

NIOS Class 12 Business Studies Sample Paper-7

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 condition best shows the economic dimension of business environment?

(1)

- (A) A change in family traditions
- (B) A rise in bank lending rates
- (C) A new style of packaging



(D) A shift in religious customs

Q2. The principle that a company continues even if its members change is called: **(1)**

(A) Perpetual succession

(B) Unlimited liability

(C) Mutual agency

(D) Dissolution at will

Q3. In a company, the liability of shareholders is usually limited to the: **(1)**

(A) Market price of all assets

(B) Unpaid amount on shares held

(C) Personal property owned by them

(D) Total debts of the company

Q4. Which planning step comes immediately after setting objectives in the usual planning process? **(1)**

(A) Selecting the best alternative

(B) Developing planning premises

(C) Taking corrective action

(D) Recruiting employees

Q5. Grouping similar activities into departments is a part of: **(1)**

(A) Organising

(B) Financing

(C) Advertising

(D) Auditing

Q6. Which of the following is NOT normally a step in staffing? **(1)**

(A) Recruitment

(B) Selection



- (C) Training
- (D) Customs clearance

Q7. Leadership, motivation, and communication are mainly associated with: **(1)**

- (A) Directing
- (B) Controlling
- (C) Capital budgeting
- (D) Warehousing

Q8. When actual performance is lower than the standard, the difference is called: **(1)**

- (A) Delegation
- (B) Deviation
- (C) Promotion
- (D) Underwriting

Q9. The finance decision concerned with investment in fixed assets is known as: **(1)**

- (A) Dividend decision
- (B) Capital budgeting decision
- (C) Advertising decision
- (D) Channel decision

Q10. Retained earnings are also known as: **(1)**

- (A) External borrowings
- (B) Ploughing back of profits
- (C) Trade credit
- (D) Public deposits only

Q11. A capital market mainly deals in: **(1)**

- (A) Short-term funds up to one year
- (B) Long-term funds and securities



- (C) Only cash purchases
- (D) Only consumer goods

Q12. Which element of marketing mix decides the route through which goods reach consumers? **(1)**

- (A) Product
- (B) Price
- (C) Place
- (D) Publicity only

Q13. Personal selling is most useful when a product requires: **(1)**

- (A) No explanation
- (B) Individual persuasion and demonstration
- (C) Only silent display
- (D) No customer contact

Q14. A wholesaler primarily sells goods to: **(1)**

- (A) Final household consumers
- (B) Retailers and industrial buyers
- (C) Only foreign tourists
- (D) Only government employees

Q15. Trade within the geographical boundaries of one country is called: **(1)**

- (A) Internal trade
- (B) Import trade
- (C) Export trade
- (D) Entrepot trade

Q16. A Letter of Credit is issued by a bank mainly to: **(1)**

- (A) Guarantee payment to the exporter



- (B) Store goods in a warehouse
- (C) Advertise imported goods
- (D) Fix retail price

Q17. Which feature is most closely connected with successful self-employment? **(1)**

- (A) Dependence on one employer only
- (B) Initiative and risk-bearing
- (C) Avoiding all responsibility
- (D) No use of skill

Q18. Online banking, online ordering, and digital customer support are examples of:

(1)

- (A) E-business practices
- (B) Manual filing only
- (C) Traditional barter
- (D) Physical warehousing only

Q19. Which risk is especially relevant in e-business? **(1)**

- (A) Cyber security risk
- (B) Monsoon risk only
- (C) Crop failure only
- (D) No risk at all

Q20. The person who undertakes preliminary steps to form a company is called a: **(1)**

- (A) Promoter
- (B) Debenture holder
- (C) Retailer
- (D) Consumer



Section: B

Q21. Complete the two statements using appropriate business terms: (2)

1. The environment created by values, customs, traditions, and lifestyles is called the environment.
2. The legal document inviting the public to subscribe to securities is known as a

Q22. Match the management terms in Column I with their meanings in Column II: (2)

Column I	Column II
(a) Motivation	(i) Fixing standards
(b) Training	(ii) Appointing suitable people
(c) Controlling	(iii) Inspiring people to work
(d) Recruitment	(iv) Improving job skill

Q23. Write the correct management term for each statement: (2)

1. The right of a superior to command subordinates.
2. The obligation of a subordinate to perform assigned duties.

Q24. Supply the missing business terms in the following statements: (2)

1. Shares carrying preferential right regarding dividend are called ... shares.
2. The cost of using borrowed funds is generally called

Q25. Rewrite the following incorrect business statements correctly: (2)

1. Debenture holders are owners of a company.
2. Secondary market is the market for new issue of securities.



Q26. Expand the following business and banking abbreviations: (2)

1. BSE
2. ATM

Q27. Identify the following as IT for internal trade and ET for external trade: (2)

1. A bakery in Delhi sells bread to local customers.
2. An Indian exporter sells leather goods to a buyer in Italy.

Q28. Write the precise term for each description: (2)

1. The amount spent on advertising, sales promotion, and personal selling.
2. The money paid by a franchisee to use the franchisor’s business format.

Q29. Supply the missing business terms in the following statements: (2)

1. A direct channel has middlemen.
2. The service that permits cash withdrawal through a machine is called

Q30. Match the modern business term with its meaning: (2)

Term	Meaning
(a) E-commerce	(i) Electronic transfer of funds
(b) Digital signature	(ii) Online buying and selling
(c) Encryption	(iii) Electronic authentication of message
(d) EFT	(iv) Converting data into coded form

Q31. Identify the management function: (2)

1. The manager explains duties to subordinates and encourages them to work.
2. The manager divides total work into purchasing, sales, and accounts departments.



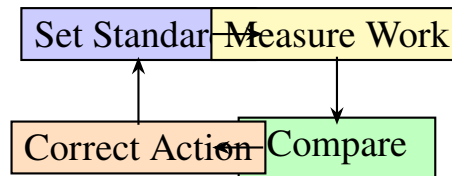
- Q32.** Supply the missing business terms in the following statements: (2)
1. The ability of a business to meet short-term obligations is called
 2. Funds required for purchase of land, building, and machinery are called . capital.
- Q33.** Mark each statement as True or False: (2)
1. Advertising is a paid form of non-personal communication.
 2. A departmental store usually sells only one product line in a single small shop.
- Q34.** Write the correct management term for each statement: (2)
1. The process of selecting the best candidate from among applicants.
 2. The process of improving employee skill for a specific job.
- Q35.** Identify the external trade document or term: (2)
1. A document showing country in which goods are produced.
 2. A tax levied on goods imported into a country.

Section: C

- Q36.** Explain any two ways in which technological environment affects a business enterprise. (2)
- Q37.** Distinguish between Memorandum of Association and Articles of Association on any two bases. (2)
- Q38.** Explain any two benefits of organising as a function of management. (2)
- OR**
- Explain any two barriers to effective delegation.
- Q39.** What is motivation? Mention any one financial and one non-financial incentive. (2)

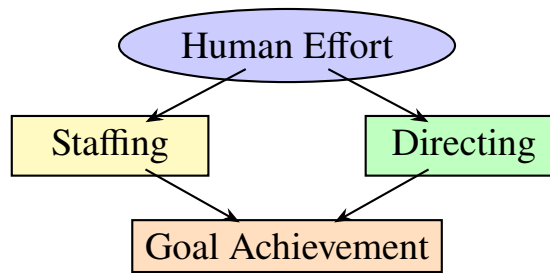


- Q40.** State any three factors affecting the capital structure decision of a company. (2)
- Q41.** Explain the importance of packaging in marketing. (2)
- Q42.** With the help of a diagram, explain the main steps in the controlling process. (3)



- Q43.** Describe any three methods of sales promotion used by business firms. (3)
OR
 Explain any three qualities of a good salesperson.
- Q44.** Differentiate between wholesale trade and retail trade on any three bases. (3)
- Q45.** Explain the procedure of import trade in brief. (3)
- Q46.** What is entrepreneurship? Explain any three qualities of a successful entrepreneur. (3)
- Q47.** Explain any three limitations of e-commerce. (3)
OR
 Explain any three benefits of e-business.
- Q48.** Explain the meaning and importance of business environment for a business enterprise. (5)
OR
 Explain different stages involved in incorporation of a company.
- Q49.** Describe staffing and directing as important functions of management. Also explain their relationship. (5)





OR

Explain planning and controlling as interrelated functions of management.

Q50. Explain the meaning of financial management and discuss its major decisions. (5)

OR

Explain any five functions of financial market.

Q51. Describe the marketing mix and explain how its elements help in satisfying customers. (5)

OR

Explain advertising and personal selling as tools of promotion.



Detailed Solutions

Q1.

Solution

Concept: This question tests a basic Business Studies concept from the public examination syllabus and requires selection of the most accurate option.

Solution:

Step 1: Read the key words in the stem: Which condition best shows the economic dimension of business environment?

Step 2: The correct concept is represented by extbfA rise in bank lending rates, because it directly matches the definition used in Business Studies.

Step 3: The other options are related business terms or partial ideas, but they do not answer the exact requirement of the question.

Step 4: In NIOS objective questions, the most specific term should be selected rather than a broad or indirectly related term.

Step 5: Comparing all four alternatives, option B gives the most precise and syllabus-aligned response.

Step 6: Therefore, the final answer is A rise in bank lending rates.

Final Answer: A rise in bank lending rates

Answer: (B) [Go Back to Question 1](#)

Q2.

Solution

Concept: This question tests a basic Business Studies concept from the public examination syllabus and requires selection of the most accurate option.

Solution:

Step 1: Read the key words in the stem: The principle that a company continues even if its members change is called:

Step 2: The correct concept is represented by extbfPerpetual succession, because it directly matches the definition used in Business Studies.

Step 3: The other options are related business terms or partial ideas, but they do not answer the exact requirement of the question.

Step 4: In NIOS objective questions, the most specific term should be selected rather than a broad or indirectly related term.

Step 5: Comparing all four alternatives, option A gives the most precise and syllabus-aligned response.

Step 6: Therefore, the final answer is Perpetual succession.

Final Answer: Perpetual succession

Answer: (A) [Go Back to Question 2](#)



Q3.

Solution

Concept: This question tests a basic Business Studies concept from the public examination syllabus and requires selection of the most accurate option.

Solution:

Step 1: Read the key words in the stem: In a company, the liability of shareholders is usually limited to the:

Step 2: The correct concept is represented by extbfUnpaid amount on shares held, because it directly matches the definition used in Business Studies.

Step 3: The other options are related business terms or partial ideas, but they do not answer the exact requirement of the question.

Step 4: In NIOS objective questions, the most specific term should be selected rather than a broad or indirectly related term.

Step 5: Comparing all four alternatives, option B gives the most precise and syllabus-aligned response.

Step 6: Therefore, the final answer is Unpaid amount on shares held.

Final Answer: Unpaid amount on shares held

Answer: (B) [Go Back to Question 3](#)

Q4.

Solution

Concept: This question tests a basic Business Studies concept from the public examination syllabus and requires selection of the most accurate option.

Solution:

Step 1: Read the key words in the stem: Which planning step comes immediately after setting objectives in the usual planning process?

Step 2: The correct concept is represented by extbfDeveloping planning premises, because it directly matches the definition used in Business Studies.

Step 3: The other options are related business terms or partial ideas, but they do not answer the exact requirement of the question.

Step 4: In NIOS objective questions, the most specific term should be selected rather than a broad or indirectly related term.

Step 5: Comparing all four alternatives, option B gives the most precise and syllabus-aligned response.

Step 6: Therefore, the final answer is Developing planning premises.

Final Answer: Developing planning premises

Answer: (B) [Go Back to Question 4](#)



Q5.

Solution

Concept: This question tests a basic Business Studies concept from the public examination syllabus and requires selection of the most accurate option.

Solution:

Step 1: Read the key words in the stem: Grouping similar activities into departments is a part of:

Step 2: The correct concept is represented by extbfOrganising, because it directly matches the definition used in Business Studies.

Step 3: The other options are related business terms or partial ideas, but they do not answer the exact requirement of the question.

Step 4: In NIOS objective questions, the most specific term should be selected rather than a broad or indirectly related term.

Step 5: Comparing all four alternatives, option A gives the most precise and syllabus-aligned response.

Step 6: Therefore, the final answer is Organising.

Final Answer: Organising

Answer: (A) [Go Back to Question 5](#)

Q6.

Solution

Concept: This question tests a basic Business Studies concept from the public examination syllabus and requires selection of the most accurate option.

Solution:

Step 1: Read the key words in the stem: Which of the following is NOT normally a step in staffing?

Step 2: The correct concept is represented by extbfCustoms clearance, because it directly matches the definition used in Business Studies.

Step 3: The other options are related business terms or partial ideas, but they do not answer the exact requirement of the question.

Step 4: In NIOS objective questions, the most specific term should be selected rather than a broad or indirectly related term.

Step 5: Comparing all four alternatives, option D gives the most precise and syllabus-aligned response.

Step 6: Therefore, the final answer is Customs clearance.

Final Answer: Customs clearance

Answer: (D) [Go Back to Question 6](#)



Q7.

Solution

Concept: This question tests a basic Business Studies concept from the public examination syllabus and requires selection of the most accurate option.

Solution:

Step 1: Read the key words in the stem: Leadership, motivation, and communication are mainly associated with:

Step 2: The correct concept is represented by extbfDirecting, because it directly matches the definition used in Business Studies.

Step 3: The other options are related business terms or partial ideas, but they do not answer the exact requirement of the question.

Step 4: In NIOS objective questions, the most specific term should be selected rather than a broad or indirectly related term.

Step 5: Comparing all four alternatives, option A gives the most precise and syllabus-aligned response.

Step 6: Therefore, the final answer is Directing.

Final Answer: Directing

Answer: (A) [Go Back to Question 7](#)

Q8.

Solution

Concept: This question tests a basic Business Studies concept from the public examination syllabus and requires selection of the most accurate option.

Solution:

Step 1: Read the key words in the stem: When actual performance is lower than the standard, the difference is called:

Step 2: The correct concept is represented by extbfDeviation, because it directly matches the definition used in Business Studies.

Step 3: The other options are related business terms or partial ideas, but they do not answer the exact requirement of the question.

Step 4: In NIOS objective questions, the most specific term should be selected rather than a broad or indirectly related term.

Step 5: Comparing all four alternatives, option B gives the most precise and syllabus-aligned response.

Step 6: Therefore, the final answer is Deviation.

Final Answer: Deviation

Answer: (B) [Go Back to Question 8](#)



Q9.

Solution

Concept: This question tests a basic Business Studies concept from the public examination syllabus and requires selection of the most accurate option.

Solution:

Step 1: Read the key words in the stem: The finance decision concerned with investment in fixed assets is known as:

Step 2: The correct concept is represented by extbfCapital budgeting decision, because it directly matches the definition used in Business Studies.

Step 3: The other options are related business terms or partial ideas, but they do not answer the exact requirement of the question.

Step 4: In NIOS objective questions, the most specific term should be selected rather than a broad or indirectly related term.

Step 5: Comparing all four alternatives, option B gives the most precise and syllabus-aligned response.

Step 6: Therefore, the final answer is Capital budgeting decision.

Final Answer: Capital budgeting decision

Answer: (B) [Go Back to Question 9](#)

Q10.

Solution

Concept: This question tests a basic Business Studies concept from the public examination syllabus and requires selection of the most accurate option.

Solution:

Step 1: Read the key words in the stem: Retained earnings are also known as:

Step 2: The correct concept is represented by extbfPloughing back of profits, because it directly matches the definition used in Business Studies.

Step 3: The other options are related business terms or partial ideas, but they do not answer the exact requirement of the question.

Step 4: In NIOS objective questions, the most specific term should be selected rather than a broad or indirectly related term.

Step 5: Comparing all four alternatives, option B gives the most precise and syllabus-aligned response.

Step 6: Therefore, the final answer is Ploughing back of profits.

Final Answer: Ploughing back of profits

Answer: (B) [Go Back to Question 10](#)



Q11.

Solution

Concept: This question tests a basic Business Studies concept from the public examination syllabus and requires selection of the most accurate option.

Solution:

Step 1: Read the key words in the stem: A capital market mainly deals in:

Step 2: The correct concept is represented by extbfLong-term funds and securities, because it directly matches the definition used in Business Studies.

Step 3: The other options are related business terms or partial ideas, but they do not answer the exact requirement of the question.

Step 4: In NIOS objective questions, the most specific term should be selected rather than a broad or indirectly related term.

Step 5: Comparing all four alternatives, option B gives the most precise and syllabus-aligned response.

Step 6: Therefore, the final answer is Long-term funds and securities.

Final Answer: Long-term funds and securities

Answer: (B) [Go Back to Question 11](#)

Q12.

Solution

Concept: This question tests a basic Business Studies concept from the public examination syllabus and requires selection of the most accurate option.

Solution:

Step 1: Read the key words in the stem: Which element of marketing mix decides the route through which goods reach consumers?

Step 2: The correct concept is represented by extbfPlace, because it directly matches the definition used in Business Studies.

Step 3: The other options are related business terms or partial ideas, but they do not answer the exact requirement of the question.

Step 4: In NIOS objective questions, the most specific term should be selected rather than a broad or indirectly related term.

Step 5: Comparing all four alternatives, option C gives the most precise and syllabus-aligned response.

Step 6: Therefore, the final answer is Place.

Final Answer: Place

Answer: (C) [Go Back to Question 12](#)



Q13.

Solution

Concept: This question tests a basic Business Studies concept from the public examination syllabus and requires selection of the most accurate option.

Solution:

Step 1: Read the key words in the stem: Personal selling is most useful when a product requires:

Step 2: The correct concept is represented by extbfIndividual persuasion and demonstration, because it directly matches the definition used in Business Studies.

Step 3: The other options are related business terms or partial ideas, but they do not answer the exact requirement of the question.

Step 4: In NIOS objective questions, the most specific term should be selected rather than a broad or indirectly related term.

Step 5: Comparing all four alternatives, option B gives the most precise and syllabus-aligned response.

Step 6: Therefore, the final answer is Individual persuasion and demonstration.

Final Answer: Individual persuasion and demonstration

Answer: (B) [Go Back to Question 13](#)

Q14.

Solution

Concept: This question tests a basic Business Studies concept from the public examination syllabus and requires selection of the most accurate option.

Solution:

Step 1: Read the key words in the stem: A wholesaler primarily sells goods to:

Step 2: The correct concept is represented by extbfRetailers and industrial buyers, because it directly matches the definition used in Business Studies.

Step 3: The other options are related business terms or partial ideas, but they do not answer the exact requirement of the question.

Step 4: In NIOS objective questions, the most specific term should be selected rather than a broad or indirectly related term.

Step 5: Comparing all four alternatives, option B gives the most precise and syllabus-aligned response.

Step 6: Therefore, the final answer is Retailers and industrial buyers.

Final Answer: Retailers and industrial buyers

Answer: (B) [Go Back to Question 14](#)



Q15.

Solution

Concept: This question tests a basic Business Studies concept from the public examination syllabus and requires selection of the most accurate option.

Solution:

Step 1: Read the key words in the stem: Trade within the geographical boundaries of one country is called:

Step 2: The correct concept is represented by extbfInternal trade, because it directly matches the definition used in Business Studies.

Step 3: The other options are related business terms or partial ideas, but they do not answer the exact requirement of the question.

Step 4: In NIOS objective questions, the most specific term should be selected rather than a broad or indirectly related term.

Step 5: Comparing all four alternatives, option A gives the most precise and syllabus-aligned response.

Step 6: Therefore, the final answer is Internal trade.

Final Answer: Internal trade

Answer: (A) [Go Back to Question 15](#)

Q16.

Solution

Concept: This question tests a basic Business Studies concept from the public examination syllabus and requires selection of the most accurate option.

Solution:

Step 1: Read the key words in the stem: A Letter of Credit is issued by a bank mainly to:

Step 2: The correct concept is represented by extbfGuarantee payment to the exporter, because it directly matches the definition used in Business Studies.

Step 3: The other options are related business terms or partial ideas, but they do not answer the exact requirement of the question.

Step 4: In NIOS objective questions, the most specific term should be selected rather than a broad or indirectly related term.

Step 5: Comparing all four alternatives, option A gives the most precise and syllabus-aligned response.

Step 6: Therefore, the final answer is Guarantee payment to the exporter.

Final Answer: Guarantee payment to the exporter

Answer: (A) [Go Back to Question 16](#)



Q17.

Solution

Concept: This question tests a basic Business Studies concept from the public examination syllabus and requires selection of the most accurate option.

Solution:

Step 1: Read the key words in the stem: Which feature is most closely connected with successful self-employment?

Step 2: The correct concept is represented by extbfInitiative and risk-bearing, because it directly matches the definition used in Business Studies.

Step 3: The other options are related business terms or partial ideas, but they do not answer the exact requirement of the question.

Step 4: In NIOS objective questions, the most specific term should be selected rather than a broad or indirectly related term.

Step 5: Comparing all four alternatives, option B gives the most precise and syllabus-aligned response.

Step 6: Therefore, the final answer is Initiative and risk-bearing.

Final Answer: Initiative and risk-bearing

Answer: (B) [Go Back to Question 17](#)

Q18.

Solution

Concept: This question tests a basic Business Studies concept from the public examination syllabus and requires selection of the most accurate option.

Solution:

Step 1: Read the key words in the stem: Online banking, online ordering, and digital customer support are examples of:

Step 2: The correct concept is represented by extbfE-business practices, because it directly matches the definition used in Business Studies.

Step 3: The other options are related business terms or partial ideas, but they do not answer the exact requirement of the question.

Step 4: In NIOS objective questions, the most specific term should be selected rather than a broad or indirectly related term.

Step 5: Comparing all four alternatives, option A gives the most precise and syllabus-aligned response.

Step 6: Therefore, the final answer is E-business practices.

Final Answer: E-business practices

Answer: (A) [Go Back to Question 18](#)



Q19.

Solution

Concept: This question tests a basic Business Studies concept from the public examination syllabus and requires selection of the most accurate option.

Solution:

Step 1: Read the key words in the stem: Which risk is especially relevant in e-business?

Step 2: The correct concept is represented by extbfCyber security risk, because it directly matches the definition used in Business Studies.

Step 3: The other options are related business terms or partial ideas, but they do not answer the exact requirement of the question.

Step 4: In NIOS objective questions, the most specific term should be selected rather than a broad or indirectly related term.

Step 5: Comparing all four alternatives, option A gives the most precise and syllabus-aligned response.

Step 6: Therefore, the final answer is Cyber security risk.

Final Answer: Cyber security risk

Answer: (A) [Go Back to Question 19](#)

Q20.

Solution

Concept: This question tests a basic Business Studies concept from the public examination syllabus and requires selection of the most accurate option.

Solution:

Step 1: Read the key words in the stem: The person who undertakes preliminary steps to form a company is called a:

Step 2: The correct concept is represented by extbfPromoter, because it directly matches the definition used in Business Studies.

Step 3: The other options are related business terms or partial ideas, but they do not answer the exact requirement of the question.

Step 4: In NIOS objective questions, the most specific term should be selected rather than a broad or indirectly related term.

Step 5: Comparing all four alternatives, option A gives the most precise and syllabus-aligned response.

Step 6: Therefore, the final answer is Promoter.

Final Answer: Promoter

Answer: (A) [Go Back to Question 20](#)



Q21.

Solution

Concept: Objective-type questions test exact terms, correct matching, true-false judgement, and accurate identification of business concepts.

Solution:

Step 1: Identify the topic asked in the question: Fill in the blanks with suitable terms:

Step 2: Recall the relevant definitions from the syllabus and compare each blank, statement, or matching item with the correct term.

Step 3: Avoid writing a broad explanation where the question asks for one word, abbreviation, or phrase.

Step 4: Check whether the answer belongs to management, finance, marketing, trade, or modern modes of business.

Step 5: The exact answer set for this question is: Social; Prospectus.

Step 6: These responses satisfy the objective requirement and are suitable for two-mark marking.

Final Answer: Social; Prospectus

Answer: (Social; Prospectus) [Go Back to Question 21](#)

Q22.

Solution

Concept: Objective-type questions test exact terms, correct matching, true-false judgement, and accurate identification of business concepts.

Solution:

Step 1: Identify the topic asked in the question: Match Column I with Column II:

Step 2: Recall the relevant definitions from the syllabus and compare each blank, statement, or matching item with the correct term.

Step 3: Avoid writing a broad explanation where the question asks for one word, abbreviation, or phrase.

Step 4: Check whether the answer belongs to management, finance, marketing, trade, or modern modes of business.

Step 5: The exact answer set for this question is: (a)-(iii), (b)-(iv), (c)-(i), (d)-(ii).

Step 6: These responses satisfy the objective requirement and are suitable for two-mark marking.

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

Answer: ((a)-(iii), (b)-(iv), (c)-(i), (d)-(ii)) [Go Back to Question 22](#)



Q23.

Solution

Concept: Objective-type questions test exact terms, correct matching, true-false judgement, and accurate identification of business concepts.

Solution:

Step 1: Identify the topic asked in the question: Give one word or phrase for each of the following:

Step 2: Recall the relevant definitions from the syllabus and compare each blank, statement, or matching item with the correct term.

Step 3: Avoid writing a broad explanation where the question asks for one word, abbreviation, or phrase.

Step 4: Check whether the answer belongs to management, finance, marketing, trade, or modern modes of business.

Step 5: The exact answer set for this question is: Authority; Responsibility.

Step 6: These responses satisfy the objective requirement and are suitable for two-mark marking.

Final Answer: Authority; Responsibility

Answer: (Authority; Responsibility) [Go Back to Question 23](#)

Q24.

Solution

Concept: Objective-type questions test exact terms, correct matching, true-false judgement, and accurate identification of business concepts.

Solution:

Step 1: Identify the topic asked in the question: Fill in the blanks:

Step 2: Recall the relevant definitions from the syllabus and compare each blank, statement, or matching item with the correct term.

Step 3: Avoid writing a broad explanation where the question asks for one word, abbreviation, or phrase.

Step 4: Check whether the answer belongs to management, finance, marketing, trade, or modern modes of business.

Step 5: The exact answer set for this question is: Preference; Interest.

Step 6: These responses satisfy the objective requirement and are suitable for two-mark marking.

Final Answer: Preference; Interest

Answer: (Preference; Interest) [Go Back to Question 24](#)



Q25.

Solution

Concept: Objective-type questions test exact terms, correct matching, true-false judgement, and accurate identification of business concepts.

Solution:

Step 1: Identify the topic asked in the question: Correct the following statements:

Step 2: Recall the relevant definitions from the syllabus and compare each blank, statement, or matching item with the correct term.

Step 3: Avoid writing a broad explanation where the question asks for one word, abbreviation, or phrase.

Step 4: Check whether the answer belongs to management, finance, marketing, trade, or modern modes of business.

Step 5: The exact answer set for this question is: Debenture holders are creditors; Primary market is for new issues.

Step 6: These responses satisfy the objective requirement and are suitable for two-mark marking.

Final Answer: Debenture holders are creditors; Primary market is for new issues

Answer: (Debenture holders are creditors; Primary market is for new issues) [Go Back to Question 25](#)

Q26.

Solution

Concept: Objective-type questions test exact terms, correct matching, true-false judgement, and accurate identification of business concepts.

Solution:

Step 1: Identify the topic asked in the question: State the full form of the following:

Step 2: Recall the relevant definitions from the syllabus and compare each blank, statement, or matching item with the correct term.

Step 3: Avoid writing a broad explanation where the question asks for one word, abbreviation, or phrase.

Step 4: Check whether the answer belongs to management, finance, marketing, trade, or modern modes of business.

Step 5: The exact answer set for this question is: Bombay Stock Exchange; Automated Teller Machine.

Step 6: These responses satisfy the objective requirement and are suitable for two-mark marking.

Final Answer: Bombay Stock Exchange; Automated Teller Machine

Answer: (Bombay Stock Exchange; Automated Teller Machine) [Go Back to Question 26](#)



Q27.

Solution

Concept: Objective-type questions test exact terms, correct matching, true-false judgement, and accurate identification of business concepts.

Solution:

Step 1: Identify the topic asked in the question: Identify the following as IT for internal trade and ET for external trade:

Step 2: Recall the relevant definitions from the syllabus and compare each blank, statement, or matching item with the correct term.

Step 3: Avoid writing a broad explanation where the question asks for one word, abbreviation, or phrase.

Step 4: Check whether the answer belongs to management, finance, marketing, trade, or modern modes of business.

Step 5: The exact answer set for this question is: IT; ET.

Step 6: These responses satisfy the objective requirement and are suitable for two-mark marking.

Final Answer: IT; ET

Answer: (IT; ET) [Go Back to Question 27](#)

Q28.

Solution

Concept: Objective-type questions test exact terms, correct matching, true-false judgement, and accurate identification of business concepts.

Solution:

Step 1: Identify the topic asked in the question: Answer in one word or phrase:

Step 2: Recall the relevant definitions from the syllabus and compare each blank, statement, or matching item with the correct term.

Step 3: Avoid writing a broad explanation where the question asks for one word, abbreviation, or phrase.

Step 4: Check whether the answer belongs to management, finance, marketing, trade, or modern modes of business.

Step 5: The exact answer set for this question is: Promotion expense; Royalty / Franchise fee.

Step 6: These responses satisfy the objective requirement and are suitable for two-mark marking.

Final Answer: Promotion expense; Royalty / Franchise fee

Answer: (Promotion expense; Royalty / Franchise fee) [Go Back to Question 28](#)



Q29.

Solution

Concept: Objective-type questions test exact terms, correct matching, true-false judgement, and accurate identification of business concepts.

Solution:

Step 1: Identify the topic asked in the question: Fill in the blanks:

Step 2: Recall the relevant definitions from the syllabus and compare each blank, statement, or matching item with the correct term.

Step 3: Avoid writing a broad explanation where the question asks for one word, abbreviation, or phrase.

Step 4: Check whether the answer belongs to management, finance, marketing, trade, or modern modes of business.

Step 5: The exact answer set for this question is: No / Zero; ATM.

Step 6: These responses satisfy the objective requirement and are suitable for two-mark marking.

Final Answer: No / Zero; ATM

Answer: (No / Zero; ATM) [Go Back to Question 29](#)

Q30.

Solution

Concept: Objective-type questions test exact terms, correct matching, true-false judgement, and accurate identification of business concepts.

Solution:

Step 1: Identify the topic asked in the question: Match the modern business term with its meaning:

Step 2: Recall the relevant definitions from the syllabus and compare each blank, statement, or matching item with the correct term.

Step 3: Avoid writing a broad explanation where the question asks for one word, abbreviation, or phrase.

Step 4: Check whether the answer belongs to management, finance, marketing, trade, or modern modes of business.

Step 5: The exact answer set for this question is: (a)-(ii), (b)-(iii), (c)-(iv), (d)-(i).

Step 6: These responses satisfy the objective requirement and are suitable for two-mark marking.

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

Answer: ((a)-(ii), (b)-(iii), (c)-(iv), (d)-(i)) [Go Back to Question 30](#)



Q31.

Solution

Concept: Objective-type questions test exact terms, correct matching, true-false judgement, and accurate identification of business concepts.

Solution:

Step 1: Identify the topic asked in the question: Identify the management function:

Step 2: Recall the relevant definitions from the syllabus and compare each blank, statement, or matching item with the correct term.

Step 3: Avoid writing a broad explanation where the question asks for one word, abbreviation, or phrase.

Step 4: Check whether the answer belongs to management, finance, marketing, trade, or modern modes of business.

Step 5: The exact answer set for this question is: Directing; Organising.

Step 6: These responses satisfy the objective requirement and are suitable for two-mark marking.

Final Answer: Directing; Organising

Answer: (Directing; Organising) [Go Back to Question 31](#)

Q32.

Solution

Concept: Objective-type questions test exact terms, correct matching, true-false judgement, and accurate identification of business concepts.

Solution:

Step 1: Identify the topic asked in the question: Fill in the blanks:

Step 2: Recall the relevant definitions from the syllabus and compare each blank, statement, or matching item with the correct term.

Step 3: Avoid writing a broad explanation where the question asks for one word, abbreviation, or phrase.

Step 4: Check whether the answer belongs to management, finance, marketing, trade, or modern modes of business.

Step 5: The exact answer set for this question is: Liquidity; Fixed.

Step 6: These responses satisfy the objective requirement and are suitable for two-mark marking.

Final Answer: Liquidity; Fixed

Answer: (Liquidity; Fixed) [Go Back to Question 32](#)



Q33.

Solution

Concept: Objective-type questions test exact terms, correct matching, true-false judgement, and accurate identification of business concepts.

Solution:

Step 1: Identify the topic asked in the question: Write True or False:

Step 2: Recall the relevant definitions from the syllabus and compare each blank, statement, or matching item with the correct term.

Step 3: Avoid writing a broad explanation where the question asks for one word, abbreviation, or phrase.

Step 4: Check whether the answer belongs to management, finance, marketing, trade, or modern modes of business.

Step 5: The exact answer set for this question is: True; False.

Step 6: These responses satisfy the objective requirement and are suitable for two-mark marking.

Final Answer: True; False

Answer: (True; False) [Go Back to Question 33](#)

Q34.

Solution

Concept: Objective-type questions test exact terms, correct matching, true-false judgement, and accurate identification of business concepts.

Solution:

Step 1: Identify the topic asked in the question: Give one word or phrase for each of the following:

Step 2: Recall the relevant definitions from the syllabus and compare each blank, statement, or matching item with the correct term.

Step 3: Avoid writing a broad explanation where the question asks for one word, abbreviation, or phrase.

Step 4: Check whether the answer belongs to management, finance, marketing, trade, or modern modes of business.

Step 5: The exact answer set for this question is: Selection; Training.

Step 6: These responses satisfy the objective requirement and are suitable for two-mark marking.

Final Answer: Selection; Training

Answer: (Selection; Training) [Go Back to Question 34](#)



Q35.

Solution

Concept: Objective-type questions test exact terms, correct matching, true-false judgement, and accurate identification of business concepts.

Solution:

Step 1: Identify the topic asked in the question: Identify the external trade document or term:

Step 2: Recall the relevant definitions from the syllabus and compare each blank, statement, or matching item with the correct term.

Step 3: Avoid writing a broad explanation where the question asks for one word, abbreviation, or phrase.

Step 4: Check whether the answer belongs to management, finance, marketing, trade, or modern modes of business.

Step 5: The exact answer set for this question is: Certificate of Origin; Customs duty.

Step 6: These responses satisfy the objective requirement and are suitable for two-mark marking.

Final Answer: Certificate of Origin; Customs duty

Answer: (Certificate of Origin; Customs duty) [Go Back to Question 35](#)

Q36.

Solution

Concept: Explain any two ways in which technological environment affects a business enterprise.

Solution:

Step 1: Technological environment affects business through new methods, machines, digital platforms, communication systems, and innovation.

Step 2: A firm using digital payment, barcode billing, or online ordering can serve customers faster and keep better records.

Step 3: Technology also changes production methods; automation may improve quality and reduce wastage.

Step 4: However, firms must train employees and invest money to adopt new technology.

Step 5: Therefore technology creates opportunities as well as pressure to change.

Step 6:

Final Answer: See the structured explanation above.

Answer: (See Solution) [Go Back to Question 36](#)



Q37.

Solution

Concept: Distinguish between Memorandum of Association and Articles of Association on any two bases.

Solution:

Step 1: The Memorandum of Association is the main charter of a company.

Step 2: It defines the name, registered office, objects, liability, and capital of the company.

Step 3: The Articles of Association contain rules for internal management, such as meetings, voting, transfer of shares, and duties of directors.

Step 4: Memorandum defines the relationship of the company with outsiders, while Articles mainly regulate internal administration.

Step 5: Acts beyond the Memorandum are ultra vires, while Articles operate within the limits of the Memorandum.

Step 6:

Final Answer: See the structured explanation above.

Answer: (See Solution) [Go Back to Question 37](#)

Q38.

Solution

Concept: Explain any two benefits of organising as a function of management.

Solution:

Step 1: Organising is important because it divides total work into manageable activities and groups similar activities into departments.

Step 2: It clarifies authority and responsibility, so each person knows the work to be done and the superior to whom reporting is required.

Step 3: It also avoids duplication of effort and improves use of resources.

Step 4: Under the alternative, barriers to delegation may include fear of losing control and lack of confidence in subordinates.

Step 5: These barriers reduce efficiency and prevent employee development.

Step 6:

Final Answer: See the structured explanation above.

Answer: (See Solution) [Go Back to Question 38](#)



Q39.

Solution

Concept: What is motivation? Mention any one financial and one non-financial incentive.

Solution:

Step 1: Motivation is the process of stimulating people to work willingly for achieving organisational objectives.

Step 2: A financial incentive is a reward measurable in money, such as bonus, commission, salary increment, or profit sharing.

Step 3: A non-financial incentive satisfies psychological and social needs, such as recognition, promotion opportunities, job security, participation in decision-making, or praise.

Step 4: Proper motivation improves performance, reduces resistance, and creates a positive work environment.

Step 5:

Step 6:

Final Answer: See the structured explanation above.

Answer: (See Solution) [Go Back to Question 39](#)

Q40.

Solution

Concept: State any three factors affecting the capital structure decision of a company.

Solution:

Step 1: Capital structure is affected by cost of capital, cash flow position, control consideration, risk, nature of business, and market conditions.

Step 2: If debt is cheaper, a company may use more borrowed capital, but excessive debt increases financial risk.

Step 3: Stable cash flows allow higher debt because interest can be paid regularly.

Step 4: Owners may prefer debt to avoid dilution of control, but lenders and investors also consider safety.

Step 5: Thus capital structure requires balance between return and risk.

Step 6:

Final Answer: See the structured explanation above.

Answer: (See Solution) [Go Back to Question 40](#)



Q41.

Solution

Concept: Explain the importance of packaging in marketing.

Solution:

Step 1: Packaging protects the product during storage, handling, and transport.

Step 2: It also provides convenience to consumers by making the product easy to carry, use, and store.

Step 3: Good packaging supports branding because colour, design, and label help customers identify the product quickly.

Step 4: It also provides information such as price, quantity, ingredients, manufacturing date, and directions for use.

Step 5: Thus packaging is not merely a wrapper; it is an important marketing tool.

Step 6:

Final Answer: See the structured explanation above.

Answer: (See Solution) [Go Back to Question 41](#)

Q42.

Solution

Concept: With the help of a diagram, explain the main steps in the controlling process.

Solution:

Step 1: Controlling is the process of ensuring that actual performance conforms to planned standards. The diagram in the question shows this continuous cycle.

Step 2: The first step is setting standards, such as sales target, production quantity, quality level, or cost limit. Controlling is closely linked with planning because standards come from plans.

Step 3: The second step is measuring actual performance through reports, observation, accounts, or performance data. Without standards, comparison is not possible, and without corrective action, control remains incomplete.

Step 4: The third step is comparing actual performance with standards to find deviations.

Step 5: The fourth step is analysing causes of deviations, because a fall in performance may be due to poor planning, weak supervision, shortage of materials, or market changes.

Step 6: The fifth step is taking corrective action, such as revising methods, improving training, changing targets, or removing operational problems.

Final Answer: See the structured explanation above.

Answer: (See Solution) [Go Back to Question 42](#)



Q43.

Solution

Concept: Describe any three methods of sales promotion used by business firms.

Solution:

Step 1: Sales promotion refers to short-term incentives used to encourage immediate buying or dealer support. Under the alternative, a good salesperson should have product knowledge, communication skill, patience, honesty, confidence, and ability to understand customer needs.

Step 2: One method is discount or price-off offer, where the product is sold at a reduced price for a limited period. Sales promotion supports advertising and personal selling by creating quick interest and immediate purchase response.

Step 3: This attracts price-sensitive customers and helps clear stock.

Step 4: A second method is coupons, where customers receive a certificate or code that gives a price reduction on purchase.

Step 5: A third method is free samples, used especially for new products to encourage trial.

Step 6: Other methods include contests, gifts, bonus packs, exchange offers, and dealer incentives.

Final Answer: See the structured explanation above.

Answer: (See Solution) [Go Back to Question 43](#)

Q44.

Solution

Concept: Differentiate between wholesale trade and retail trade on any three bases.

Solution:

Step 1: Wholesale trade and retail trade differ in several ways. Both are important links in internal trade.

Step 2: First, wholesalers buy and sell goods in large quantities, while retailers sell in small quantities to final consumers.

Step 3: Second, wholesalers usually purchase directly from producers and sell to retailers or industrial users, whereas retailers buy from wholesalers or producers and sell to household consumers.

Step 4: Third, wholesalers need larger storage and capital because they handle bulk stock, while retailers need attractive display, convenient location, and direct customer service.

Step 5: Fourth, wholesalers are fewer in number and operate in business centres, while retailers are numerous and located close to consumers.

Step 6: Fifth, wholesalers do not usually provide personal selling to final consumers, whereas retailers interact directly with buyers and understand their preferences.

Final Answer: See the structured explanation above.

Answer: (See Solution) [Go Back to Question 44](#)



Q45.

Solution

Concept: Explain the procedure of import trade in brief.

Solution:

Step 1: Import trade begins when an importer identifies the need for goods from a foreign country and makes trade enquiry to exporters. Goods are then cleared through customs after payment of customs duty and completion of formalities.

Step 2: After receiving quotation and terms, the importer places an indent or order. Finally, goods are transported to the importer's warehouse or place of business.

Step 3: If required, the importer obtains import licence and arranges foreign exchange through an authorised bank.

Step 4: A Letter of Credit may be opened to assure payment to the exporter.

Step 5: After shipment, the exporter sends documents such as invoice, Bill of Lading, insurance policy, and certificate of origin.

Step 6: The importer receives these documents through the bank, pays or accepts the bill, and gets delivery order from the shipping company.

Final Answer: See the structured explanation above.

Answer: (See Solution) [Go Back to Question 45](#)

Q46.

Solution

Concept: What is entrepreneurship? Explain any three qualities of a successful entrepreneur.

Solution:

Step 1: Entrepreneurship is the process of identifying a business opportunity, arranging resources, taking risk, and starting an enterprise to earn profit and create value. Entrepreneurship creates employment, promotes balanced regional development, increases production, and encourages use of local resources.

Step 2: A successful entrepreneur should have initiative, because opportunities do not become business unless someone takes the first step. Thus it is both an individual career path and a contributor to economic growth.

Step 3: Risk-bearing capacity is also necessary because demand, cost, competition, and technology may change.

Step 4: Innovation is another important quality; entrepreneurs introduce new products, better methods, new designs, or improved services.

Step 5: They also need self-confidence and decision-making ability to face uncertainty.

Step 6: Hard work, leadership, communication skill, and ability to mobilise resources are also important.

Final Answer: See the structured explanation above.

Answer: (See Solution) [Go Back to Question 46](#)



Q47.

Solution

Concept: Explain any three limitations of e-commerce.

Solution:

Step 1: E-commerce has several limitations. Customers in areas with weak connectivity or poor logistics may face difficulty.

Step 2: First, it creates security and privacy concerns. Fourth, there may be delivery delays, damaged goods, or complicated return procedures.

Step 3: Customers may fear misuse of bank details, passwords, or personal information if websites are not secure. Fifth, some customers prefer personal interaction and bargaining, which online platforms may not provide.

Step 4: Second, buyers cannot physically inspect goods before purchase. Under the alternative, benefits of e-business include wider market reach, lower operating cost, faster communication, convenience, and improved record keeping.

Step 5: This may lead to dissatisfaction if size, colour, quality, or performance differs from expectation.

Step 6: Third, e-commerce depends on internet access, digital literacy, payment systems, and delivery networks.

Final Answer: See the structured explanation above.

Answer: (See Solution) [Go Back to Question 47](#)

Q48.

Solution

Concept: Explain the meaning and importance of business environment for a business enterprise.

Solution:

Step 1: Business environment means the total of external forces and conditions that influence the working of a business. It assists planning because realistic plans can be made only when managers understand market conditions.

Step 2: These forces include economic, social, technological, political, and legal factors. It improves adaptability by preparing the business for change.

Step 3: A business does not operate in isolation; it purchases inputs from society, sells products to customers, follows government rules, uses technology, and competes with other firms. It also helps in better decision-making about product, price, investment, staffing, and distribution.

Step 4: Understanding the environment is important because it helps in identifying opportunities. The environment is dynamic, uncertain, complex, and interrelated; therefore, continuous scanning is necessary.

Step 5: For example, rising demand for healthy food may encourage a firm to launch nutritious snacks. Under the alternative, incorporation of a company involves promotion, preparation of documents, filing with the Registrar, scrutiny, and issue of certificate of incorporation.

Step 6: Environmental analysis also helps in identifying threats, such as new competitors, changes in tax policy, or strict pollution laws. Thus business environment awareness is essential for survival,



growth, and responsible management.

Final Answer: See the structured explanation above.

Answer: (See Solution) [Go Back to Question 48](#)

Q49.

Solution

Concept: Describe staffing and directing as important functions of management. Also explain their relationship.

Solution:

Step 1: Staffing and directing are closely connected functions of management because both deal with human resources. Staffing provides capable people; directing energises and guides those people. Therefore, staffing and directing together convert human potential into actual performance.

Step 2: Staffing ensures that the organisation has the right number and type of people at the right jobs. For example, a business may select trained salespersons through staffing, but managers must still motivate them, explain targets, solve problems, and communicate policies through directing.

Step 3: It includes manpower planning, recruitment, selection, placement, training, development, appraisal, and compensation. The diagram shows human effort being shaped by staffing and directing for goal achievement.

Step 4: If staffing is weak, even good plans and organisation structure cannot produce results because unsuitable employees may not perform effectively. Under the alternative, planning and controlling are also interrelated.

Step 5: Directing begins after employees are placed on jobs. Planning sets standards and controlling compares actual performance with those standards.

Step 6: It involves guiding, supervising, motivating, communicating, and leading people so that they work willingly toward organisational objectives. Without planning there is no basis for control, and without control planning cannot be properly evaluated.

Final Answer: See the structured explanation above.

Answer: (See Solution) [Go Back to Question 49](#)



Q50.

Solution

Concept: Explain the meaning of financial management and discuss its major decisions.

Solution:

Step 1: Financial management means planning, organising, directing, and controlling the financial activities of a business. It decides the sources of funds and the capital structure, such as equity shares, preference shares, debentures, loans, and retained earnings. Thus financial management is vital for survival, profitability, and expansion.

Step 2: It aims at efficient procurement and utilisation of funds so that the business can achieve its objectives and increase owners' wealth. The firm must balance cost, risk, control, and flexibility.

Step 3: The first major decision is investment decision. The third major decision is dividend decision.

Step 4: It concerns where funds should be invested, such as land, building, machinery, inventory, or new projects. It determines how much profit should be distributed to shareholders and how much should be retained for future growth.

Step 5: Long-term investment decisions are called capital budgeting decisions and require careful analysis because they involve large amounts and long-term effects. Financial management also manages liquidity so that the firm can meet short-term obligations.

Step 6: The second major decision is financing decision. Under the alternative, financial markets mobilise savings, provide liquidity, help price discovery, reduce transaction cost, and channel funds from savers to productive users.

Final Answer: See the structured explanation above.

Answer: (See Solution) [Go Back to Question 50](#)

Q51.

Solution

Concept: Describe the marketing mix and explain how its elements help in satisfying customers.

Solution:

Step 1: Marketing mix is the combination of controllable marketing variables used by a firm to satisfy customers and achieve organisational goals. It must cover cost, consider competition, match customer ability to pay, and support the desired image of the product. For example, a quality product with suitable price, convenient availability, and clear promotion can satisfy customers better.

Step 2: The traditional elements are product, price, place, and promotion. Place means distribution. Under the alternative, advertising provides mass communication, while personal selling provides direct persuasion and feedback.

Step 3: Product means the goods or services offered to customers. It ensures that products are available at the right location, in the right quantity, and at the right time through suitable channels such as retailers, wholesalers, or direct online platforms. Thus marketing mix links business offerings with customer satisfaction.

Step 4: It includes quality, design, features, brand name, packaging, labelling, and after-sale



service. Promotion means communication with customers through advertising, personal selling, sales promotion, and publicity.

Step 5: If the product does not satisfy needs, other marketing efforts cannot succeed. It creates awareness, builds interest, and persuades customers to buy.

Step 6: Price is the amount charged from customers. A good marketing mix balances all elements.

Final Answer: See the structured explanation above.

Answer: (See Solution) [Go Back to Question 51](#)



Answer Key

Section A: Q1 to Q20

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

