

NIOS Class 12 Business Studies Sample Paper-5

Duration: 180 Minutes

Maximum Marks: 100

Instructions

- This paper contains **51 Questions**. The paper is divided into three sections: **Section A – 20 marks**, **Section B – 30 marks**, and **Section C – 50 marks**.
- **Section A** (Q.No. 1 to 20):
 - Multiple Choice Questions (MCQs) carrying **1 mark** each.
 - Select the most appropriate option from four given choices.
- **Section B** (Q.No. 21 to 35):
 - Objective-type questions carrying **2 marks** each.
 - Include fill in blanks, matching columns, identify statements, etc.
- **Section C** (Q.No. 36 to 51):
 - **Q.No. 36 to 41**: Short answer questions carrying **2 marks** each.
 - **Q.No. 42 to 47**: Medium answer questions carrying **3 marks** each.
 - **Q.No. 48 to 51**: Long answer questions carrying **5 marks** each.
- An **internal choice** has been provided in some questions.
- There is **No Negative marking**.
- Use of mobile phones, smartwatches, calculators, or any electronic gadgets is strictly prohibited.

Section: A

Q1. Which function of management is rightly termed as the prime function and forms the base for all other managerial functions? **(1)**

- (A) Organising
- (B) Planning
- (C) Directing



(D) Controlling

Q2. Grouping of homogeneous activities into identifiable departments is technically known as: **(1)**

(A) Departmentation

(B) Decentralisation

(C) Delegation

(D) Co-ordination

Q3. Which one of the following does NOT belong to the staffing process in NIOS Business Studies? **(1)**

(A) Recruitment

(B) Selection

(C) Training

(D) Pricing

Q4. In the controlling cycle, the managerial sequence terminates with: **(1)**

(A) Fixation of standards

(B) Measurement of performance

(C) Taking corrective action

(D) Comparison of actual with standards

Q5. The literacy rate, family structure, customs and traditions of a society represent which dimension of business environment? **(1)**

(A) Economic environment

(B) Social environment

(C) Political environment

(D) Technological environment

Q6. As per the Companies Act, 2013, the prescribed minimum membership to incorporate a public limited company in India is: **(1)**



- (A) 2 members
- (B) 7 members
- (C) 10 members
- (D) 20 members

Q7. The core objective of sound financial planning in a business enterprise is to: **(1)**

- (A) Maximise total sales turnover
- (B) Ensure availability of adequate funds at the right time
- (C) Minimise direct labour cost only
- (D) Increase market share at any cost

Q8. A capital structure with a relatively larger proportion of debt capital normally results in: **(1)**

- (A) Lower financial risk
- (B) Higher financial risk
- (C) No change in financial risk
- (D) Automatic fall in EPS

Q9. The segment of the financial market that handles long-term securities of more than one year maturity is called: **(1)**

- (A) Money market
- (B) Capital market
- (C) Commodity market
- (D) Foreign exchange market

Q10. Which long-term source of business finance creates no charge on assets and carries no fixed financial obligation? **(1)**

- (A) Debentures
- (B) Long-term bank loan
- (C) Equity shares



(D) Public deposits

Q11. The classical framework of 4Ps of marketing was first systematised by: (1)

(A) Philip Kotler

(B) E. Jerome McCarthy

(C) Peter F. Drucker

(D) Adam Smith

Q12. For a highly selective industrial clientele, which advertising medium offers the lowest cost per qualified contact? (1)

(A) National Television

(B) Radio FM

(C) Direct mail

(D) Daily newspapers

Q13. Personal selling as a promotional tool becomes indispensable when: (1)

(A) The market is extremely scattered

(B) The product is technically complex and high value

(C) The product is a low-priced FMCG

(D) Mass distribution is intended

Q14. The introduction of GST in India with effect from 1st July 2017 primarily subsumed: (1)

(A) Direct income tax

(B) Multiple central and state indirect taxes

(C) Customs duty on imports

(D) Corporate income tax

Q15. In export documentation, the abbreviation FOB correctly expands to: (1)

(A) Free on Board



- (B) Freight on Booking
- (C) Forwarding of Bill
- (D) Final Order Basis

Q16. The Importer-Exporter Code (IEC), mandatory for external trade in India, is issued by which authority? (1)

- (A) DGFT
- (B) RBI
- (C) SEBI
- (D) IRDAI

Q17. SIDBI, established in 1990, was set up with the principal mandate to promote and finance: (1)

- (A) Large heavy industries
- (B) Micro, small and medium enterprises
- (C) Agricultural commodity marketing
- (D) Foreign trade houses

Q18. Identify the model which is NOT a typical B2C e-commerce example: (1)

- (A) Amazon retail
- (B) Flipkart
- (C) Alibaba wholesale portal
- (D) Myntra

Q19. The innovation theory, which describes an entrepreneur as an innovator, was propounded by: (1)

- (A) Joseph A. Schumpeter
- (B) David C. McClelland
- (C) Peter Drucker
- (D) Alfred Marshall



- Q20.** In modern management thought, co-ordination is best described as: (1)
- (A) A distinct separate function performed after controlling
 - (B) The essence of management binding all functions
 - (C) An optional supervisory activity
 - (D) The last step of the directing process only

Section: B

- Q21.** Fill in the blanks with suitable NIOS terms: (2)
1. Planning is essentially a ... looking and ... oriented managerial function.
 2. The company form of business organisation in India is regulated by the Companies Act,

- Q22.** Match the items in Column I (Financial Decisions) with the most appropriate items in Column II: (4)

Column I	Column II
(a) Investment decision	(i) Determination of debt-equity proportion
(b) Financing decision	(ii) Selection of long-term assets / capital budgeting
(c) Dividend decision	(iii) Management of current assets and current liabilities
(d) Working capital decision	(iv) Distribution of divisible profits between shareholders and retention

- Q23.** Fill in the blanks: (2)
1. The process of estimating future capital requirements and determining the pattern of financing is called
 2. Treasury Bills with maturity up to 364 days are actively traded in the market.

- Q24.** Give one appropriate business term for each of the following: (2)



1. Paid, non-personal presentation of goods and ideas through identified sponsor in mass media.
2. The specific group of buyers a firm decides to serve with its marketing offer.

Q25. Fill in the blanks: (2)

1. Purchase of goods and services from a foreign country is termed as .trade.
2. A large-scale retail organisation selling a wide variety of merchandise under separate departments under one roof is called a

Q26. Give one word for each of the following: (2)

1. Commercial transactions carried out through electronic networks and internet.
2. An individual who organises resources, takes initiative, bears risk and introduces innovation to establish a new enterprise.

Q27. Answer the following briefly: (2)

1. State any two features of planning as a management function.
2. What is meant by delegation of authority?

Q28. Answer the following: (2)

1. What is a partnership deed? Mention its significance in one sentence.
2. State any two features of a Joint Hindu Family business.

Q29. Give one word / technical phrase for the following statements: (2)

1. A financial ratio that measures the enterprise’s capacity to meet short-term obligations promptly.
2. The segment of capital market where corporate securities are issued to investors for the first time.

Q30. Answer the following: (2)



1. Define branding in marketing.
2. List any two objectives of advertising.

Q31. Fill in the blanks: (2)

1. Interest paid on borrowed capital is a . . . deductible expense for income tax computation.
2. In India, the regulates the securities and capital market to protect investors.

Q32. Identify the following and write 'WT' for wholesale trade and 'RT' for retail trade: (2)

1. Reliance Trends outlet selling apparel directly to walk-in consumers in small lots.
2. A pharmaceutical distributor supplying bulk medicines to neighbourhood chemist shops.

Q33. Correct the following sentences by changing the underlined / erroneous word: (2)

1. Controlling is the first function performed in the management process.
2. Staffing as a function is concerned only with recruitment of employees and nothing else.

Q34. State the full form of the following abbreviations used in Business Finance: (2)

1. NSE
2. IPO

Q35. Identify the e-banking / digital commerce tool described: (2)

1. A real-time mobile based payment system in India enabling instant inter-bank fund transfer 24x7 using VPA.
2. A plastic payment instrument issued by banks allowing the holder to purchase now and pay later up to a sanctioned credit limit.



Section: C

Q36. State any four functions performed by packaging in modern marketing. (2)

Q37. Explain any two principles of directing as a management function. (2)

OR

List the sequential steps involved in the staffing process. Illustrate with a flow diagram.

Q38. Mention any four distinct merits of a Joint Stock Company form of organisation. (2)

Q39. What is meant by working capital? Distinguish between Gross Working Capital and Net Working Capital. (2)

OR

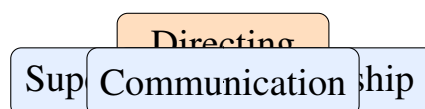
State any four factors that influence the dividend decision of a company.

Q40. Write any four points of difference between wholesale trade and retail trade. (2)

Q41. Enumerate any four salient features of e-business in the Indian context. (2)

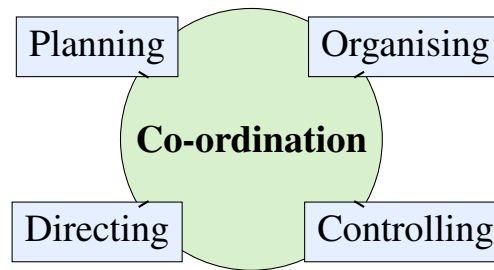
OR

List four essential personal qualities of a successful entrepreneur.



Q42. Explain the significance of co-ordination in management. Support your answer with a suitable integrative diagram. (3)





Q43. Explain three important elements of the promotion mix with suitable NIOS-level examples. (3)

OR

Distinguish between ‘Marketing’ and ‘Selling’ on any three basis.

Q44. Briefly outline the standard import trade procedure followed by an Indian importer. (3)

Q45. Analyse the strategic role of business environment in managerial decision-making (three points). (3)

OR

Describe three distinctive features of a private limited company registered under the Companies Act, 2013.

Q46. Differentiate between Primary Market and Secondary Market on the basis of: (i) Nature of securities, (ii) Parties involved, (iii) Price determination. (3)

Q47. Explain three major advantages that motivate youth in India to opt for self-employment. (3)

OR

Explain three important limitations / risks associated with e-commerce operations.

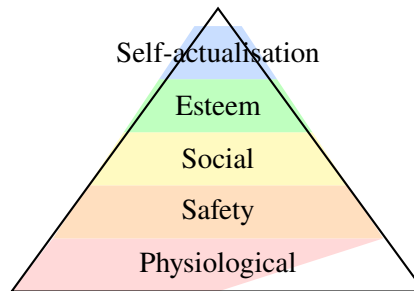
Q48. Define management. Explain in detail the five interrelated functions of



management with suitable business illustrations. (5)

OR

Explain Maslow’s Need Hierarchy Theory of motivation with a neat labelled pyramid diagram.



Q49. Analyse five key determinants that shape the capital structure decision of a large NIOS-level manufacturing company. Illustrate the risk-return trade-off. (5)

OR

Describe five important regulatory functions performed by SEBI in protecting Indian investors.

Q50. Explain the four Ps of marketing mix in detail with one contemporary Indian example for each P. (5)

OR

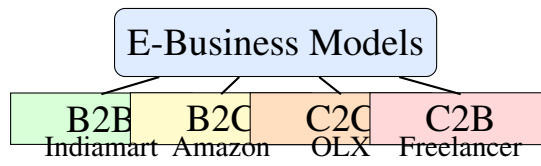
Explain the complete export trade procedure and list five essential export documents with their purpose.

Q51. What is entrepreneurship? Explain with arguments its crucial importance in accelerating economic development of India. (5)

OR

Distinguish clearly between e-commerce and e-business. Explain with a diagram the four major e-business models operating in India today.





Detailed Solutions**Q1.****Solution**

Concept: Planning is the primary function of management. It lays down objectives and decides in advance what is to be done, how, when and by whom. All other functions – organising, staffing, directing and controlling.

Solution: Planning serves as the initial intellectual foundation for all subsequent management activities within an organization. Before any resources can be gathered, personnel assigned, or performance monitored, a company must establish clear, measurable objectives and outline a roadmap to achieve them. By carefully analyzing upcoming trends and identifying potential challenges, managers can build early resilience against sudden market changes and optimize resource usage, setting up long-term stability and sustainable operational success.

Step 1: Identify the function described as prime and base. Planning sets objectives before action.

Step 2: Organising arranges resources, directing guides people, controlling checks results – all follow planning.

Step 3: Hence the prime, base function is Planning, which precedes execution.

Final Answer: Planning

Answer: (B)

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Q2.

Solution

Concept: Departmentation is a sub-function of organising. It means grouping homogeneous and related activities into workable departments, divisions or sections to facilitate specialisation and co-ordination.

Solution: Departmentation is an essential structural phase within the organizing function of management, focusing on grouping uniform, interconnected corporate activities into specialized administrative divisions, units, or sections. As an enterprise grows beyond a single founder, managing all operations under a single, generic umbrella becomes chaotic. Through departmentation, a business systematically separates its workflow into clear functional areas, such as manufacturing, financial management, talent acquisition, and market research. This grouping of related tasks lets individual workers hone their specific skills, improving workplace efficiency through professional specialization. Furthermore, establishing clear departmental boundaries creates solid reporting lines, helping managers coordinate inter-departmental workflows, streamline corporate communications, and minimize overlapping duties. Whether organized by internal business functions, product categories, target customer groups, or geographic regions, departmentation builds a clean operational hierarchy that helps multi-layered organizations execute corporate goals efficiently while tracking performance across individual departments.

Step 1: The question asks the technical name for grouping identical activities.

Step 2: Decentralisation is dispersal of authority, delegation is transfer of authority, co-ordination is integration.

Step 3: The correct NIOS term is Departmentation.

Final Answer: Departmentation

Answer: (A)

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Q3.

Solution

Concept: Staffing as per NIOS L-8 includes manpower planning, recruitment, selection, placement, training, development, promotion, compensation and appraisal. Pricing is a marketing mix element, not a staffing activity.

Solution: Staffing is an essential administrative function focused on acquiring, developing, and retaining the right human talent to fill an organization's structural roles. This continuous human resource process begins with careful workforce planning to figure out current and future personnel needs. It then moves into finding potential job seekers through recruitment, evaluating applicants via systematic selection tests, and placing individuals in positions that match their core skills. To maintain high productivity, staffing also covers on-the-job training, professional skill development, regular performance evaluations, promotional tracks, and fair compensation systems. Each of these steps is specifically designed to manage employee career paths and boost workplace morale. In contrast, pricing belongs to a completely different corporate area: the marketing mix, where managers set monetary values for goods based on manufacturing costs and market demand. Because pricing focuses entirely on market positioning and financial exchanges rather than managing internal team talent, it falls completely outside the scope of staffing operations.

Step 1: List staffing components: recruitment, selection, training are included.

Step 2: Pricing belongs to marketing, Price element of 4Ps.

Step 3: Therefore Pricing does NOT belong to staffing.

Final Answer: Pricing

Answer: (D)

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Q4.

Solution

Concept: Controlling is a continuous four-step process: (i) setting standards, (ii) measuring actual performance, (iii) comparing actual with standards, (iv) taking corrective action. Corrective action closes the loop.

Solution: Controlling functions as a vital oversight process designed to ensure that actual organizational outcomes match up with predefined strategic targets. This continuous management function follows four structured steps to keep operations on track. First, managers establish clear performance baselines or standards, which act as the main goals for the team. Second, they systematically measure actual employee and departmental performance using tools like production reports and quality checks. Third, they compare these real-world results against the original goals to spot any negative gaps or issues. Finally, they take immediate corrective action, which stands as the final step in the control loop. Taking corrective action involves identifying why performance fell short, fixing systemic issues, and adjusting workflows or standards to prevent future errors. This final step prevents minor issues from turning into major operational failures, turning static reviews into proactive improvements that safeguard corporate efficiency.

Step 1: Controlling sequence starts with standards and ends with correction.

Step 2: Measurement and comparison are intermediate steps.

Step 3: The terminal step is taking corrective action.

Final Answer: Taking corrective action

Answer: (C)

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Q5.

Solution

Concept: NIOS Business Environment L-3 classifies environment into economic, social, political, legal and technological. Social environment comprises literacy, customs, traditions, values, family structure, social trends.

Solution: The social dimension of the business environment represents the collective cultural and societal framework that shapes consumer behavior and operational dynamics. This environment is defined by key factors like literacy rates, embedded cultural customs, long-standing traditions, ethical values, family structures, and changing lifestyle trends. Unlike economic factors that track inflation or technologies that bring digital automation, social elements reflect the mindset and lifestyle of the local community. For example, local customs directly dictate seasonal demand variations, and literacy levels influence how receptive consumers are to product details and advertising campaigns. A business must carefully monitor these social factors because shifting consumer values can open up new markets or make old product lines obsolete overnight. By understanding these cultural shifts, companies can tailor their brand messaging, packaging, and corporate social responsibility efforts to fit local norms, ensuring their business practices remain relevant and trusted within the community.

Step 1: Literacy rate, customs, traditions are socio-cultural variables.

Step 2: They do not belong to economic, political or technological dimensions directly.

Step 3: Hence it is Social environment.

Final Answer: Social environment

Answer: (B)

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Q6.

Solution

Concept: Under Companies Act, 2013: Private company minimum 2 members, Public company minimum 7 members, maximum no limit. One Person Company minimum 1.

Solution: Under the provisions of the Indian Companies Act, 2013, the minimum membership requirements for creating an incorporated business are strictly defined by its legal status. To establish a public limited company, the law mandates a minimum of seven members from the start. This rule ensures that public entities are backed by a broader base of initial stakeholders compared to private limited firms, which require only two members, or One Person Companies, which need just a single individual. While the law sets a strict minimum of seven founders to protect the public character of the organization, it imposes no maximum limit on shareholder membership for public corporations. This open-ended structure lets public companies raise large pools of equity capital by issuing shares to the general investing public. Maintaining this regulatory floor of seven members safeguards corporate transparency and ensures proper governance, preventing public corporate entities from acting as closely held personal ventures.

Step 1: Question asks public limited company minimum membership.

Step 2: NIOS L-5 prescribes 7 members for public company.

Step 3: Therefore answer is 7 members.

Final Answer: 7 members

Answer: (B)

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Q7.

Solution

Concept: Financial planning L-10 NIOS: estimation of capital requirements, determining capital structure, formulating financial policies. Core objective is ensuring funds are available as and when required, avoiding surplus and shortage.

Solution: Financial planning serves as an essential strategic blueprint focused on determining an enterprise's precise capital requirements and establishing a balanced capital structure. The primary objective of this management function is to guarantee that adequate funds are readily available to the business at the right time. Proper financial planning coordinates a firm's operational cash demands, ensuring that day-to-day liquidity issues do not disrupt manufacturing cycles or delay supplier payments. At the same time, it prevents the build-up of excess idle capital, which hurts overall profitability by adding unnecessary borrowing costs without generating returns. By designing clear financial policies and cash flow projections, financial planning bridges the gap between raising capital and investing it productively. This continuous balancing act protects the business from sudden credit crunches, keeps financial risks low, and ensures that the organization has the funding needed to seize unexpected expansion opportunities smoothly.

Step 1: Maximising sales and market share are marketing objectives, minimising labour cost is production objective.

Step 2: Financial planning objective is timely availability of adequate funds.

Step 3: Hence ensuring availability of funds at right time.

Final Answer: Ensure availability of adequate funds at the right time

Answer: (B)

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Q8.

Solution

Concept: Capital structure with high debt increases fixed financial burden - interest must be paid irrespective of profit. This increases financial risk, though it may increase EPS due to trading on equity.

Solution: Incorporating a high proportion of long-term debt into a company's capital structure alters its risk profile by increasing its fixed financial commitments. Unlike common equity shares, which allow for flexible dividend payments based on remaining annual profits, debentures and institutional bank loans require regular, mandatory interest payouts regardless of corporate earnings. When a firm carries significant debt, even minor drops in sales can make it difficult to cover these rigid financial obligations, exposing the company to technical insolvency. This exposure directly translates into heightened financial risk, representing the danger that the enterprise may fail to meet its fixed financial promises and face liquidation. While using debt can boost earnings per share (EPS) during high-growth periods through trading on equity, it creates a fragile capital base during economic downturns. Consequently, maintaining an aggressive debt-to-equity ratio increases structural financial risk, even when the company's daily production and operating risks remain completely unchanged.

Step 1: High debt means higher fixed commitment, higher insolvency risk.

Step 2: Financial risk rises, operating risk unchanged.

Step 3: Answer: Higher financial risk.

Final Answer: Higher financial risk

Answer: (B)

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Q9.

Solution

Concept: Financial Markets L-13: Money market - short term up to 1 year. Capital market - long term securities >1 year, includes primary and secondary market.

Solution: The capital market functions as a highly organized financial arena dedicated to trading long-term securities with maturities exceeding one year. This market is divided into the primary market, which handles new asset listings, and the secondary market, which manages existing stock exchange transactions. It serves as an economic bridge that converts surplus public savings into productive long-term corporate investments. While the money market deals with short-term, highly liquid debt instruments like treasury bills to manage immediate cash flows, the capital market focuses on raising durable capital through instruments like equity shares, preference shares, debentures, and government bonds. Corporations and government bodies look to this market to fund major infrastructure projects, technological research, and long-term asset expansions. By providing a transparent, regulated environment for trading long-term assets, the capital market protects investor security, prices assets accurately based on supply and demand, and drives sustainable national economic development.

Step 1: Question asks market for long-term securities.

Step 2: Money market is short term, commodity and forex are different.

Step 3: Correct answer: Capital market.

Final Answer: Capital market

Answer: (B)

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Q10.

Solution

Concept: Equity shares represent owners' capital. No mandatory repayment, no fixed dividend obligation, no charge on assets. Debentures, loans, deposits carry fixed interest and repayment.

Solution: Equity shares represent a firm's primary risk capital, giving investors true fractional ownership rights and full voting privileges in corporate governance. Unlike borrowed funds like debentures, commercial bank loans, or public deposits, equity capital does not create a rigid, mandatory repayment schedule or fix financial dividend liabilities for the company. Dividends on equity shares are paid entirely at the discretion of the board of directors, meaning payments can be reduced or skipped during low-profit years without triggering legal defaults. Furthermore, raising capital through equity does not require placing a legal charge or mortgage on tangible company assets, leaving corporate properties unencumbered for future financing needs. Because this capital stays permanently invested in the company and is only settled during final corporate liquidation procedures, it provides an essential financial safety cushion. This permanent, low-pressure funding base makes equity shares the safest financing choice for building long-term corporate infrastructure.

Step 1: Debentures, term loans, public deposits create fixed burden and repayment liability.

Step 2: Equity shares are risk capital, permanent, no fixed charge.

Step 3: Hence Equity shares.

Final Answer: Equity shares

Answer: (C)

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Q11.

Solution

Concept: Marketing Mix 4Ps - Product, Price, Place, Promotion - systematised by E. Jerome McCarthy in 1960. Philip Kotler popularised it later.

Solution: The structural foundation of modern marketing strategy relies heavily on the 4Ps framework, which organizes complex marketing choices into four clear areas: Product, Price, Place, and Promotion. While many students and practitioners associate this classic analytical concept with legendary academic Philip Kotler—who is widely considered the father of modern marketing due to his extensive textbooks—the 4Ps mix was actually created and systematized by American marketing professor E. Jerome McCarthy in 1960. McCarthy introduced this strategic model in his book *Basic Marketing: A Managerial Approach*, offering a simple way to translate marketing theories into functional, everyday business plans. His four-part structure allows management teams to balance internal operational budgets against external consumer demands. Later on, Philip Kotler helped popularize this foundational framework worldwide, integrating it into global academic curricula and business strategies. This historical timeline shows that while Kotler significantly expanded and refined modern corporate marketing strategies over several decades, the architectural credit for the 4Ps matrix belongs squarely to E. Jerome McCarthy.

Step 1: Kotler is father of modern marketing but 4Ps framework is McCarthy.

Step 2: Drucker and Adam Smith are not related.

Step 3: Answer: E. Jerome McCarthy.

Final Answer: E. Jerome McCarthy

Answer: (B)

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Q12.

Solution

Concept: Direct mail / direct marketing allows precise database targeting, high selectivity, measurable response, lowest cost per qualified industrial contact compared to mass TV, radio, newspapers.

Solution: Selecting an appropriate advertising medium requires balancing broad market reach against targeted message delivery. Traditional communication options—such as national television broadcasts, regional radio networks, and major newspapers—operate as mass media tools. These channels reach large, diverse audiences but offer very little targeting control, which often leads to significant ad budget waste when products are meant for specific, niche consumer groups. In contrast, direct mail campaigns provide a highly selective alternative by allowing a firm to send tailored promotional materials straight to pre-qualified contacts listed in a corporate database. This direct marketing approach ensures that marketing budgets are spent only on individuals who fit specific demographic, geographic, or economic profiles. For niche business-to-business (B2B) markets or specialized luxury products, direct mail offers an incredibly low cost per qualified contact. It also delivers highly measurable response rates, making it far more efficient than broad, unsegmented mass media campaigns.

Step 1: Television, radio, newspapers are mass media, low selectivity, high wastage.

Step 2: Direct mail reaches pre-qualified list only.

Step 3: Answer: Direct mail.

Final Answer: Direct mail

Answer: (C)

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Q13.

Solution

Concept: Personal selling involves face-to-face persuasion, demonstration, negotiation. Essential for technical, high-value, customised industrial products requiring explanation.

Solution: Personal selling functions as a highly interactive, customized promotional tool centered on face-to-face communication, detailed product demonstrations, and real-time price negotiations between a sales representative and a prospective buyer. While fast-moving consumer goods (FMCG) and simple retail products rely on mass advertising campaigns to drive sales, complex and highly technical products demand a personal selling approach. When an item features complicated technical engineering, specialized software integration, or high unit costs—such as industrial manufacturing machinery, enterprise network servers, or specialized medical equipment—standard print or digital advertisements cannot answer a buyer’s detailed technical questions. Personal selling allows trained sales professionals to adapt their technical presentations to match a client’s specific operational needs, handle complex objections immediately, and build long-term business trust. This personal touch is essential for guiding buyers through long, high-stakes purchasing decisions where technical clarity and tailored solutions are required to close the sale.

Step 1: FMCG mass market uses advertising, not personal selling intensively.

Step 2: Technical complex products need personal interaction.

Step 3: Answer: Product is technical in nature.

Final Answer: Product is technical in nature

Answer: (B)

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Q14.

Solution

Concept: GST - Goods and Services Tax - subsumed 17 central and state indirect taxes: excise, VAT, service tax, octroi, entry tax etc. Direct taxes like income tax and corporate tax continue separately.

Solution: The implementation of the Goods and Services Tax (GST) represents an important fiscal reform that reshaped the nation's domestic taxation architecture by introducing a unified, consumption-based tax system. Designed around the principle of "One Nation, One Tax," GST streamlined operations by subsuming 17 separate central and state indirect taxes that used to complicate domestic trade. Prior to this reform, businesses faced a complex web of overlapping duties, including central excise taxes, state-level Value Added Taxes (VAT), service taxes, luxury taxes, local octroi, and entry levies. This fragmented structure caused tax cascading, where companies were forced to pay taxes on top of taxes as goods moved across state lines. By replacing these 17 indirect taxes with a single, clear GST framework, the government removed internal trade barriers and lowered administrative compliance burdens. However, it is important to note that direct taxes—such as personal income taxes and corporate profits taxes—remain completely outside the GST system, continuing as separate revenue tools managed under distinct tax laws.

Step 1: Income tax and corporate tax are direct taxes, not subsumed.

Step 2: Custom duty continues outside GST.

Step 3: Correct: Multiple central and state indirect taxes.

Final Answer: Multiple central and state indirect taxes

Answer: (B)

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Q15.

Solution

Concept: International trade Incoterms: FOB - Free on Board - seller delivers goods on board the vessel nominated by buyer, risk transfers at ship's rail.

Solution: In international logistics and export management, businesses rely on Incoterms (International Commercial Terms) to clearly define the costs, risks, and responsibilities shared between global buyers and sellers. The widely used acronym FOB stands for "Free on Board." Under this standard shipping agreement, the exporter's legal responsibilities are fulfilled once the goods are safely loaded on board the cargo vessel chosen by the importer at the designated port of shipment. Up until that point, the seller covers all local transport costs, export clearance fees, and warehouse storage risks. The moment the cargo clears the ship's rail and settles onto the transport vessel, the risk of accidental damage or cargo loss transfers completely to the buyer. From that point forward, the international buyer assumes full financial responsibility for ocean freight costs, marine insurance, and final destination import duties. Using clear, legally standardized definitions like FOB prevents cross-border legal disputes and ensures both international trade partners understand exactly where shipping liabilities shift.

Step 1: Other expansions are fictitious in export context.

Step 2: NIOS L-19 prescribes FOB = Free on Board.

Step 3: Answer: Free on Board.

Final Answer: Free on Board

Answer: (A)

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Q16.

Solution

Concept: IEC - Importer Exporter Code - 10 digit PAN based code - mandatory for import-export - issued electronically by DGFT - Directorate General of Foreign Trade, Ministry of Commerce.

Solution: Engaging in cross-border international commerce requires strict compliance with national trade regulations and licensing frameworks. Any domestic business planning to import foreign goods or export products abroad must first secure an Importer Exporter Code (IEC). This unique 10-digit identification number is based on the firm's Permanent Account Number (PAN) and is mandatory for clearing customs shipments, handling international bank transfers, and processing foreign trade documentation. The sole legal authority responsible for issuing and managing this code is the Directorate General of Foreign Trade (DGFT), an agency operating under the Ministry of Commerce and Industry. While other regulatory bodies manage different parts of the financial sector—such as the Reserve Bank of India (RBI) controlling foreign exchange and SEBI overseeing security markets—the DGFT focuses entirely on foreign trade policy and export promotion. The DGFT processes IEC applications through a centralized electronic platform, allowing businesses to secure their trade credentials quickly and participate legally in the global marketplace.

Step 1: RBI handles forex, SEBI securities, IRDAI insurance.

Step 2: Export-import licensing authority is DGFT.

Step 3: Answer: DGFT.

Final Answer: DGFT

Answer: (A)

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Q17.

Solution

Concept: SIDBI - Small Industries Development Bank of India - apex refinancing institution set up 1990 - for promotion, financing and development of MSMEs.

Solution: The Small Industries Development Bank of India (SIDBI) functions as the apex financial institution dedicated to growing, financing, and developing the nation's Micro, Small, and Medium Enterprises (MSME) sector. Established in 1990 under a specialized act of Parliament, SIDBI coordinates the various institutions engaged in promoting small-scale industrial developments. While other large financial bodies focus on different economic areas—such as NABARD supporting rural agriculture and IDBI historically handling heavy corporate industries—SIDBI directs its resources toward smaller enterprises. It helps smaller firms overcome capital shortages by offering specialized refinancing facilities to commercial banks, state-level financial corporations, and microfinance institutions. This funding network allows local lenders to offer competitive, low-interest commercial loans to small entrepreneurs. By providing direct project financing, working capital loans, and technological upgrade grants, SIDBI ensures that the MSME sector can expand operations, create jobs, and drive balanced economic growth across both urban and rural areas.

Step 1: Large industries financed by IDBI/IFCI, agriculture by NABARD.

Step 2: SIDBI mandate is MSME / small scale industries.

Step 3: Answer: Micro, small and medium enterprises.

Final Answer: Micro, small and medium enterprises

Answer: (B)

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Q18.

Solution

Concept: B2C = Business to Consumer retail. Amazon, Flipkart, Myntra are B2C. Alibaba wholesale / Alibaba.com core is B2B marketplace.

Solution: Electronic commerce platforms operate under several distinct transaction models depending on their primary target audience. The Business-to-Consumer (B2C) framework describes digital retail storefronts where commercial enterprises sell finished consumer products directly to individual end-users for personal use. Well-known examples like Amazon, Flipkart, and Myntra fit this model perfectly, as they allow everyday consumers to browse retail listings, purchase single product units, and have items delivered directly to their homes. In contrast, the core Alibaba wholesale portal (Alibaba.com) runs on a Business-to-Business (B2B) model. This platform acts as an international wholesale marketplace that connects factory manufacturers and bulk suppliers directly with other commercial businesses, retail firms, and global traders. Because Alibaba wholesale requires large minimum order quantities and focuses on supply chain distribution rather than single retail consumer purchases, it does not fit the B2C classification, serving instead as a classic example of B2B e-commerce.

Step 1: Alibaba wholesale connects businesses to businesses, not typical B2C.

Step 2: Hence it is NOT a B2C example.

Step 3: Answer: Alibaba wholesale portal.

Final Answer: Alibaba wholesale portal

Answer: (C)

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Q19.

Solution

Concept: Joseph A. Schumpeter - 1934 - Innovation Theory: entrepreneur is innovator introducing new product, new method, new market, new source, new organisation.

Solution: The economic understanding of entrepreneurship was fundamentally changed by legendary economist Joseph A. Schumpeter through his famous Innovation Theory of Entrepreneurship, introduced in 1934. Schumpeter argued that an entrepreneur is not just a standard business manager or a passive investor who provides capital to a firm. Instead, he defined the entrepreneur as a dynamic innovator who drives economic growth by disrupting static market conditions through creative destruction. According to his theory, this innovation happens in five distinct ways: introducing entirely new goods or consumer service qualities, developing advanced manufacturing methods, opening up unexplored retail markets, securing new raw material supply sources, or implementing new organizational structures within an industry. While other theorists like David McClelland focused on psychological factors like the internal need for achievement, Schumpeter viewed innovation as the defining trait of true entrepreneurship. His work highlights that entrepreneurs drive continuous economic progress by introducing fresh, creative ideas that challenge and improve existing market models.

Step 1: McClelland gave Achievement Motivation Theory, Drucker management theory.

Step 2: Correct: Joseph A. Schumpeter.

Final Answer: Joseph A. Schumpeter

Answer: (A)

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Q20.

Solution

Concept: NIOS L-9: Co-ordination is not a separate function but the essence of management - it pervades planning, organising, staffing, directing, controlling, integrating group efforts.

Solution: In modern administrative theory, coordination is not treated as a separate, isolated management function to be completed alongside tasks like planning or staffing. Instead, it is recognized as the very essence of management—an underlying force that ties all organizational activities together. Coordination is the process of integrating and balancing the efforts of separate departments, ensuring that individual team actions align with overall corporate goals. This unifying force is required at every stage of management. It shapes the initial planning phase by balancing different departmental targets, guides the organizing function by defining clear working relationships, and informs staffing choices to ensure teams have matching skill sets. It also plays a key role in directing employee actions and helping controlling mechanisms correct performance gaps smoothly. Without steady coordination, independent departments would chase conflicting priorities, leading to wasted resources and corporate confusion. By linking all activities together, coordination turns separate operations into a cohesive team, making it essential for long-term organizational success.

Step 1: It is not performed after controlling only, nor optional.

Step 2: Modern view: co-ordination is essence of management.

Step 3: Answer: The essence of management binding all functions.

Final Answer: The essence of management binding all functions

Answer: (B)

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Q21.

Solution

Concept: Planning is a forward-looking, intellectual, goal-oriented continuous function. Company form in India is governed by Companies Act, 2013 which replaced Companies Act, 1956.

Solution: The structural foundation of corporate administration relies on systematic foresight and clear legal frameworks. According to corporate management principles, planning operates as an inherently forward-looking or future-looking intellectual process that remains deeply goal-oriented. Rather than reacting blindly to market changes, managers use planning to look ahead, anticipate industry shifts, and design proactive paths to achieve specific operational goals. This continuous thinking function helps minimize corporate friction by outlining actionable workflows well before physical operations begin. On the legal side, corporate entities must operate under strict, uniform statutory regulations. In India, the primary legal framework governing corporate businesses is the Companies Act, 2013. This modern legislation completely replaced the older Companies Act, 1956, introducing updated rules for corporate governance, minor shareholder protections, and social responsibilities. It was implemented in structured phases to help existing businesses adapt smoothly to the new requirements. Together, clear operational planning and strict legal compliance provide the structural stability needed for organizations to grow safely, minimize market risks, and maintain investor confidence in a competitive commercial landscape.

Step 1: Blank 1: NIOS defines planning as forward-looking / future-looking and goal-oriented function.

Step 2: Blank 2: Present governing statute is Companies Act, 2013, enforced in phases from 2013-14.

Final Answer: 1. forward / future, goal 2. 2013

Answer: (See Above)

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Q22.

Solution

Concept: Investment decision - capital budgeting, asset selection. Financing decision - capital structure, debt-equity mix. Dividend decision - profit distribution policy.

Solution: Corporate financial management is structured around four primary decision-making areas that directly shape a company's financial health. The investment decision focus lies on capital budgeting, where managers evaluate and select long-term assets that will generate returns over several years. Finally, working capital decisions handle short-term liquidity by managing current assets and current liabilities, ensuring the firm can meet its day-to-day operational obligations smoothly. Together, these four pillars ensure that capital is raised affordably, invested wisely, managed efficiently on a daily basis, and distributed fairly to investors, maintaining financial balance and supporting sustainable growth.

Step 1: (a) Investment decision matches with (ii) Selection of long-term assets / capital budgeting.

Step 2: (b) Financing decision matches with (i) Determination of debt-equity proportion.

Step 3: (c) Dividend decision matches with (iv) Distribution of divisible profits between shareholders and retention.

Step 4: (d) Working capital decision matches with (iii) Management of current assets and current liabilities.

Final Answer: (a)-(ii), (b)-(i), (c)-(iv), (d)-(iii)

Answer: (See Above)

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Q23.

Solution

Concept: Financial planning is estimating capital requirements and deciding sources. Money market handles short-term instruments up to one year - Treasury Bills, Commercial Paper, Call Money.

Solution: Managing corporate finances effectively requires a clear understanding of both long-term strategic preparation and short-term market operations. The process of calculating an enterprise's exact capital requirements and choosing the most dependable funding sources is known as financial planning. This planning acts as a financial roadmap, helping businesses figure out how much money they need for long-term expansions and daily operations, while preventing issues like idle cash or sudden funding shortages. On the operational side, businesses look to different financial markets depending on the maturity of the instruments they need. Short-term debt instruments with maturities under one year—such as highly secure Treasury Bills, corporate Commercial Paper, and immediate Call Money—are issued and traded within the money market. While long-term capital markets help fund permanent structural growth, the money market provides vital short-term liquidity, allowing corporations and government bodies to manage temporary cash imbalances efficiently.

Step 1: First blank: the process is termed Financial Planning / Capital Requirements Estimation.

Step 2: Second blank: T-Bills are money market instruments.

Final Answer: 1. Financial Planning 2. Money

Answer: (See Above)

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Q24.

Solution

Concept: Advertising is a paid, non-personal mass communication tool - element of promotion mix. Target market is the well-defined segment chosen by the firm to serve.

Solution: Modern marketing strategies rely on clear promotional tools and well-defined customer groups to drive business growth. Advertising functions as a paid, non-personal mass communication tool used by an identified sponsor to share information about products, services, or ideas through media channels like television, radio, print, and digital platforms. Because it is non-personal, advertising speaks to a broad audience simultaneously rather than focusing on individual sales interactions. To maximize the impact of these campaigns, businesses must direct their promotional efforts toward a specific target market. A target market is the distinct, well-defined segment of consumers that a company intentionally selects to serve with its products and marketing campaigns. By analyzing demographic details, geographic locations, and buying habits, a firm can tailor its advertising messages to match the unique needs of this core group, ensuring better marketing efficiency and stronger brand loyalty.

Step 1: First definition exactly matches Advertising as per NIOS L-16.

Step 2: Second definition is Target market / Target segment.

Final Answer: 1. Advertising 2. Target market

Answer: (See Above)

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Q25.

Solution

Concept: External trade is divided into Import - buying from abroad, Export - selling abroad, Entrepot - re-export. Internal trade retail formats include Departmental Store.

Solution: Modern commerce is structured into clear internal and external trade formats that help distribute goods efficiently to consumers worldwide. Within international or external trade, buying goods and services from a foreign country to sell in the domestic market is known as import trade. Imports allow a nation to access specialized machinery, raw materials, or consumer items that might be scarce or costly to produce locally. Within domestic or internal trade, retail networks use a variety of formats to match different shopping preferences. A prominent large-scale retail format is the departmental store, which brings a wide variety of product categories under one roof. These stores are organized into distinct departments—such as clothing, electronics, footwear, and home goods—with each section managed as an independent unit. By offering a broad selection of products, clear pricing, and a convenient shopping experience in a single location, departmental stores serve as a versatile retail solution for urban consumers.

Step 1: Buying from foreign country is Import trade.

Step 2: Large retail with separate departments under one roof is Departmental Store.

Final Answer: 1. Import 2. Departmental Store

Answer: (See Above)

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Q26.

Solution

Concept: E-commerce / E-business denotes internet-based transactions. Entrepreneur is a risk-bearing innovator who starts an enterprise.

Solution: The modern commercial landscape has been transformed by digital communication tools and innovative business leaders. Conducting commercial transactions, processing payments, and exchanging business data over electronic networks and internet systems is known as e-commerce or e-business. This digital shift allows companies to transcend geographic boundaries, lower operational overhead costs, and interact with global consumers 24/7. The driving force behind these ventures is the entrepreneur, an innovative individual who spots market opportunities, organizes resources, and establishes a business enterprise. Entrepreneurs assume the primary financial and operational risks of a new venture, using creative solutions to introduce fresh products, services, or delivery methods to the market. By leveraging e-commerce platforms, modern entrepreneurs can scale their businesses rapidly, turning original ideas into profitable realities while fostering market competition and economic development.

Step 1: Commercial transactions through electronic networks is E-commerce / E-business.

Step 2: Person organising resources with innovation and risk is Entrepreneur.

Final Answer: 1. E-commerce / E-business 2. Entrepreneur

Answer: (See Above)

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Q27.

Solution

Concept: Planning features NIOS L-7: goal oriented, primary function, pervasive, futuristic, intellectual, continuous, choice making. Delegation is downward transfer of authority from superior to subordinate with responsibility.

Solution: Effective corporate governance requires combining systematic planning with clear organizational delegation. Planning stands out as a highly futuristic and goal-oriented function that sets the direction for all subsequent managerial actions. As an intellectual, choice-making process, it requires managers to analyze upcoming trends, evaluate competing alternatives, and establish a clear path forward before physical work begins. Because it underpins every other management function, planning is a continuous and pervasive need across all levels of an organization. To execute these plans smoothly, managers rely on the delegation of authority. Delegation is the downward transfer of formal authority from a superior to a subordinate to empower them to complete assigned duties. While this process passes along daily operational tasks and matching responsibilities, the original manager retains ultimate accountability for the outcomes, helping teams scale up workflows without losing administrative oversight.

Step 1: Two features of planning: (i) Planning is goal-oriented and futuristic, (ii) Planning is a primary and intellectual process involving choice among alternatives.

Step 2: Delegation of authority: Transfer of authority by a superior to a subordinate to enable performance of assigned tasks, along with responsibility, retaining accountability with the delegator.

Final Answer: Planning - goal oriented, futuristic, primary, pervasive. Delegation - downward transfer of authority with responsibility.

Answer: (See Above)

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Q28.

Solution

Concept: A partnership deed is a written agreement among partners, while a Joint Hindu Family business is governed by Hindu Law and managed by the Karta.

Solution: In a partnership, the partnership deed acts as a legal blueprint detailing profit sharing, capital input, and individual duties, which effectively prevents future operational disputes. Conversely, a Joint Hindu Family (JHF) business relies on traditional kinship structures. Management remains centralized under the eldest member, or Karta, who bears unlimited personal liability. Other members, known as co-parceners, have their liability limited to their heritage shares, and the continuous existence of the firm remains completely unaffected by any individual member's birth or demise.

Step 1: Partnership deed: a written, stamped document specifying rights, duties, profit sharing, and capital inputs among partners to serve as reliable legal evidence. **Step 2:** JHF business features: (i) governed strictly by Hindu Law, (ii) managed exclusively by the eldest member called Karta, (iii) Karta holds unlimited liability, (iv) stable continuity unaffected by member deaths.

Final Answer: Partnership deed is a written agreement defining partner rights. JHF features Karta centralized management, Hindu Law governance, and continuous legal existence.

Answer: (See Above)

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Q29.

Solution

Concept: Liquidity ratios measure short-term solvency through current and quick metrics. The new issue market constitutes the Primary Market.

Solution: Financial health requires assessing short-term obligations alongside capital sourcing channels. Ratios evaluating a firm's capability to discharge its immediate debts as they mature are known as liquidity ratios. Metrics like the Current Ratio match assets against operational short-term liabilities. Meanwhile, the specialized segment of the capital market where corporate bodies create and offer fresh securities to investors for the first time is named the primary market, which funnels public savings directly into commercial expansion projects.

Step 1: Ratios determining a company's ability to settle short-term debts promptly are liquidity ratios, primarily the Current Ratio and Quick Ratio. **Step 2:** The primary market, or new issue market, is where fresh financial securities are created and sold to the public for the first time.

Final Answer: 1. Liquidity Ratio / Current Ratio 2. Primary Market

Answer: (See Above)

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Q30.

Solution

Concept: Branding provides unique identification and market differentiation. Advertising objectives focus on informing, persuading, and reminding consumers.

Solution: Modern commercial promotion combines identity design with customer communications. Branding attaches a unique name, trademark, or symbol to a product line to create an identifiable image that distinguishes it from competitor lookalikes. To project this corporate identity outward, businesses utilize targeted advertising campaigns. The strategic objectives of these promotions are to inform audiences about features, persuade buyers to purchase, and remind users of benefits to build long-term brand recall.

Step 1: Branding: assigning a distinct name, sign, or symbol to identify items and separate them from competitive offerings. **Step 2:** Advertising objectives: (i) inform target audiences of new launches, (ii) persuade consumer choices and remind clients to support steady demand.

Final Answer: Branding builds a distinct product identity. Advertising works to inform, persuade, and remind buyers to improve market sales.

Answer: (See Above)

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Q31.

Solution

Concept: Interest on corporate debt is tax-deductible, reducing financing costs. SEBI is the statutory regulator of Indian capital markets.

Solution: Capital structure design hinges on balancing financing costs against statutory compliance rules. When a company issues debt instruments, the interest paid to lenders acts as a tax-deductible operational expense. This creates a valuable interest tax shield, making debt more economical than equity. To prevent fraud in these financing activities, the Indian government relies on the Securities and Exchange Board of India (SEBI), a statutory authority established in 1992 to protect retail investors and govern stock exchanges.

Step 1: Debt interest payments are tax-deductible, creating a corporate tax shield that lowers the real cost of debt. **Step 2:** SEBI (Securities and Exchange Board of India) serves as the primary statutory regulator governing national capital markets.

Final Answer: 1. Debt / Interest 2. SEBI / Capital Market Regulator

Answer: (See Above)

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Q32.

Solution

Concept: Retail trade sells small quantities to ultimate consumers, while wholesale trade moves bulk inventory to downstream merchants.

Solution: Domestic distribution loops rely on distinct merchant tiers to supply markets efficiently. Retail trade involves buying items from distributors and selling them in small lots directly to households for personal consumption, as seen when shoppers visit Reliance Trends for clothing. Conversely, wholesale trade entails buying goods in large volumes from factories and supplying them to commercial stores rather than end consumers, matching how pharmaceutical distributors supply local chemist shops with bulk medical stock.

Step 1: Reliance Trends selling small apparel lots directly to individual walk-in consumers represents Retail Trade (RT). **Step 2:** A pharmaceutical distributor delivering bulk medicine boxes to regional chemist shops represents Wholesale Trade (WT).

Final Answer: 1. RT (Retail Trade) 2. WT (Wholesale Trade)

Answer: (See Above)

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Q33.

Solution

Concept: Controlling is the final administrative management check. Staffing governs the entire employee career cycle from placement to retirement.

Solution: Managing organizational workflows requires a clear understanding of administrative sequence and scope. The standard management process places controlling as the final function, where actual results are evaluated against initial plans to fix operational errors. Furthermore, staffing extends far beyond basic hiring; it represents a comprehensive system covering manpower planning, recruitment, performance evaluation, ongoing training, and final retirement transitions.

Step 1: Correction 1: Controlling is the final closing function of management, while planning stands as the foundational first step. **Step 2:** Correction 2: Staffing handles total human resource management, encompassing recruitment, appraisal, development, and retirement instead of simple hiring.

Final Answer: 1. Controlling is the last managerial function. 2. Staffing represents complete human resource management from induction to retirement.

Answer: (See Above)

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Q34.

Solution

Concept: The National Stock Exchange (NSE) facilitates electronic trading. An Initial Public Offering (IPO) represents a company's first public share issue.

Solution: Financial intermediaries deploy advanced market frameworks to pool public funds into industrial sectors. The acronym NSE refers to the National Stock Exchange of India Limited, which introduced screen-based automated trading desks to replace open-outcry trading floors. When corporate bodies listed on this exchange seek long-term public funding for the first time, they launch an Initial Public Offering (IPO), converting their business into a public entity by selling fresh equity blocks directly to retail buyers.

Step 1: NSE stands for the National Stock Exchange of India Limited, headquartered in Mumbai. **Step 2:** IPO stands for Initial Public Offering, representing the maiden public sale of corporate equity.

Final Answer: NSE: National Stock Exchange of India; IPO: Initial Public Offering.

Answer: (See Above)

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Q35.

Solution

Concept: UPI handles instant bank-to-bank mobile transfers, while credit cards provide revolving short-term consumer credit lines.

Solution: Modern digital payments utilize distinct banking tools to serve consumer transactions. UPI stands for Unified Payments Interface, a real-time mobile payment gateway built by the NPCI that transfers cash instantly between bank accounts using a Virtual Payment Address (VPA). Conversely, credit cards provide short-term revolving credit lines from commercial banks, letting consumers complete immediate transactions and defer settlements to a monthly billing statement.

Step 1: Real-time mobile-based interbank money transfer executed via virtual addresses represents UPI (Unified Payments Interface).

Step 2: A financial card allowing immediate retail acquisitions up to an approved credit limit represents a Credit Card.

Final Answer: 1. UPI / Instant Payment 2. Credit Card

Answer: (See Above)

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Q36.

Solution

Concept: Packaging is a core element of the product mix, providing protection, identity, convenience, and sales promotion.

Solution: Within corporate marketing, structural product packaging serves multiple protective and promotional roles. It preserves items against environmental damage during transit and displays key brand names, regulatory pricing, ingredients, and batch expirations. It also simplifies retail handling and storage while using eye-catching colors and designs to act as a silent salesman that stimulates consumer impulse buying on store shelves.

Step 1: Protection: insulates fragile goods against transit friction, moisture damage, and warehouse storage accidents. **Step 2:** Identification: prints brand labels, net content weight, statutory retail values, and handling guides. **Step 3:** Convenience: optimizes physical package shapes for easy transport, space-saving storage, and direct consumer usage. **Step 4:** Promotion: relies on striking visual graphics to create shelf appeal and influence purchasing decisions.

Final Answer: The four primary functions of packaging are product protection, item identification, consumer convenience, and marketing promotion.

Answer: (See Above)

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Q37.

Solution

Concept: Directing initiates action in the organization, while staffing ensures that competent personnel are selected and developed to fill various organizational positions.

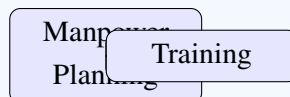
Alternative (a): Principles of Directing Solution:

- i. **Maximum Individual Contribution:** Directing techniques should inspire employees to give their best efforts toward achieving organizational goals.
- ii. **Harmony of Objectives:** It resolves conflicts by aligning individual employee goals (e.g., higher salary) with organizational goals (e.g., higher productivity).

Alternative (b): Staffing Process Steps Solution:

- i. **Sequential Steps:** Estimating Manpower Requirements → Recruitment → Selection → Placement and Orientation → Training and Development.

ii. **Flow Diagram:**



Answer: (See above)

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Q38.

Solution

Concept: A Joint Stock Company is an incorporated association with a distinctive legal identity, limited liability, and perpetual succession.

Solution:

- i. **Limited Liability:** The liability of shareholders is strictly limited to the unpaid value of the shares held by them, protecting personal assets.
- ii. **Perpetual Succession:** The company's existence is unaffected by the death, insolvency, or retirement of its members; it continues indefinitely.
- iii. **Transferability of Shares:** Capital invested in public companies can be easily liquidated by selling shares in the open stock market.
- iv. **Scope for Expansion:** Due to large financial resources pooled from the public, it possesses massive potential for large-scale operations and business growth.

Answer: (See above)

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Q39.

Solution

Concept: Working capital represents the funds needed to execute day-to-day operations, while dividend decisions allocate corporate profits.

Alternative (a): Working Capital Concepts Solution:

- i. **Working Capital:** Capital invested in short-term operating assets like cash, inventory, and receivables to sustain daily business liquidity.
- ii. **Gross vs. Net Working Capital:** Gross Working Capital refers to the total investment made in all current assets. Net Working Capital is calculated as Current Assets minus Current Liabilities ($NWC = CA - CL$).

Alternative (b): Factors Influencing Dividend Decision Solution:

- i. **Amount of Earnings:** Stable and high corporate profits provide the foundational base for declaring larger dividends.
- ii. **Stability of Dividends:** Companies generally prefer to maintain a consistent dividend per share, changing it only when earnings rise permanently.
- iii. **Growth Opportunities:** Firms with viable expansion projects retain higher profits and distribute lower dividends to conserve capital. 4 **Cash Flow Position:** Dividends require actual cash outflows; hence, a strong cash surplus is essential to support dividend payments.

Answer: (See above)

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Q40.

Solution

Concept: Distribution channels consist of specialized intermediaries that efficiently bridge the gap between industrial producers and end consumers.

Solution:

- i. **Scale of Operations:** Wholesale trade involves buying and selling goods in massive quantities, whereas retail trade deals in small consumer lots.
- ii. **Market Linkage:** Wholesalers serve as a critical link between manufacturers and retailers, while retailers directly connect wholesalers to consumers.
- iii. **Capital Requirement:** Wholesalers require massive capital investments for bulk inventory and warehouses, whereas retailers need relatively modest capital.
- iv. **Display and Location:** Retailers require attractive showrooms in residential areas to draw consumers, while wholesalers prioritize functional storage space.

Answer: (See above)

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Q41.

Solution

Concept: E-business leverages secure electronic networks for transactions, while entrepreneurship depends heavily on specific psychological and behavioral competencies.

Alternative (a): Salient Features of E-Business Solution:

- i. **Global Reach:** Enables Indian traders to transcend physical boundaries and interact with global buyers effortlessly.
- ii. **Paperless Transactions:** Drastically reduces traditional paperwork by digitizing invoices, tracking sheets, and supply chain records.
- iii. **24/7 Availability:** Operations continue uninterrupted around the clock, allowing flexible ordering times for customers.
- iv. **Lower Transaction Cost:** Eliminates physical retail overheads and middle tier margins, driving down overall marketing costs.

Alternative (b): Qualities of an Entrepreneur Solution:

- i. **Risk-Taking Ability:** The capacity to confidently face future financial uncertainty and risk capital for unproven market concepts.
- ii. **Innovation:** Continuous drive to introduce novel products, unique service delivery models, or optimized operational techniques.
- iii. **Self-Confidence:** Strong internal belief in one's vision and personal capacity to navigate complex business challenges.
- iv. **Persistence:** Indomitable dedication to keep moving forward despite early structural setbacks, operational failures, or market resistance.

Answer: (See above)

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Q42.

Solution

Concept: Coordination acts as the binding force that integrates individual efforts across all distinct operational functions of management.

Solution:

- i. **Growth in Size:** As a company grows, coordination harmonizes diverse individual goals with the primary corporate objective.
- ii. **Functional Differentiation:** It bridges conflicting interests among different departments (like Sales and Production) to maintain operational synergy.
- iii. **Specialization:** It integrates highly independent, specialized inputs from modern professionals into a unified corporate action plan.

Answer: (See above)

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Q43.

Solution

Concept: The promotion mix uses persuasive communication channels to drive sales, while marketing adopts a broader consumer-centric worldview than selling.

Alternative (a): Promotion Mix Elements Solution:

- i. **Advertising:** Non-personal, paid promotion of ideas or goods by an identified sponsor (e.g., Amul advertising its butter products on national TV billboards).
- ii. **Sales Promotion:** Short-term financial incentives to accelerate consumer buying (e.g., Bata offering a promotional "Buy 1 Get 1 Free" scheme).
- iii. **Personal Selling:** Direct face-to-face oral communication with potential buyers to secure sales (e.g., Eureka Forbes agents demonstrating vacuum cleaners).

Alternative (b): Marketing vs. Selling Solution:

- i. **Primary Focus:** Selling focuses squarely on transforming corporate products into cash, whereas marketing focuses on satisfying consumer needs.
- ii. **Starting Point:** Selling begins immediately after goods are manufactured, while marketing begins long before production through consumer research.
- iii. **Ultimate Objective:** Selling aims to maximize profits purely through high sales volume, while marketing secures profits via customer satisfaction.

Answer: (See above)

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Q44.

Solution

Concept: International trade procedures follow highly structured legal, financial, and logistical workflows governed by international and domestic regulations.

Solution:

- i. **Trade Inquiry and Indent:** The importer sends enquiries to overseas sellers regarding prices and terms, then places a formal purchase order (indent).
- ii. **Letter of Credit and Forex:** The importer secures foreign exchange clearance from RBI through an authorized bank and issues a Letter of Credit to the exporter.
- iii. **Receipt of Documents and Customs Clearance:** Upon arrival of the shipping documents, the importer pays the bank, takes delivery of the bill of lading, and files a Bill of Entry to complete customs clearance.

Answer: (See above)

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Q45.

Solution

Concept: The business environment presents dynamic external challenges and opportunities, while a private company acts as a closed-ownership vehicle.

Alternative (a): Strategic Role of Business Environment Solution:

- i. **First Mover Advantage:** Early identification of external market opportunities allows proactive firms to capture market share before competitors.
- ii. **Early Warning Signal:** Environmental scanning alerts managers to incoming external threats (e.g., new regulations), helping them take defensive measures.
- iii. **Policy Formulation:** Provides real-time empirical data regarding market shifts, enabling strategic corporate planning and resource allocation.

Alternative (b): Features of a Private Limited Company Solution:

- i. **Membership Limits:** Requires a minimum of 2 members and restricts its maximum membership count to 200 under the Companies Act, 2013.
- ii. **Restriction on Share Transfer:** The articles of association strictly restrict the free transfer of its shares to the general public.
- iii. **Prohibition on Public Invitation:** It is legally prohibited from issuing prospectus or inviting subscription capital from the public.

Answer: (See above)

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Q46.

Solution

Concept: The financial market is divided into a primary channel for fresh capital issues and a secondary channel for trading outstanding securities.

Solution:

- i. **Nature of Securities:** The primary market deals exclusively with brand-new securities issued for the very first time, whereas the secondary market handles existing, outstanding corporate securities.
- ii. **Parties Involved:** In the primary market, transactions occur directly between the issuing company and the investor, while the secondary market features transactions solely among investors.
- iii. **Price Determination:** Prices in the primary market are fixed statically by corporate management, while secondary market prices fluctuate based on market demand and supply forces.

Answer: (See above)

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Q47.

Solution

Concept: Self-employment promotes economic independence, whereas digital e-commerce business operations face specific security and logistical risks.

Alternative (a): Advantages of Self-Employment Solution:

- i. **Independent Career Choice:** Grants complete operational freedom to make decisions without being subject to supervisor hierarchies.
- ii. **Direct Link Between Effort and Reward:** All financial profits belong directly to the owner, providing a strong incentive to work hard.
- iii. **Job Creation Potential:** Transforms young entrepreneurs from passive job seekers into active job creators who employ others.

Alternative (b): Limitations / Risks of E-Commerce Solution:

- i. **Transaction Risks:** Vulnerability to default on orders, delivery errors, or payment failures during digital transactions.
- ii. **Data Security Hazards:** Risks of corporate data theft, hacking of customer financial details, and virus attacks on digital infrastructure.
- iii. **Lack of Personal Touch:** Customers cannot physically examine goods before buying, leading to higher product return rates.

Answer: (See above)

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Q48.

Solution

Concept: Management is the process of planning, organizing, directing, and controlling organizational resources **Alternative (a):**

Management Functions Solution:

- i. **Definition:** The process of getting things done efficiently and effectively with and through people.
- ii. **Planning:** Setting goals and deciding action steps (e.g., Tata setting a target to launch an EV model next year).
- iii. **Organising:** Assigning duties and grouping tasks (e.g., creating separate marketing and assembly units).
- iv. **Staffing:** Finding and hiring the right talent for roles.
- v. **Directing:** Guiding and motivating staff to perform (e.g., a manager leading teams to meet project deadlines).
- vi. **Controlling:** Comparing performance against goals and taking corrective actions.

Alternative (b): Maslow's Need Hierarchy Theory Solution:

- i. **Physiological Safety Needs:** Basic needs (food, clothing) followed by security needs (job stability, safe workplace).
- ii. **Social Esteem Needs:** Social acceptance (friendships at work) followed by status, recognition, and respect.
- iii. **Self-Actualisation:** The highest drive to realize one's full potential and achieve personal growth.

Answer: (See above)

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Q49.

Solution

Concept: Capital structure optimizes the debt-equity mix, while SEBI functions as the apex market regulator to protect investor interests.

Alternative (a): Capital Structure Determinants Solution:

- i. **Cash Flow Position:** Sufficient stable cash inflows are required to meet fixed interest commitments before taking on debt.
- ii. **Interest Coverage Ratio (ICR = EBIT/Interest):** A higher ratio indicates a strong ability to service debt obligations comfortably.
- iii. **Cost of Debt:** Lower interest rates encourage firms to use more debt capital relative to equity.
- iv. **Tax Rate:** High corporate tax rates make debt attractive because interest expenses are tax-deductible.
- v. **Risk-Return Trade-off:** Debt boosts shareholder returns (ROE) through financial leverage.

Alternative (b): Regulatory Functions of SEBI Solution:

- i. **Registration:** Registers stockbrokers, sub-brokers, share transfer agents.
- ii. **Rules and Regulations:** Enforces mandatory codes of conduct and compliance rules for stock exchange operations.
- iii. **Audits and Inspections:** Conducts regular inquiries to check for financial irregularities.
- iv. **Levying Fees:** Collects statutory fees and levies to fund regulatory oversight activities.

Answer: (See above)

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Q50.

Solution

Concept: The marketing mix consists of core tools.

Alternative (a): Four Ps of Marketing Mix Solution:

- i. **Product:** The tangible good or service offered.
- ii. **Price:** The amount customers pay for the product.
- iii. **Place:** Distribution channels used to make products available.
- iv. **Promotion:** Communication methods used to attract customers.

Alternative (b): Export Trade Procedure and Documents Solution:

- i. **Procedure:** Steps include receiving inquiries, securing an export license, obtaining pre-shipment finance, customs clearing, and collecting payment via a letter of credit.
- ii. **Shipping Bill:** The main document required to obtain customs clearance for export shipments.
- iii. **Bill of Lading:** A receipt issued by the shipping company acknowledging cargo loading and acting as a document of title.
- iv. **Certificate of Origin:** Certifies the country where the goods were produced to claim tariff benefits.
- v. **Commercial Invoice:** Itemizes the goods sold and the total amount due from the buyer.
- vi. **Letter of Credit:** A guarantee issued by the importer's bank ensuring secure payment to the exporter.

Answer: (See above)

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Q51.

Solution

Concept: Entrepreneurship drives economic growth through new ventures, while digital business structures vary based on the participating stakeholders.

Alternative (a): Importance of Entrepreneurship Solution:

- i. **Definition:** The process of identifying market opportunities, organizing resources, and taking risks to build a business venture.
- ii. **Wealth Creation:** Mobilizes idle public savings and channels them into productive business investments.
- iii. **Employment Generation:** Sets up new firms that create immediate direct and indirect jobs, reducing unemployment.
- iv. **Regional Development:** Establishes industries in underdeveloped areas, reducing regional economic disparities.

Alternative (b): E-Commerce vs. E-Business Models Solution:

- i. **Distinction:** E-commerce covers online commercial transactions and shopping, while E-business includes broader digital business processes like production planning and inventory management.
- ii. **B2B (Business-to-Business):** Transactions between businesses (e.g., IndiaMART).
- iii. **B2C (Business-to-Consumer):** Selling directly to end users (e.g., Amazon India).
- iv. **C2C (Consumer-to-Consumer):** Users trading with each other (e.g., OLX India).
- v. **Intra-B (Intra-Business):** Secure digital communication within a single company's departments.

Answer: (See above)

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Answer Key

Q	Ans	Q	Ans	Q	Ans	Q	Ans	Q	Ans
1	B	2	A	3	D	4	C	5	B
6	B	7	B	8	B	9	B	10	C
11	B	12	C	13	B	14	B	15	A
16	A	17	B	18	C	19	A	20	B

