much faster in divisional structure.
- (iv) It facilitates expansion and growth as new division can be added without interrupting the existing operations.

Disadvantages of Divisional Structure

Divisional structure suffers from the following disadvantages:

- (i) Conflict may arise between different divisions on allocation of funds and other resources.
- (ii) There is a duplication of physical facilities and functions, which leads to increase in cost.
- (iii) Greater autonomy to divisional heads may lead to misuse of authority.
- (iv) Managers in each division focus on their own objectives, without thinking of the organisational goals.

33

Various techniques used by Leena to improve the performance of her employees:

6

Method Study-The objective of method study is to find out one best way of doing the job. To determine the best way there are several parameters. Right from procurement of raw materials till the final product is delivered to the customer every activity is part of method study. Taylor devised the concept of assembly line by using method study. The objective is to minimise the cost of production and maximise the quality and satisfaction of the customer.

Time Study-It determines the standard time taken to perform a well-defined job. The standard time is fixed for the whole of the task by taking several readings. The method of time study will depend upon volume and frequency of the task, the cycle time of the operation and time measurement costs. The objective of time study is to determine the number of workers to be employed; frame suitable incentive schemes and determine labour costs.

- 34(A) 1. The principle of "Discipline" as proposed by Henry Fayol emphasizes the importance of establishing clear rules, guidelines, and consequences for employee conduct within the organization. When applied effectively, this principle can have several positive impacts like accountability, reduced absenteeism and consistent performance on employee behavior and performance in the manufacturing company.
2. The principle of "Remuneration" in Henry Fayol's management principles pertains to fairly compensating employees for their work and contributions to the organization. A performance-based remuneration system is one that ties employee compensation directly to their individual or team performance. This creates a direct link between efforts and rewards, motivating employees to be disciplined and put in their best effort to achieve higher rewards.

OR

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- (B)

*****ALL THE BEST*****