Punjab Board Class 12, 2026 Business Studies question Paper with Solutions

Time Allowed :3 Hours	**Maximum Marks :**100	**Total questions :**38

General Instructions

Read the following instructions very carefully and strictly follow them:

1. Section A is compulsory for all candidates and generally includes objective-type questions, short answer questions, and long answer questions from the prescribed syllabus.
2. In Section A, candidates are required to answer all questions. The questions will cover topics from ancient, medieval, and modern history as prescribed by the syllabus.
3. Section B consists of elective questions. Candidates are required to attempt questions from the chosen topic according to the provided options.
4. The questions in Section A will be in the form of multiple-choice, short answer, and essay-type questions.
5. Answers to all questions must be written in neat and legible handwriting. Candidates must adhere strictly to the word limit mentioned in the questions.
6. Use of unfair means or electronic devices during the examination is strictly prohibited.
7. Candidates must ensure that they write their answers in the correct format, following the instructions given for each section.

1. A good plan should be:

(A) Flexible

(B) Efficient

(C) Economical

(D) All of these

Correct Answer: (D) All of these

Solution:

In management and administration, a ”plan” is a blueprint for future action. For a plan to be effective and successful in achieving its goals, it must possess several key characteristics.

Step 1: Analyze the options.

(A) Flexible: A plan must be adaptable to changing circumstances. Since the future is uncertain, a rigid plan can fail if the environment changes.

(B) Efficient: Efficiency refers to achieving the maximum possible output or objective with the least amount of friction or wasted effort.

(C) Economical: A plan must be cost-effective. The resources (time, money, labor) spent on executing the plan should be justified by the results achieved.

(D) All of these: A high-quality plan incorporates all these elements—flexibility to handle change, efficiency for performance, and economy for cost-effectiveness.

Step 2: Conclusion.

Since all the listed qualities are essential for a robust and successful strategy, the correct choice is ”All of these.”

Final Answer:

$$\boxed{(D)\ \text{All of these}}$$

Quick Tip

A classic management mnemonic for a good plan is that it should be ”SMART”: Specific, Measurable, Achievable, Relevant, and Time-bound.

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2. Under which pricing strategy higher initial prices are fixed?

Solution:

Step 1: Identifying the Strategy.

Higher initial prices are fixed under the Price Skimming strategy. This approach involves setting a high price for a new, innovative, or highly desirable product when it is first launched in the market.

Step 2: Objective of Price Skimming.

The primary goal of this strategy is to ”skim the cream” off the market by targeting early adopters and consumers who are less price-sensitive and willing to pay a premium to own the latest product. This allows the firm to recover its research and development (RD) and promotional costs quickly.

Step 3: Market Transition.

As the initial demand from the high-end segment is satisfied and competitors begin to enter the market with similar products, the firm gradually lowers the price. This ”sliding down the demand curve” makes the product accessible to more price-sensitive segments of the population.

Quick Tip

Think of Apple’s iPhone launches: they start at a high premium price for the ”early adopters,” and as the months go by or new models arrive, the price of the previous model is lowered to reach a broader audience.

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3. ‘Management is universal’. What does it mean?

Solution:

Step 1: Understanding the Concept of Universality.

The statement ”Management is universal” implies that the fundamental principles and functions of management (planning, organizing, staffing, directing, and controlling) are applicable to all types of organizations, regardless of their size, nature, or location. Whether it is a business enterprise, a government department, a non-profit hospital, or even a household, the need for effective management remains constant.

Step 2: Application Across Different Sectors.

Management is not restricted to the corporate world. Its universality is seen in how it transcends different sectors:

- **Economic:** Used in factories and banks to optimize profits.
- **Social:** Used in clubs or NGOs to organize community events.
- **Political:** Used in government offices to implement public policies.

Step 3: Global Applicability.
The concept also suggests geographical universality. A manager in India, the USA, or Germany performs the same basic functions. While the culture, traditions, or specific methods might vary based on the environment, the core logic of achieving goals through people remains the same globally.

Quick Tip

Think of management like "logic" or "arithmetic"—just as $2 + 2 = 4$ everywhere in the world, the need to plan before executing a task is a universal requirement for success in any field.

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4. Define Economic environment.

Solution:
Step 1: Core Definition.
The economic environment refers to the sum total of all external economic factors that influence the buying habits of consumers and the operating performance of businesses. It represents the economic conditions in which an organization exists and functions.
Step 2: Key Components.
The economic environment consists of various macro-level factors that impact the cost of capital, purchasing power, and production costs. Major components include:

- **Interest Rates:** High rates increase borrowing costs and reduce disposable income.
- **Inflation Rates:** Persistent price rises can lead to higher costs of production and reduced consumer demand.

- **GDP and National Income:** Growth in these areas typically indicates a prosperous environment with high market potential.
- **Exchange Rates:** Fluctuations impact the profitability of import and export businesses.

Step 3: Impact on Business.
A change in the economic environment can directly affect a company's strategic decisions. For example, a decrease in personal disposable income may force a luxury goods manufacturer to lower prices or change marketing strategies to maintain sales volume.

> Quick Tip
>
> The economic environment is highly dynamic; savvy managers use tools like PESTEL analysis to monitor these shifts and adapt their business models accordingly.

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5. What is functional organisation?

Solution:
Step 1: Core Definition.
Functional organisation is a type of organisational structure where the entire enterprise is divided into several specialized departments based on the functions or nature of the work to be performed. Each department is headed by a functional specialist who has authority over that specific function throughout the organisation.
Step 2: Key Characteristics.
In this structure, grouping is done by common skills and activities. For example, all activities related to production are grouped in the Production Department, while activities related to sales and advertising are grouped in the Marketing Department.

- **Specialisation:** It leads to occupational specialisation since employees perform a specific set of tasks repeatedly.
- **Efficiency:** It promotes control and coordination within the department due to the similarity of tasks.

- **Clear Authority:** Functional managers are experts in their fields and provide specialized guidance to their subordinates.

Step 3: Suitability.
This structure is most suitable for large organisations that produce a single line of products or offer a specific set of services. It allows the organisation to benefit from high-level operational efficiency and specialized expertise.

> **Quick Tip**
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> Think of functional organisation as "Specialisation by Department"—everyone in the Finance department focuses only on money matters, while everyone in HR focuses only on people.

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6. Define management as a modern concept.

Solution:
Step 1: Core Definition.
In the modern context, management is defined as the process of getting things done with the aim of achieving goals effectively and efficiently. It is viewed not just as "managing people," but as a systematic process involving a series of inter-related functions.
Step 2: Key Pillars of the Modern Concept.
The modern concept of management rests on three essential pillars:

- **Process:** It refers to the primary activities or functions that managers perform, namely Planning, Organising, Staffing, Directing, and Controlling.
- **Effectiveness:** This is concerned with doing the right task and achieving the end results or goals within the specified time frame.
- **Efficiency:** This is concerned with doing the task correctly and with minimum cost. it involves a cost-benefit analysis, aiming to derive maximum output from minimum resources.

Step 3: Integration and Purpose.

Modern management emphasizes that being effective is not enough; one must also be efficient. A manager who achieves a production target (effective) but does so by wasting huge amounts of raw materials (inefficient) is not considered a successful modern manager. The goal is to balance both to ensure organizational sustainability.

> Quick Tip
>
> Think of the modern concept as a formula: **Management = Process + Effectiveness + Efficiency**. If any one of these three elements is missing, the management is incomplete.

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7. What is esprit de corps?

Solution:

Step 1: Core Definition.

Esprit de corps is a French phrase that translates to "spirit of the body." In management, it refers to one of Henri Fayol's 14 principles of management, which emphasizes the promotion of team spirit, unity, and harmony within an organization. It is based on the idea that "Union is Strength."

Step 2: Key Objectives of the Principle.

The primary goal of this principle is to build mutual trust and a sense of belonging among employees. Managers should encourage team spirit by:

- Replacing the use of "I" with "We" in conversations with subordinates.
- Discouraging "divide and rule" tactics that create internal friction.
- Promoting informal communication to resolve misunderstandings quickly.

Step 3: Benefits to the Organization.

When esprit de corps is present, employees feel more motivated and loyal to the firm. This leads to:

- Better coordination and cooperation between different departments.

- Reduced need for formal penalties or strict supervision.
- Higher productivity as workers strive toward a common organizational goal rather than individual interests.

> **Quick Tip**
>
> A simple way to remember this principle is the phrase: **"Teamwork makes the dream work."** It is the psychological bond that turns a group of individuals into a high-performing team.

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8. Define non-financial incentives for motivation.

Solution:

Step 1: Core Definition.

Non-financial incentives refer to rewards or benefits provided to employees that do not involve direct monetary payments. These incentives focus on psychological, social, and emotional needs rather than physical or financial ones, aiming to improve morale and job satisfaction.

Step 2: Key Types and Examples.

Unlike salaries or bonuses, these incentives focus on the "quality of life" within the workplace. Common examples include:

- **Status:** Providing a higher rank or a prestigious job title to satisfy an employee's ego.
- **Job Enrichment:** Designing jobs that include a greater variety of work content and require higher levels of skill.
- **Employee Recognition:** Publicly acknowledging an employee's good performance through "Employee of the Month" awards or certificates.
- **Job Security:** Offering permanent positions and ensuring that the employee's future in the organization is stable.

Step 3: Purpose and Psychological Impact.

The primary purpose of non-financial incentives is to satisfy higher-level needs in Maslow's hierarchy, such as esteem and self-actualization. These incentives are often more effective for long-term motivation because they build a sense of belonging and loyalty to the organization that money alone cannot buy.

Quick Tip

Think of it this way: Financial incentives put food on the table, but non-financial incentives make the person actually want to sit at the desk and do their best work with a smile.

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9. What is meant by budgetary control?

Solution:

Step 1: Core Definition.

Budgetary control is a system of management control in which all operations are planned in advance in the form of budgets. Actual results are then compared with these budgeted standards to identify any deviations, allowing management to take necessary corrective actions.

Step 2: Key Objectives.

The primary purpose of budgetary control is to ensure that the organization's objectives are met through systematic financial planning. It involves:

- **Planning:** Establishing clear goals for various departments (e.g., Sales Budget, Production Budget).
- **Coordination:** Aligning different departments toward a unified financial target.
- **Control:** Using the budget as a "yardstick" to measure performance and prevent wasteful expenditure.

Step 3: The Process of Control.

The process starts with the preparation of various budgets. During the budget period, actual performance is recorded. At the end of the period, managers perform a "Variance Analysis." If the actual cost is higher than the budgeted cost (adverse variance), management investigates the cause and adjusts operations to bring them back on track.

> **Quick Tip**
>
> Think of budgetary control as a GPS for business: the budget is your "route," and the control process constantly checks if you have "rerouted" so you can get back to your financial destination.

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10. What is supervision?

Solution:

Step 1: Core Definition.

Supervision is a key element of the directing function of management. It refers to the process of overseeing, guiding, and instructing subordinates while they are performing their assigned tasks. The term is derived from two words: "Super" (meaning over/above) and "Vision" (meaning sight), literally translating to "overseeing from above."

Step 2: Role of the Supervisor.

A supervisor acts as a vital link between the management and the workers. They operate at the operational or lower level of management. Their primary responsibilities include:

- **Issuing Instructions:** Providing clear work orders to subordinates.
- **Monitoring Performance:** Checking the progress of work against the set targets.
- **Providing Feedback:** Correcting mistakes on the spot and encouraging employees.

Step 3: Importance in Management.

Effective supervision ensures that resources are used optimally and that there is minimal wastage. It helps in maintaining discipline within the workforce and ensures that the technical skills of the employees are utilized correctly to achieve organizational goals. It also serves as a feedback loop for higher management regarding the problems faced by workers.

Quick Tip

Think of a supervisor like a "Coach" on a sports field—they don't play the game themselves, but they stand on the sidelines to watch every move, give instructions, and ensure the team follows the winning strategy.

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11. What is co-ordination?

Solution:

Step 1: Core Definition.

Co-ordination is the process by which a manager synchronizes the activities of different departments to ensure that organizational goals are achieved harmoniously. It is often referred to as the "essence of management" because it is required at all levels and in all functions of an organization to provide unity of action.

Step 2: Key Characteristics.

Co-ordination is not a separate function but a thread that runs through all management activities:

- **Integrates Group Effort:** It unifies diverse business interests into purposeful work activity.
- **Ensures Unity of Action:** It acts as a binding force between departments, ensuring they work toward a common target.
- **Continuous Process:** It is not a one-time task but begins at the planning stage and continues until controlling.

Step 3: Importance in Modern Organisations.

In large-scale organisations with high degrees of specialization, departments often become isolated "silos." Co-ordination bridges these gaps, ensuring that the Marketing department doesn't promise more than the Production department can manufacture, thus preventing conflict and resource wastage.

Quick Tip

Think of co-ordination like the ”Conductor of an Orchestra”—even if every musician is a genius, the music will be noise unless the conductor synchronizes them to play the same piece at the same tempo.

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