CBSE EXAMINATION PAPER-2025

BUSINESS STUDIES

(Solved)

Time allowed : 3 hours | Maximum Marks : 104

General Instructions :

Read the following instructions carefully and follow them :

i. This question paper contains **40 questions.** All questions are **compulsory.**

ii. This question paper is divided into **4 sections.**

iii. **Section A** – questions number **1 to 20** are multiple choice questions

iv. **Section B** – questions number **21 to 26** are short answer type i

v. **Section C** – questions number **27 to 34** are short answer type ii

vi. **Section D** – questions number **35 to 40** are long answer

vii. There is no overall choice given in the question paper. However, an internal choice has been provided in few questions.

viii. Use of calculator is NOT allowed.

Section A

Question 1. 'KM Creations', a leading fashion brand, has been expanding its business into new markets. However, recently the company is facing challenges due to changes in inflation rates and disposable income of people. These factors have started affecting the company's pricing strategy and profitability. 'KM Creations' is now closely monitoring these changes to minimise their impact on its operations. The component of business environment highlighted in the above para is :

[1 Marks]

(A) Political Environment

(B) Technological Environment

(C) Social Environment

(D) Economic Environment

Question 2. Read the following statements : Assertion (A) and Reason (R). Assertion (A) : The dividend in growth companies is smaller than that in the non-growth companies. Reason (R) : Companies having good growth opportunities retain more money out of their earnings so as to finance the required investment. Choose the correct alternative from the options given below :

[1 Marks]

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

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

Question 3. 'The membership of a stock exchange is well-regulated and its dealings are well-defined according to the existing legal framework. This ensures that the investing public gets a fair deal on the market.' The function of the stock exchange highlighted above is :

[1 Marks]

(A) Pricing of securities

(B) Providing liquidity and marketability to existing securities

(C) Contributing to economic growth

(D) Safety of transaction

Question 4. Identify the incorrect statement with respect to 'Product' as an element of Marketing Mix :

[1 Marks]

(A) A buyer buys a product or service for what it does or the benefit it provides.

(B) A customer may seek to satisfy functional, promotional and technological benefits from the purchase of a product.

(C) A product is a bundle of utilities, which is purchased because of its capability to provide satisfaction of a certain need.

(D) Product relates to not only the physical product, but also the benefits offered by it from the customer's view point

Question 5. Read the following statements carefully : Statement I : Staffing is the most fundamental and critical drive of organisational performance and this function has assumed greater importance because of rapid advancement of technology. Statement II : Understanding manpower requirements is, only to know the number of persons needed in the organisation. In the light of the statements given, choose the correct alternative from the following :

[1 Marks]

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

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

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

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

Question 6. The process of holding securities in an electronic form is known as :

[1 Marks]

(A) Rematerialisation

(B) Dematerialisation

(C) Depository

(D) Capitalisation

Question 7.

Match the concepts given in Column-II with their meanings given in Column-I. Choose the correct option from the following :

[-1 Marks]

	Column-I		*Column-II*
(a)	It is the activity of influencing people to strive willingly for group objectives.	(i)	Communication
(b)	It is the process of exchange of ideas, views, facts, feelings, etc. between or among people to create a common understanding.	(ii)	Leadership
(c)	It is the process of instructing, guiding, counselling, motivating and leading people in the organization to achieve its objectives.	(iii)	Motivation
(d)	It is the process of stimulating people to action to accomplish desired goals.	(iv)	Directing

(A) (a)-(iii), (b)-(i), (c)-(ii), (d)-(iv)

(B) (a)-(iv), (b)-(iii), (c)-(ii), (d)-(i)

(C) (a)-(ii), (b)-(iii), (c)-(iv), (d)-(i)

(D) (a)-(ii), (b)-(i), (c)-(iv), (d)-(iii)

Question 8. _____ is a legally enforceable document issued by the broker to the investor within 24 hours of executing trade which helps to settle disputes/claims between the investor and the broker.

[1 Marks]

(A) Contract note

(B) Unique order code

(C) Client registration form

(D) Order confirmation slip

Question 9. Read the following statements carefully : Statement I : Financial market is the market for the creation and exchange of financial assets. Statement II : On the basis of ‘‘maturity of financial instruments traded’’, financial market is classified into money market and capital market. In the light of the given statements, choose the correct alternative from the following :

[1 Marks]

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

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

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

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

Question 10. ‘GEO Builders’ were to complete a housing project by December 2024 and hand over the flats to the buyers. Due to excessive heat in the month of May and June 2024, the work slowed down and the project was getting delayed. The firm, in order to complete the project on time, hired more workers through a contractor and asked all the workers to work overtime. Due to the above measures taken by the management, the project was completed on time but the cost of building the flats increased by 10%. Identify the correct option. ‘GEO Builders’ were :

[1 Marks]

(A) Effective as well as efficient

(B) Effective but not efficient

(C) Neither effective nor efficient

(D) Efficient but not effective

Question 11.

Which of the following are 'Standing Plans' ? (i) Budgets (ii) Policies (iii) Programmes (iv) Procedures (v) Methods (vi) Rules Choose the correct alternative :

[1 Marks]

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

(B) (iii), (iv), (v) and (vi)

(C) (ii), (iii), (v) and (vi)

(D) (ii), (iv), (v) and (vi)

Question 12. After identifying the needs and wants of the target market and understanding that parents were increasingly looking for eco-friendly and safe toys for their children, a toy manufacturing company 'Deepak Toys Ltd.' decides to use eco-friendly materials for their toys. The company also ensures that their manufacturing process will not harm the environment. The marketing management philosophy that guided the efforts of 'Deepak Toys Ltd.' is :

[1 Marks]

(A) Product concept

(B) Marketing concept

(C) Selling concept

(D) Societal marketing concept

Question 13.

Identify the type of plan shown on the Notice Board of the factory, from the picture given below :

[1 Marks]



(A) Strategy

(B) Policy

(C) Method

(D) Rule

Question 14.

Organising involves a series of steps that need to be taken in order to achieve the desired goal. Identify the correct sequence of steps of organising function of management from the following :

[1 Marks]

(A) Departmentalisation, Identification and Division of work, Assignment of duties, Establishing reporting relationships.

(B) Departmentalisation, Assignment of duties, Identification and Division of work, Establishing reporting relationships.

(C) Identification and Division of work, Departmentalisation, Assignment of duties, Establishing reporting relationships.

(D) Identification and Division of work, Departmentalisation, Establishing reporting relationships, Assignment of duties.

Question 15. 'Green Tech Solutions', a renewable energy company, set a target of reducing its production cost by 15% in the current financial year. After a few months, the management reviews the progress and finds that the cost reduction measures implemented have not been as effective as planned. By reviewing the progress 'Green Tech Solutions' has completed one of the steps of controlling process. Identify the step of controlling process from the following :

[1 Marks]

(A) Setting performance standards

(B) Comparing actual performance with standards

(C) Analysing deviations

(D) Taking corrective actions

Question 16. ''With the growth of computers, more and more companies are using interactive sites on the Internet, to gather customer views and opinions, before taking important business decisions.'' Identify the marketing function highlighted in the above lines.

[1 Marks]

(A) Marketing planning

(B) Product designing and development

(C) Branding

(D) Gathering and Analysing Market Information

Question 17. Bisphenol A is one of the most harmful chemicals used to make plastic water bottles. Its levels increase when the water is stored in these bottles for a long period of time. Keeping health considerations in mind, Ketan ordered six glass water bottles and decided not to use plastic bottles in the future. On receiving the parcel, he found that two bottles were broken as the container or wrapper was not adequate to protect the bottles. The product-related decision neglected by the marketer was :

[1 Marks]

(A) Labelling

(B) Branding

(C) Packaging

(D) Both (B) and (C)

Question 18. From the following, identify the incorrect statement with respect to 'Delegation' :

[1 Marks]

(A) It has a narrow scope as it is limited to the superior and his immediate subordinate.

(B) Delegation is a compulsory act because no individual can perform all tasks on his own.

(C) It increases the role of the subordinates in the organisation by giving them more autonomy.

(D) It is a process followed to share tasks.

Question 19.

Which of the following is not a factor affecting investment decision ?

[1 Marks]

(A) Investment criteria involved

(B) Control considerations

(C) Cash flows of the project

(D) Rate of return

Question 20. Read the following statements : Assertion (A) and Reason (R). Assertion (A) : Informal organisation has a definite structure or form. Reason (R) : Informal organisation is a complex network

of social relationships among members. Choose the correct alternative from the options given below :

[1 Marks]

(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 false, but Reason (R) is true.

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

Section B

Question 21.

'Refresh Zone' was a popular coffee house chain offering premium coffee and snacks in a cozy environment. However, over time, the company began to face challenges in maintaining its market position. Customers had started complaining about lack of variety failing to cater to evolving consumer preferences. Also the price of coffee in 'Refresh Zone' was significantly higher than its competitors. Many consumers felt that the quality of coffee was not justifying its premium pricing.

Identify and explain two components of marketing mix that the management of 'Refresh Zone' needs to work on.

[3 Marks]

Question 22.

State any three 'Development functions' of the Securities and Exchange Board of India

[3 Marks]

Question 23.

Give the meaning of 'Money Market'. Differentiate between 'Capital Market' and 'Money Market' on the basis of the following :

(i) Investment Outlay

(ii) Duration

[3 Marks]

Question 24.

State the three leadership styles.

[3 Marks]

Question 25.

State any three financial incentives which may be used to motivate people.

[3 Marks]

Question 26.

'Chaman Pharmaceuticals Ltd.' is a company providing medicines all over the country. After establishing itself and making a name in the field of medicines, it decided to enter into the field of medical devices, baby

care products and nutritional supplements. Each product category had a different head accountable for profits, revenues and costs. In case of poor performance of their product, the heads were held responsible. But as the heads of different product categories were different, conflict could arise among different heads with reference to allocation of funds. Also providing a separate set of similar functional heads for each product category increased expenditure.

(i) Identify and explain the type of organisation structure 'Chaman Pharmaceuticals Ltd.' had followed after entering into the field of medical devices, baby care products and nutritional supplements.

(ii) Also state any one advantage and any one disadvantage of the organizational structure discussed in the above para by quoting lines.

[3 Marks]

Section C

Question 27.

Explain any two points of importance of consumer protection from the point of view of business.

[4 Marks]

Question 28.

'Global Foods Ltd.', a multinational company in the food processing industry, has a good customer base. Recently it has expanded into new international markets. But due to increased awareness for health care,

there is a shift in consumer demand for healthier food options. For this reason, the company needs to adapt to frequent technological advancements in production processes so that healthy food product options can be made available in the market. Additionally, the company is concerned about fluctuations at global level in commodity prices, exchange rates and political conditions. 'Global Foods Ltd.' is finding it increasingly difficult to predict future outcomes due to the constantly changing nature of the market. In order to effectively cope up with these significant changes, managers have to understand and examine the

environment to develop suitable courses of action. By continuously monitoring the environment and adopting suitable business practices, the company will not only improve its present performance but also continue with it for a long period in achieving its objectives.

Identify and explain two features and two points of importance of business environment discussed in the above para.

[4 Marks]

Question 29.

Explain the following features of Coordination :

(i) Coordination integrates group efforts.

(ii) Coordination is a delibrate function.

[4 Marks]

Question 30.

Explain the following features of Management :

(i) Management is an intangible force.

(ii) Management is a continuous process.

[4 Marks]

Question 31.

Kapila is working at 'Cresa Engineering Solutions', an engineering consultancy firm. Despite being frequently enticed by many competitive companies offering her a higher pay package, Kapila chooses to stay with 'Cresa Engineering Solutions'. She enjoys her work as her job is designed with greater variety of work content requiring higher level of knowledge and skill and provides the opportunity for personal growth. The company

has appropriate skill development programmes and a sound promotion policy due to which Kapila has been getting promotions year after year. Not only this, Kapila's work is being appreciated by the

management from time to time. She always gives valuable suggestions and is being rewarded for that also. Over and above, the company implements measures to ensure stability of the employees in the organisation. All these factors motivate Kapila to continue to work in 'Cresa Engineering Solutions'.

Identify and explain the four non-financial incentives discussed in the above case.

[4 Marks]

Question 32.

'Pestle', is the country's largest biscuit manufacturing company, that makes high quality biscuits with focus on customer satisfaction. The company strives to understand what people want and provides tasty and

healthy biscuits. To ensure the quality, a robust control system has been installed by the company. This helps the organisation to measure progress towards its goals and brings to light the deviations, if any. It

also enables the management to verify whether the standards set are accurate and objective or not.

The above para highlights the importance of the Controlling function of management.

Identify and explain any two points of importance of the Controlling function discussed above.

[4 Marks]

Question 33.

Explain the following features of Marketing :

(i) Customer Value

(ii) Exchange Mechanism

[4 Marks]

Question 34.

Explain the following elements of Promotion Mix :

(i) Advertising

(ii) Public Relations

[4 Marks]

Section D

Question 35.

'Marut Enterprises' is a large company manufacturing washing machines. From the last few months, employees have been reporting dissatisfaction with the overall work environment which has led to a decline in productivity. The management realized that there is no coordination between various departments. On one hand, the Production Manager is giving instructions to the workers to speed up the work to achieve the targets whereas on the other hand, the Sales Manager is also giving instructions to the workers of the production department to slow down the production as sales are not picking up. It was also observed by the company's management that there is a lack of proper communication among different levels of superiors and subordinates. Even in case of emergencies, a worker is not in a position to contact the Chief Executive Officer directly, which is affecting the productivity and the morale of the workforce. The management felt a need to foster a positive environment which may promote team spirit of unity and harmony among the employees.

Identify and explain the three principles of management given by Henri Fayol which can help in addressing the challenges faced by the company.

[6 Marks]

Question 36.

Explain any four limitations of Planning function of management.

[6 Marks]

Question 37.

Explain any four points of importance of 'Delegation'.

[6 Marks]

Question 38.

Explain any four semantic barriers to communication.

[6 Marks]

Question 39.

Explain the following steps in the process of Staffing :

(i) Selection

(ii) Placement and Orientation

(iii) Training and Development

[6 Marks]

Question 40.

A company, 'SK Energy Ltd.' is providing solar energy solutions in some states of the country. Now it wants to expand its operations in some other states also. It needs ₹ 30,00,000 for its expansion. The Chief Financial Officer suggested two options for this.

Option I : To raise the entire funds through issue of shares of ₹ 10 each.

Option II : To raise ₹ 10,00,000 through issue of shares of ₹ 10 each and ₹ 20,00,000 by raising debt @ 10% p.a.

The return on investment of the firm is 12% and tax rate is 30%.

(i) Which of the two options will maximise shareholders' wealth ? Give reason in support of your answer.

(ii) Will the earning per share improve if return on investment of the company is 8% ? Give reason in support of your answer. Show your working clearly.

[6 Marks]