Directorate of Education, GNCT of Delhi

Practice Paper
Annual EXAMINATION (2025-26)
Class – XII
Business Studies (Code:054)

Time: 3 Hours Maximum Marks: 80

General Instructions:
1. There are 34 questions in the question paper.
2. All questions are compulsory
3. Question nos. 1 to 20 will carry 1 mark each.
4. Question nos. 21-24 are short answer types–I and will carry 3 marks each.
5. Question nos. 25-30 are short answer type–II and will carry 4 marks each.
6. Question nos. .31-34 are long answer type questions and will carry 6 marks each.
7. There is no overall choice. However, an internal choice has been provided in 2 questions of one mark, 2 questions of three marks, 2 questions of four marks and 2 questions of six marks.

Q.No.	Questions	Marks
1	A customer bought a washing machine from Home Appliances Store, which malfunctioned within two weeks. After unsatisfactory repair attempts, the customer approached the Consumer Disputes Redressal Commission. The commission ruled in favor of the customer, directing the store to repair or refund the product. This case highlights consumer protection, showing consumers' right to seek redressal for defective products. It underscores the role of legal frameworks, consumer awareness, and accountability in ensuring fair business practices and product quality. Which consumer right is exercised when the customer files a complaint with the Consumer Disputes Redressal Commission to seek resolution for a faulty product? (A) Right to Safety (B) Right to be Informed (C) Right to Choose (D) Right to Seek Redressal	1
2	TechNova Systems, a rapidly expanding IT firm, emphasized effective staffing to support its growth. The HR department launched targeted recruitment drives through job portals, universities, and professional networks. After a rigorous selection process, the company conducted comprehensive training sessions to enhance both technical and soft skills of new employees. To retain talent, TechNova introduced mentorship programs, career development plans, and regular appraisals, offering	1

	promotions and incentives to high performers. Employee feedback helped refine HR policies, while a culture of continuous learning was encouraged through online courses and workshops. Which function of staffing is illustrated by TechNova Systems providing comprehensive training programs to new hires? (A) Recruitment (B) Selection (C) Training and Development (D) Performance Appraisal	
3	WellCare Hospitals, under the leadership of CEO Dr. Riya Mehta, offers a wide range of healthcare services. She established specialized departments such as cardiology, pediatrics, and orthopedics while ensuring effective resource utilization, clearly defined roles, and smooth coordination among all units. This systematic approach improved efficiency, enhanced patient care, and promoted teamwork to achieve organizational goals effectively. How does WellCare Hospitals demonstrate organizing as both a structure and a process? (A) By focusing solely on departmental divisions (B) By defining roles and optimizing workflows (C) By centralizing all decision-making (D) By reducing the number of departments	1
4	GreenLife Innovations Pvt. Ltd., under the leadership of Ms. Nisha Arora, specializes in producing environmentally friendly home appliances. By applying marketing principles, the company combines product innovation with awareness campaigns aimed at eco-conscious consumers. It conducts market research, launches targeted promotional campaigns, and adopts strategic pricing to position its products effectively, thereby strengthening brand value and achieving sustainable long-term growth. Which aspect of GreenLife Innovations Pvt. Ltd.'s operations exemplifies the concept of marketing? (A) Developing eco-friendly products (B) Conducting market research and targeted campaigns (C) Manufacturing home appliances (D) Managing internal finances	1
5	According to Maslow's Hierarchy of Needs: 1. Physiological needs are the foundation of the hierarchy.	1

	2. Safety needs include financial security and health. 3. Social needs are higher than esteem needs. 4. Self-actualization is the highest level of needs. Which of the following is/are correct? (A) 1 and 2 only (B) 1, 2 and 4 only (C) 2 and 3 only (D) All 1, 2, 3 and 4	
6	Which of the following plans is a single-use plan? (A) Budget (B) Rule (C) Policy (D) Method	1
7	Which of the following statements is/are NOT correct regarding delegation of authority? 1. Delegation transfers the entire responsibility of the task to the subordinate. 2. Delegation helps managers to reduce their workload. 3. Delegation means giving authority without assigning responsibility. 4. Delegation promotes initiative among employees. Which of the above statements is/are NOT correct? (A) 1 and 3 only (B) 2 only (C) 4 only (D) All are correct	1
8	Based on the following information given, answer the **<u>Question 8, 9 and 10</u>** *BrightTech Electronics* is rapidly expanding. The HR Manager, Ms. Kavya, realizes that the company needs 50 new technicians. She first analyses how many technicians are currently available in the organization and how many more will be required. Then she decides the qualifications needed and prepares job descriptions. After that, she invites applications through online portals and shortlists suitable candidates. Later, professionally trained interviewers conduct interviews and tests. Finally, selected candidates are appointed and placed in the respective departments.	1

	The step followed when the HR Manager checked the current number of technicians is: (A) Recruitment (B) Selection (C) Workforce planning (Estimating manpower requirement) (D) Placement	
9	**Preparing job description and deciding qualifications refers to:** (A) Recruitment (B) Job design (C) Job analysis (D) Training	1
10	**Shortlisting applicants is part of:** (A) Recruitment (B) Selection (C) Placement (D) Induction OR **Inviting applications through job portals represents:** (A) Recruitment (B) Selection (C) Placement (D) Orientation	1
11	The element of directing which helps in creating mutual understanding between employees and management is: (A) Supervision (B) Leadership (C) Motivation (D) Communication	1
12	**Assertion (A):** Planning and controlling are independent functions of management. **Reason (R):** Planning provides the basis for controlling, while controlling helps in revising plans.	1

	Which of the following is correct? (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	
13	Identify the correct sequence for analyzing the impact of economic factors on a business: 1. Assess inflation rates. 2. Evaluate consumer purchasing power. 3. Analyze interest rates. 4. Study overall economic growth. (A) 1, 3, 2, 4 (B) 4, 1, 2, 3 (C) 1, 2, 3, 4 (D) 3, 1, 2, 4	1
14	**Assertion (A):** Derivatives are used for hedging risks in financial markets. **Reason (R):** They provide a way to lock in prices for underlying assets. Which of the following is correct? (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.	1
15		1

	 What type of market activity does this represent? (A) Primary market (B) Secondary market (C) Stock exchange trading (D) Derivatives market	
16	Match the Following: **List I** **List II** (a) Goals (i) Long-term direction (b) Strategies (ii) Specific plans for the future (c) Objectives (iii) Outlining policies (d) Procedures (iv) Defining the short-term targets Options: (A) a–i, b–iv, c–ii, d–iii (B) a–ii, b–i, c–iv, d–iii (C) a–iii, b–i, c–iv, d–ii (D) a–i, b–iii, c–ii, d–iv	1
17	The marketing concept assumes that a company can achieve its goals by: (A) Maximizing production output (B) Focusing on product quality alone (C) Understanding and meeting customer needs (D) Implementing aggressive selling techniques	1
18	According to Taylor, ‘Fatigue Study’ aims to determine:	1

	(A) The best time for workers to retire (B) The amount and frequency of rest required to maintain efficiency (C) How to make workers work longer hours (D) The mental state of employees	
19	Arrange the following components of working capital management in the correct sequence 1. Managing inventory levels 2. Managing receivables 3. Managing payables 4. Ensuring liquidity Which of the following sequences is correct? (A) 1, 2, 3, 4 (B) 2, 1, 4, 3 (C) 3, 1, 2, 4 (D) 4, 1, 2, 3 OR A government issues bonds to finance infrastructure projects. The bonds offer a 3% annual interest rate, and investors are assured that their principal amount will be returned at maturity. The government is rated AAA by credit agencies, indicating a low risk of default. What is the primary characteristic of these bonds? (A) High-risk investment (B) Fixed interest payments (C) No guarantee of principal (D) Fluctuating interest rates	1
20	Read the following statements carefully: **Statement I:** Job analysis is the process of studying and collecting information about job responsibilities. **Statement II:** Job description specifies the minimum acceptable qualifications required for a job. In light of the given statements, choose the correct alternative: (A) Both statements are true. (B) Both statements are false. (C) Statement I is true, Statement II is false.	1

	(D) Statement II is true, Statement I is false.	
21	Ms. Anjali Sharma purchased a silk saree from Jaipur Saree Emporium for ₹7,500. She wore the saree a few times, but even before giving it for a wash, it began to tear on its own. When she contacted the shopkeeper, he refused to help, stating that goods once sold cannot be returned or refunded. Which consumer right can the buyer exercise in this situation?	3
22	Ms. Neha, Operations Manager, and Mr. Arjun, HR Manager, were discussing the strategy for hiring new employees in their organization. Ms. Neha insisted that Mr. Arjun must use a scientific and systematic method to select candidates so that the job assigned matches their mental and physical abilities. Mr. Arjun suggested that the entire work should be broken down into specialized tasks and then allotted to workers according to their skills, which would improve productivity and overall efficiency in the company." The above situation shows that the principles of Taylor and Fayol support each other. Identify and explain the principles of management being referred to. OR "Every action in the organization is initiated by directing." In the light of this statement, describe any three importance of directing.	3
23	In 2022, after the COVID-19 wave, Ms. Kavita left her job in Mumbai and moved to Uttarakhand to fulfil her mother's dream of starting a herbal wellness center on their family land. She set clear goals and listed activities needed to achieve them. Since she had no experience, she attended training to learn each step from soil preparation to processing herbs. She later planned to support locals by starting "Mountain Essence Naturals Pvt. Ltd." The case highlights features of planning. Identify and explain any two features of planning.	3
24	State any three 'Protective Functions' of the Securities and Exchange Board of India (SEBI). OR Explain the meaning of 'gathering and analyzing market information' as a function of marketing.	3

25	Moksha Appliances Ltd. established a new unit in Bhiwadi, Rajasthan to manufacture air purifiers and supply them to retailers across India. The company set a target of 1,200 air purifiers per month. Management decided that a variation of ±20 units would be acceptable. At the end of the first month, the actual production was 1,130 units. In the second month, it increased to 1,190 units, but in the third month, production again dropped to 1,110 units. After checking the records, it was found that the fluctuations were caused by frequent machine breakdowns and shortage of trained technicians. The above case highlights the steps involved in the controlling function of management. Explain these steps.	4
26	Distinguish between Functional Structure and Divisional Structure on the basis of: (a) Formation (b) Specialization (c) Cost (d) Suitability OR What is meant by delegation? State the importance of delegation in an organization.	4
27	It is an institution that offers a systematic and regulated marketplace where investors can trade previously issued financial instruments such as shares and debentures." Identify this institution and state any three of its functions. OR "Decisions involving huge funds for acquiring long-term assets like new machinery, land, buildings, or technology require careful evaluation because they affect the profitability and survival of the business for many years." Identify and briefly explain the type of financial decision referred to in the statement. Also, state any factors affecting this decision.	4

28	Due to the Government's push for Digital India, many global technology companies have begun setting up their data centers and digital service units in the country. These policy changes have enabled new Indian start-ups to obtain better digital infrastructure, easier access to online markets, and supportive funding schemes. Existing Indian companies have also begun upgrading their technology and improving customer service, as they expect strong competition from global digital service providers entering the Indian market. Quoting lines from the above, identify and explain any two importance of understanding business environment.	4
29	Mr. Arvind Malhotra, the Managing Director of Techcore Appliances Ltd., called the HR Manager and asked, "Why are employees losing interest in their work? We offer one of the highest salary packages in the industry. Our factory has excellent facilities and we provide good benefits too. Still the workers are not motivated. What more do they want?" The HR Manager replied, "Sir, I have mentioned earlier that salary, facilities and benefits alone cannot motivate employees. Yesterday, one of the supervisors told me that the real issue is that *hard-working employees do not get any appreciation*. Our promotion policies are based only on seniority. Even those who do not perform well get the same benefits as those who put in extra effort." Identify the type of incentive being referred to in the above case. Also suggest any three other non-financial incentives that the HR Manager may introduce to motivate employees.	4
30	At Sunrise Textiles Pvt. Ltd., production targets were not being met for several months. The new Production Head, Mr. Dev, immediately started giving strict orders and expected complete obedience from workers. He did not ask for their suggestions and wanted all decisions to be followed exactly as instructed. On the other hand, in the Marketing Department, Ms. Priya, the Marketing Head, encouraged her team to discuss ideas freely. She invited suggestions before finalizing any campaign and considered everyone's opinion important. Meanwhile, the R&D Head, Mr. Kabir, gave complete freedom to his team to plan work, take decisions and execute projects in their own way. He only intervened when necessary.	4

	Identify and explain the leadership style adopted by above mentioned leaders.	
31	Two firms, Alpha Ltd. and Beta Ltd., have a total capital of ₹50 lakhs each. • Alpha Ltd. has ₹20 lakh equity and ₹30 lakh debt. • Beta Ltd. has ₹50 lakh equity and no debt. Both firms have EBIT of ₹10 lakhs. The rate of interest on debt is 12% and the corporate tax rate is 30%. Which company enjoys favourable financial leverage? OR While reviewing the financial statements of StarTech Engineering Ltd., two management trainees, Mehul and Ankit, noticed something unexpected. Mehul was confused and said, "How is this company functioning smoothly when its working capital is so low? The current assets are barely higher than the current liabilities!" StarTech Engineering Ltd. is a medium-sized company dealing in solar equipment installations, operating mainly in Haryana. Ankit had studied the business model earlier and understood that such companies can operate successfully with lower working capital. Help Ankit explain any six factors that may justify why the company has low working capital despite being successful.	6
32	Mrs. Kavita Sharma purchased a pack of organic green tea from FreshMart Superstore and paid ₹550. She kept the bill safely. At home, she noticed that the MRP printed on the packet was only ₹480, but the shopkeeper had stuck a new price tag of ₹550 over the original one. (a) Identify whether any consumer right has been violated. If yes, name and explain the right. (b) Suggest any two other rights and two responsibilities of a consumer apart from the one relevant in this case.	6
33	Name the concept of management that binds together all the functions of management. Discuss its features. OR	6

	Training is a lifelong necessity both for the employees as well as for the organization. Justify the statement by giving three arguments each in favour of the employees and the organization.	
34	FitWell Equipments Pvt. Ltd. manufactured premium-quality exercise bikes and had been the only major supplier in the region for many years. The company regularly achieved its goal of 15% annual growth in profit. Encouraged by this performance, Mr. Karan, the CEO, set a target of 25% profit growth for the next year. However, during that year, a global brand entered the market, drastically increasing competition. Consumer preferences also shifted toward smart, app-connected fitness machines, a trend the company had not anticipated. As a result, FitWell Equipments was unable to meet the new ambitious target. Identify and explain the limitation of the management function due to which the company failed to achieve its target.	6