CUET 2026 May 21 Shift 1 Business Studies

Question Paper (Memory-Based) with Solutions

Conducted by National Testing Agency (NTA)

General Instructions

(i) The examination will be conducted in Computer-Based Test (CBT) mode.

(ii) Each question carries +5 marks for correct answer and -1 mark for wrong answer.

(iii) The total number of questions are 50.

(iv) Duration of the exam is 1 hour (60 minutes).

1. Which of the following is a feature of planning in Business Studies?

(A) It eliminates all risks completely

(B) It is a mental exercise

(C) It discourages innovation

(D) It is unnecessary in dynamic environments

Correct Answer: (B) It is a mental exercise

Solution:

Concept: Planning is one of the primary functions of management. It involves deciding in advance what is to be done, how it is to be done, when it is to be done, and by whom it is to be done. It is an intellectual and analytical process because managers have to think carefully before taking decisions.

Step 1: Understanding the meaning of planning.

Planning requires managers to analyze situations, evaluate alternatives, forecast future conditions, and make rational decisions. Therefore, planning mainly involves thinking and decision-making.

Step 2: Evaluating the options.

(A) Incorrect because planning cannot eliminate risks completely; it only reduces uncertainty.

(B) Correct because planning is an intellectual or mental exercise.

(C) Incorrect because planning actually promotes innovation by encouraging new ideas and better methods.

(D) Incorrect because planning becomes even more important in dynamic environments.

Step 3: Final conclusion.

Hence, the correct answer is:

$$\boxed{\text{(B) It is a mental exercise}}$$

Quick Tip: Remember: Planning = Thinking before doing. It is mainly an intellectual activity of managers.

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2. Which level of management is responsible for implementing policies and plans?

(A) Top level management

(B) Middle level management

(C) Operational level management

(D) Shareholders

Correct Answer: (B) Middle level management

Solution:

Concept: Management is divided into three levels:

- Top level management
- Middle level management
- Operational or supervisory management

Middle level managers act as a link between top level and operational level managers.

Step 1: Understanding responsibilities of management levels.

Top management formulates policies and objectives.

Middle management interprets and implements these policies.

Operational management supervises day-to-day activities.

Step 2: Evaluating the options.

(A) Incorrect because top management mainly formulates plans.

(B) Correct because middle management implements plans and policies.

(C) Incorrect because operational management supervises workers directly.

(D) Incorrect because shareholders are owners, not managers.

Step 3: Final conclusion.

Therefore, the correct answer is:

$$\boxed{\text{(B) Middle level management}}$$

Quick Tip: Top level decides, middle level implements, and lower level supervises.

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3. Which principle of management states that a subordinate should receive orders from only one superior?

(A) Unity of Direction

(B) Scalar Chain

(C) Unity of Command

(D) Equity

Correct Answer: (C) Unity of Command

Solution:

Concept: Henri Fayol gave 14 principles of management. One of the important principles is Unity of Command.

Step 1: Understanding Unity of Command.

According to this principle, an employee should receive instructions from only one superior at a time.

Step 2: Reason behind the principle.

If a subordinate receives orders from multiple bosses, confusion and conflict may arise.

Step 3: Evaluating options.

(A) Unity of Direction refers to one plan for one group of activities.

(B) Scalar Chain refers to chain of authority.

(C) Unity of Command is the correct principle.

(D) Equity means fairness and kindness.

Step 4: Final conclusion.

Hence, the correct answer is:

$$\boxed{\text{(C) Unity of Command}}$$

Quick Tip: One employee → One boss → Unity of Command.

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4. Decentralisation refers to:

(A) Retention of authority at top level

(B) Delegation of authority throughout all levels

(C) Complete absence of authority

(D) Transfer of responsibility without authority

Correct Answer: (B) Delegation of authority throughout all levels

Solution:

Concept: Decentralisation means systematic delegation of authority at all levels of management.

Step 1: Understanding decentralisation.

In decentralisation, decision-making powers are shared with lower levels of management.

Step 2: Advantages of decentralisation.

It develops managerial talent, reduces burden on top management, and improves efficiency.

Step 3: Evaluating the options.

(A) Incorrect because retention of authority refers to centralisation.

(B) Correct because decentralisation spreads authority throughout the organisation.

(C) Incorrect because authority always exists in an organisation.

(D) Incorrect because authority and responsibility go together.

Step 4: Final conclusion.

Therefore:

$$\boxed{\text{(B) Delegation of authority throughout all levels}}$$

Quick Tip: Centralisation = Authority concentrated at top.
Decentralisation = Authority shared at lower levels.

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5. Which of the following is not a financial incentive?

(A) Bonus

(B) Profit sharing

(C) Job security

(D) Commission

Correct Answer: (C) Job security

Solution:

Concept: Incentives are rewards given to employees to improve performance. Incentives may be:

- Financial incentives
- Non-financial incentives

Step 1: Understanding financial incentives.

Financial incentives involve direct monetary benefits such as bonus, commission, and profit sharing.

Step 2: Understanding non-financial incentives.

Non-financial incentives include recognition, job security, status, and career growth.

Step 3: Evaluating options.

(A) Bonus is financial.

(B) Profit sharing is financial.

(C) Job security is non-financial.

(D) Commission is financial.

Step 4: Final conclusion.

Thus, the correct answer is:

$$\boxed{\text{(C) Job security}}$$

Quick Tip: If the reward directly involves money, it is a financial incentive.

6. Which element of marketing mix is concerned with physical distribution and storage of goods?

(A) Product

(B) Price

(C) Promotion

(D) Place

Correct Answer: (D) Place

Solution:

Concept: Marketing mix consists of four important elements called the 4Ps:

Product, Price, Place, Promotion

Step 1: Understanding "Place".

Place refers to activities involved in making goods available to customers. It includes:

- Transportation
- Warehousing
- Inventory management
- Distribution channels

Step 2: Evaluating the options.

(A) Product relates to design and quality.

(B) Price relates to pricing decisions.

(C) Promotion relates to advertising and sales promotion.

(D) Place relates to distribution and storage.

Step 3: Final conclusion.

Hence:

$$\boxed{\text{(D) Place}}$$

Quick Tip: "Place" means getting the product to the customer at the right place and right time.

7. Which document is issued by a seller to the buyer showing details of goods sold and amount payable?

(A) Debit Note

(B) Invoice

(C) Cheque

(D) Voucher

Correct Answer: (B) Invoice

Solution:

Concept: Business transactions require written documents for proper records and legal evidence.

Step 1: Understanding invoice.

An invoice is a document issued by the seller containing:

- Name of goods
- Quantity
- Price
- Total amount payable

Step 2: Evaluating options.

(A) Debit Note is issued for return of goods.

(B) Invoice is correct.

(C) Cheque is a payment instrument.

(D) Voucher is a supporting accounting document.

Step 3: Final conclusion.

Therefore:

$$\boxed{\text{(B) Invoice}}$$

Quick Tip: Invoice = Bill issued by seller to buyer.

8. The process of comparing actual performance with standards and taking corrective action is known as:

(A) Planning
(B) Staffing
(C) Controlling
(D) Directing

Correct Answer: (C) Controlling

Solution:

Concept: Controlling is an important managerial function that ensures organisational activities are proceeding according to plans.

Step 1: Understanding controlling.

The controlling process includes:

- Setting standards
- Measuring actual performance
- Comparing performance with standards
- Taking corrective action

Step 2: Evaluating options.

(A) Planning involves deciding future actions.
(B) Staffing relates to recruitment and training.
(C) Controlling involves comparison and corrective action.
(D) Directing relates to supervision and motivation.

Step 3: Final conclusion.

Thus:

$$\boxed{\text{(C) Controlling}}$$

Quick Tip: Controlling checks whether work is going according to plan.

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9. SEBI primarily regulates:

(A) Agricultural markets

(B) Banking sector only

(C) Securities market

(D) Foreign trade

Correct Answer: (C) Securities market

Solution:

Concept: SEBI stands for Securities and Exchange Board of India.

Step 1: Purpose of SEBI.

SEBI was established to regulate and develop the securities market and protect investor interests.

Step 2: Functions of SEBI.

- Regulation of stock exchanges
- Protection of investors
- Prevention of unfair trade practices
- Promotion of fair securities trading

Step 3: Evaluating options.

(A) Incorrect because SEBI does not regulate agricultural markets.

(B) Incorrect because RBI regulates banking.

(C) Correct because SEBI regulates securities markets.

(D) Incorrect because foreign trade is regulated separately.

Step 4: Final conclusion.

Hence:

$$\boxed{\text{(C) Securities market}}$$

Quick Tip: SEBI protects investors and regulates stock markets in India.

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10. Which of the following is a feature of coordination?

(A) It increases conflicts

(B) It integrates group efforts

(C) It delays organisational goals

(D) It reduces unity of action

Correct Answer: (B) It integrates group efforts

Solution:

Concept: Coordination is the process of synchronising activities of different departments and individuals to achieve organisational goals efficiently.

Step 1: Understanding coordination.

Coordination ensures unity of action and proper integration among different organisational activities.

Step 2: Features of coordination.

- Integrates group efforts
- Ensures unity of action
- Achieves organisational goals
- Maintains harmony

Step 3: Evaluating options.

(A) Incorrect because coordination reduces conflicts.

(B) Correct because it integrates group efforts.

(C) Incorrect because coordination helps achieve goals efficiently.

(D) Incorrect because coordination increases unity of action.

Step 4: Final conclusion.

Therefore:

$$\boxed{\text{(B) It integrates group efforts}}$$

Quick Tip: Coordination binds all managerial functions together into one unified effort.