CBSE Class 12 Business Studies 2025 - 66/2/3

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. A buyer buys a product or service for what it does for him / her or the benefit it provides to him / her. There can be three type of benefits, a consumer may seek to satisfy from the purchase of a product : (i) Functional benefits, (ii) Social benefits and (iii) .

(A) Technological benefits
(B) Economic benefits
(C) Psychological benefits
(D) Environmental benefits

2. 'The process of organizing allows a business enterprise to accommodate changes in the business environment. It allows the organization structure to be suitably modified to pave the way for a smooth transition.' The point of importance of organizing function of management highlighted in the above lines is :

(A) Benefits of specialization
(B) Clarity in working relationships
(C) Optimum utilization of resources
(D) Adaptation to change

3. 'Isha Sweets' was set by Isha Sharma to prepare and sell organic, vegan and healthy sweets alternatives like hazelnuts date ladoos, dry fruit date burfi, stuffed mejdool date etc. For the last many years, the demand for her products was very high as people these days prefer to buy healthier alternatives for consumption as well as giftmg purposes. But this year suddenly, the cost of dates, dry fruits and other ingredients used for preparing these healthy sweets had increased. With rising prices of raw materials, larger amounts of funds were required to mamtain a constant volume of production and sales. As a result, the working capital requirement of 'Isha Sweets' became higher. The factor which led to an increase in the working capital requirements of 'Isha Sweets' was :

(A) Availability of raw material
(B) Inflation
(C) Scale of business
(D) Production cycle

4. Atul was working as an employee in a readymade garments factory. He was very sincere and dedicated and always completed his work in time. It pained him to see that his colleagues were reluctant to do the work even though they had the ability to do it. Due to his good behaviour and willingness to work, he was promoted to the post of the supervisor of the same team in which he was a worker earlier. He understood very well that it was not always possible to get the best of work from employees merely by exercising formal authority. He had insights into the causes of behaviour of people. He knew how to get the work done by the workers in a desired manner to achieve the organizational objectives. Under his supervision even the workers who were reluctant to work started working efficiently and effectively. From the following, identify the concept used by Atul, as a supervisor to get the work completed :

(A) Leadership
(B) Financial Incentives
(C) Motivation
(D) Non-financial Incentives

5. 'To ensure that enough funds are available at right time to honour the commitments and to carry out the plans' is discussed in which of the following concepts ?

(A) Capital Structure
(B) Financial Leverage
(C) Financial Planning
(D) Investment Decision

6. Read the following statements carefully : Statement — I The cost of debt is more than the cost of equity. Statement — II : Lenders risk is lower than the equity shareholders risk. In the light of the given statements, choose the correct alternative from the following :

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

7. 'Increase in the profit earned by the equity shareholders due to the presence of fixed financial charges like interest' is called

(A) Financial planning
(B) Dividend decision
(C) Financing decision
(D) Trading on equity

8. Akshara runs a business in the name of 'AK Solutions' in a well reputed area of her city where people provide spaces to students as library, as study centres and as training and event centres to businesses. Akshara provides only conference halls to big and small enterprises for their meetings and events. Suddenly, in July 2024, floods affected some libraries and study centres in her neighbouring area. The exams were fast approaching and students were facing a lot of problems as these study centres and libraries had to be closed. Taking advantage of this opportunity and to help the students 'AK Solutions' adapted itself to the needs of the environment, they decided to convert some of their conference halls into libraries and study centres. They also decided to provide food and other facilities required by the students at subsidized rates. This initiative increased their business manifold and earned them significant goodwill. The feature of management highlighted in the above case is :

(A) Management IS a continuous process.
(B) Management is an intangible force.
(C) Management is a dynamic function.
(D) Management is a group activity.

9. Match the techniques of scientific management given in Column — I with their meaning given in Column — II • Column — I Column — II (a) Method Study (i) It refers to the study of movements like lifting, putting objects, sitting and changing positions etc. which are undertaken while doing a typical job. (b) Motion Study (11) It determines the amount and frequency of rest intervals in completing a task. (c) Time Study (iii) It determmes the standard time taken to perform a well defined job. (d) Fatigue Study (iv) It determines one best way of doing a job. Choose the correct option from the options given below : (a) (b) (c) (d)

(A) (ii) (iii) (i) (iv) (iv) (ii) Oil)
(B)
(C) (iv) (i) (iii) (ii)
(D) (iii) (ii) (iv) (i)

10. Given below are two statements, Assertion (A) and Reason (R) : Assertion (A) Planning involves looking ahead and preparing for the future. Reason (R) The purpose of planning is to meet future events effectively to the best advantage of an organization. Choose the correct alternative from the alternatives gmven below

(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.

11. Choose the statement that correctly highlights the benefit of using internal sources of recruitment.

(A) It helps in simplifying the process of selection.
(B) It provides wider choice while selecting the employees.
(C) It brings new blood in the organization.
(D) It is an expensive and time consuming source.

12. 'Answerability for outcome of the assigned task' is called : Decentralization (B) Authority Responsibility (D) Accountability

13. Read the following statements carefully : Statement — I Staffing is that part of the process of management which is concerned with obtaining, utilizing and maintaining a satisfied and satisfactory workforce. Statement — II : Staffing is a continuous process. In the light of the given statements, choose the correct alternative from the following :

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

14. CVX Ltd. was a leading company, manufacturing home appliances like food processors, juicers and mixer grinders. The company was earning good profits and was paying high dividends to its shareholders consistently. The company now decided to manufacture soup-making machines, pop-up toasters and electric irons. The company wanted to enter into emerging markets out of India also. Entering these markets will require additional capital investment which will facilitate in production and distribution infrastructure etc. For this, the management decided to retain money out of their earnings to finance the required investment and distribute smaller dividend to the shareholders. The factor affecting dividend decision which was kept in mind by the management of CVX Ltd. for entering into emerging markets and launching new products was :

(A) Amount of Earnings
(B) Stability of Earnings
(C) Stability of Dividends
(D) Growth Opportunities

15. Given below are two statements, Assertion (A) and Reason (R) : Assertion (A) : Directing facilitates introduction of needed changes in the organization. Reason (R) : Directing increases resistance to changes in the organization. Choose the correct alternative from the alternatives given below :

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

16. Kavi works as a Marketing Manager in stationery mart. It deals in various types of stationery items for many schools across the country. When new session starts in schools, Kavi forecasts the sales of different stationery products for each school for every month. All items are represented m for him to compare the actual numbers so that it becomes easier sales with expected sales. The type of plan discussed above is :

(A) Strategy
(B) Policy
(C) Programme
(D) Budget

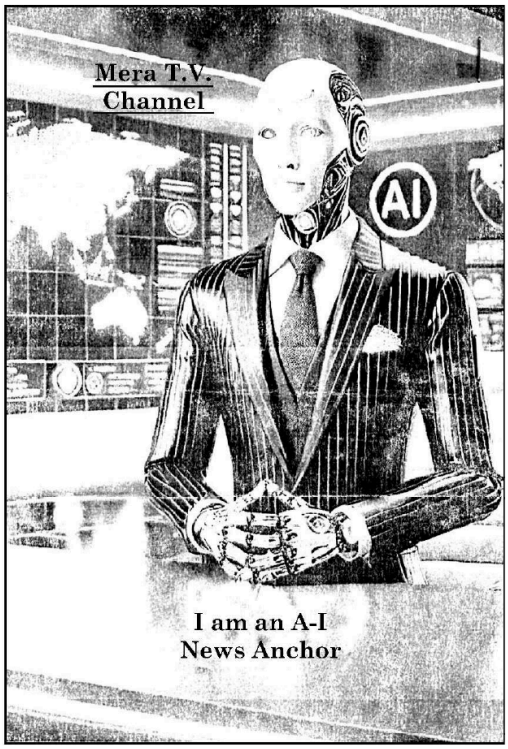
17. 'It is the process of designing and maintaining an environment in which individuals, working together in groups, efficiently accomplish selected aims.' Identify the process.

(A) Management
(B) Organising
(C) Staffing
(D) Directing

18. Nimesh was working as a Production Manager in H.L. Ltd., an electrical wire manufacturing company. One of the vendors who was supplying copper to H.L. Ltd. wanted to close down his business within 15 days as he had to go abroad to live with his son. The vendor was selling all his stocks at 60% discount. Nimesh wrote a letter to the General Manager to seek approval for procurement of this material. But due to rigid rules and cumbersome procedures there was delay in getting sanction and order could not be placed. The type of communication barrier that led to procedural delay was :

(A) Semantic barrier
(B) Psychological barrier
(C) Organizational barrier
(D) Personal barrier

19. Identify the dimension of business environment illustrated by the given picture :



(A) Economic
(B) Technological
(C) Political
(D) Social

20. As per the Consumer Protection Act, 2019 which of the following statement is correct ? In case the aggrieved party is not satisfied with the order of the District Commission, he can directly appeal before the National Commission. (B) In case the aggrieved party is not satisfied with the order of the District Commission, he can directly appeal before the Supreme Court. In case the aggrieved party is not satisfied with the order of the State Commission, he can directly appeal before the Supreme Court. (D) In case the aggrieved party is not satisfied with the order of the National Commission, he can appeal before the Supreme Court.

21. Radhika started a business of supplying high class facial kits to beauty parlours in various cities of the country. Initially, the business was doing well and her products were popular. Despite the high quality of the products, Radhika faced difficulties in certain parlours, especially in Kagpur city, where her products failed to gain a strong market presence. To understand the cause, she appointed a qualified marketing manager. The marketing manager discovered that there was no proper exchange of facts, ideas and views etc. between the incharge of Kagpur city and the employees at different parlours at Kagpur. Vicky, who was the incharge and responsible for overseeing all parlours in Kagpur, was unable to effectively foster a common understanding of the product among the employees. As a result, the employees did not grasp the key benefits and features of the high class facial kits. In turn, the employees were not able to convince potential clients about the product's value. (i) Identify the concept discussed in the above case. (ii) The concept identified in (i) above can be defined as a process having various elements. State first five elements of this process.

22. Aman, a young graduate was living away from home in another city. He had problems in cooking and heating food. He decided to purchase a microwave oven for the same. He went to the market, visited many shops and compared various microwave oven brands available in the market. He compared features, price, after-sale-service and customer reviews etc. to make an informed choice as per his needs. After selecting the oven, he checked that it should have an ISI mark. This gave him confidence about the safety, standards and quality of the oven. After reaching home he followed the manufacturer's instructions for safe installation and use of microwave oven. This helped him in avoiding any risk associated with the usage of microwave oven. By doing all this Aman kept in mind various responsibilities while purchasing and using the microwave oven. Still he left some of the responsibilities that were not fulfilled by him. State any three such responsibilities.

23. (a) Differentiate between 'Capital Market' and 'Money Market' on the basis of (i) Liquidity (ii) Safety (iii) Expected Return

OR

23. (b) State any three 'Protective functions' of Securities and Exchange Board of India.

24. (a) Explain the following functions of Stock Exchange : (i) Providing liquidity and marketability to existing securities (ii) Pricing of securities (iii) Safety of transaction

OR

24. Differentiate between 'Primary Market' and 'Secondary Market' on (b) the basis of any three pomts.

25. (a) Explain the following principles of management given by Fayol : (i) Equity (ii) Initiative

OR

25. (b) Explain the following points of significance of principles of management (i) Meeting changing environment requirements (ii) Management training, education and research

26. (a) Explain the following features of co-ordination : (i) Co-ordination is an all pervasive function. (ii) Co-ordination is a deliberate function.

OR

26. (b) 'Management is multidimensional' is one of the features of management. Explain its following dimensions . (i) Management of work. (ii) Management of people.

27. Going to gym and following a protein diet has become a popular trend these days. However, with the busy work culture, many people, especially the youth struggle to find time for weight loss programmes. Anika was working in a multi-national company, wanted to join a gym for weight loss but could not find time. There is no good gym near her house. One day, Anika was walking out of the office during lunch time and saw an attractive poster of a gym which was near her house. Anika was curious to enquire about their weight loss programme. Next day, when she went to the gym, she was surprised to know about various schemes offered by the gym. They were not only offering 50% discount on the fee of weight loss programme, but were also providing free coach facility and free protein diet for the customer. But these offers were valid only for IO days. Attracted by these schemes Anika immediately submitted the fee and joined the gym. (i) Identify and give the meaning of the element of marketing-mix discussed above. (ii) The element of marketing-mix identified in (i) above includes various tools of communication. Identify and explain the tools highlighted in the above para.

28. The demand for take away food business is increasing day-by-day. People working in multi-national companies have to work till night very often and they are reluctant to cook food. Taking advantage of this opportunity, Amit and Bijoy started 'Langar', a take away food business. The food became famous because of its good quality and standards of hygiene followed by them. Over the years, the business became very profitable. They decided to expand the business by opening more branches in different cities. To ensure consistent food quality at all branches and to maintain the hygiene and quality they planned to import machines with advanced technology. The cost of each machine was Rs. 12 crores. They knew that this decision has to be taken very carefully, as it involves a huge cost and that the decision, once taken is Irreversible. (i) Identify and state the financial decision discussed in the above para. (ii) Explain any two factors affecting the decision identified in (i) above.

29. Prachi is working as an academic counsellor for specially abled students at one of the top school to provide special support and guidance to these students. She clearly states in advance the methods of teaching and tackling the students. She ensures that the goals are clearly stated for each and every teacher so that they act as a guide for deciding what action should be taken and in which direction. Her well laid plans will serve as a basis for coordinating the activities and efforts of teachers teaching different subjects to these students. It helps the teachers in bringing clarity of thought and action to their work. Identify and explain the two points of importance of 'Plannin$ function of management highlighted in the above para.

30. Nisha had given some old dresses of her own to her house-helper Beenu. After a few days, Nisha was happily surprised when she saw Beenu wearing one of the dresses beautifully refurbished. On enquiry, Beenu told Nisha that this was done by her daughter who had just completed her Class 12th studies. Beenu also told Nisha that she was a little concerned as her daughter did not want to study further. Nisha was very much impressed by the creativity of Beenu's daughter, so she decided to setup a small business for her. Nisha bought 15 sewing machines and appointed 15 girls to refurbish the old dresses. Nisha also arranged old dresses from various sources and employed a person who will sell these dresses at a very Iow cost for the one's who could not purchase news dresses due to their low income. Nisha divided the girls in three equal groups, each having five sewing machines. Each group was given a target of refurbishing 150 old dresses in a fortnight with a cost of Rs. 30 per dress. After a fortnight, Nisha who was supervising this business with Beenu was informed that Group I was able to meet the target by refurbishing 150 old dresses at a cost of Rs. 30 per dress. Group II was able to refurbish 150 old dresses at a cost of Rs. 35 per dress, whereas Group III could refurbish only 140 old dresses but at a cost of Rs. 27 per dress. (i) Identify the concepts of management discussed above for each of the three groups giving reason in support of your answer. (ii) Give meaning of the concepts identified in (i) above and state which one is important for the management and why ?

31. (a) Explain the following steps in the process of staffing : (i) Placement and Orientation (ii) Training and Development (iii) Performance Appraisal (iv) Promotion and Career Planning

OR

31. (b) Explain the following non-financial mcentives : (i) Career Advancement Opportunity (ii) Employee Recognition Programmes (iii) Job Security (iv) Employee Empowerment

32. Ravi and Megha started 'Energylights' a company manufacturing energy- efficient LED lighting after realizing an increasing demand for the same. Manufacturing high-quality LED lights with some unique features required substantial investment in technology and high-grade materials. This pushed up their cost of manufacturing. To determine the price of their LED lights they not only wanted to cover all costs but also wanted to earn a margin of profit over and above the costs. This will set for them the minimum level or the floor price at which the LED lights would be sold. The high demand and the utility provided by these lights will set the upper limit of the price. Though there was enough competition in LED lights business, even then they kept the price of their lights higher than the competitors because of good quality and its features. They justified the higher price because of the product differentiation and unique methods of advertising and sales promotion etc. Quoting lines from the above para, identify and explain any three factors which were taken into consideration by Ravi and Megha to determine the price of their LED lights.

33. (a) Give meaning of 'Formal Organization'. State any five features of formal organization.

OR

33. (b) Differentiate between 'Functional Structure' and 'Divisional Structure' of organization on any six basis.

34. Asha was running a business of producing and selling pickles, murabbas and papad etc. She was earning a good profit for the last many years. Now, she wanted to add some new products in her product line. Seeing the growing demand of millets, she decided to add some millet products. After doing a lot of market research, she found out that the demand for millet noodles, pasta and ready to eat millet cereals was increasing day-by-day. To give a different taste and to have uniqueness in her products, she prepared a new tasty herb based sauce for cooking these products and decided to launch this along with millet products in the market. For this Asha hired IO additional women workers specially trained for the same. However, despite adding more workers, to her surprise, production was not upto the mark. Concerned about this and to ensure that the activities were performed as per the plans, and that the resources were being used effectively and efficiently for the achievement of predetermined goals, Asha appointed a supervisor Nabita. Nabita monitored the activities and discovered that two of the newly hired workers were spending their whole day gossiping and distracting the other workers. As a result the production was low. (i) Identify and state the function of management discussed above. (ii) State any five points of importance of the function identified in (i) above.

- End of Question Paper -