CUET 2026 May 29 Shift 2 Business Studies

Question Paper (Memory-Based) with Solutions

Conducted by National Testing Agency (NTA)

1. Management is considered to be both an art and a science. Which of the following statements correctly justifies this nature of management?

(A) Management is only based on theoretical knowledge and ignores practical skills.

(B) Management involves systematic knowledge along with personal skill and creativity.

(C) Management is purely intuitive and has no universal principles.

(D) Management depends entirely upon trial and error methods.

Correct Answer: (2) Management involves systematic knowledge along with personal skill and creativity.

Solution:

Concept:
Management possesses characteristics of both art and science. It is considered a science because it has a systematic body of knowledge, universal principles, and cause-and-effect relationships. At the same time, it is regarded as an art because it requires personal skill, creativity, experience, innovation, and practical application of knowledge.
The nature of management is one of the most important conceptual topics in Business Studies and is directly based on NCERT explanations.

Step 1: Understanding management as a science.

Science refers to a systematic body of knowledge based on observation and experimentation. Management satisfies several features of science because:

- It has organized principles and theories.
- It develops through observation and experimentation.
- Principles of management can be applied in different situations.
- Management aims at establishing cause-and-effect relationships.

For example:

$$\text{Better planning} \Rightarrow \text{Higher efficiency}$$

Thus, management contains scientific elements.

Step 2: Understanding management as an art.

Art involves practical application of knowledge to achieve desired results. Management requires:

- Creativity
- Leadership ability
- Communication skills
- Decision-making ability
- Personal judgment

Different managers may apply the same principle differently depending on the situation. Hence management also involves artistic qualities.

Step 3: Analyzing all options carefully.

- Option (A) is incorrect because management does not ignore practical skills.
- Option (B) is correct because management combines systematic knowledge and practical skill.
- Option (C) is incorrect because management does have universal principles.
- Option (D) is incorrect because management is not entirely trial and error.

Therefore, the correct answer is:

$$\boxed{\text{Management involves systematic knowledge along with personal skill and creativity}}$$

Quick Tip: Always remember:

$$\text{Science} \Rightarrow \text{Knowledge and Principles}$$

$$\text{Art} \Rightarrow \text{Skill and Practice}$$

Management combines both aspects together.

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2. Which of the following principles of management was given by Henri Fayol and emphasizes that each employee should receive orders from only one superior?

(A) Unity of Direction

(B) Scalar Chain

(C) Unity of Command

(D) Discipline

Correct Answer: (3) Unity of Command

Solution:

Concept:

Henri Fayol introduced fourteen principles of management to improve organizational efficiency. One of the most important principles is Unity of Command.

This principle states:

$$\text{One employee} \rightarrow \text{One boss}$$

According to this principle, an employee should receive instructions from only one superior to avoid confusion, conflict, and overlapping authority.

Step 1: Understanding the principle of Unity of Command.

When an employee receives orders from multiple superiors:

- Confusion arises.
- Discipline gets disturbed.
- Employees may face conflicting instructions.
- Responsibility becomes difficult to determine.

Therefore Fayol suggested that:

$$\text{Each subordinate must report to only one superior}$$

Step 2: Distinguishing from Unity of Direction.

Many students confuse Unity of Command with Unity of Direction.

- **Unity of Command:** One employee should receive orders from one boss.
- **Unity of Direction:** One plan and one head for similar activities.

Thus they are completely different principles.

Step 3: Analyzing all options.

- Unity of Direction relates to one plan.
- Scalar Chain refers to chain of authority.
- Unity of Command refers to one boss for one employee.
- Discipline refers to obedience and respect.

Hence the correct answer is:

$$\boxed{\text{Unity of Command}}$$

Quick Tip: Remember:

$$\text{Unity of Command} = \text{One Employee, One Boss}$$

$$\text{Unity of Direction} = \text{One Plan, One Head}$$

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3. Which financial market deals in short-term funds and financial instruments having maturity period less than one year?

(A) Capital Market

(B) Money Market

(C) Commodity Market

(D) Foreign Exchange Market

Correct Answer: (2) Money Market

Solution:

Concept:
Financial markets are institutional arrangements where financial assets and securities are traded. Financial markets are broadly classified into:

- Money Market
- Capital Market

Money Market deals in short-term funds and securities with maturity period up to one year.

Step 1: Understanding Money Market.

Money Market is a market for:

- Short-term borrowing
- Short-term lending
- Highly liquid financial instruments

Examples include:

$$\text{Treasury Bills, Commercial Papers, Call Money}$$

These instruments generally mature within:

$$1 \text{ year}$$

Step 2: Understanding Capital Market.

Capital Market deals in:

- Long-term securities

- Shares
- Debentures
- Bonds

Thus Capital Market is not the correct answer.

Step 3: Analyzing options carefully.

- Capital Market deals with long-term funds.
- Money Market deals with short-term funds.
- Commodity Market deals with goods and commodities.
- Foreign Exchange Market deals with currencies.

Therefore the correct answer is:

$$\boxed{\text{Money Market}}$$

Quick Tip: Remember:

$$\text{Money Market} \Rightarrow \text{Short-term funds}$$

$$\text{Capital Market} \Rightarrow \text{Long-term funds}$$

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

(A) Planning

(B) Organising

(C) Directing

(D) Controlling

Correct Answer: (4) Controlling

Solution:

Concept:

Controlling is an important managerial function that ensures organizational activities are performed according to planned standards.

The controlling process includes:

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

Step 1: Understanding the meaning of controlling.

Managers establish performance standards in advance. After implementation:

- Actual results are measured.
- Deviations are identified.
- Corrective measures are taken.

This ensures organizational goals are achieved efficiently.

Step 2: Understanding the need for corrective action.

If deviations are ignored:

- Resources may be wasted.
- Organizational objectives may not be achieved.
- Operational inefficiencies may increase.

Therefore corrective action becomes essential.

Step 3: Analyzing options.

- Planning determines future course of action.

- Organising arranges resources.
- Directing motivates employees.
- Controlling measures and corrects deviations.

Hence:

$$\boxed{\text{Controlling}}$$

Quick Tip: The controlling cycle is:

$$\text{Standards} \rightarrow \text{Measurement} \rightarrow \text{Comparison} \rightarrow \text{Correction}$$

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5. Who among the following is associated with the concept of Functional Foremanship?

(A) Henri Fayol

(B) F.W. Taylor

(C) Peter Drucker

(D) Keith Davis

Correct Answer: (2) F.W. Taylor

Solution:

Concept:
Functional Foremanship is a concept developed by F.W. Taylor under Scientific Management. Taylor believed that supervision should be specialized so that each supervisor becomes an expert in a particular function.
Under this system:

$$\text{One worker} \rightarrow \text{Multiple specialized supervisors}$$

Step 1: Understanding Functional Foremanship.

Taylor divided factory activities into:

- Planning Department
- Production Department

Each department had specialized foremen.
Examples:

- Route Clerk
- Instruction Card Clerk
- Repair Boss
- Gang Boss

This improved efficiency and specialization.

Step 2: Understanding Scientific Management.

Scientific Management aims at:

- Increasing efficiency
- Reducing wastage
- Improving productivity
- Scientific selection of workers

Functional Foremanship was one of its key techniques.

Step 3: Analyzing options.

- Henri Fayol gave administrative principles.
- F.W. Taylor introduced Functional Foremanship.
- Peter Drucker emphasized management by objectives.
- Keith Davis contributed to organizational behavior.

Thus:

$$\boxed{\text{F.W. Taylor}}$$

Quick Tip: Taylor is known as:

Father of Scientific Management

Functional Foremanship is one of his most important concepts.

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6. SEBI primarily aims at protecting the interests of:

(A) Producers

(B) Investors

(C) Wholesalers

(D) Government employees

Correct Answer: (2) Investors

Solution:

Concept:

SEBI stands for:

Securities and Exchange Board of India

It was established to regulate the securities market and protect investors from unfair trade practices.

Step 1: Understanding the objectives of SEBI.

Major objectives include:

- Protecting investors
- Regulating stock exchanges
- Preventing fraudulent practices
- Promoting fair trading

Step 2: Role of SEBI in financial markets.

SEBI ensures:

- Transparency in trading
- Fair disclosure of information
- Prevention of insider trading
- Investor education

This builds confidence in financial markets.

Step 3: Analyzing options.

- Producers are not SEBI's primary concern.
- Investors are directly protected by SEBI.
- Wholesalers are unrelated to SEBI regulation.
- Government employees are not the focus.

Hence:

$$\boxed{\text{Investors}}$$

Quick Tip: Remember:

$$SEBI \Rightarrow \text{Protect Investors} + \text{Regulate Securities Market}$$

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7. Which consumer right gives consumers protection against goods and services hazardous to life and health?

(A) Right to Choose

(B) Right to Seek Redressal

(C) Right to Safety

(D) Right to Information

Correct Answer: (3) Right to Safety

Solution:

Concept:
The Consumer Protection Act provides several rights to consumers for protecting them from exploitation.
One of the most important rights is:

Right to Safety

This right protects consumers against hazardous goods and services.
Step 1: Understanding Right to Safety.

Consumers have the right to:

- Protection from dangerous products
- Protection from unsafe manufacturing
- Safe usage of services

Examples include:

- Defective electrical appliances
- Expired medicines
- Unsafe packaged food

Step 2: Distinguishing other consumer rights.

- Right to Choose ensures availability of alternatives.
- Right to Seek Redressal provides compensation.
- Right to Information ensures correct product details.

Only Right to Safety deals with hazardous products.

Step 3: Final conclusion.

Therefore:

$$\boxed{\text{Right to Safety}}$$

Quick Tip: Important Consumer Rights:

- Right to Safety
- Right to Information
- Right to Choose
- Right to Seek Redressal

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8. The process of assigning duties, establishing authority, and allocating resources among departments is called:

(A) Staffing

(B) Organising

(C) Planning

(D) Coordination

Correct Answer: (2) Organising

Solution:

Concept:
Organising is the managerial function concerned with arranging resources and activities systematically to achieve organizational objectives.
It includes:

- Identifying activities
- Grouping activities
- Assigning duties
- Delegating authority
- Coordinating relationships

Step 1: Understanding organising.

After planning determines objectives, organizing ensures proper arrangement of resources. Managers:

- Divide work
- Assign responsibilities
- Establish authority relationships
- Create departmental structure

Step 2: Importance of organising.

Organising:

- Improves efficiency
- Avoids duplication of work
- Facilitates specialization
- Ensures smooth functioning

Step 3: Analyzing options.

- Staffing deals with recruitment.
- Organising assigns duties and authority.
- Planning decides future actions.
- Coordination synchronizes activities.

Hence:

$$\boxed{\text{Organising}}$$

Quick Tip: Sequence of managerial functions:

$$\text{Planning} \rightarrow \text{Organising} \rightarrow \text{Staffing} \rightarrow \text{Directing} \rightarrow \text{Controlling}$$

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9. Which of the following is not a feature of planning?

(A) Planning is futuristic

(B) Planning involves decision making

(C) Planning eliminates all risks completely

(D) Planning is a mental exercise

Correct Answer: (3) Planning eliminates all risks completely

Solution:

Concept:

Planning is deciding in advance what to do, how to do, when to do, and who will do it.

Features of planning include:

- Futuristic
- Continuous
- Pervasive
- Mental exercise
- Decision-making process

Step 1: Understanding planning and risk.

Planning helps in:

- Reducing uncertainty
- Anticipating future situations
- Improving preparedness

However:

$$\text{Planning cannot completely eliminate risks}$$

because business environments are dynamic and uncertain.

Step 2: Analyzing remaining statements.

- Planning is futuristic because it deals with future events.
- Planning involves choosing among alternatives.
- Planning requires intellectual thinking and analysis.

All these are true features.

Step 3: Final conclusion.

The incorrect statement is:

$$\boxed{\text{Planning eliminates all risks completely}}$$

Quick Tip: Planning reduces uncertainty but cannot eliminate it entirely because future business conditions always involve some unpredictability.

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10. According to Maslow's Need Hierarchy Theory, which need appears at the highest level of the hierarchy?

(A) Safety Needs

(B) Esteem Needs

(C) Physiological Needs

(D) Self-Actualization Needs

Correct Answer: (4) Self-Actualization Needs

Solution:

Concept:

Abraham Maslow proposed the Need Hierarchy Theory of motivation. According to this theory, human needs are arranged in a hierarchy from lower-level needs to higher-level needs. The hierarchy is:

$$\text{Physiological} \rightarrow \text{Safety} \rightarrow \text{Social} \rightarrow \text{Esteem} \rightarrow \text{Self-Actualization}$$

Self-Actualization is the highest need.

Step 1: Understanding lower-level needs.

Lower-level needs include:

- Physiological needs such as food and shelter.
- Safety needs such as job security and protection.

These needs must generally be satisfied first.

Step 2: Understanding higher-level needs.

Higher-level needs include:

- Social needs
- Esteem needs
- Self-Actualization needs

Self-Actualization refers to:

- Realizing full potential
- Creativity
- Personal growth
- Self-fulfillment

Step 3: Final conclusion.

The highest level in Maslow's hierarchy is:

$$\boxed{\text{Self-Actualization Needs}}$$

Quick Tip: Maslow hierarchy order:

$$\text{Physiological} \rightarrow \text{Safety} \rightarrow \text{Social} \rightarrow \text{Esteem} \rightarrow \text{Self-Actualization}$$

Always remember:

$$\text{Self-Actualization} = \text{Highest Need}$$
