

Sample Question Paper

BUSINESS STUDIES-SET-A

Time Allowed: 3 hours

Class XII

Maximum Marks: 80

General instructions:

- 1 This question paper contains 34 questions.
2. Marks are indicated against each question.
3. Answer should be brief and to the point.
4. Answers to the questions carrying 3 marks may be from 50 to 75 words.
5. Answers to the questions carrying 4 marks may be about 150 words.
6. Answers to the questions carrying 6 marks may be about 200 words.
7. Attempt all parts of the questions together.

Section – A

1. The objective of management which consistently creates economic value for various constituents of society is :

- (A) Organisational objective
- (B) Social objective
- (C) Personal objective
- (D) Both Social and Personal objective

1

2. Which of the following is a component of economic environment ?

- (A) Concern with quality of life
- (B) Rates of saving and investment
- (C) Extent of government intervention in business
- (D) Birth and death rates

1

3. The principles of management are said to be flexible as : /

- (A) they aim at influencing behaviour of human beings.
- (B) they are general guidelines to action, but do not provide readymade solutions to management problems.
- (C) they can be modified by the manager when the situation so demands.
- (D) their application is dependent upon the prevailing situation at a particular point of time. 1

4. State, giving reason, whether the following statement is *true* or *false* : “A rule is the prescribed way or manner in which a task has to be performed considering the objective.” 1

5. Which of the following is *not* a step in the process of planning ?

- (A) Making assumptions about the future.
- (B) Evaluating different proposals in light of the objectives to be achieved.
- (C) Allocation of jobs to members of each department.
- (D) Seeing whether activities are performed as per schedule or not . 1

6. For delegation to be effective, it is necessary that authority granted must be commensurate with assigned _____ . 1

7. Raj and Riya are working in different departments of Leo Infocom. One day at lunch time Riya told Raj that due to recession many people are going to be retrenched soon from the organisation. Name the type of communication that took place between Raj and Riya. 1

8. Raj Auto Ltd. was engaged in manufacturing motor cycles. Its long term objective was to capture the market by increasing sales every year. For this it analysed the pricing policy of the

competitors. To achieve this objective it decided to offer a discount of Rs. 3,000 and free insurance on purchase of every motor cycle. This attracted the customers and the sales increased. Identify the type of plan being followed by Raj Auto Ltd. 1

9. Using external sources for filling vacant positions :

(i) Gives a wider choice.

(ii) Simplifies the process of selection.

(iii) Instils a competitive spirit among the existing employees.

(iv) Does not infuse fresh talent in the organisation.

Choose the correct option from the following :

(A) (i) and (ii)

(B) (i) and (iii)

(C) (i), (iii) and (iv)

(D) (ii) and (iv) 1

10. _____ test is a measure of an individual's potential for learning new skills.

(A) Personality

(B) Aptitude

(C) Intelligence

(D) Interest 1

11. State the objective of financial management. 1

12. Organisations which choose to diversify their operations require _____ fixed capital. (more/less) 1

13. 'Temptations' is a food joint in Imperial Mall in Bengaluru. It is becoming popular among students and working people due

to healthy, on-the-go dishes on its menu like ‘Paneer Wrap’, ‘Chickpeas Salad’, ‘Grilled Sandwiches’, etc.

It has now decided to open two new branches in other parts of Bengaluru.

Which financial decision has been discussed in the above case ?

- (A) Long-term investment decision
- (B) Short-term investment decision
- (C) Dividend decision
- (D) Financing decision

1

14. The process of classification of products into different groups on the basis of their important characteristics refers to which of the following marketing functions ?

- (A) Grading
- (B) Standardisation
- (C) Product designing
- (D) Marketing planning

1

15. While the product _____ sets the lower limit of the price, the utility provided by the product sets the upper limit of price, which a buyer would be prepared to pay.

1

16. State, giving reason, whether the following statement is true or false : “Advertising refers to short term incentives which are designed to encourage the buyers to make immediate purchase of a product.”

1

17. Who among the following is *not* considered a consumer under the Consumer Protection Act, 1986 ?

- (A) A person who buys any goods for a consideration which has been paid.

- (B) A person who avails of any service for a consideration which has been promised.
- (C) A person who avails of a service for a commercial purpose.
- (D) Any user of goods when such use is made with the approval of the buyer. 1

18. Aarushi purchased a pack of biscuits. When she opened it, she felt the biscuits were stale. She carefully read the label on the pack of biscuits which mentioned : /

“If you are not satisfied with the product quality, write to our Customer Care Cell at Bell Foods Pvt. Ltd. B/321, Jalandhar, Punjab.”

The biscuit company has set up its own consumer service and grievance cell to promote and protect the following right :

- (A) Right to Safety
- (B) Right to be Heard
- (C) Right to be Informed
- (D) Right to Consumer Education 1

19. The package of KRM Rawa Idli Mix describes the procedure of cooking idlis in three easy steps. It also specifies its ingredients, instructions for storage and serving.

The function performed by the label in the above case is :

- (A) Describing the product and specifies its contents.
- (B) Identification of the product or brand.
- (C) Helping in promotion of products.
- (D) Providing information required by law. 1

20. Arnav has recently started a business to sell computers. He hired a shop in Nehru Place in New Delhi, where he assembles

various components to make computers and supplies them as per order.

He performs a series of composite but separate functions simultaneously and ensures that computers are delivered in time as per orders. These functions are performed by all managers at all times.

The feature of management highlighted above is :

(A) Management is a continuous process.

(B) Management is pervasive.

(C) Management is dynamic.

(D) Management is a group activity.

1

Section – B

21. Vaibhav Sharma was working as the Production Manager in Crescent Pharmaceuticals Pvt. Ltd. To get his son admitted in school he wanted to take leave from the office but on the same day, an important meeting with the Chief Executive Officer (CEO) of the company was scheduled to discuss about some new medicines to be manufactured. Considering the significance of the meeting, he did not take leave. The CEO appreciated his exemplary behaviour as he gave priority to the organisational interest over his personal interest.

Name and explain the principle of management being followed by Vaibhav Sharma in the above case.

3

22. Explain the following as significance of ‘organising’ function of management :

(a) Benefits of specialisation

(b) Clarity in working relationships

(c) Development of personnel

OR

Explain 'Authority' 'Responsibility' and 'Accountability' as elements of delegation. 3

23. Explain the following steps in the process of staffing :

- (a) Performance Appraisal
- (b) Promotion and Career Planning
- (c) Compensation

3

24. Currently, the banking sector in the Indian economy is facing lots of problems. The rates of interest that banks are paying on deposits have sharply decreased; as a result banks are able to collect lesser amounts of deposits. Due to the policies of the Reserve Bank of India, lending rates have also decreased. The automobile industry is also facing a lot of problems and thus they have also reduced the prices of cars. This has encouraged people to take car loans from banks as the interest rates on loans, along with prices of cars in the automobile sector are declining. Due to this position of tight liquidity, 'The Oberoi Bank Ltd.' decided to raise funds by issuing an unsecured, short-term instrument which could be purchased by corporations, companies and individuals.

- (a) Identify and explain the money market instrument used by 'The Oberoi Bank Ltd.' to raise funds.
- (b) Also explain the money market instrument used by the banks to maintain Cash Reserve Ratio.

3

25. Sunflag Iron Ltd. is manufacturing steel at its plant in India. It is enjoying increased demand for its steel as economic growth of the country is about 8%. It is planning to set up a new plant to avail the benefits of increased demand. It is estimated that it will require about Rs. 4,000 crore for setting up of plant and about < 600 crore for other expenses to start

the new plant.

To collect the above mentioned funds, the sources to be used and the

quantity to be collected from different sources had to be considered.

(a) Identify the above discussed concept and give its meaning.

(b) Explain any two factors that affect the concept identified in

(a) above.

3

Section – C

26. Differentiate between ‘Primary Market’ and ‘Secondary Market’ on the basis of any four points.

OR

Differentiate between ‘Capital Market’ and ‘Money Market’ on the basis of any four points.

4

27. ‘Express Tours Ltd.’ is a travel agency which books air tickets on commission basis. It takes two days for Express Tours to get the tickets from airport reservation counter and deliver the same to customers. During the last one year, there has been drastic decrease in its business as most of the customers have shifted to another travel agency, ‘Shiva Tours and Travels’, which provides tickets within half-an-hour through internet.

(a) Name and explain the dimension of business environment that is being overlooked by ‘Express Tours Ltd.’.

(b) Explain another dimension of business environment other than that identified in (a) above.

4

28. Explain any four methods of floatation of new issues in the primary market.

4

OR

Explain any four factors affecting 'Dividend decision'. 4

Section – D

29. Explain any five characteristics of coordination. 5

OR

Is management a profession ? Explain. 5

30. Identify and state the techniques of sales promotion used by the marketer in the following cases :

(a) A free holiday package of Rs. 5,000 on purchase of goods worth Rs. 20,000.

(b) Payment of Rs. 1,60,000 for the purchase of a bike can be made, Rs. 40,000 immediately and balance in 20 equal instalments of Rs. 6000 each.

(c) 30 grams extra soap in a cake of bathing soap.

(d) Get 4 GB memory card free with a 'Popo' mobile phone.

(e) Lucky draw coupon for a car on purchase of petrol Rs. 2,500 from Indian Oil Corporation petrol pumps. 5

31. State any five benefits of training to the organisation. 5

OR

State any five duties that are performed by the human resource personnel. 5

Section – E

32. 'Good Looks Ltd.' are the manufacturers of cosmetics. The company enjoyed a pre-eminent position in the business and has grown in size. Till recently the company had been doing good

business; but after the entry of competitors the market share of 'Good Looks Ltd.' has declined. One of the reasons for this was that all decisions were taken by the higher management. This has resulted in the concentration of all decision-making process at the apex of the management hierarchy. Worried about the decline in market share and profit, the company appointed 'Structures Consultants India Ltd.' as a consultant to suggest improvements in the organisation's decision-making process. The consultant suggested that the decision-making responsibilities may be divided among hierarchical levels. They said that if decision-making authority will be shared with the lowest levels and is consequently placed near the point of action, it will help in quick decision-making and this will help the company in adapting itself to the dynamic operating conditions. They stated that the philosophy of dispersal of authority propagates the belief that people are competent, capable and resourceful and can assume the responsibility of effective implementation of their decisions.

(a) Identify and give the meaning of the concept based on which 'Structures Consultants India Ltd.' gave their recommendations to 'Good Looks Ltd.'.

(b) Explain any four points of importance of the concept identified in (a) above.

6

33. Mohan is working as a vice-president in Ashoka Ltd. He performs a separate and specialised function having many aspects of human relations. His job is closely linked with organising since after the structure and positions have been decided, people are required to work in these positions. His function is seen as a generic function of management.

When he performs his duties, his role is slightly limited.

(a) Identify and explain the meaning of the function being performed by Mohan as the vice-president of Ashoka Ltd.

(b) The function performed by Mohan benefits the organisation in many ways. State any five such benefits. 6

34. Fayol and Taylor both have contributed immensely to the knowledge of management, which has become a basis for further practice by managers. Taylor thought that by scientifically analysing work it would be possible to find 'one best way' to do it. He is most remembered for his time and motion studies and functional foremanship. He said that the best result would come from the partnership between a trained and qualified management and a cooperative and innovative workforce. Fayol explained what amounts to a manager's work and what principles should be followed in doing this work. In the light of the above discussion, differentiate between the contribution of Taylor and Fayol on the following basis :

- (a) Perspective
- (b) Unity of command
- (c) Focus
- (d) Expression
- (e) Applicability
- (f) Basis of formation

6

OR

Prince is doing his transport business in Delhi. His buses are generally used for tourists going to Jaipur and Agra. Identify the working capital requirements of Prince. Give reasons to support your answer. Further, Prince wants to expand and diversify his transport business. Explain any Six factors that will affect his fixed capital requirements. 6

Sample Question Paper

Business Studies -SET-B

Time-3 HRS

Class XII

M.M-80

General instructions:

- 1 This question paper contains 34 questions.
2. Marks are indicated against each question.
3. Answer should be brief and to the point.
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Section – A

1. Management is a. A Science; b. An Art; c. both science and art; d. Neither. (1)

2. The purchase, production and sales managers at Sharda Ltd, a firm manufacturing readymade garments are generally at a conflict, as they have their own objectives. Usually each thinks that only they are qualified to evaluate, judge and decide on any matter, according to their professional criteria. Name the concept which will be required by the CEO Mr. Raman, to reconcile the differences in approach, interest or opinion in the organisation.

3. Principles of management are NOT: a. Applicable only in large firms; b. Formed by practice and experience of managers; c. Flexible; d. Contingent 1
4. _____ is considered a major element of the political environment: a. The extent and nature of government intervention in business; b. planned outlay in public and private sectors; c. Expectations from the work force; d. Administrative order issued by government authorities. 1
5. Name the step in the process of planning which is considered the “real point of decision making”. 1
6. _____ gives shape to the organisation structure.
a) Extent of delegation; b) Span of Management; c) No of employees; d) Planning 1
7. Astra Builders has to deliver the flats to its buyers on time. Due to this there is a sudden rush of work. Therefore, the company needs to arrange workers to work at the sites at a short notice. The source of recruitment which may be used by the company to tap the casual vacancy is: a. Direct recruitment; b. Advertisement; c. Recommendation of employees; d. Employment Exchange. 1
8. SCT services CEO RajanGopinath’s compensation includes salary, commission and other allowances. The company also pays for his insurance and vacations. Identify one indirect payment being made by the company to the CEO. a. Employer paid Insurance; b. Salary; c. Commission; d. Allowances. 1

9. Name the process of working with and through others to effectively achieve organisational objectives by efficiently using limited resources in a changing environment. A. Management B. Planning C. Organising D. Controlling. 1

10 M.R.Sarthi, the Ex-chairman of Swadesh Ltd, built up his successor before retiring. Following the norms set up by himself, he handed over the reins of the company to the co-founder Mr. Shravan, who had the potential to bring about change in the behaviour of others. Name the concept of management which was the reason why Mr. Sarthi chose Mr. Shravan to be his successor. A. Motivation; B. Leadership; C. Communication; D. Staffing. 1

11. An important project at AMB consultants is running behind schedule by a month. This has upset their clients and might affect the reputation of the company in the long run. No managerial action like assigning more workers, equipment or giving overtime has been able to solve the problem. What managerial action may now be taken by the company to avoid such a situation from arising in the future? A. Revise the schedule; B. Assigning additional workers and equipment to the project; C. Get permission for further overtime work; D. Both B&C. 1

12. A decision to acquire a new & modern plant to upgrade an old one is known as _____ decision. a) Financing decision;

(b) working capital decision; (c) Investment decision; (d) Dividend decision. 1

13. ABC Ltd. has Debt Equity ratio of 3:1 whereas XYZ Ltd. has Debt Equity ratio of 1:1. Name the advantage ABC Ltd will have over XYZ Ltd, when the rate of interest is lower than the rate of return on investment of the company. (a) Trading on equity; (b) Low risk; (c) Low cost of equity ; (d) Greater flexibility. 1

14. Vikrant joins his father's business of Organic masalas, near Kotgarh in Himachal after completing his MBA. In order to capture a major share of the market, he decided to sell the product in small attractive packages by using the latest packaging technology. His father suggested that they hire financial consultants to estimate the amount of funds that would be required for the purpose & timings when it would be required. The concept being discussed by Vikrant's father, links which financial decision with the investment decision.?

a.) Dividend decision ; (b) Financial Planning; (C) capital structure decision; (d) Financing decision. 1

15. Nitish friend Mohendra works as a Chartered Accountant in Solutions Ltd. Mohendra in a meeting with the Board of Directors of the Company came to know that the firm would soon be declaring a Bonus issue which would result in increase in the price of shares. Considering this, Mohendra advised Nitish to purchase the shares of Solutions Ltd., who acted on his advice and bought the shares before time. Which function of SEBI can control such malpractices? (a) Protective functions; (b)

Regulatory functions; (c) Development functions; (d) All the above. 1

16. Large scale production done to reduce the average cost of production is the essence of _____ concept of Marketing management. a) Product; b) Selling; c) Production; d) Marketing 1

17 Saumya decided to start a business of selling dress material from her house. She did various online surveys to find out about the preferences of prospective customers. Based on this, she prepared a detailed analysis of the business. She then made important decisions including deciding about the features, quality, packaging, labelling and branding of the dress material. Identify the element of Marketing Mix discussed above. (a) Promotion; (b) Market; (c) Product; (d) Place. 1

18. Tomato Ltd., a food delivery service app has recently faced criticism for the tampering of their product, by their delivery boys. Tomato Ltd. decided to put a hologram seal on the food packets in order to protect the contents from spoilage, leakage, pilferage, damage, along with a tag with a safety warning for the consumers to check the seal. Which concept of marketing discussed above is. 1

19. Performing the important function of communicating with the potential buyer and promoting the sale. (a) Branding; (b) Product designing and development; (c) labelling; (d) packaging.

Asserting oneself to ensure that one gets a fair deal, is the right of a consumer. (True/False) 1

20. Sheela went to a free eye camp & got her eyes operated for cataract. The surgery was not done properly, due to which she lost her vision. Where can she file a complaint under consumer protection act? (a) At District forum (b) State commission (c) National Commission (d) None of above 1

Section – B

21. List any three tasks that Mr. Armstrong needs to do, as a production manager, in his firm, to carry out the plans laid down by the top managers.

Or

Enumerate the three economic objectives of management. 3

22. Banwari Lal is a cloth merchant in Karol Bagh. His grandsons are requesting him to let them diversify the business into bridal wear. Banwari Lal has agreed but on the condition that they will follow the function of management he has always followed, which helps an organisation in keeping track of the progress of activities and ensures that the activities conform to the standards set in advance so that the organisational goals are achieved. Name the function of management which Banwari Lal is asking his grandsons to follow. List any two reasons why it is considered an indispensable function of management. 3

23. "Delegation of authority, undoubtedly empowers an employee to act for his superior, but the superior would still be accountable for the outcome. Explain the elements of delegation of authority discussed above. 3

24. The Research & Development department of Healthy Production Ltd. has decided to diversify from manufacturing health drinks to cereals made from millets. They are well aware of the fact that the company will have to communicate to the people the benefits of eating millets. For this purpose, they plan to sponsor various events like marathons and encourage people to switch to healthy eating through newsletters. a) Identify and briefly explain the promotional tool being discussed above. b) Also explain any two other promotional tool that can be used by the company, apart from the one discussed above. 3

25. Rita Sharma who works as a guard in a school, purchased two shirts for ₹460 each for her son. When she went back home, she realised that the shirt was small in size for her son. She decided to ask for return of money or exchange of the shirt with an appropriate size. But the store owner refused to return the money or exchange the shirt. Rita Sharma was disheartened. Her friend advised her to go to 'SevaSadan', an autonomous voluntary organisation working for the protection of consumer 3 welfare. The organisation helped her by explaining to her the legal procedure, as well as educated her about her rights as a consumer and helped her in filing the complaint and getting relief. With the help of the organisation Rita was able to get her

money back from the store. Enumerate the rights of a consumer which Rita Sharma was able to exercise with the help of the voluntary organisation.

3

Section – C

26. With changes in the consumption habits of people, Neelesh, who was running a sweet shop, shifted to the chocolate business. On the eve of Diwali, he offered chocolates in attractive packages at reasonable prices. He anticipated huge demand and created a website chocolove.com for taking orders online. He got a lot of orders online and earned huge profits by selling the chocolate. Identify and explain the dimensions of business environment discussed in the above case.

4

27. Infocom has diversified itself into several product lines: Telecommunications, Engineering, financial services. Each subsidiary is self-sufficient with their-own administrative functions, propagating the belief that people can assume the responsibility for the effective implementation of their decisions and should be given autonomy. This has reduced the need for direct supervision by superiors, has promoted flexibility, initiative and faster decision making. The orders of customers are never delayed, as a result of good policy decisions of top management. (a). Identify and explain any two points of importance of the concept being discussed above. (b). Name and briefly explain a

suitable framework for the company within which the managerial and operating task are to be performed. 4

28. State any four factors which affect the determination of the price of the product. OR State the four components of physical distribution? 4

Section – D

29. Explain 'order' and 'initiative' as principles of general management.

OR

Explain briefly 'Unity of Direction' and 'Order' as principles of general management. 5

30. Jayant is working as Head Relationship Manager in the wealth management division of a private sector bank. He has created an internal environment which is conducive to an effective and efficient performance of his team of ten relationship management executive" A typical day at work in Jay ant's life consists of a series of interrelated and continue functions. He decides the targets for his department which are in line with the objectives of the organization as a whole. The future course of action for his team members is laid out well in advance. The various resources required by the relationship managers like an iPad with GPS system, account opening forms, brochures, details of account holders etc. are made readily

available to them. The executives are given sufficient authority to carry out the work assigned to them. Jayant works in close coordination with the Human Resource Manager in order to ensure that he is able to create and maintain a satisfactory and satisfied workforce in his department. Through constant guidance and motivation, Jayant inspires them to realise their full potential. He offers them various types of incentives from time to time keeping in view their diverse individual needs. Moreover, he keeps a close watch on their individual performances in order to ensure that they are in accordance with the standards set and takes corrective actions whenever needed.

In context of the above case:

1. Identify the concept being referred to in the following line, “He has created an internal environment which is conducive to an effective and efficient performance of his team of ten relationship management executives.”
2. Identify and describe the various functions of the concept as identified in part (a) of the question by quoting lines from the paragraph.

31. What is meant by Capital Budgeting? State any four factors affecting fixed capital requirement of a firm.

OR

Enumerate any five points of importance of financial planning. 5

Section – E

32. Nikhil runs a small dhabba on the Jaipur highway. He is very rigid and follows a strict policy of punishment like cutting the salary, stopping increments or giving job termination threats to his workers for any kind of discrepancies in their work. He does not seek advice or opinions from his workers, as he does not have any confidence on the competence of his workers. Also, the workers are not willing to offer useful suggestions as they do not expect any motivation or incentive for taking such initiatives. As a result, the labour turnover is high and his business has been adversely affected.

In the above context:

1. Name and explain the style of leadership adopted by Nikhil.
2. Identify the various human needs of workers that are being overlooked by Nikhil as per the Maslow's need hierarchy theory of motivation.
3. Identify the type of communication barrier created by Nikhil due to which the workers suppress their need to communicate with him.

6

33. Explain any three points that highlight the importance of directing function of management.

OR

Explain briefly any three functions performed by a supervisor. 6

34. "Unicon Securities Pvt. Ltd" was established to deal in securities. It was registered as a stock broker with National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) to trade in securities listed at these exchanges. It is also a depository participant with CDSL and NSDL. In the first three years, it developed its business successfully. After that the composition of Board of Directors changed. Some customers complained to the customer care centre of the company that shares purchased by them and for which the

payment has been duly made, were not transferred to their D'mat Accounts by "Unicon securities Pvt. Ltd" . The executive of customer care centre promised the aggrieved customers that their shares will be transferred to their respective D'mat Accounts very soon. But the company delayed the matter and didn't transfer the shares of the customers to their D'mat Accounts. This eroded investors confidence and multiplied, their grievances.

1. Identify the step of trading procedure in a stock exchange which has not been followed by "Unicon Securities Pvt. Ltd" .
2. Name the Apex statutory body of capital market to whom customer can complain to redress their grievances.
3. Write two values not followed by Unicon Security Pvt. Ltd.

OR

Nitish is doing his transport business in Delhi. His buses are generally used for tourists going to Jaipur and Agra. Identify the working capital requirements of Nitish. Give reasons to support your answer. Further, Nitish wants to expand and diversify his transport business. Explain any Six factors that will affect his fixed capital requirements.

