

MODEL EXAMINATION (2020-'21)
BUSINESS STUDIES (054)

CLASS:XII

Marks:80
Time:3Hours

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.

- 1..... develops initiative among subordinates. 1
A. Delegation; B. Authority; C. Obligation; D. Decentralization.
2. A foreign tourist visited India, he noticed that Indian markets, tastes, trends and regulations were different from that of his country. Which feature of business environment is reflected here? 1
A. Business Environment has uncertainty; B. Business Environment is dynamic; C. Business Environment is a relative concept; D. All of the above.
3. Every manager applies his personal skills and knowledge in the day –to-day functioning of an enterprise. It is proved because 1
A. Management is an art; B. Management is a science; C. Management is a profession; D. None of these.
4. “Trends refer to changes and inclination towards new products and services.” This

- statement describes significant effect of which environment on business? 1
- A. Economic environment; B. Social environment; C. Political environment;
D. None of the above.
5. ... is concerned with the performance of various activities in an organization. 1
- A. Management of people; B. Management of operation; C. Management of work;
D. Management of individuals.
6.refers to changes and inclination towards new products. 1
- A. Traditions; B. Values; C. Trends; D. None of these.
7. Many multinational food chains such as KFC,Mc Donalds, Domino's, etc have altered their menu according to Indian taste and culture. Name the dimension of business environment which is responsible for this step. 1
- A. Legal environment; B. Social environment;t C. Political environment; D. Legal environment.
8. Which of the following highlight the importance of coordination? 1
- A. Growth in size; B. Functional differentiation; C. Specialization; D.All of these.
9. "Taking corrective actions" is the final step in the process of controlling, in which the managers take corrective measures to bring back everything on track. Sometimes even after best efforts, if deviations cannot be corrected then what should be done? 1
- A. Revise the standards; B. Fire the managers; C Shut the company; D. None of the above.
10. ... is often referred to as control by exception. 1
- A. Feedback; B. Deviation; C. Critical point; D. Management by exception
11. Grouping of activities on the basis of product lines is a part of 1
- A. Delegated organization; B.Divisional organization; C. Functional organization D. Centralised organization.

OR

Span of management refers to:

A. Number of managers; B. length of term for which a manager is appointed;

C. Number of subordinates under a superior; D. number of members in top management.

12. Samsung is a leading manufacturer of electronic goods across the globe. It is planning to introduce a high end smart TV in the Asian market and is anticipating moderate demand for it. Based on these assumptions, it fixed the price of TV @ \$ 1,500 per TV. Which of the following factors affected the price of the TV? 1

A. Utility and demand; B. Product cost; C. Extent of competition in the market; D. None of the above.

OR

.... is the process of planning, organizing, directing and controlling the activities relating to exchange of goods and services.

A. Marketing Management; B. Sales Management; C. Personnel Management; D. Financial Management.

Read the following text and answer question No.13 -16 on the basis of the same:

HEISCO LTD. is searching options to raise ₹20,000 crores from the primary market for diversification and modernization of existing projects. It hired the services of a renowned financial consultancy firm, TRILX LTD. for suggesting options for the same. TRILX LTD suggested a list of options to the Board of Directors of the company. It was decided that for the immediate requirement of ₹1,500 crores the company will give a privilege to existing shareholders to subscribe to a new issue of shares according to the terms and conditions of the company. ₹4,500 crores would be raised by allotment of securities to a consortium of financial institutions, instead of inviting subscription from the public by making a direct appeal to investors to raise capital. It was further decided to raise capital to the tune of ₹ 6,000 crores through an issuing house. All these options were accepted by the Board of Directors. The Board further decided to raise ₹ 8,000 crores through the on-line system of the stock exchange by entering into an agreement with the exchange.

13. Identify the method of floatation of new issues in the primary market, not taken up by HEISCO LTD. 1

A. Offer for sale; B. Rights issue; C. E-IPO; D. Offer through prospectus.

14. “4,500 crores would be raised by allotment of securities to consortium of financial institutions, instead of inviting subscription from the public by making a direct appeal to investors to raise capital.” Identify the method of floatation of new issues in the primary market being discussed above, which the company has decided to use. 1

A. Offer for sale; B. Private placement; C. Right Issue; D. Offer through prospectus.

15. Identify the reason which has made the firm raise funds from the institutional investors. 1

A. It helps to raise funds quickly; B. It is not expensive; C. Both A & B; D. None of the above.

16. How much money was raised by the company through E-IPO's 1

A. ₹ 8,000 crores; B. ₹ 4500 crores; C. ₹ 20,000 crores; D. ₹ 6,000 crores.

Read the following text and answer question 17-20 on the basis of the same.

Virkumar Rajput, a small shopkeeper in Ranthambore, Rajasthan used to sell the famous ‘Mawa Kachori’. It was a quick selling product for locals and foreign tourists. His second generation expanded the business and got ‘Vir Ki Kachori’ registered with concerned authorities. Gradually the brand offered a wide range of products to its customers like namkeen, sweets, bakery items etc. However, Mawa Kachori’ remained the most popular product of the brand creating maximum revenue.

‘Vir Ki Kachori’ offered its products at competitive prices even while offering customer services like gift packaging and free home delivery to become a household name. Now it has virtually become a synonym for mawa kachori in the market, so much so, that people ask for ‘Vir Ki Kachori’ instead of mawa kachori. ‘Vir Ki Kachori’ has developed a strong distribution network in India and abroad by setting up retail outlets and reaching out to the customer through internet selling.

Promotion of the brand had always been low profile, till the increase in competition pushed it to hire the services of a professional advertising agency, SIKKA PVT.LTD for promoting the product. On the advice of SIKKA PVT LTD, ‘Vir Ki Kachori’ has also worked upon managing public opinion by developing relations with the masses through sponsoring cultural and sporting events, maintenance of public parks etc.

17. 'His second generation expanded the business and got 'Vir Ki Kachori' registered with concerned authorities'

With reference to the given text 'Vir Ki Kachori' is a giving a legal protection against its use by anyone else. **1**

A.Brand value; B. Trademark; C. Trait mark; D. Brand mark.

18. 'Vir Ki Kachori' offered its products at competitive prices even while offering customer services like gift packaging and free home delivery to become a household name. Identify the factor affecting the element of marketing mix being discussed above. **1**

A. Marketing methods used; B. Objectives; C. Extent of competition in the market;

D. Product cost.

19. 'Vir Ki Kachori' has developed a strong distribution network in India and abroad by setting up retail outlets and reaching out to the customer through internet selling. Identify the decision related to the element of marketing mix being discussed above. **1**

A. Storing and assorting products in order to create time utility; B. Regarding the channels or using intermediaries; C. Both A & B; D. One regarding branding, packaging and labelling.

20. On the advice of SIKKA PVT LTD, 'Vir Ki Kachori' has also worked upon managing public opinion by developing relation with the masses through sponsoring cultural and sporting events, maintenance of public parks etc. Name the department in the organization which is generally responsible for performing the above important task of managing public opinion. **1**

A. Marketing Department. B. A separate department created in the firm for the purpose. C. An outside agency. D. Any of the above.

21. Identify the characteristics of management in the following cases: **3**

(i) What managers do in India, The USA, Germany and Japan is the same.

(ii) KFC, the fast food joint, has made several alterations in its menu in order to survive in Indian markets.

(iii) Suhasini at Fabmart, performs several different tasks in a single day on a regular basis in series.

22. 'Our assets walk out of the door every evening, we have to make sure that they come back in the next morning'. This statement relates to which function of management? Why is it important? **3**

23. Explain how controlling helps in: 3
(i) Making efficient use of resources.
(ii) Improving employee's motivation.

OR

You are the manager of a tyre manufacturing company. If it is reported to you that postal expenses have increased by 20% and cost of raw materials by 2%, which of the two deviations is more critical to you. Give reasons.

24. 'Financial market plays an important role in the allocation of scarce resources in an economy by performing various functions'. Explain any three functions of financial market. 3

OR

Explain the following money market instruments:

- (i) Treasury Bills,
 - (ii) Commercial paper
 - (iii) Call money.
25. Divya wants to start a designer studio in her locality. For this, she proposed Monica to get into a partnership firm, who was a diploma holder in HRM. The two analyzed that they need a designer for the studio. They also need dynamic sales staff and an accountant for maintaining records. Therefore, after determining the organizational structure, they started the staffing process with the guidance of Monica.

In the context of the above, answer the following questions: 4

- (i) Identify the first three steps in the process of staffing.
 - (ii) Is staffing essential for all organizations? Give reasons for your answer.
26. Rahul as a leader, exercises complete control over subordinates and takes all decisions without consulting them. Which style of leadership is possessed by Rahul? Discuss. 4

27. Explain briefly any three measures to overcome the communication barriers. 4

OR

Ram Murthy, the CEO of Good Care Hospitals', a leading chain of hospitals, decided to reward the good work of the doctors of the organization. For this he instituted two running trophies. A 'Healthcare Achievers Trophy' to acknowledge and appreciate the tireless efforts of the doctors who rendered selfless services to the patients and another 'Beti Bachao Trophy' to recognize the outstanding work done by the doctors in saving the girl child.

The CEO also wanted to improve the health services in rural areas all over the

country. He decided that all doctors must work in rural areas for at least six months. He also decided that the paramedical staff should be employed locally.

- (a) Identify the incentive provided by 'Good care Hospitals' to its doctors through running trophies.
- (b) Which need of the doctors will be satisfied through the incentive identified in part (a)?
- (c) State any two other needs of the same type identified under part (a).

28. Explain the following as factors affecting 'dividend decision': **4**

- (i) Stability of earnings
- (ii) Growth opportunities
- (iii) Cash flow position
- (iv) Taxation policy.

OR

Explain any four factors affecting the 'working capital requirements' of a company.

29. How much working capital will be required for the manufacturing of the following products: **4**

- (i) Bread, (ii) Furniture on orders, (iii) Automobiles, (iv) Sugar.

30. Explain the following rights of consumers provided by Consumer Protection Act, 1986: **4**

- (i) Right to be informed, (ii) Right to seek redressal.

31. Identify the principles of management violated in the following cases and explain them: **6**

- (i) Arun, a manager, speaks to people at all levels, including his as well as other departments.
- (ii) Arun, a manager, expects his subordinates to work for personal satisfaction and contentment, without any monetary award.
- (iii) Arun, a manager, expects that his subordinates produce instant results, without giving him sufficient time to settle in the new environment.
- (iv) Arun, a manager, is not strict, with his employees regarding timings and targets of work.

32. Sun Ltd. appointed a team of five efficient managers to plan for its new project of building a residential colony. For this, they are paid a huge amount of remuneration also.

Explain, giving reasons, incurring such huge expenditure on planning is justified

for the company.

6

OR

Rakesh joins as a sales manager of a company dealing in Ayurveda product. Being proficient in his work, he knew that without good planning he will not be able to organize, direct, control or perform any of the other managerial functions efficiently and effectively. Only on the basis of sales forecasting, he would assist in the preparation of the annual plans for its production and sales. Besides, he will have to prepare sales plans regularly on weekly, monthly, quarterly and half yearly basis. While preparing the sales forecasts, he undertakes intellectual thinking involving foresight, visualization and issued judgement rather than wishful thinking or guess work. Most importantly, all these planning activities will be meaningful only if they will coincide with the purpose for which the business is being carried out.

In the context of the above case, identify the various features of planning highlighted in the above paragraph by quoting lines from it.

33. With the help of any four points, explain the importance of decentralization in an organization. 6
34. Identify and explain the promotional tool of marketing-mix, which is an impersonal form of communication and is paid by the marketer. Also, explain its two merits and demerits. 6

OR

Identify the method of sales promotion in the following cases:

- (i) A mobile company offers a discount of ₹ 1,000 to clear off inventory.
- (ii) A customer gets ₹ 5 off on return of an empty wrapper while making a new purchase of 5 kg bag of wheat flour.
- (iii) A company offers a pack of ½ kg of sugar with the purchase of 5 kg bag of wheat flour.
- (iv) Scratch a card and get a gold coin with the purchase of cold drink.
- (v) A company offers 40% extra shaving cream in a pack of 500 gms.
- (vi) Purchase of goods worth ₹ 50,000 and get a holiday package worth ₹ 10,000 free.