

CBSE Class 12 Business Studies 2024 - 66/1/3



Question Paper

Conducted by the Central Board of Secondary Education (CBSE)

Time Allowed: 3 Hours

Maximum Marks: 80

General Instructions

- (i) This question paper contains 34 questions. All questions are compulsory, subject to the internal choices given.
- (ii) Questions 1–20 carry 1 mark each; Questions 21–24 carry 3 marks each; Questions 25–30 carry 4 marks each; Questions 31–34 carry 6 marks each.
- (iii) Answers should be brief and to the point. Answer 3-mark questions in 50–75 words, 4-mark questions in about 150 words, and 6-mark questions in about 200 words.
- (iv) Attempt all parts of a question together. Where alternatives are given, attempt only one.

Questions

1. In the _____ market, prices are determined and decided by the management of the company.

- (A) Primary (B) Secondary
(C) Money (D) Stock

2. Statement I : A financial market facilitates the transfer of savings from savers to investors.
Statement II : It gives savers the choice of different investments and helps to channelise surplus funds into the most productive use.
Choose the correct option from the following :

- (A) Statement I is true and Statement II is false. (B) Statement II is true and Statement I is false.
(C) Both the Statements are true. (D) Both the Statements are false.

3. 'Dovex' was a large company with a renowned name in healthcare industry, specialising in the development and production of life saving medications and medical devices. With a strong reputation for ethical practices, 'Dovex' attracted a large number of investors who had great faith in the company's future. This allowed 'Dovex' to raise capital easily from the market whenever expansion or new projects were to be undertaken. As a result, it could pay high dividends to the shareholders. The factor affecting dividend decision discussed above, which allowed 'Dovex' to pay high dividends to the shareholders is :

- (A) Cash flow position (B) Stock market reaction
(C) Legal constraints (D) Access to capital market

4. Match the terms given in Column I with their meanings in Column II :
Column I Column II
1. Placement (i) Introducing the selected employee to other employees and familiarising him with the rules and policies of the organisation
2. Recruitment (ii) It refers to the employee occupying the position or post for which he/she has been selected
3. Orientation (iii) Evaluating an employee's current and/or past performance as against certain predetermined standards
4. Performance (iv) The process of searching for prospective Appraisal employees and stimulating them to apply for jobs in the organization
Choose the correct option from the following :

- (A) 1-(i), 2-(ii), 3-(iii), 4-(iv) (B) 1-(ii), 2-(iii), 3-(i), 4-(iv)
(C) 1-(ii), 2-(iv), 3-(i), 4-(iii) (D) 1-(ii), 2-(i), 3-(iv), 4-(iii)

5. Which of the following is an element of 'Social Environment' ?

- (A) Rates of saving and investment (B) Expectations from the workforce
(C) The nature of relationship of our country with foreign countries (D) Planned outlay in public and private sectors

6. Identify the tool of promotion used by 'Mehta Sons Garments' to boost its sales :

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|---------------------|----------------------|
| (A) Advertising | (B) Personal selling |
| (C) Sales promotion | (D) Public relations |
- MEHTA SONS
GARMENTS

7. Beenu had a bookstore in Sabad called 'Book-mark'. For years, the bookstore was doing reasonably well but with the rise of digital books and online retailers, her sales had declined. Beenu's daughter, who had just completed her MBA with a specialisation in marketing decided to launch a marketing campaign to revive the bookstore. The campaign's focus was on the joy of reading books in physical form, the joy of turning pages and the warm atmosphere of the bookstore. She organised story writing and other competitions every weekend. The information of these was given to the parents and children through television, radio, children's magazines, etc. Attractive prizes were offered to the winners. This increased the footfall of the children and their parents and the bookstore soon became popular. The tool of communication used by Beenu's daughter to revive the bookstore was :

- | | |
|---------------------|----------------------|
| (A) Advertising | (B) Personal selling |
| (C) Sales promotion | (D) Public relations |

8. The marketing management philosophy which uses availability and affordability as a means to achieve the objectives is :

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|-----------------------|------------------------|
| (A) Marketing concept | (B) Selling concept |
| (C) Product concept | (D) Production concept |

9. For taking the company out of losses, Ravi Kumar took over as the Managing Director of the struggling 'Vova Watch Company' in January 2020. As soon as he joined, he tried to find out the reason for the company not doing well. He found that the employees were not involved in decision-making and they had to just follow orders, resulting in low morale of employees. Recognising the need for change, Ravi Kumar started on a journey to bring back the enthusiasm and motivation of the employees. He initiated open dialogues and encouraged them to actively participate in decision-making. Together, they developed action plans to address the company's challenges regarding outdated designs and inefficient production processes etc. As time passed, 'Vova Watch Company' transformed from a struggling enterprise to a profit making enterprise. Identify the leadership style of Ravi Kumar :

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|---------------------------------|---------------------------------|
| (A) Autocratic leadership style | (B) Democratic leadership style |
| (C) Free-rein leadership style | (D) Both (A) and (B) |

10. _____ refers to doing the task correctly and with minimum cost.

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|-------------------|------------------|
| (A) Effectiveness | (B) Coordination |
| (C) Process | (D) Efficiency |

11. 'Best Electronics' is led by its visionary Chief Executive Officer, Nikhil. It has a reputation for good quality products and customer service. Nikhil recognised the need to continually innovate and provide customers with the latest products. He wanted the company to be the market leader in electronics. Nikhil knew that to realise his ambitious vision, he needed a clear and well-defined plan that would provide broad contours of the company's business. His team conducted extensive market research to uncover emerging trends, customer preferences, and potential competitors. On its basis, a plan was prepared defining the company's direction and scope in the long run. On the implementation of the plan 'Best Electronics' became the market leader in two years. The type of plan which helped 'Best Electronics' to become the market leader was :

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|--------------|---------------|
| (A) Policy | (B) Rule |
| (C) Strategy | (D) Procedure |

12. Read the following statements : Assertion (A) and Reason (R). Choose the correct alternative from the options given below :
Assertion (A) : Many enlightened business firms have set up their own consumer service and grievance cells. Reason (R) : The consumer has a right to file a complaint and to be heard in case of dissatisfaction with a good or service.

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| (A) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A). | (B) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A). |
| (C) Assertion (A) is true, but Reason (R) is false. | (D) Assertion (A) is false, but Reason (R) is true. |

13. Choose the incorrect statement from the following about functions of a Stock Exchange :

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|--|------------------------------------|
| (A) Provides liquidity and marketability to new securities | (B) Ensures safety of transactions |
| (C) Contributes to economic growth | (D) Provides scope for speculation |

14. Statement I : Delegation is the entrustment of responsibility and authority to another, and the creation of accountability for performance. Statement II : Irrespective of the extent of delegated authority, the manager shall still be accountable to the same extent as before delegation. Choose the correct option from the following :

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| (A) Statement I is true and Statement II is false. | (B) Statement II is true and Statement I is false. |
| (C) Both the Statements are true. | (D) Both the Statements are false. |

15. "It is a career oriented process designed to help the employees in the progress towards maturity and actualization of their potential capabilities." Identify the process :

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|-----------------|---------------|
| (A) Staffing | (B) Selection |
| (C) Development | (D) Training |

16. Which of the following is not a component of 'Physical Distribution' ?

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|-----------------------|---------------------------------|
| (A) Inventory control | (B) Standardisation and grading |
| (C) Order processing | (D) Transportation |

17. Plans are prepared for a specific period of time, may be for a month, a quarter or a year. At the end of that period, there is a need for a new plan to be drawn on the basis of new requirements and future conditions. The feature of planning reflected in the above lines is :

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|----------------------------|-----------------------------------|
| (A) Planning is futuristic | (B) Planning is continuous |
| (C) Planning is pervasive | (D) Planning is a mental exercise |

18. Online retailer 'Bizen' has grown to be the biggest provider worldwide in the field of e-commerce. Its revenues are growing steadily year after year. It owes its success to the rapid rate of digitisation and its organisational structure. 'Bizen's Managing Director, Mohit makes strategic decisions and has control over the entire organisation. In 'Bizen', jobs of similar nature are grouped together into Human Resource Department, Marketing Department, Purchase Department and Research and Development Department. These departments are further divided into sections and all departmental heads report to Mohit who is the co-ordinating head. This ensures efficiency in the utilization of manpower and minimizes duplication of efforts. The type of organizational structure of 'Bizen' is :

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|---|---|
| (A) Informal organisational structure | (B) Divisional organisational structure |
| (C) Functional organisational structure | (D) Both (B) and (C) |

19. The process of estimating fund requirements of a business and specifying the sources of funds is called :

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|--------------------------|------------------------|
| (A) Capital structure | (B) Financial planning |
| (C) Financial management | (D) Capital budgeting |

20. 'SK Builders' became the market leader in the designer house segment as it was the first to recognize the need of using Artificial Intelligence in designing houses in the changing environment of technological advancement. This highlights the following point of importance of business environment :

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| (A) It helps to identify threats and early warning signals. | (B) It enables the firm to identify opportunities and getting the first mover advantage. |
| (C) It helps in tapping useful resources. | (D) It helps in improving performance. |

21. A renowned car company named 'BB Motors' was known for producing high performance cars. They were committed to ensure that its employees had the skills and knowledge to build these innovative high-performance cars. To achieve this, they implemented a unique approach for training. The company transformed a section of its factory into what they called the 'Learning Floor'. Actual work environment was created by allotting a specialized space. The space was equipped with a range of car components, tools and sophisticated car equipment identical to those used on the factory floor, where the company's employees would undergo their training. Identify and explain the method of training used by 'BB Motors' to ensure that its employees had the skills and knowledge to build innovative high-performance cars. 3

22(a). State any three protective functions of Securities and Exchange Board of India. 3

OR

22(b). Differentiate between 'Money Market' and 'Capital Market' on any three bases. 3

23(a). State any three features of business environment. 3

OR

23(b). State any three features of 'Demonetization'. 3

24. Kanav, after passing out of college with specialization in renewable energy, was determined to start a solar power plant. The venture required heavy investment in plant and machinery and less on manual labour. Kanav invested in the latest solar panel technology and infrastructure and purchased the latest solar panels, inverters and battery storage systems. Despite the high risk and substantial investment, Kanav's business had good expansion possibilities. The world was increasingly moving towards clean energy solutions, and there was a growing demand for sustainable power sources. So, Kanav decided to create a higher capacity to meet the anticipated demand quickly. This entailed further investment in fixed assets which Kanav was able to arrange. As the years passed, the solar power plant did very well and played a pivotal role in the city's transition towards a greener and more sustainable future. Identify and explain the two factors affecting the fixed capital requirements discussed in the above case. 3

25. Anuj, after a lot of research, paid 'SS Developers' an advance of ₹ 2 crore to build a lavish house for him. They promised to deliver the property within 18 months. At the end of 18 months, Anuj asked for the delivery of the property many times but the developer did not respond. Anuj realized that 'SS Developers' was not in a position to hand over the property to him. Anuj asked for a refund of the money with interest, which 'SS Developers' refused. Anuj approached the consumer court with his complaint. (i) Which grievance redressal agency had Anuj approached ? (ii) State any three reliefs Anuj is likely to get, if the consumer court is satisfied with the complaint. 4

26(a). State any four characteristics of coordination. 4

OR

26(b). State any four functions of Middle Level Management. 4

27. Differentiate between Functional structure and Divisional structure on any four bases. 4

28(a). Explain how the following factors affect the working capital requirement of a business : 4
(i) Production cycle (ii) Availability of raw material

OR

28(b). Explain how the following factors affect the choice of capital structure of a company : 4 (i) Control (ii) Return on Investment

29. 'Verfab' was a garment manufacturing company known for its high quality fashionable clothing. They had been in the fashionable clothing business for the last 23 years. The company was earning enough profit and the demand for their fashionable clothing was rising tremendously. The company was expanding and needed to hire new talent to meet the growing demand. They followed a comprehensive process to ensure that they brought in the best candidates. The process began with a first-round evaluation of applications. The Human Resources team carefully reviewed each candidate's qualifications, experience and suitability for the available positions. It eliminated unqualified or unfit job seekers based on the information supplied in the application forms and shortlisted 21 candidates who met the basic requirements. The shortlisted candidates were then asked to take a series of tests that attempted to measure certain characteristics of individuals, ranging from manual dexterity to intelligence to personality. These tests included assessments of their sewing skills, attention to detail, and knowledge of garment manufacturing processes. 15 candidates who performed well in the tests were invited for a formal in-depth conversation with the senior staff from the design team. Thereafter, 10 candidates were found suitable for the job position available. Since these 10 candidates had cleared all the above steps, 'Verfab' conducted verification by contacting their previous employers to confirm the details the candidates had provided. Thereafter, a decision was made to choose 8 candidates who were best fitted for the roles. Explain the steps of the comprehensive process discussed above till the verification stage, to ensure that the company brought in the best candidates to meet the growing demand for fashionable clothing. 4

30. Piyush is the Production Manager of a shoe company 'Comforty'. He has 1000 workers under him in his department. Piyush booked a special order for 300 pairs of gents shoes at an estimated cost price of ₹ 500 per pair plus a 20% profit margin. This order is to be completed within 10 days. After completion of the order, Piyush found out that the production cost of one pair of shoes was ₹ 700. He tried to find out the reason but he couldn't. He reported it to the Chief Executive Officer. For this the Chief Executive Officer appointed Abhay, who was not only a specialized Cost Accountant, but also a qualified Human Resource Manager. After two days, Abhay reported that the set target could have been completed by only 800 workers. This revealed that there was overmanning in the organization. The organization was not utilizing the human resources optimally which had led to high labour cost. The above case highlights an important function of management. 4 (i) Identify the function of management discussed above. (ii) State any three points of importance of the function identified in (i) above.

31(a). Explain the following points of significance of principles of management : 6 (i) Fulfilling social responsibility (ii) Meeting changing environment requirements (iii) Scientific decisions

OR

31(b). Explain the following principles of management : 6 (i) Unity of direction (ii) Subordination of individual interest to general interest (iii) Esprit de corps

32. Ayush and Rhea were passionate about sustainable agriculture and healthy living. They wanted to start a business selling organic produce. They had a small farm in a rural area where they began growing fresh organic produce and herbs. In the beginning, they faced challenges in marketing their organic products. They realized that their high quality produce needed better presentation and a strong identity to stand out in a competitive market. They named the business 'Earthy Store' which indicated the products' benefits and qualities and reflected the values of the business — sustainability and health. They chose a 'logo' that incorporated elements of nature and used earthy colours to convey their organic commitment. They designed and developed eco-friendly biodegradable bags and reusable containers to courier their products to the customers. They also added personal touch by including handwritten notes in each bag. They also designed and developed product stickers with detailed information about organic certification, nutritional benefits, date of manufacture, date of expiry, etc. The stickers so developed were put on the bags and reusable containers for customers convenience. 'Earthy Store' created a user-friendly website and established strong media presence to inform potential customers about their products and persuading them to buy the same. Within a couple of months, they had built a loyal customer base which made them earn profits even in a competitive environment. In a year, they were able to secure contracts with local grocery stores and restaurants. Quoting lines from the above paragraph, identify and explain the three functions of marketing discussed in the above case. 6

33. Atul Sharma was the Chief Executive Officer of a footwear company, 'Stepone Footwear'. The company manufactured innovative and comfortable footwear for all age groups. Atul Sharma was known for meticulous planning. He ensured that the goals and objectives of the company are clearly stated so that they act as a guide for deciding what action should be taken and in which direction. Before each season, 'Stepone Footwear' carefully analysed market trends, customer preferences and production schedules. This analysis enabled the company to look ahead and anticipate changes and develop managerial responses, wherever necessary. As a result, they were able to consistently deliver innovative and comfortable shoes to the market. During one season, there was a sudden surge in demand for eco-friendly shoes. 'Stepone Footwear' had already planned their production for the year with specific goals to be achieved within a specific time frame. The managers of 'Stepone Footwear' did not have the flexibility to change the plan to cope with the changed circumstances. Another shoe company 'Eco Step' quickly adapted and started manufacturing comfortable eco-friendly shoes. By not being able to adjust to the rapidly changing market, 'Stepone Footwear' faced inventory surplus while 'Eco Step' emerged as a market leader in sustainable eco-friendly footwear. Quoting lines from the above paragraph, identify and explain two benefits and two limitations of 'Planning' function of management discussed in the above case. 6

34(a). Explain any three merits and three demerits of internal sources of recruitment. 6

OR

34(b). Explain any four non-financial incentives which motivate employees for better performance. 6

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