

CBSE Class 12 Business Studies 2026 - Set 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. 'Business environment keeps on changing whether in terms of technological improvement, shifts in consumer preferences or entry of new competitors in the market.'

The feature of business environment highlighted in the above statement is :

- (A) Totality of external forces (B) Complexity
(C) Dynamic nature (D) Relativity

2. A position when a company is unable to meet its fixed financial charges like interest payment, dividend on preference shares and repayment obligations is referred to as _____ .

- (A) Trading on equity (B) Financial risk
(C) Business risk (D) Operating risk

3. Organising is the process that initiates implementation of plans by clarifying jobs and working relationships and effectively deploying resources for attainment of identified and desired results.

Organising process thus involves a series of steps that need to be taken in order to achieve the desired goal.

Arrange the steps of the process of organizing in the correct order :

- (A) Identification and Division of work, Assignment of duties, Departmentalisation, Establishing authority and reporting relationships
(B) Identification and Division of work, Assignment of duties, Establishing authority and reporting relationships, Departmentalisation
(C) Departmentalisation, Identification and Division of work, Establishing authority and reporting relationships, Assignment of duties
(D) Identification and Division of work, Departmentalisation, Assignment of duties, Establishing authority and reporting relationship

4. The step of controlling process which reveals the deviation between actual performance and desired results is :

- (A) Setting performance standards (B) Analysing deviations
(C) Taking corrective action (D) Comparing actual performance with the standards

5. Read the following statements carefully :

Statement – I : Consumers should get together and form themselves into consumer associations for protection and promotion of their interests.

Statement – II : The Consumer Protection Act provides for setting up a two-tier enforcement machinery for the redressal of consumer grievances.

With reference to 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.

6. Identify the feature of planning which states that the purpose of planning is to meet future events effectively to the best advantage of an organisation :

- (A) Planning involves decision making (B) Planning is futuristic
(C) Planning is a mental exercise (D) Planning focuses on achieving objectives

7. Read the following statements carefully :

Statement – I : Control should focus on key result areas which are critical to the success of an organization.

Statement – II : Only significant deviations which go beyond the permissible limit should be brought to the notice of management.

With reference to 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 and Statement II is false. (D) Statement I is false and Statement II is true.

8. Ritika wanted to buy a new washing machine. She visited 'Elec Duniya', a large electronics store. She saw there many different brands and models on display like KM, Neo, Unipool, INH etc.

The salesperson at the store explained the differences in quality, brand reputation and prices of different washing machines. Ritika could now compare fully automatic, semi-automatic, top load and front load washing machines. The salesperson encouraged her to take her time, check different brands and resolve her queries. Ritika also went to another shop nearby to compare prices and features of different washing machines.

After comparing all the available options, Ritika chose a 'Neo' front load washing machine because it offered the best features within her budget.

The consumer right exercised by Ritika in the above case is :

- (A) Right to be heard (B) Right to be assured
(C) Right to consumer education (D) Right to seek redressal

9. Match the principle of management given in Column – I with its explanation given in Column – II :

Column – I	Column – II
(a) Discipline	(i) There should be one and only one boss for every individual employee in the organisation.
(b) Unity of direction	(ii) There should be a place for everything (everyone) and everything (everyone) should be in its (his/her) place.
(c) Order	(iii) There should be obedience to organisational rules and employment agreement which is necessary for the working of the organisation.
(d) Unity of command	(iv) Each group of activities having the same objective must have one head and one plan.

Choose the correct option from the following :

- (a) (b) (c) (d)
(A) (iii) (iv) (i) (ii) (B) (iv) (iii) (ii) (i)
(C) (iv) (iii) (i) (ii) (D) (iii) (iv) (ii) (i)

10. Sudha is a corporate executive and has to attend a felicitation function to be held in her office tomorrow. So she decides to colour her hair. On recommendation of her friend, she purchased 'NATURO' hair colour. After reading essential details such as shade, its ingredients, usage instructions and expiry date mentioned on the box, Sudha opened the box. She took out the colour tube and developer bottle from the box and threw away the box.

The level of packaging of box thrown away by Sudha was :

- (A) Primary packaging (B) Transportation packaging
(C) Secondary packaging (D) General packaging

11. Which of the following is NOT an organisational barrier to communication ?

- (A) Status (B) Organisational facilities
(C) Lack of proper incentives (D) Rules and regulations

12. Due to severe winter and rising pollution levels, 'Green India Electronics' planned to launch a new eco-friendly heater in the market. It conducted a survey and found that the demand of this product was very high. As the winter season lasts only for 2 to 3 months, the Chief Executive Officer wanted that there should be close coordination among all the managers to deliver orders on time. Top level managers were asked to work in coordination with their subordinates to ensure that company's policies were properly followed. To ensure that the heaters would be ready on time, the production manager co-ordinated with the operational level managers. Operational level managers co-ordinated the activities of the workers to ensure that work proceeded according to plans. As a result 'Green India Electronics' was able to launch its heaters on time, in the market.

The feature of co-ordination discussed in the above case is :

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|---|--|
| (A) Co-ordination is a deliberate function. | (B) Co-ordination is the responsibility of all managers. |
| (C) Co-ordination is a continuous process. | (D) Co-ordination ensures unity of action. |

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

Assertion (A) : Money market instruments have a higher degree of liquidity as compared to capital market securities.

Reason (R) : Money market instruments are traded on the stock exchanges.

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

14. The workers in Alpha manufacturing company were using traditional methods for production of metal parts. Since no standard procedure existed, workers relied on personal experience and guess work. As a result, productivity in the assembly line began to decline.

To improve productivity, the company hired a consultant specializing in scientific management. The consultant explained that there was only one best method to maximize efficiency and this method could be developed through proper study and analysis. He emphasized that the scientific method should replace the old method, that the workers were using.

So, to develop the scientific method, the consultant carefully investigated the traditional methods through work-study and by unifying the best practices, he developed a standard method that would be followed by everyone in the organization.

After applying scientific method, there was a three fold increase in productivity within six months.

The principle of scientific management which helped the company in increasing the productivity was :

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|------------------------------------|---|
| (A) Science, not Rule of Thumb | (B) Harmony, Not Discord |
| (C) Cooperation, Not Individualism | (D) Development of Each and Every Person to His or Her Greatest Efficiency and Prosperity |

15. Ravi purchased gold jewellery from a reputed jewellery store. He ensured that the jewellery had a hallmark which confirm its purity and authenticity. To avoid paying goods and services tax (GST) he asked the salesperson to write the gold weight and making charges on a slip of paper and hand over it to him.

Which of the following responsibilities of a consumer was not fulfilled by Ravi while purchasing jewellery ?

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|---|--|
| (A) Be aware about various goods and services available in the market so that an intelligent and wise choice can be made. | (B) Ask for a cash memo on purchase of goods and services. |
| (C) Buy only standardized goods as they provide quality assurance. | (D) Assert yourself to ensure that you get a fair deal. |

16. Identify the incorrect statement with respect to the importance of planning function of management :

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|--|---|
| (A) Planning provides directions by stating in advance how work is to be done. | (B) Planning eliminates uncertainty by looking ahead and anticipating changes. |
| (C) Planning facilitates decision making by making a choice among various alternative courses of action. | (D) Planning promotes innovative ideas as new ideas can take the shape of concrete plans. |

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

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.

Choose the correct alternative from the alternatives given below :

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

18. 'While granting loans to a company, sometimes the lender may impose certain restrictions on the payment of dividends in future.'

The factor affecting dividend decision discussed above is

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|------------------------------|-----------------------------|
| (A) Access to capital market | (B) Contractual constraints |
| (C) Legal constraints | (D) Stock market reaction |

19. 'CARO Tech Solutions' aimed at development of a software system for the company's growing operations. The project was to be completed within six months with a budget of ₹ 12,00,000.

The software development team successfully completed its project on time by outsourcing a part of the project, leading to an additional expense of ₹ 2,00,000.

From the following, identify whether the software development team is :

- | | |
|---------------------------------|-------------------------------------|
| (A) Efficient and Effective | (B) Efficient but not effective |
| (C) Effective but not efficient | (D) Neither efficient nor effective |

20. Identify the element of communication process from the above picture :

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|--------------|--------------|
| (A) Feedback | (B) Media |
| (C) Noise | (D) Decoding |

21. 'Soal Footwear Ltd.' is known for its high quality athletic shoes and casual sneakers. With increasing competition and changing consumer preferences, it decided to diversify its product range by adding clothing, bags and accessories under the same brand umbrella. This diversification aimed to capture a larger share of the market and increase customer loyalty.

- (i) Suggest with reason which type of organisational structure will be suitable for 'Soal Footwear Ltd.'
- (ii) State any two advantages of the organisational structure suggested in (i) above.

22(a). State any three measures to improve communication effectiveness.

OR

22(b). State any three features of leadership.

23. 'Riya Mart' is a company manufacturing disposable crockery. They have been in business for the past five years, but were not earning good profits. Concerned about this, the Chief Executive Officer (CEO), Verma, ordered an internal audit. The audit uncovered several issues like inventory pilferage, employees coming late and their performance not upto the mark. To stop inventory pilferage, Verma, the CEO, introduced surprise stock checks and installed an automated inventory management system to track stock movements. A biometric attendance system was also setup to keep a check on employees coming late. In addition to this, to motivate employees for better performance, they were told in advance what they are expected to do and what are their standards of performance. As a result of these steps, the inventory pilferage reduced, employees became more punctual and their performance improved.

(i) Identify and state the function of management performed by Verma, the Chief Executive Officer of the company.

(ii) State any two points of importance of the function identified in (i) above, which are not discussed in the above para.

24(a). State any three functions of top level management.

OR

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

25. 'Eco Care', a start-up, plans to launch a reusable water bottle for environmentally conscious millennials and Gen Z. For this, they conducted a market research to identify the needs of the customers so that an informed decision could be taken for successful marketing of the product. They wanted to work carefully on the design to make the bottle attractive to the target customers.

On the basis of consumer views and opinions, they developed a stylish stainless steel bottle with double wall insulation to keep beverages cold for 24 hours, giving it a competitive advantage in the market.

They named the bottle 'Eco-Sip' creating a brand identity focused on sustainability and simplicity. It would also help in product differentiation. The packaging was made using hundred percent recyclable cardboard, with details of sustainability, features, price etc. printed on it.

State the four functions of marketing that are carried out by 'Eco Care' in the above case.

26(a). State any four merits of external sources of recruitment.

OR

26(b). State any four benefits of training to an organization.

27(a). Explain the following limitations of planning function of management :

- (i) Planning may not work in a dynamic environment.
- (ii) Planning reduces creativity.

OR

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

- (i) Policy
- (ii) Procedure

28. 'GW Industries', known for its paper products, decided to produce and launch a new line of sustainable packaging called 'EcoPac'.

As management is a complex activity, the Chief Executive Officer of the company translated the work into clear goals and assigned the means to achieve those. He knew that human resources are the greatest asset of an organization, so getting work done through them is also a major task. The production of high quality sustainable packaging also required a proper production process. This was put in place for managing the flow of input materials and technology to convert these materials into high quality sustainable packaging.

In this way 'GW industries' took care of various aspects for successful launch of 'EcoPac'.

A characteristic of management is discussed in the above case. Identify and explain the characteristic.

29. Rajiv was on the board of directors of 'Tako Solutions', a software development company and 'Sabka Mart Retail', a large supermarket chain. He wanted to apply management principles in both the companies to improve efficiency and profitability.

He knew that management principles can be applied as much to 'Tako Solutions' as to 'Sabka Mart Retail' though the extent to which the principles can be applied will differ, because the nature of work, scale of operations and business activities in a software firm and a supermarket chain are not the same.

Rajiv also knew that the management principles would not provide readymade solutions because real world situations faced by the two companies were very complex and dynamic. Still, he believed that even small guidelines could help in solving many problems and will improve the way both companies worked.

Identify and explain the two points that highlight the nature of principles of management, in the above case.

30. 'Sheetal Cosmetics Ltd.' is a fast growing beauty and skin care company known for its innovative products and aggressive market expansion. As the company increased its marketing activities like new product launches, accelerated advertising campaigns, social media promotions and influencer collaborations etc., the workload of the marketing department grew sharply. Despite working long hours, the marketing manager Arjun couldn't give adequate attention to strategic planning and high impact decisions as minor operational issues began consuming most of his time. Noticing this, the Chief Executive Officer (CEO) advised Arjun that it was now impractical for him to handle the entire volume of work alone, so he should allow his subordinates to take up routine tasks. This would not only help him manage his time better but also satisfy the subordinate's need for recognition. This will also provide opportunities to the subordinates to develop and exercise initiative.

(i) Identify the concept suggested by CEO that will help Arjun to manage volume of work effectively.

(ii) State any three points of importance of the concept identified in (i) above.

31. 'Koka Manufacturing Ltd.' is a large scale manufacturer in the electronics industry. In this industry assets are prone to obsolescence and their replacement becomes due faster with change in technology. The company is constantly under pressure to upgrade its machinery and equipment as it would help company to stay competitive, improve its product quality and reduce production costs. So instead of purchasing the machinery, company decides to lease the required machinery, giving it flexibility to upgrade equipment at the end of lease term. This helps company to maintain operational efficiency, technological competitiveness and financial flexibility.

Identify and explain four factors that would affect the fixed capital requirements of 'Koka Manufacturing Ltd.'.

32(a). Explain the following steps in the process of selection :

(i) Preliminary screening

(ii) Selection tests

(iii) Employment interview

OR

32(b). Explain the following semantic barriers to communication :

(i) Badly expressed message

(ii) Faulty translations

(iii) Body language and gesture decoding

33. Ria ran a small online bakery business. Her business was doing very well. She saved a good amount of money every month and now wanted to invest it wisely. She was in a dilemma to keep her savings in a bank account or to invest it in the stock market. Her friend Aabha, who had done a certification course from National Stock Exchange, encouraged her to invest in the stock market. She explained to Ria that if she invests in the stock market, she could disinvest and reinvest whenever she wanted, which would provide her good liquidity. Aabha also told her that the membership of stock exchange is well regulated and all trading takes place within the legal framework. As a result, investors get a fair and safe deal.

Ria was still apprehensive as she had heard that there is lot of speculation in the stock market. She wanted to be cautious. Aabha clarified that speculation does exist, but it happens in a restricted and controlled way. She also told Ria that the stock exchange is keen to promote wider share ownership and does so by educating public about investments etc. As a result, young people have started investing in the stock market. After all this discussion, Ria felt confident and decided to invest a part of her savings in the stock market.

Quoting lines, identify and explain the four functions of stock exchange highlighted in the above case.

34(a). Explain the following factors affecting the determination of price of a product :

- (i) Product cost
 - (ii) The utility and demand
 - (iii) Extent of competition in the market
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OR

34(b). Explain the following marketing management philosophies :

- (i) Production concept
 - (ii) Product concept
 - (iii) Selling concept
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- End of Question Paper -