

KENDRIYA VIDYALAYA SANGATHAN ERNAKULAM REGION

COMMON PREBOARD EXAMINATION 2025-26

XII BUSINESS STUDIES

Marking Scheme

Time: 3 hours

Max Marks: 80

Q.No	Answer	Marks												
1	(b) Management is a dynamic function	1												
2	(d) Formed by practice and experimentation	1												
3	(d) Both Assertion (A) and Reason (R) are true, and Reason (R) is the correct explanation of the Assertion.	1												
4	(d) Statement II is true, Statement I is false.	1												
5	(c) Time based Pay Plus incentives	1												
6	(a) 1, 3, 5	1												
7	(c) Place	1												
8	(b) Controlling involves comparing actual performance with standards and taking corrective action	1												
9	(c) External recruits always have poor performance due to lack of knowledge about the company	1												
10	(a) i, ii, iii, iv, v, vi, vii	1												
11	a) A depository holds securities in electronic form and facilitates their transfer between investors	1												
12	b) Customer value	1												
13	c) A iv, B iii, C i, D ii	1												
14	b) Planning may not work in a dynamic environment	1												
15	b) Training and Development	1												
16	a) Long-term investment decision	1												
17	b) Risk consideration	1												
18	b) Money market	1												
19	b) Legal constraints	1												
20	a) Both A and R are true, and R is the correct explanation of A	1												
21	A. 1.Initiative 2.managerial competence 3.control or any other 3 Or B. It has Defined Inter-relationship, It is Based on Rules and Procedures, It is Deliberately Created	3												
22	Branding and packaging	3												
23	<table border="1"> <thead> <tr> <th>Basis</th> <th>Primary market</th> <th>Secondary market</th> </tr> </thead> <tbody> <tr> <td>location</td> <td>No geographical location</td> <td>In specified places</td> </tr> <tr> <td>Transaction pricing</td> <td>Buying only Decided by issuing company</td> <td>Both Buying and selling Decided by demand and supply</td> </tr> <tr> <td colspan="3">1.Prohibition of fraudulent and unfair trade practices 2.Control of insider trading 3.Protection of investors' interests</td> </tr> </tbody> </table>	Basis	Primary market	Secondary market	location	No geographical location	In specified places	Transaction pricing	Buying only Decided by issuing company	Both Buying and selling Decided by demand and supply	1.Prohibition of fraudulent and unfair trade practices 2.Control of insider trading 3.Protection of investors' interests			3
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24	<p>a) Top Level of Management</p> <p>b) Two Functions of Top Level Management:</p> <ol style="list-style-type: none"> 1. Setting Organizational Goals and Policies: They establish the overall objectives of the organization and frame policies to achieve them. <i>Example:</i> Aarav decided to expand into the sustainable housing segment and framed related policies. 2. Designing the Organizational Structure: They define the structure of authority and responsibility within the company and appoint key executives. <i>Example:</i> Aarav decided the organizational structure and roles for different departments. 	3
25	<p>Product , Price, Place , Promotion</p> <p style="text-align: center;">OR</p> <ol style="list-style-type: none"> 1. Cost of the Product 2. Demand for the Product: 3. Competition in the Market: 4. Government Regulations: 	4
26	<p>(a)1. Planning Reduces Risk and Uncertainty:</p> <ul style="list-style-type: none"> • Through careful analysis and forecasting, planning helps managers anticipate future challenges and prepare solutions in advance. • For a large project like building a residential colony, identifying risks beforehand can prevent costly mistakes later. <p>2. Planning Provides Direction:</p> <ul style="list-style-type: none"> • It ensures that all managers and employees work towards the same organizational goals. • It helps coordinate activities among departments like construction, finance, and marketing effectively. <p>3. Planning Improves Decision-Making:</p> <ul style="list-style-type: none"> • By analyzing alternatives and choosing the best one, planning helps in taking rational, well-informed decisions. • This ensures optimal use of resources and higher returns on investment. <p>4. Planning Reduces Wastage of Resources:</p> <ul style="list-style-type: none"> • Efficient planning ensures proper allocation and utilization of resources like land, material, and labour. 	4

	<ul style="list-style-type: none"> • This minimizes delays, cost overruns, and duplication of efforts. <p style="text-align: center;">OR</p> <p>(a) A budget is a numerical or financial plan that expresses the expected results of planned activities in quantitative terms such as money, time, materials, or labor.</p> <ul style="list-style-type: none"> • It represents the expected income and expenditure for a specific period. • Budgets act as a standard for comparing actual performance and controlling deviations. • It helps in ensuring that resources are used efficiently and financial discipline is maintained. <p>(ii) Objective An objective is the desired result or goal that an organization aims to achieve. It defines what the organization wants to accomplish within a given period.</p> <ul style="list-style-type: none"> • Objectives are the foundation of all planning — all other plans (like strategies, policies, and budgets) are made to achieve these objectives. • They give direction to managers and employees and guide decision-making. 	
27	<p>a) Dynamic Nature of Business Environment</p> <ul style="list-style-type: none"> • The business environment keeps changing continuously due to changes in social trends, government policies, technology, and competition. • In the case, changes such as increased health awareness, government campaigns, and technological developments reflect the dynamic nature of the environment. • Therefore, <i>EcoFresh Foods Pvt. Ltd.</i> had to adapt its strategies accordingly. <p>b) Two Other Features of Business Environment:</p> <ol style="list-style-type: none"> 1. Inter-related Components: <ul style="list-style-type: none"> ○ Different elements of the environment are closely connected. ○ A change in one factor can influence the others. ○ <i>Example:</i> A change in social preferences (toward healthy eating) led to technological changes (safe processing) and policy changes (ban on preservatives). 2. Relativity: <ul style="list-style-type: none"> ○ The business environment differs from country to country and region to region. 	

	<ul style="list-style-type: none"> ○ What may be a growing market trend in one country might not be relevant in another. ○ <i>Example:</i> The demand for organic products may be higher in urban areas than in rural regions. 	
28	<p>Controlling is a managerial function that involves measuring actual performance, comparing it with set standards, and taking corrective action when necessary. It ensures that activities are carried out as planned and organizational goals are achieved efficiently.</p> <p>importance of controlling that XYZ Ltd. will experience</p> <p>1. Helps in Achieving Organisational Goals:</p> <ul style="list-style-type: none"> • Controlling ensures that all activities are directed towards achieving the set targets. • By comparing actual performance with planned goals, deviations can be corrected in time. <p>2. Ensures Efficient Use of Resources:</p> <ul style="list-style-type: none"> • A good control system avoids wastage of materials, time, and manpower. • It ensures that all resources are used in the best possible way to achieve efficiency. <i>Example:</i> Raw materials for wall clocks will be used carefully to minimize losses. <p>3. Improves Employee Motivation and Discipline:</p> <ul style="list-style-type: none"> • Regular performance evaluation makes employees more responsible and accountable for their work. • They stay motivated to meet performance standards and follow company policies. <p>4. Facilitates Coordination in Activities:</p> <ul style="list-style-type: none"> • Controlling helps ensure that all departments (like production, marketing, and finance) work in sync toward common objectives. 	4
29	<p>a) The technique of Scientific Management being described is Work Study.</p> <p>b) The Four Methods Included in Work Study:</p> <p>1. Method Study:</p>	4

	<ul style="list-style-type: none"> ○ Determines the best way of doing a job by eliminating unnecessary movements or steps. <p>2. Motion Study:</p> <ul style="list-style-type: none"> ○ Involves observing the movements of workers and machines to identify which movements are essential and which are wasteful. <p>3. Time Study:</p> <ul style="list-style-type: none"> ○ Determines the standard time required to complete a job using the best method. <p>4. Fatigue Study:</p> <ul style="list-style-type: none"> ○ Examines the frequency and duration of rest breaks to ensure workers do not become too tired and can maintain consistent productivity. 							
30	<p>(i) Sources of Recruitment Highlighted: It is an external source recruitment.</p> <p>(ii) Qualified Personal Wider Choice Fresh Talent Competitive Spirit(with explanation)</p>	4						
31	<p>The concept discussed is Financial Planning.</p> <ul style="list-style-type: none"> • Financial planning refers to estimating the amount of funds required and determining their sources, ensuring that the right amount of funds is available at the right time. • It helps the finance manager avoid both shortage and excess of funds, enabling smooth business operations and expansion. <p>Importance of Financial Planning:</p> <p>It helps the company to prepare for the future. It helps in avoiding business shocks and surprises. It helps in co coordinating various business functions. It helps in proper utilisation of finance</p>	6						
32	<p>a) Leadership- Leadership is the process of influencing the behaviour of people by making them strive voluntarily towards achievement of organisational goals.</p> <p>b) Any four features:</p> <p>(i) Leadership indicates the ability of an individual to influence others. (ii) Leadership tries to bring change in the behaviour of others. (iii) Leadership indicates interpersonal relations between leaders and followers. (iv) Leadership is exercised to achieve common goals of the organisation. (v) Leadership is a continuous process.</p>	6						
33	<p>a) The types of framework highlighted are Functional Structure and Divisional Structure.</p> <p>Distinction between Functional Structure and Divisional Structure:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 33%;">Basis</th> <th style="width: 33%;">Functional Structure</th> <th style="width: 33%;">Divisional Structure</th> </tr> </thead> <tbody> <tr> <td style="height: 20px;"></td> <td></td> <td></td> </tr> </tbody> </table>	Basis	Functional Structure	Divisional Structure				6
Basis	Functional Structure	Divisional Structure						

	Formation	Formation is based on functions	Formation is based on product lines and is supported by functions.	
	Specialisation	Functional specialisation.	Product specialisation.	
	Responsibility	Difficult to fix on a department.	Easy to fix responsibility for performance.	
	Managerial Development	Difficult, as each functional manager has to report to the top management	Easier, autonomy as well as the chance to perform multiple functions helps in managerial development.	
34	<p>1. Consumer Rights that Riya can claim: Under the Consumer Protection Act, 2019, Riya can claim the following rights: Right to Safety: Protection against goods that are defective or hazardous. The blender was not functioning properly, which violates this right. Right to Seek Redressal: She can approach the Consumer Forum to seek compensation or replacement.</p> <p>2. Relief or Redressal Riya can expect: The Consumer Forum can provide the following remedies: Replacement of the defective product with a new one. Repair of the product at no extra cost. Refund of the amount paid if replacement or repair is not possible.</p> <p>3. Responsibilities of customer. Use standardised product Collect proper bill. Be honest in transaction.</p> <p style="text-align: center;">OR</p> <ol style="list-style-type: none"> 1. Educating general public 2. Publishing periodicals and other publications 3. Providing legal assistance to consumers by providing legal advice. 4. Producing films and seminars on adulteration black marketing etc. 5. Filing complaints in appropriate consumer courts on behalf on consumers. 6. Encouraging consumers to take on action against unfair trade practices. 7. Taking initiatives in filing cases in consumer courts on behalf of consumers. 			6