

NIOS PYQ's SOLUTIONS

PREVIOUS YEARS' QUESTIONS & ANSWERS



APRIL-2026

Your Path to Success

SECTION - A

Q1 - You want to sell your physical share certificate. What is the first step?

(A) Sell it directly in the stock market

(B) Open a Demat A/c and Dematerialize the shares

(C) Transfer the shares manually to the buyer

(D) Submit the certificate to RBI

Answer – (B) Open a Demat A/c and Dematerialize the shares

Q2 – The main objective of advertising is to :

(A) Reduce the cost of production

(B) Increase sales and market share

(C) Mislead customers

(D) Eliminate competition

Answer - (B) Increase sales and market share

Q3 - Which of the following is NOT a component of external trade?

(A) Import

(B) Export

(C) Entrepot trade

(D) Retail trade

Answer - (D) Retail trade

Q4 - Explain why Listing on Stock Exchange is beneficial for a company?

(A) It improves goodwill and creditworthiness

(B) It increases tax

(C) It is mandatory for all companies

(D) It reduces work

Answer - (A) It improves goodwill and creditworthiness

Q5 - 'World Youth Skills Day' is celebrated on :-

(A) 15th January

(B) 15th June

(C) 15th July

(D) 15th April

Answer - (C) 15th July



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Q6 - Which document is required to prove that goods are 'Made in India'?

(A) Certificate of Origin **(B) Invoice**

(C) Letter **(D) Passport**

Answer - (A) Certificate of Origin

Q7 - A manager of a company signs a contract without using the common seal (Where required). Who would be held legally liable in this situation?

(A) The Company **(B) The Manager personally**

(C) The Shareholders **(D) No one**

Answer - (B) The Manager personally

Q8 - A Company expects huge profits in the future. Which type of share is best for shareholders who want to participate in such profits?

(A) Non-participating preference shares **(B) Equity shares**

(C) Preference shares **(D) Bonds**

Answer - (B) Equity shares

Q9 - What is the primary source of internal financing for a company?

(A) Bank Loan **(B) Debentures**

(C) Retained Earnings **(D) Public Deposits**

Answer - (C) Retained Earnings

Q10 - A firm decides to train its staff to use the latest android software. This is a response to which environmental change?

(A) Social **(B) Technological**

(C) Legal **(D) Natural**

Answer - (B) Technological

Q11 - Before issuing shares to public, company must issue :

(A) Prospectus **(B) Invoice**

(C) Receipt **(D) Cheque**



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Answer - (A) Prospectus

Q12 - Which element of marketing mix generates revenue?

(A) Price **(B) Product**

(C) Place **(D) Promotion**

Answer - (A) Price

Q13 - Departmental stores are usually located in :

(A) Industrial zones **(B) Central places**

(C) Rural areas **(D) Residential area**

Answer - (B) Central places

Q14 - Sales promotion is effective because :

(A) It creates a long term brand image **(B) It provides instant short-term incentive to buy**

(C) It replaces the product **(D) It is invisible**

Answer - (B) It provides instant short-term incentive to buy

Q15 - Financial planning starts with :

(A) Estimating fund requirements **(B) Collecting funds**

(C) Investing funds **(D) Distributing dividends**

Answer - (A) Estimating fund requirements

Q16 - A shipping company asks for proof of delivery authorization. The document to be shown :

(A) Indent **(B) Mate's Receipt**

(C) Bill of Lading **(D) Invoice**

Answer - (C) Bill of Lading

Q17 - Explain why are intermediaries (middlemen) used despite adding to cost?

(A) They increase efficiency of distribution **(B) They are mandatory by law**

(C) They own the factories **(D) They reduce production quality**

Answer - (A) They increase efficiency of distribution



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Q18 - A local brand reduces its price to match a new MNC competitor. This strategy is for :

(A) Image Building

(B) Social Welfare

(C) Legal Requirement

(D) Meeting Competition

Answer - (D) Meeting Competition

Q19 - Face-to-face communication with potential buyers is called :

(A) Advertising

(B) Personal Selling

(C) Publicity

(D) Direct Marketing

Answer - (B) Personal Selling

Q20 - A vegetable vendor reduces prices towards the end of the day. What is the main reason for this practice?

(A) Competition

(B) Tax saving

(C) Government rule

(D) Product Perishability

Answer - (D) Product Perishability

SECTION - B

Q21 - Identify the type of business environment in the following cases :

(a) Includes set of laws, regulations which influence business organisations.

(b) Includes methods, techniques and approaches for production of goods and services.

Answer – (a) Legal Environment

(b) Technological Environment

Q22 - State whether the following statements are true or false :

(a) A product can be both a consumer good and an industrial good.

(b) Classification of consumer goods and industrial goods depends on the nature of the buyer.

Answer – (a) True

(b) True

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Q23 - Identify the interest group to which the social responsibility of business group belong to :

(a) To pay taxes honestly and on time

(b) To provide reasonable and fair wages and salary.

Answer – (a) Government

(b) Employees

Q24 - State whether the following statements are true or false :

(a) An importer cannot import goods without a valid import Licence.

(b) Exporter pays import duty.

Answer – (a) True

(b) False

Q25 - Name any two factors included under demographic environment.

Answer – 1. Size of population

2. Growth rate of population

Q26 - Fill in the blanks in the following statement :

(a) If authority is more than responsibility, it leads to _____.

(b) If responsibility is more than authority, it leads to_____.

Answer – (a) misuse of authority.

(b) inefficiency.

Q27 - Identify the class of stakeholders :

(a) Owners of the company

(b) Creditors of the company

Answer – (a) Internal stakeholders

(b) External stakeholders



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Q28 - Identify the type of goods :

(a) Name the goods that are bought frequently with minimum effort.

(b) Name the goods that are bought after comparison.

Answer – (a) Convenience Goods

(b) Shopping Goods

Q29 - Fill in the blanks in the following statements :

(a) Control looks back at _____ performance.

(b) Control looks forward to _____ performance.

Answer – (a) past

(b) future

Q30 - State whether the following statements are true or false :

(a) Method of borrowing money through public deposit is simple.

(b) Brings flexibility in the Structure of the company.

Answer – (a) True

(b) True

Q31 - Identify the management function :

(a) Which function ensures the right timing and sequence of activities?

(b) Which function ensures that activities conform to the plans?

Answer – (a) Co-ordination

(b) Controlling

Q32 - Identify whether working capital requirement is high or low in the following situations :

(a) When sales are seasonal.

(b) When sales are uniform.

Answer – (a) High

(b) Low/Constant



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Q33 - Match the following :

Column A	Column B
(i) Bulk Breaking	**(a) Wholesaler**
(ii) Bulk Buying	**(b) Retailer**

Answer – (i) Bulk Breaking – (b) Retailer

(ii) Bulk Buying – (a) Wholesaler

Q34 - Fill in the blanks regarding the 1991 reforms for the following statements :

(a) _____ refers to eliminating unnecessary controls and restrictions.

(b) _____ refers to reducing the role of the public sector.

Answer – (a) Liberalisation

(b) Privatisation

Q35 - Which medium of advertising is the most suitable in the following cases ?

(a) A company wants to reach a large number of people across the country at the same time.

(b) A business wants to promote its product to young, tech-savvy consumers at low cost.

Answer – (a) Television

(b) Internet advertising

SECTION - C

Q36 - "A CEO retains only the authority to decide on opening of new branches and delegates all other decision-making powers to subordinates". Identify and give the meaning of the concept of management being followed.

Answer – Concept: Decentralisation

Decentralisation refers to the systematic distribution of decision-making authority among different levels of management. In this case, the CEO delegates most decisions to subordinates and retains only the important decision regarding opening new branches.

OR

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"Employees in an organisation feel demotivated due to excessive emphasis on strict rules and regulations". Identify the type of organisation whose limitation is being highlighted and explain its meaning.

Answer – Type: Formal Organisation

Formal organisation refers to the officially established pattern of relationships among departments, divisions and employees to achieve organisational goals. It defines duties, authority, responsibilities and rules. Its excessive emphasis on rules may reduce flexibility and neglect employees' personal and social needs.

Q37 - A company hires through references of existing employees. Identify the source of recruitment being used and mention its benefit.

Answer – Source of Recruitment: Referrals

Referrals are an external source of recruitment in which existing employees or other persons associated with the organisation recommend suitable candidates. Their benefit is that the recommendations come from people familiar with the organisation's requirements.

OR

Name any one source of internal sources of recruitment, and give its limitation.

Answer – Source: Promotion

Promotion means moving an existing employee to a higher position. One limitation of internal recruitment is that the organisation may lose the opportunity to bring fresh talent and new ideas from outside.

Q38 - How does small Business help in 'Balanced Regional Development'?

Answer – Small businesses promote balanced regional development in the following ways:

1. They can be established near local sources of raw materials and labour.

2. They create employment and support economic development in less-developed regions.

Thus, small businesses help reduce regional economic inequalities.

OR

Explain why 'Local Resources' are preferred by Small Units.

Answer – Small business units prefer local resources because raw materials and labour are easily available nearby. Their use reduces transportation and other operating costs. It also helps small units use local skills and resources efficiently.



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Q39 - Give any two benefits of E-commerce.

Answer – 1. Convenience: Customers can buy goods and services online from their homes at any time without visiting physical shops.

2. Wider Market Reach: Businesses can reach customers in different cities and countries through the Internet.

Q40 - Explain why a selection test is conducted by organisations during the selection process?

Answer – Selection tests are conducted to measure the skills and abilities of candidates according to job requirements. They help an organisation identify candidates who are suitable for the next stages of selection.

For example, a typing test checks whether a candidate has the required typing speed for a clerical job.

Q41 - Which business is considered a 'Small Business'?

Answer – A small business is an enterprise that operates on a relatively small scale, requires less capital and employs a small number of workers. It is usually owned and managed by one or a few persons, operates in a limited area and mainly serves local customers.

Q42 - Explain why promotion is considered necessary in the marketing mix ?

Answer – Promotion is an important element of the marketing mix because it helps businesses communicate with customers.

1. Creates Awareness: It informs customers about the product's availability, features, price and uses.

2. Persuades Customers: It attracts their interest and encourages them to purchase the product.

3. Creates Product Differentiation: It explains how a product differs from competing products and helps customers make a choice.

Thus, promotion helps create and increase demand for goods and services.

OR

Explain why price is considered an important element of the marketing mix ?

Answer - Price is an important element of the marketing mix for the following reasons:

1. Generates Revenue: Price is the element that generates revenue, while the other marketing-mix decisions involve costs.

2. Affects Demand: A high price may reduce demand, whereas a suitable lower price may attract more customers.



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3. Influences Profitability: The price charged affects the firm's earnings and profits.

Therefore, a business must fix its price carefully by considering costs, demand and competition.

Q43 - Give any three features of a private company.

Answer – The main features of a private company are:

1. Minimum Members: At least two members are required to form a private company.

2. Restriction on Transfer of Shares: The transfer of its shares is restricted by its Articles of Association.

3. Restriction on Public Invitation: It cannot invite the general public to subscribe to its shares in the manner of a public company.

OR

Give any three features of a public company.

Answer - The main features of a public company are:

1. Minimum Members: At least seven members are required to establish a public company.

2. Public Subscription: It can invite the public to subscribe to its shares and debentures.

3. Free Transferability of Shares: There is no restriction on the transfer of its shares in the manner applicable to a private company.

Q44 - Explain the role of WTO in facilitating and promoting international Trade.

Answer – The World Trade Organization (WTO) was established on 1 January 1995 to regulate, monitor and liberalise international trade. Its main roles are:

1. Reduces Trade Barriers: It works to reduce trade and non-trade barriers between countries.

2. Promotes Smooth Trade: Its agreements make international trade and trade relations more predictable.

3. Supports Developing Countries: It provides special and preferential treatment to developing countries in trade-related matters.

Thus, WTO helps promote international trade and economic growth.

OR



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Explain the meaning of 'Letter of Hypothecation'.

Answer - A Letter of Hypothecation is a letter addressed to a bank and attached to a bill of exchange accepted by the importer. Through this letter, the exporter authorises the bank to sell the goods if the importer fails to honour the bill. The bank can then recover the money it advanced to the exporter. This arrangement helps the exporter receive payment earlier.

Q45 - Give any three points of distinction between 'Primary market' and 'Secondary Market'.

Answer - The primary market deals with new securities, whereas the secondary market deals with existing securities.

Basis	Primary Market	Secondary Market
Function	Raises long-term funds through fresh issues of securities.	Provides a ready market for existing securities.
Securities	Deals in new shares and debentures issued by companies.	Deals in the purchase and sale of already issued securities.
Price	The company determines the issue price, following applicable requirements.	Market demand and supply determine prices, which may fluctuate.

Q46 - A factory manager regularly checks the production output and compares it with the daily target. Explain how this illustrates the Controlling function of management?

Answer – The manager's actions illustrate **controlling**, a function that checks whether actual work matches planned targets.

1. Setting Standards: The daily production target acts as the standard.

2. Measuring Performance: The manager checks the actual production output.

3. Comparing Results: Actual output is compared with the daily target to identify any difference.

4. Corrective Action: If output is below the target, the manager finds the reason and takes suitable corrective steps.

Q47 - Explain any three forms of E-commerce.

Answer – Three forms of e-commerce are:

1. Business-to-Business (B2B): Transactions take place between businesses, such as a manufacturer and a wholesaler. They may place orders and make payments online.

2. Business-to-Consumer (B2C): A business sells goods or services directly to consumers through the internet.



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3. Consumer-to-Consumer (C2C): One consumer sells goods to another consumer, such as used books or household items, through an online platform.

Q48 - Define Centralisation and Decentralisation. Distinguish between them.

Answer - Centralisation means that decision-making authority is mainly kept with top-level management. **Decentralisation** means a planned distribution of authority to different levels and departments.

Basis	Centralisation	Decentralisation
Authority	Concentrated at the top.	Shared with lower levels.
Decisions	Mostly made by senior managers.	Routine decisions can be made by department heads and other managers.
Workload	More pressure on top management.	Reduces top management's workload.
Initiative	Less freedom for subordinates.	Encourages employee initiative and quicker decisions.

Thus, centralisation keeps control at the top, whereas decentralisation gives lower-level managers more authority and responsibility.

OR

'Planning is looking ahead, Controlling is looking back'. Analyze and explain statement.

Answer - The statement means that planning mainly prepares for future action, while controlling checks actual performance against plans.

Planning sets objectives and standards in advance. Controlling looks back at completed work to identify differences between actual results and standards. However, the two functions are closely related. Planning uses past information to prepare for the future, so it is both backward- and forward-looking. Controlling also looks forward because it leads to corrective action, and backward because it examines past performance. Therefore, both functions look in both directions and support each other.

Q49 - A manufacturing company wants to expand its operations and requires funds for a long period. Explain the suitable sources of finance it should consider to meet the requirement.

Answer – For expansion, the manufacturing company should consider long-term sources of finance because the funds will be needed for more than one year and may be used for fixed assets.

1. Equity Shares: These provide owners' capital without a fixed repayment obligation.

2. Preference Shares: These provide capital with preferential rights to dividends.

3. Debentures: These raise borrowed funds, generally with interest and repayment terms.



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4. Long-term Loans: Banks and financial institutions may provide loans for plant, machinery and expansion.

5. Retained Earnings: Undistributed profits can be reinvested in the business.

The company should choose a suitable mix after considering cost, risk and control.

OR

A company is planning to set up a new plant and needs to estimate its future financial requirements. Explain how financial planning will help the company in this situation?

Answer - Financial planning will help the company estimate how much money is needed to set up the new plant and how it should be raised.

1. Estimates Fund Requirements: It estimates funds needed for land, buildings, machinery and other requirements.

2. Considers Future Needs: It considers future growth and financial requirements, not only present expenses.

3. Selects Sources: It compares available sources and helps select a suitable combination of owned and borrowed funds.

4. Avoids Shortage or Excess: It helps prevent both a shortage and an excess of funds.

5. Ensures Proper Use: It supports efficient use of money and coordination between departments.

Thus, financial planning helps the company arrange adequate funds at a reasonable cost and prepare for future needs.

Q50 - Define a wholesaler and identify any four functions performed by them.

Answer – A wholesaler is a trader who buys goods in large quantities from producers or manufacturers and sells them to other traders, usually retailers, in smaller quantities.

Four functions of a wholesaler are:

1. Procurement: Buys goods from different manufacturers and maintains stock.

2. Grading and Packing: Sorts goods by size, weight, shape or quality and prepares smaller lots.

3. Transportation: Moves goods from production centres to warehouses and retailers.

4. Warehousing: Stores goods and makes them available to retailers when needed.

These functions help manufacturers distribute products and help retailers maintain regular supplies.



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Q51. Explain the importance of self-employment in an economy.

Answer - Self-employment means earning a livelihood through an activity a person starts and manages independently. Its importance is as follows:

1. Easy Start: Small ventures often require less capital than large businesses.

2. Better Opportunity: People use their talents, take decisions independently and earn according to their efforts.

3. Entrepreneurship: Self-employment can encourage innovation and help a small venture grow.

4. Personalised Services: Tailoring and repair work meet individual needs.

5. Creativity: Handicrafts and handloom work develop skills and preserve cultural heritage.

6. Reduces Unemployment: It provides livelihoods to people unable to find paid jobs, including those without higher education.



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Thank you!

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