Roll No. ☐☐☐☐☐☐☐☐

Q.P. Code 66/1/1

BUSINESS STUDIES

CBSE Class XII Board Examination 2025

Time allowed: 3 hours **Maximum Marks: 80**

General Instructions:

1. The paper has 34 questions and every question must be answered.
2. Marks for each question are shown beside it.
3. Keep answers short and to the point.
4. 3-mark answers: about 50–75 words; 4-mark answers: about 150 words; 6-mark answers: about 200 words.
5. Answer all parts of a question together.

Questions 1–20

Q1–20 are Multiple Choice / Assertion-Reason questions carrying 1 mark each (20 × 1 = 20).

1. A company may be unable to pay its fixed financial charges such as interest and loan repayments. What is this risk called? **1**

(A) Operating risk
(B) Financial risk
(C) Business risk
(D) None of the above

2. Bimal Rai works at Funny Bunny Ltd., a toy and games maker. His main job is to bring together diverse elements and coordinate the work of all departments; he also studies the business environment and what it means for the firm's survival. At which level of management does he work? **1**

(A) Top level
(B) Middle level
(C) Operational level
(D) Both Middle and Operational level

3. Friends Salim and Karim sell high-quality seeds for growing organic vegetables (200 varieties, suitable for terraces, balconies and backyards). Their seeds are in huge demand because people are increasingly moving towards healthy eating. Which dimension of the business environment is reflected here? **1**

(A) Economic Environment
(B) Political Environment
(C) Social Environment
(D) Legal Environment

4. Shridhan visits a car showroom to buy an electric car. The Marketing Manager tells him the company provides credit facilities, maintenance and other services that lead to repeat purchases and brand loyalty. Which marketing function is being described? **1**

(A) Product Designing and Development
(B) Marketing Planning
(C) Customer Support Services
(D) Branding

5. Which statement about 'exchange mechanism' as a feature of marketing is correct? **1**

(A) An exchange needs at least three parties.
(B) Parties are not free to reject each other's offer.
(C) Each party accepts the offer under compulsion.
(D) Each party must be able to offer something of value to the other.

6. An aware consumer should buy only standardised goods, since they assure quality. The paper shows a picture of an electric iron (an electrical appliance). Which quality certification mark should the consumer look for on it? **1**

(A) ISI Mark
(B) Agmark
(C) Hallmark
(D) FPO/FSSAI Mark

7. Which of these is NOT a protective function of SEBI? **1**

(A) Banning fraudulent and unfair trade practices

(B) Controlling insider trading and penalising it

(C) Promoting fair practices and a code of conduct in the securities market

(D) Taking steps to develop the capital market through a flexible approach

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8. Assertion (A): The longer the lead time, the more material must be kept in stock and the more working capital is needed. **1**
Reason (R): If raw materials are not available without interruption, higher stock levels may be needed.

(A) A is false and R is true.

(B) Both A and R are false.

(C) A is true and R is false.

(D) Both A and R are true and R is the correct explanation of A.

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9. Which statement about personal selling is correct? **1**

(A) It is an impersonal form of communication.

(B) It does not let a salesperson build personal relationships with prospects.

(C) It is an oral presentation in the form of a conversation with one or more prospective buyers to make a sale.

(D) It means short-term incentives that push buyers to purchase immediately.

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10. Assertion (A): Coordination ensures unity of action. **1**
Reason (R): Coordination binds the departments together and makes sure every action is directed towards the organisation's goals.

(A) Both A and R are correct and R is the correct explanation of A.

(B) Both A and R are correct, but R is not the correct explanation of A.

(C) A is correct, but R is wrong.

(D) A is wrong, but R is correct.

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11. In an informal organisation, authority comes from _____. **1**

(A) Position held in management **(B)** Company rules and policies

(C) Scalar chain **(D)** Personal qualities

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12. HG Air Conditioner Pvt. Ltd. is a month behind its production target despite high demand. Training workers and adding more workers and equipment did not help, so the Production Manager decided to revise the standards. Which step of controlling is this? **1**

(A) Setting performance standards **(B)** Measurement of actual performance

(C) Analysing deviations **(D)** Taking corrective action

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13. Statement I: Motivation is a complex process because people differ in their expectations, perceptions and reactions. **1**

Statement II: Motivation may be positive or negative.

Choose the correct option.

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

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

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

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

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14. Rohit Gupta, CEO of Alfa Graphics Ltd., always studies and adapts to the business environment. When a foreign MNC, Leno Graphics, was about to enter India with substitute products, he cut costs and improved the quality and look of his layouts, ads and logos. Alfa not only kept its customers but also won new projects. Which point of importance of business environment is shown? **1**

(A) Tapping useful resources

(B) Identifying threats and early warning signals

(C) Improving performance

(D) Identifying opportunities and getting first mover advantage

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15. Organising clearly describes jobs and their duties, which avoids confusion and duplication. Which point of importance of organising is this? **1**

(A) Adaptation to change

(B) Effective administration

(C) Development of personnel

(D) Expansion and growth

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16. Statement I: Regulating takeover bids by companies is a regulatory function of SEBI. **1**

Statement II: Training intermediaries of the securities market is a development function of SEBI.

Choose the correct option.

(A) Statement I is correct and Statement II is incorrect.

(B) Statement II is correct and Statement I is incorrect.

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

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

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17. High inflation raises business costs such as raw material purchases and wages, putting constraints on firms. Which dimension of the business environment is this? **1**

(A) Political Environment

(B) Technological Environment

(C) Social Environment

(D) Economic Environment

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18. Match the marketing philosophies with their focus: **1**

(a) Product concept (b) Selling concept (c) Marketing concept (d) Societal concept

(i) Focus on quality, performance and features of the product

(ii) Focus on satisfying customer needs

(iii) Focus on aggressively persuading buyers to buy the existing product

(iv) Focus on satisfying customer needs and the well-being of society

Choose the correct order for (a), (b), (c), (d).

(A) (iv), (iii), (ii), (i)

(B) (iii), (ii), (i), (iv)

(C) (ii), (i), (iii), (iv)

(D) (i), (iii), (ii), (iv)

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19. Sadhna, a management graduate from a reputed institute, uses her knowledge in a personal, skilful way in difficult work situations, applying imagination and creativity. Which aspect of the nature of management does this show? **1**

(A) Management as an Art

(B) Management as a Science

(C) Management as a Profession

(D) Management both as a Science and as a Profession

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20. Managers can modify principles of management when the situation requires. Which feature of principles of management is this? **1**

(A) General guidelines

(B) Flexible

(C) Contingent

(D) Mainly behavioural

Questions 21–34

Q21–24 carry 3 marks each, Q25–30 carry 4 marks each and Q31–34 carry 6 marks each.

21. P. Madhav, production manager of Trendy Style Pvt. Ltd. (office furniture), wants to raise production by 20% next year. Sales Manager R. Shetty objects until the wood, locks, handles etc. are upgraded to the latest trends. Such conflicts point to a management concept that links the activities of different departments. **3**

(i) Identify and explain this concept.

(ii) State any two points of its importance.

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22. Give the meaning of 'communication' and state the first two elements of the communication process. **3**

OR

State any three organisational barriers to communication.

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23. Madhwan became HR Manager of Health Grow Ltd. six months ago. He already does job analysis (collecting job information and preparing job descriptions) and training and development of employees. State three other specialised activities he must perform as HR Manager. **3**

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24. State any three points of importance of financial planning. **3**

OR

State any three factors that affect the fixed capital requirements of a company.

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25. State any four points of importance of the directing function of management. **4**

OR

State any four limitations of internal sources of recruitment.

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26. Explain the following external sources of recruitment: **4**

(i) Direct recruitment

(ii) Casual callers

OR

Explain the following non-financial incentives that motivate employees to perform better:

(i) Employee participation

(ii) Organisational climate

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27. Abha ordered vegetable biryani from 'Biryani House' for her guests. The attractive pack had no indication of whether the biryani was vegetarian or non-vegetarian, and while serving she found it was non-vegetarian. She complained; the manager apologised and immediately sent a vegetarian biryani with a free sweet dish. **4**

Identify and explain the two consumer rights involved.

28. 'Tech Work', an AI start-up begun in 2024, is profitable and needs ₹100 crores for expansion and R&D. Its Finance Manager points to a market that transfers investible funds from savers to entrepreneurs starting or expanding businesses through the issue of securities. The company decides to issue equity shares at ₹200 each for the first time. **4**

(i) Name the type of capital market Tech Work will use.

(ii) State three features of this market.

29. Ganesh Jain, Marketing Manager of KL Foods Ltd., has four subordinates – Kavya and Ritesh (temporary) and Pooja and Madhav (permanent) – who have all met their targets. Believing that human needs form a hierarchy, he rewarded each according to their need level: Kavya and Ritesh were made permanent with a good pension plan, while Pooja and Madhav were given autonomy status. **4**

(i) Identify and state the needs recognised by Ganesh Jain.

(ii) State any two assumptions of Maslow's Need Hierarchy Theory.

30. VK Ltd., an FMCG company with consistent profits, has shareholders all over India, most of whom rely on a regular income from it; since they want at least some dividend every year, the company pays dividend annually. Finance Manager Atul sees promising growth opportunities and suggests retaining earnings to fund investments instead; the CEO calls a general body meeting of shareholders. **4**

(i) Identify two factors affecting dividend decision discussed above.

(ii) State two other factors affecting dividend decision.

31. Explain the following principles of general management (Fayol): **6**

(i) Scalar chain

(ii) Equity

(iii) Initiative

OR

The objectives of management can be grouped as organisational, social and personal objectives. Explain each of them.

32. Explain these points of importance of planning: **6**

(i) Planning provides directions.

(ii) Planning promotes innovative ideas.

(iii) Planning reduces the risk of uncertainty.

OR

Explain 'Objectives', 'Rule' and 'Budget' as types of plans.

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33. DG Ltd. has developed a hybrid flying car for two persons, with innovative wing-like doors and very comfortable high-quality seats; it will be made in India and run on biofuel plus electricity. Priced at ₹2.5 crore, the company must decide on customer discounts, credit terms etc. so customers feel the price matches the value. It is selecting dealers/intermediaries and supporting them to reach customers. To tell target customers about the car's availability, features and merits and persuade them to buy, it plans digital campaigns, press releases and demos by influencers and journalists. **6**

Quoting from the case, identify and explain the elements of the marketing mix used.

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34. Royal Glaze Ltd., one of the world's largest consumer goods companies, has two separate product divisions – 'Foods' and 'Home Care' – in its structure, and plans to enter the electronics segment soon. **6**

(i) Identify its organisational structure.

(ii) Draw its organisation chart including the planned Electronics segment.

(iii) State any three advantages of this structure.

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Questions restated from the CBSE Class XII Board Examination 2025 (set 66/1/1) for practice. Reading passages and map items are described, not reproduced.