CBSE Class 12 Business Studies 2025 - Set 66/7/2

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. Read the following statements : Assertion (A) and Reason (R).

Assertion (A) : The cost of debt is lower than the cost of equity for a firm.

Reason (R) : Lender's risk is lower than the shareholder's risk. Additionally, interest paid on debt is a deductible expense for computation of tax liability, whereas dividends are paid out of after tax profit.

Choose the correct alternative from the options given 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.

2. 'Apex Shoes', a popular footwear brand had grown rapidly over the years. It decided to open its own retail outlets across major cities. To ensure smooth operations, the retail outlets were managed by store managers who were responsible for day-to-day operations like inventory management, customer service and sales targets etc. However, for key decisions such as offering discounts or processing refunds etc., managers had to seek approval from corporate headquarters.

Quite often, customers would ask for a discount or want to return the shoes and get a refund. The store managers did not have the authority to approve this. They had to call the head office for approval, which caused a delay. These delays affected both customer satisfaction and footwear sales.

Realizing the need for faster decisions, the Chief Executive Officer of the company, Atul, decided to selectively disperse the authority to the store managers to approve discounts, returns and other customer-related decisions. He believed that store managers could assume responsibility for effective implementation of their decisions. This led to faster service, satisfied customers and an increase in sales.

The concept used by Atul to improve customer satisfaction and store performance was :

(A) Responsibility

(B) Authority

(C) Delegation

(D) Decentralisation

3. The Go-Vegan Movement has been an integral part of western nations owing to its numerous health and environmental benefits. India too has witnessed a propelling vegan food market. Concerned with the quality of life, people have shifted to a variety of plant-based food alternatives that offer great taste and health benefits and strengthen the immune system.

The dimension of business environment discussed above is :

(A) Economic environment

(B) Social environment

(C) Technological environment

(D) Political environment

4. Match the statements given in Column I with the external source of recruitment given in Column II.

Column I	Column II
1. Many reputed business organisations keep a database of unsolicited applicants in their offices. A list of such job-seekers can be prepared and can be screened to fill the vacancies as they arise.	(i) Recommendation of employees
2. A notice is placed on the notice board of the enterprise specifying details of the jobs available. Job-seekers assemble outside the premises of the organisation on the specified date and selection is done on the spot.	(ii) Campus recruitment
3. Many big organisations maintain a close liaison with the universities, vocational schools and management institutes to recruit qualified personnel for various jobs.	(iii) Direct recruitment
4. Applicants introduced by present employees or their friends and relatives.	(iv) Casual callers

Choose the correct option from the following :

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

5. Radhika purchased an attractive new toaster for her house. In the beginning it worked fine and she enjoyed using it every morning. However, one morning as she was using the toaster, it caught fire and her fingers got partially burnt.

Identify the 'Right' under which she can be protected.

(A) Right to be informed
(B) Right to be assured
(C) Right to safety
(D) Right to consumer education

6. Identify the marketing function displayed in the picture given below :

(A) Product designing and development
(B) Branding
(C) Marketing planning
(D) Packaging and labelling

7. A garment manufacturing firm had set a target of manufacturing 1000 garments per day. The manager of the firm saw that the production consistently fell short of the target. It was observed that employees were spending too much time taking lunch, reporting late and leaving early on one pretext or the other.

A control mechanism was installed to address the issue. Card punching was implemented in the organisation. It was made mandatory for employees to record their entry or exit every time they enter or leave. Their working hours were monitored and irregularities addressed. This helped the organisation to meet its daily production targets.

Identify the point of importance of 'Controlling' highlighted in the above case.

(A) Judging accuracy of standards
(B) Accomplishing organisational goals
(C) Making efficient use of resources
(D) Ensuring order and discipline

8. Selection test is a mechanism that attempts to measure certain characteristics of individuals ranging from aptitudes, to intelligence, to personality. It is one of the steps in the process of selection. Place the subsequent steps of process of selection in an organisation in the correct order.

(A) Employment interview, reference and background checks, selection decision, medical examination, job offer, contract of employment

(B) Employment interview, reference and background checks, medical examination, selection decision, job offer, contract of employment

(C) Employment interview, medical examination, job offer, reference and background checks, selection decision, contract of employment

(D) Employment interview, selection decision, reference and background checks, job offer, medical examination, contract of employment

9. Identify the ***incorrect*** statement with respect to 'importance of consumer protection' from the business point of view.

(A) Enlightened businesses realise that it is in their long-term interest to satisfy their customers.

(B) It is the moral duty of any business to take care of consumer's interest and avoid any form of their exploitation.

(C) Due to widespread ignorance of consumers about their rights and reliefs available to them, it becomes necessary to educate them about the same, so as to achieve consumer awareness.

(D) A business engaging in any form of exploitative trade practices would invite government intervention which can tarnish the image of the company.

10. 'An institution constituted for the purpose of assisting, regulating or controlling the business of buying and selling or dealing in existing securities' is known as :

(A) Securities and Exchange Board of India (SEBI)

(B) Stock Exchange

(C) Capital Market

(D) Money Market

11. Read the following statements : Assertion (A) and Reason (R).

Assertion (A) : Increased life expectancy of people and increased awareness for health care have increased the demand for many health products and services.

Reason (R) : Different elements of business environment are not inter-related.

Choose the correct alternative from the options given 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.

12. If any of the parties are not satisfied by the order of the District Commission, they can appeal against such order to the State Commission on the grounds of facts or law within a period of _____ from the date of order.

(A) 45 days

(B) 30 days

(C) 60 days

(D) 15 days

13. Identify the ***incorrect*** statement with respect to financial leverage.

(A) The proportion of debt in the overall capital is called financial leverage.

(B) With the increase in financial leverage, the financial risk increases.

(C) The proportion of equity in the overall capital is called financial leverage.

(D) As the financial leverage increases, the cost of funds declines.

14. Rajni, the Chief Executive Officer of a multinational company, maintained a simple and elegant look. Now she wanted a change, so she decided to colour her hair in a vibrant colour. After reading the label carefully, she purchased a well-known hair colour of good quality. Before applying the colour, she read the instructions carefully.

However, while applying the colour on her hair, she forgot the instructions and without testing it on a patch of her skin, she applied the colour. This led to an allergic reaction with redness and itching on her scalp, ears and neck.

Identify the responsibility that was ignored by Rajni as a consumer while using the hair colour.

(A) Be aware about various goods and services available in the market so that an intelligent and wise choice can be made.

(B) Learn about the risks associated with products and services, follow manufacturer's instructions and use the product safely.

(C) Assert yourself to ensure that you get a fair deal.

(D) Ask for a cash-memo on purchase of goods or services.

15. Which of the following factors affect the fixed capital requirements of a company ?

1. Financing alternatives
2. Level of collaboration
3. Production cycle
4. Choice of technique
5. Seasonal factors
6. Level of competition

Choose the correct alternatives from the following :

(A) 2, 3 and 6

(B) 3, 4 and 5

(C) 3, 4 and 6

(D) 1, 2 and 4

16. Read the following statements carefully :

Statement I : Training is the process by which the aptitudes, skills and abilities of employees to perform specific jobs are increased.

Statement II : Training is a job-oriented process.

In the light of the above statements, choose the correct alternative from the options given below :

(A) Statement I is true and Statement II is false.

(B) Statement I is false and Statement II is true.

(C) Both Statement I and Statement II are true.

(D) Both Statement I and Statement II are false.

17. Which of the following factors affects the choice of capital structure of a company ?

(A) Cost of equity

(B) Investment criteria involved

(C) Nature of business

(D) Scale of operations

18. Which of the following is ***not*** a protective function of Securities and Exchange Board of India ?

(A) Controlling insider trading and imposing penalties for such practices

(B) Training of intermediaries of securities market

(C) Prohibition of fraudulent and unfair trade practices like making misleading statements, manipulation, etc.

(D) Promotion of fair practices and code of conduct in securities market

19. Shreyansh and Sudhir were close friends and were studying in a reputed engineering college. During campus recruitment in the final year of engineering, both of them got their dream jobs. Shreyansh's consultancy firm was in India and Sudhir's was a manufacturing firm situated out of India. Both looked forward to join their respective organisations after completing their engineering degree.

One month after joining the organisation, Sudhir came to India on an assignment and both friends decided to meet. Shreyansh looked happy and was all praise for the management of his company. He told Sudhir that there was complete orderliness in his organisation and that all employees were happy and satisfied with the work and the working environment. Targets of the organization too were met as per the plans. Sudhir, in contrast was unhappy with his job and was thus on the lookout for another job.

The characteristic of management being highlighted in the above case by Shreyansh is :

(A) Management is a group activity.

(B) Management is a dynamic function.

(C) Management is an intangible force.

(D) Management is all pervasive.

20. Read the following statements carefully :

Statement I : Any deviation, whether significant or insignificant, should be brought to the notice of the management.

Statement II : Control should focus on those Key Result Areas which are critical to the success of an organisation.

In the light of the above statements, choose the correct alternative from the options given below :

(A) Statement I is true and Statement II is false.

(B) Statement I is false and Statement II is true.

(C) Both Statement I and Statement II are false.

(D) Both Statement I and Statement II are true.

21. 'Capro Ltd.', an IT services firm was perceived as a passive provider focusing on fulfilling clients' orders without much innovation. In an attempt to change its image, the Chief Technical Officer of 'Capro Ltd.' called a meeting of technical heads in the conference room. The meeting was important as it was regarding launching programmes to encourage employees to generate ideas for value addition that their clients would appreciate and would help in changing the company's image.

Shrinivas, a technical head was last to enter the conference room for the meeting and got a seat near the door of the conference room. As there was constant movement near the conference room, he could not attentively focus on the meeting, missing out on important points discussed in the meeting.

(a) Identify and state the elements in the communication process that led to Shrinivas missing out on important points discussed in the meeting.

(b) State any two other elements of the communication process other than the one identified in (a) above.

22(a). Explain the following features of 'Planning' :

(i) Planning is continuous.

(ii) Planning is futuristic.

OR

22(b). Explain the following types of plans :

(i) Objectives

(ii) Rules

23. Amrit Ltd. and Nimrit Ltd. are two companies manufacturing automotive parts for automobile companies. Amrit Ltd. had a capital employed of ₹ 80 lakhs comprising of equity share capital of ₹ 40 lakhs divided into 40,000 shares of ₹ 100 each and debt of ₹ 40 lakhs at 6%. Nimrit Ltd. also had capital employed of ₹ 80 lakhs divided into 80,000 equity shares of ₹ 100 each.

Return on Investment (ROI) of both the companies is 10% and tax rate is 50%.

(a) Calculate Earning Per Share (EPS) for both the companies.

(b) Which of the two companies has better Earning Per Share and why ?

24(a). State any three points of importance of business environment.

OR

24(b). State any three features of demonetisation.

25. 'Reliable Appliances' and 'Modern Appliances' are two reputed companies, both manufacturing refrigerators. They have been in this business for many years, have a good reputation and a large customer base. The companies follow different marketing management philosophies and cater to different kinds of customers.

'Reliable Appliances' focuses on producing large quantities of affordable basic refrigerators that meet the essential needs of customers. It follows a belief that customers will prefer products that are widely available and affordable. The company focuses on mass production to keep costs low. As a result, it attracts budget conscious consumers. On the other hand, 'Modern Appliances' operates in the premium segment of the refrigerator market, attracting affluent buyers. It focuses on manufacturing refrigerators with advanced features such as Wi-Fi connectivity, built-in touch screen interface and advanced cooling systems, etc. It believes that customers will prefer products that offer superior quality with innovative features. For this, the company continuously improves its products' features and quality to differentiate itself from its competitors.

(a) Identify the 'Marketing Management Philosophies' of 'Reliable Appliances' and 'Modern Appliances'.

(b) Differentiate between the marketing management philosophies identified in (a) above on the basis of the following :

(i) Main focus

(ii) Means

(iii) Ends

26. 'Silver Mills' started their business as a B2B supplier of high quality millet seeds. The firm was set up in a backward area of Ransdhan. The firm was earning just enough revenues to cover its cost. Over a period of time, due to rising awareness amongst people about the health benefits of millets and with the year 2023 declared as 'International Year of Millets', the demand for millets increased and the firm was able to earn profits. This gave a vital incentive to the firm to continue its successful operations. It then expanded its operations and introduced millet flour, millet-based snacks and millet-based beverages. With increase in its operations, it provided employment opportunities specially to women, involving them in dehusking, cleaning and packing of millets.

State the objectives of management highlighted in the above case.

27(a). Explain 'Job Enrichment' and 'Employee Participation' as non-financial incentives.

OR

27(b). Explain any two personal barriers to effective communication.

28(a). State any four features of 'Leadership' as an element of Directing.

OR

28(b). State any four assumptions on which Maslow's Hierarchy of Needs theory is based.

29. 'Mefco Ltd.' has been in online grocery e-commerce business for the last six years. Recently, it started facing increasing competition in the market. Understanding that speed of delivery in the key differentiator amongst online business firms, 'Mefco Ltd.' planned to launch 'Mefco Fast', a service designed to deliver the products to the customers within 10 minutes. It studied the market and made assumptions about the future regarding the convenience offered by such a service to the consumers who are increasingly seeking faster delivery options.

(a) Identify the step of the planning process highlighted in the above case.

(b) State the next three steps to be followed by 'Mefco Ltd.' after the step identified in (a) above.

30. 'Heights Engineering College' is one of the top engineering colleges in India known for its excellent academic programmes and strong industry connections. The college has a separate placement cell which maintains a close liaison with the universities, vocational schools and management institutes to recruit qualified persons for various jobs. It works tirelessly to connect students with some of the best companies for job opportunities.

Shikhar, a brilliant Environmental Engineering student was excited when he was chosen by 'Nero', a major car manufacturing company for the post of Production Manager. He received the employment contract which included the terms, conditions and date of joining. Shikhar happily accepted the employment offer. On his first day at the company, Shikhar was given a brief presentation about the company and was introduced to his superiors, subordinates and colleagues. He was taken around the workplace and given charge of the job for which he was selected. Three months later, after settling into the job, Shikhar was called by his superior and given positive feedback about his current performance as per certain pre-determined standards.

State four steps of the staffing process discussed in the above case.

31(a). Explain the following techniques of Scientific Management :

(i) Fatigue study

(ii) Method study

(iii) Differential Piece Rate Wage system

OR

31(b). Explain the following features of principles of management :

(i) Flexible

(ii) Mainly behavioural

(iii) Contingent

32. Recognising the growing demand for luxury, convenience and personalised experience due to increased disposable income and busy work schedules, 'Ramneek Bros'. had launched a high end concierge service company two years ago. The company offers customised exclusive services to ultra wealthy clients such as making restaurant reservations, booking private jets, arranging tickets for shows, etc.

Ramneek Bros. charges premium prices for their services reflecting the exclusive and top quality offerings they provide. The company also provides a mobile app allowing their clients to access and request for services from anywhere in the world. To communicate availability and features of their services, Ramneek Bros. advertises in high class magazines and depends upon word of mouth recommendations from existing clients. As a result, the company has successfully established itself as a market leader in their field.

Quoting lines from the above case, identify and explain any three elements of marketing mix.

33(a). Explain the following factors affecting the working capital requirements of a company :

(i) Scale of operations

(ii) Credit allowed

(iii) Level of competition

(iv) Production cycle

OR

33(b). Explain the following factors affecting dividend decision of a company :

(i) Taxation policy

(ii) Stock market reaction

(iii) Access to capital market

(iv) Contractual constraints

34. 'TnG' is a leading manufacturer of baby care and feminine care products and has a good market reputation. It has Production, Marketing, Human Resources, Customer Service and Research and Development departments. To capitalise on its brand name and to take advantage of new business opportunities, the company decided to diversify into manufacturing of new range of products like 'Beauty and Wellbeing', 'Home Care', 'Personal Care', 'Nutrition', etc. For this, the company had to add more employees and create more departments and choose a good organisational structure which would help the company in achieving its objectives.

(a) Explain the organisational structure that 'TnG' should choose after it decided to diversify. Also give reason in support of your answer.

(b) State how the organisational structure explained in (a) above will help the organisation and the heads of different departments. Give two points in favour of each.

- End of Question Paper -