

# MP Board Class 12 Business Studies 2026 Question Paper with Solutions

Time Allowed :3 Hours	Maximum Marks :80	Total questions :23
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## General Instructions

**Read the following instructions very carefully and strictly follow them:**

1. The MP Board Class 12 Business Studies Exam is of a total of 80 marks, and the duration of the examination is 3 hours.
2. All questions are compulsory.
3. Questions 1–5 are objective type questions.
4. Questions 6–15 are short answer questions.
5. Questions 16–23 are long answer questions.
6. Answers should be written clearly and precisely.
7. Use of unfair means or electronic devices during the examination is strictly prohibited.
8. Write answers according to the marks allotted to each question.
9. Maintain neat and legible handwriting.

## 1. How many levels of management are there?

- (A) Four
- (B) Three
- (C) Two
- (D) Five

**Correct Answer:** (B) Three

**Solution:**

Management is generally divided into three levels — top level, middle level, and lower level management. These levels ensure proper planning, coordination, and supervision within the organization.

**Step 1: Analyze the options.**

- (A) Four: Incorrect classification.
- (B) Three: Correct — standard management levels.
- (C) Two: Incomplete classification.
- (D) Five: Not recognized in management theory.

**Step 2: Conclusion.**

Hence, the correct answer is (B).

**Final Answer:**

(B) Three

**Quick Tip**

Top level plans, middle level coordinates, and lower level supervises execution of work.

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**2. Henry Fayol was a —**

- (A) Social Scientist
- (B) Mining Engineer
- (C) Accountant
- (D) Production Engineer

**Correct Answer:** (B) Mining Engineer

**Solution:**

Henry Fayol was a French mining engineer who developed administrative management theory and proposed fourteen principles of management.

**Step 1: Analyze the options.**

- (A) Social Scientist: Incorrect.
- (B) Mining Engineer: Correct.
- (C) Accountant: Incorrect.
- (D) Production Engineer: Incorrect.

**Step 2: Conclusion.**

Therefore, option (B) is correct.

**Final Answer:**

(B) Mining Engineer

**Quick Tip**

Henry Fayol is known as the Father of Administrative Management.

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**3. New Economic Policy was introduced in —**

- (A) 1947
- (B) 1980
- (C) 1991
- (D) 2005

**Correct Answer:** (C) 1991

**Solution:**

India introduced the New Economic Policy in 1991 to overcome economic crisis. It emphasized liberalisation, privatisation, and globalisation to promote economic growth.

**Step 1: Analyze the options.**

- (A) 1947: Year of independence.
- (B) 1980: Incorrect.
- (C) 1991: Correct year.
- (D) 2005: Incorrect.

**Step 2: Conclusion.**

Hence, option (C) is correct.

**Final Answer:**

(C) 1991

**Quick Tip**

The 1991 reforms opened the Indian economy to global competition.

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#### **4. Define Planning.**

**Solution:**

Planning is the process of deciding in advance what to do, how to do it, when to do it, and who will do it. It provides direction to all organizational activities and reduces uncertainty about the future.

**Quick Tip**

Planning is the primary function of management and forms the basis for all other functions.

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#### **5. What is Consumer Protection?**

**Solution:**

Consumer protection refers to safeguarding consumers against unfair trade practices, defective goods, and exploitation by sellers. It ensures that consumers receive quality products, proper information, and legal remedies when their rights are violated.

**Quick Tip**

Consumer Protection Act protects rights such as safety, information, choice, and redressal.

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## 6. Define Coordination.

### **Solution:**

Coordination is the process of integrating and harmonizing the activities of different individuals and departments so that organizational objectives are achieved efficiently. It ensures unity of action and prevents conflicts or duplication of work.

#### Quick Tip

Coordination is called the essence of management because it binds all managerial functions together.

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## 7. What is Liberalisation?

### **Solution:**

Liberalisation refers to the removal or relaxation of government restrictions and controls on business activities. It allows private enterprises greater freedom to operate, promotes competition, and encourages economic growth.

#### Quick Tip

Liberalisation was a key component of India's 1991 economic reforms.

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## 8. Define Organisation.

### **Solution:**

Organisation is the process of arranging tasks, resources, and authority in a structured manner so that objectives can be achieved efficiently. It defines roles, responsibilities, and relationships among employees.

### Quick Tip

A sound organisational structure improves efficiency and coordination.

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## 9. What is Recruitment?

### Solution:

Recruitment is the process of searching for and attracting qualified candidates to apply for jobs in an organization. It ensures that the organization has a pool of suitable applicants for selection.

### Quick Tip

Recruitment is a positive process because it increases the number of applicants.

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## 10. What is Business Environment?

### Solution:

Business environment consists of all external factors such as economic, social, political, technological, and legal forces that influence business operations and decision-making.

### Quick Tip

A favourable environment promotes growth, while an unfavourable one creates challenges.

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## 11. What is Working Capital?

### Solution:

Working capital refers to the funds required for day-to-day operations of a business. It is the difference between current assets and current liabilities and ensures smooth functioning of business activities.

### Quick Tip

Adequate working capital ensures liquidity and operational efficiency.

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## 12. Define Labeling.

### Solution:

Labeling refers to providing detailed information about a product on its package, such as brand name, ingredients, usage instructions, manufacturing date, and price. It helps consumers make informed decisions.

### Quick Tip

Labeling protects consumers by ensuring transparency.

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## 13. Explain the importance of Management.

### Solution:

Management is important because it helps in achieving organizational goals efficiently by coordinating human and material resources. It ensures optimum utilization of resources, improves productivity, maintains discipline, and facilitates growth and stability of the organization.

### Quick Tip

Effective management converts resources into results.

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## 14. Differentiate between Recruitment and Selection.

### Solution:

Recruitment is the process of attracting potential candidates to apply for jobs, whereas selection involves choosing the most suitable candidate from the applicants. Recruitment is a positive process, while selection is a negative process as it eliminates unsuitable candidates.

**Quick Tip**

Recruitment builds the applicant pool; selection picks the best candidate.

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### **15. Explain Formal Organisation.**

**Solution:**

A formal organisation is a deliberately created structure of roles and authority relationships designed to achieve organizational objectives. It is based on rules, procedures, and official communication channels.

**Quick Tip**

Formal organisation ensures discipline and accountability.

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### **16. Explain the principles of Directing.**

**Solution:**

Directing involves guiding, supervising, and motivating employees to achieve organizational objectives. Important principles include unity of command, effective communication, leadership, and motivation, which ensure efficient performance of employees.

**Quick Tip**

Directing activates all other managerial functions.

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### **17. What is Controlling? Explain its importance.**

**Solution:**

Controlling is the process of comparing actual performance with planned standards and taking corrective action if deviations occur. It ensures that organizational activities are carried out according to plans and objectives.

**Quick Tip**

Controlling closes the management cycle by ensuring plans are achieved.

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**18. Explain the functions of Marketing.****Solution:**

Marketing functions include product planning, pricing, promotion, and distribution. These functions aim to satisfy customer needs while ensuring profitability for the organization.

**Quick Tip**

Marketing focuses on customer satisfaction and value creation.

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**19. Explain Consumer Rights.****Solution:**

Consumer rights include the right to safety, right to information, right to choice, right to be heard, right to redressal, and right to consumer education. These rights protect consumers from exploitation.

**Quick Tip**

Awareness of rights empowers consumers.

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**20. Explain factors affecting Fixed Capital requirement.**

**Solution:**

Fixed capital requirements depend on nature of business, scale of operations, technology used, and growth prospects. Capital-intensive industries require more fixed capital than service industries.

**Quick Tip**

Fixed capital refers to long-term investment in assets like land, buildings, and machinery.

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**21. Explain Pricing Decisions.****Solution:**

Pricing decisions depend on cost of production, demand, competition, and government policies. Proper pricing ensures profitability while remaining attractive to customers.

**Quick Tip**

Price is the only element of marketing mix that generates revenue.

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**22. Explain functions of Management.****Solution:**

The main functions of management are planning, organizing, staffing, directing, and controlling. These functions are interrelated and help achieve organizational objectives efficiently.

**Quick Tip**

Management functions together ensure effective organizational performance.

### **23. Explain the importance of Consumer Protection.**

#### **Solution:**

Consumer protection is important to safeguard buyers from exploitation, ensure availability of quality goods, promote fair trade practices, and maintain confidence in the market system. It also compels businesses to act responsibly.

#### **Quick Tip**

Consumer protection promotes ethical business practices.

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