CBSE Class 12 Business Studies 2025 - Set 66/5/3

Question Paper

Conducted by the Central Board of Secondary Education (CBSE)

Time Allowed: 3 Hours **Maximum Marks: 80**

General Instructions

(i) Read the following instructions carefully.
(ii) This question paper contains 34 questions. All questions are compulsory.
(iii) Marks are indicated against each question.
(iv) Answers should be brief and to the point.
(v) Answers to questions carrying 3 marks may be from 50 to 75 words.
(vi) Answers to questions carrying 4 marks may be in about 150 words.
(vii) Answers to questions carrying 6 marks may be in about 200 words.
(viii) Attempt all parts of a question together.

Questions

1. 'In order to survive, every management has some basic product or service to provide. This requires a production process which entails the flow of input material and the technology for transforming this input into the desired output for consumption.'

The dimension of management discussed above is :

(A) Management of work
(B) Management of people
(C) Management of operations
(D) None of the above

2. 'Maira Electronics' is a manufacturer of smartphones and famous for its quality. It is a large organisation, so each and every piece produced cannot be checked. So the company made a policy that out of 500 smartphones produced a day, 20 smartphones would be randomly selected for a quality check.

Identify the step of controlling process discussed above :

(A) Setting performance standards
(B) Measurement of actual performance
(C) Comparing actual performance with standards
(D) Taking corrective action

3. 'Payal Ltd.' plans to start manufacturing solar panels which will require a significant amount of investment in machinery. The machinery which they intend to purchase is newly launched in the market. It will not only reduce the cost per unit, but also double the production as compared to the machines used by other solar panel manufacturers already existing in this business.

The Chief Executive Officer of 'Payal Ltd.' asked the finance manager to forecast the fund requirements for purchasing the above machinery to ensure that enough funds are available at the right time.

From the following, identify the concept about which the Chief Executive Officer is discussing with the finance manager :

(A) Capital Budgeting
(B) Trading on Equity
(C) Financial Planning
(D) Wealth Maximisation

4. Veena received ₹ 40 lakhs as a gift from her father. She was discussing various avenues of investing her money with her brother. He advised Veena to invest her money in shares of Moreso Ltd., a reputed company. He further added that it would not only generate good returns over the long term, but could easily be sold whenever required.

Identify the function of stock exchange being highlighted by Veena's brother in the above case :

(A) Pricing of securities
(B) Providing liquidity and marketability to existing securities
(C) Safety of transactions
(D) Providing scope for speculation

5. 'XYZ Ltd.' is using registers to record attendance of the employees even in this new tech era. The Human Resource Manager is facing problems due to the dishonest behaviour of employees as they are writing wrong working hours. Not only this, the Production Manager is also reporting about the theft of raw materials every day. To resolve these types of problems, the company started using biometric attendance system and installed cameras at important areas to keep an eye on the activities of the employees. This helped in reducing dishonest behaviour of the employees to a large extent.

The point of importance of controlling highlighted in the above case is :

(A) Improving employee motivation
(B) Ensuring order and discipline
(C) Making efficient use of resources
(D) Accomplishing organisational goals

6. 'ABC Ltd.', a large multinational company had approximately 1000 employees in each of its departments. The company had five departments. In this organisation, leave applications of the employees had to be approved by the departmental heads. This approval is delayed due to large number of leave applications in each department. This led to a lot of dissatisfaction amongst the employees. To resolve this problem, the Chief Executive Officer of the organisation called a meeting of all departmental heads. It was decided to assign the approval of leave applications up to 10 days to the managers at all levels. It was also decided that it will be assigned till the lowest level throughout the organisation. Since the decision-making authority was shared with lower levels and placed nearest to the point of action, they could approve or deny leave applications without requiring higher level approval. After the policy change, employees at all levels noticed an improvement in the sanctioning of leave applications.

The concept of management which led to an improvement in the speed and flexibility of leave approval is :

(A) Organising
(B) Delegation
(C) Decentralisation
(D) Authority

7. Identify the external source of recruitment displayed in the picture given below :

(A) Advertisement
(B) Direct recruitment
(C) Web publishing
(D) Labour contractors

7. **For Visually Impaired Candidates Only**

'Many reputed business organisations keep a database of unsolicited applicants in their offices and can be screened to fill the vacancies as they arise.'

The external source of recruitment discussed above is :

(A) Casual callers
(B) Recommendations of employees
(C) Direct recruitment
(D) Labour contractors

8. Which of the following statement is incorrect in respect of responsibility of a consumer while purchasing, using and consuming goods and services ?

(A) Check ISI mark on food products before buying.
(B) Ask for a cash-memo on purchase of goods and services.
(C) Read labels carefully so as to have information about prices, net weight, manufacturing and expiry dates, etc.
(D) Assert yourself to ensure that you get a fair deal.

9. 'If the shareholders in general desire that at least a certain amount is paid as dividend, the companies are likely to declare the same.'

The above statement highlights which of the following factors affecting dividend decision ?

(A) Amount of Earning
(B) Shareholders' Preference
(C) Stability of Earnings
(D) Stability of Dividends

10. The process of holding securities in an electronic form is known as :

(A) Rolling settlement (B) Registration

(C) Dematerialization (D) Depository

11. 'Management helps in providing good quality products and services, creates employment opportunities, adopts new technology for the greater good of the people and leads to the path towards growth and development.'

The point of importance of management highlighted above is :

(A) Management helps in achieving group goals.

(B) Management increases efficiency.

(C) Management helps in achieving personal objectives.

(D) Management helps in development of society.

12. 'Business Environment includes both specific and general forces.' Which of the following force is not included in specific forces ?

(A) Legal conditions (B) Investors

(C) Competitors (D) Suppliers

13. Read the following statements carefully :

Statement I : Organising is the process of defining and grouping the activities of the enterprise and establishing authority relationships among them.

Statement II : Process of organising involves a series of steps that need to be taken in order to achieve the desired goals.

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

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

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

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

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

14. 'Monitoring plans is important to ensure that objectives are achieved' is one of the steps in the process of planning.

Identify the step from the following :

(A) Setting objectives (B) Developing premises

(C) Implementing the plan (D) Follow-up action

15. Match the type of plan given in Column I with its meaning given in Column II.

Column I	Column II
1. Policy	(i) A comprehensive plan for accomplishing an organization's objectives.
2. Procedure	(ii) A detailed statement about a project which outlines the objectives, policies, procedures, rules, tasks, human and physical resources required and the budget to implement any course of action.
3. Programme	(iii) A general statement that guides thinking or channelises energies towards a particular direction.
4. Strategy	(iv) Routine steps on how to carry out activities.

Choose the correct option from the following :

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

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

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

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

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

Assertion (A) : Marketing is only a post production activity.

Reason (R) : Marketing includes activities like identification of customer needs, collection of information for developing the product, designing suitable product package and giving it a brand name.

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 false.

(C) Assertion (A) is true, but Reason (R) is false.

(D) Assertion (A) is false, but Reason (R) is true.

17. Ramesh and Harish are best friends, both working at 'Anuja Garments Ltd.', a company manufacturing designer clothing for women. Ramesh works in the marketing department and aims to increase the sales by 15% by offering discounts. However, Harish, the finance manager is not giving approval for this discount as it would mean loss of revenue for the company. This kind of conflict arises in organisations where each department performs activities in isolation from the other. To resolve such issues, there is a need for linking the activities of various departments. The concept of management which integrates the efforts of different departments, and at different levels, is :

(A) Efficiency
(B) Effectiveness
(C) Controlling
(D) Coordination

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

Assertion (A) : Training enhances employee productivity, both in terms of quality and quantity, leading to high profits for the organisation.

Reason (R) : Training is a systematic learning which is always better, as hit and trial methods without systematic learning lead to wastage of efforts and money.

Choose the correct alternative from the options given below :

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

19. Read the following statements carefully :

Statement I : Workload analysis would enable an assessment of the number and types of human resources available for the performance of various jobs.

Statement II : Workforce analysis would reveal the number and types of human resources necessary for the performance of various jobs.

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

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

20. _____ is the instrument, which is traded in Money Market.

(A) Equity share
(B) Debenture
(C) Commercial paper
(D) Bond

21(a). Give the meaning of 'financial market', 'capital market' and 'money market'.

OR

21(b). Differentiate between 'capital market' and 'money market' on the basis of the following :

(i) Investment outlay

(ii) Expected return

(iii) Participants

22(a). Explain the following factors affecting the fixed capital requirements of a company :

(i) Nature of Business

(ii) Choice of Technique

(iii) Growth Prospects

OR

22(b). Explain the following factors affecting financing decision of a company :

(i) Fixed Operating Costs

(ii) Control Considerations

(iii) State of Capital Market

23. 'Essential Ltd.' is a company that has been manufacturing cooking oil for the past 20 years and 700 employees are working in it. Recognising the growing demand for hair care products, they developed a unique formula for hair growth useful even for people who are bald. They want to keep the formula confidential to maintain a competitive edge. As they plan to immediately launch the hair oil in the market, they needed reliable people who could be evaluated more accurately and be placed in this specialised department quickly. For this, the Chief Executive Officer consulted the Human Resource Manager, Karn. Karn suggested that there are five reliable and hard-working employees who will be a good fit for this specialised department. Also, there are two employees in the production department to whom they can give the responsibility of heading this department with higher pay. The company is committed to improve motivation, loyalty and satisfaction level of employees.

Explain any two sources of recruitment discussed above which will help 'Essential Ltd.' to recruit reliable people in this specialised department.

24. Vani, after completing her course in 'Nutrition and Fitness', wanted to launch millet-based healthy snacks. She researched a lot and started manufacturing a range of healthy, crunchy millet namkeens and named them 'Pure Millets'. The name reflected natural ingredients, appealing to health-conscious consumers. The millet snacks were packaged in eco-friendly, bio-degradable packets with a reasonable feature, ensuring freshness and convenience. The stickers on the packets displayed the name with the tagline 'Power Your Health' and nutritional information and certifications like 'Organic Certified' to establish the product's health benefits. 'Pure Millets' got off to a good start.

In addition to features and quality, various other product-related important decisions are discussed in the above case. Identify and give the meaning of any three such decisions.

25. Sara decided to purchase vegetables online from 'Desi Store' which is a popular online store. She ordered 1 kg carrots, 1 kg potatoes and 2 kg tomatoes. After receiving the order, Sara realised that the weight of the vegetables was much less than what she had ordered. On checking the website again, she found that on the website, only price of each item is stated, but the weight or quantity of the vegetables against the price is not specified.

She contacted the customer care center for her grievance. The customer care center representative simply told that weight of the vegetables varies, so it is not indicated against the price.

Sara asked the representative many times to speak to a supervisor, but every time the representative stated that no one is available. Sara was disappointed and left a review on the website and filed a case in the District Forum.

Identify and explain the two rights of the consumer discussed above.

26. 'AK Ltd.' is a large company with 4000 workers engaged in production of wide varieties of spices used in the Indian kitchen. The company has been struggling with a persistent issue of workers making unreasonable demands and going on strike frequently. To address the issue, the Chief Executive Officer appointed a management expert who will analyse the situation and suggest solutions to overcome the problem. The management expert analysed the situation and suggested that the company could resolve the issue by following Taylor's principle of Scientific Management which suggested complete mental revolution on the part of both management and workers. It means that management and workers should transform their thinking, where even trade unions will not think of going on strike. It emphasises that prosperity of the employer cannot exist for a long time unless it is accompanied by the prosperity for the employees and vice versa.

(i) Identify and explain the principle of Scientific Management discussed in the above case by the management expert.

(ii) Also, explain another principle suggested by Taylor, which is an extension of the principle identified in (i) above.

27. 'Omara Ltd., is a garments company that produces jackets from organic, recycled and sustainable materials. The sourcing of eco-friendly fabrics, slower production process and focus on ethical labour practices result in big time gap between receipt of fabrics and their conversion into jackets. Since 'Omara Ltd.' faces intense competition in the garment industry, it has to hold large stocks of jackets to meet urgent orders from customers. To further attract and retain customers, 'Omara Ltd.' offers liberal credit terms to them. Thus 'Omara Ltd.' is able to perform much better than its competitors.

(i) State whether the total working capital requirement of 'Omara Ltd.' will be high or low.

(ii) Justify your answer given in (i) above by identifying and stating any three factors affecting working capital requirements discussed in the above case.

28(a). Explain the following features of 'Management' :

(i) Management is a continuous process.

(ii) Management is all pervasive.

OR

28(b). Explain the following features of 'Principles of Management' :

(i) Mainly behavioural

(ii) Contingent

29(a). Explain the following principles of 'General Management' :

(i) Discipline

(ii) Equity

OR

29(b). Explain the following points of importance of principles of management :

(i) Fulfilling social responsibilities

(ii) Management training, education and research

30. 'Smart Aids' was a reputed company manufacturing e-walking sticks. It is now providing e-walking sticks with sensors or voice feedback for helping people with vision or mobility issues to move around more safely and easily. The company has been earning good profits.

After its great success, it wants to diversify and enter into the manufacturing of high-class smart watches. These smart watches will help older people to live independently and safely while staying connected to their loved ones. These smart watches would also monitor their health by sending emergency alerts, reminding them to take medicines, etc. and help in managing their health issues. It will encourage physical activity and offer voice assistance for easy use and keep them connected with family through calls and messages.

Though there are very homogeneous functions in both the products, they set up a separate business unit for these watches. Both units will have separate managers responsible for the performance of their units and have authority over the unit. Each manager would be accountable for profits, revenues and costs of their unit. This type of organisational structure would help the organisation to add new units without interrupting the existing operations.

(i) State the type of organisational structure suitable for 'Smart Aids' giving reason in support of your answer.

(ii) Give two advantages of the organisational structure, which are highlighted in the above case.

31(a). Explain any four features of 'Planning'.

OR

31(b). Explain any four points of importance of 'Decentralisation'.

32. Identify and explain the communication barrier discussed in each of the following cases and name the broad category of each communication barrier to which they relate :

(i) 'MNB Ltd.' launches a new software programme using Artificial Intelligence. Ajit, the Project Manager, explains the new software system to employees in the organisation, using terms like 'cloud computing', 'machine learning', etc. Since the employees are not specialists in this field, they cannot understand the actual meaning of many words used by the Project Manager.

(ii) Rajesh, working as Production Manager in 'KLM Ltd.', approaches the General Manager, Kumar to discuss the problems he is having at work. Rajesh tells him about the increasing workload and the need for additional support. However, Kumar who is working on an important file, keeps glancing at it while nodding occasionally. He does not make eye contact with Rajesh or stop reading the file. He responds saying "Okay Rajesh, just try to manage". Rajesh leaves the office feeling disappointed.

(iii) Suresh is a senior technician at a company manufacturing spare parts of a car. He suggests a new method for reducing the idle time on machines to increase efficiency. He presents his idea during a team meeting and is appreciated by everyone. But the manager Pankaj, does not offer any appreciation award for his brilliant idea.

33(a). Explain any four suitable measures to overcome communication barriers and improve communication effectiveness.

OR

33(b). Explain the following non-financial incentives :

(i) Job Security

(ii) Career Advancement Opportunity

(iii) Job Enrichment

34. 'Sound-it' is a startup planning to launch a line of wireless earbuds. Before launching, the company decides to gather feedback from customers through online surveys and interactive websites. From this research, they identify their target market as young, tech-savvy people, who value good sound quality, durability and comfort. The research also shows that customers want earbuds with long battery life, water resistance and the ability to easily connect with other devices.

Using this information, 'Sound-it' designs earbuds that meet these needs of the customer. The earbuds are comfortable with soft eartips, include advanced noise-cancelling technology, a lightweight design and good water-resistance, making them perfect for sports and outdoor activities. The design not only improves sound and comfort, but also gives it a competitive edge in the market.

It decides to charge an amount lower than their competitors to attract customers who want good quality at an affordable price after evaluating various factors like production costs, competitor prices, the product's utility and demand, etc.

To inform the customers about its earbuds, 'Sound-it', runs digital advertisement on social media and offers special discounts and free gift offers on its earbuds.

Identify and explain the four marketing functions discussed in the above case.

- End of Question Paper -