

**PRE BOARD EXAMINATION JANUARY -2020  
BUSINESS STUDIES (054)**

**CLASS : XII  
DATE : 05.01.2020**

**MAX MARKS: 80  
DURATION: 3 HRS**

**SECTION A (1 MARK)**

1. Give one relief available to a consumer who suffers due to consumption of an expired date machine.
2. Asian Paints is an example of .....
3. Which does affect the value of a company  
a) Capital cost, b) Market price of shares, c) both a & b, d) None of these
4. In case you try to exercise control over everything, you fail to control none. (True or false & justify your answers)
5. Higher working capital usually result in  
a) Higher current ratio, higher risk & higher profits b) Lower current ratio & higher risk & profits  
c) Higher equity, lower risk & lower profits d) Lower equity, lower risk & higher profits.
6. Autocratic leadership style does yield the advantage of high morale (True or false & justify your answers)
7. Introducing employees to the organization is called .....
8. How effective management is possible through delegation of authority?
9. Give two examples of external premises of planning.
10. What is demonetisation?
11. State one violating effect of principle of management- unity of direction.
12. The job of ..... level is complex and stressful.
13. Clarify EBIT-EPS analysis.
14. .... is used as a supplement of advertisement?
15. Moosa bought a packet of chips from a local shopkeeper and found that the ingredients given on the label were not legible. He complained about it to the company. The company sent a written apology stating that they will make sure that existing packets are withdrawn from the market and new packets with legible labels are soon made available. State the consumer right which Moosa exercised.
16. Sika Ltd., a reputed industrial machines manufacturer, needs Rupees twenty crores as additional capital to expand the business. Mr. Amit Joshi, the Chief Executive Officer (CEO) of the company wants to raise funds through equity. The Finance Manager, Mr. Narinder Singh, suggested that the shares may be sold to investing public through intermediaries, as the same will be less expensive. Name the method through which the company decided to raise additional capital.
17. Identify the type of recruitment in the following case:- In a cotton cloth manufacturing company the productivity has declined during last couple of years. When the senior management

decides to go into the root cause they find that there is lack of new talent in the organisation and the organisation is suffering from 'inbreeding'.

18.....is an example of semantic barrier.

19.What is the basis of delegation of authority?

20.Rules are.....details

- a)special    b)general    c)uncommon    d)none of these

**SECTION B (3 MARKS)**

21.A floor manager of a mall is a very good manager as he utilizes all the functions of management to minimize cost of maintenance of his area. He directs all the staff members under him to follow the targets and advises them to put their efforts in the direction of achievement of these targets. Under his guidance the employees admit that they learn a lot and are able to meet their targets. This has led to the increase in their salaries.

Identify the importance of management highlighted above.

22.“World Softwares” is a software giant. It has many branches throughout the world. The company knows that it has great opportunities in its path. When it was limited only to its native country. With the passage of time within 20 years the economies of various countries have integrated. This has come as a great advantage to this company which has expanded. In many of the countries where it has its branches the control of government in the public sector enterprises has diluted leading to more control in the hands of the private sector. One of the major reasons for the success of the company has been the role of the initiator the company has played as it was the first company of its kind to enter the market.

Identify the two important concepts highlighted above. Which type of advantage has been indicated in the last line of the above case?

23. A company has been registered under the Companies Act with an authorized share capital of Rs.20,000crores. Its registered office is situated in Delhi and manufacturing unit in a backward district of Rajasthan. Its marketing department is situated in Bhopal. The company is manufacturing Fast Moving Consumer Goods (FMCG).

- A) Suggest with the help of a diagram a suitable organisation structure for the company.  
B) Explain any three advantages of this organisation structure.

24. Company 'A' has the debt-equity ratio of 3 : 1. Another Company 'B' has the debt-equity ratio of 2.5 : 1. Both the companies are part of an industry where the operating costs are high. Many of the companies in this industry are vulnerable to high business risk.

Which one of the two companies is going to have higher chances of financial risk?

Why do you think the financial risk in the above mentioned industry is going to be dangerous for the companies?

**OR**

What is meant by long term investment decision? Explain any three factors which affect the long term investment decisions

25. These days, the development of a country is also judged by its system of transferring finance from the sector where it is in surplus to the sector where it is needed the most. To give strength to the economy, SEBI is undertaking measures to develop the capital market. In addition to this, there is another market in which unsecured and short-term debt instruments are actively traded every day. These markets together help the savers and investors in directing the available funds into their most productive investment opportunity.

1. Name the function being performed by the market in the above case.
2. Name the market segment other than the capital market segment in which unsecured and short-term debt instruments are traded. Also, give any four points of difference between the two.

**SECTION C (4 MARKS)**

26. Samir started a telecommunication company, 'Donira Ltd.' to manufacture economical mobile phones for the Indian rural market with 15 employees. The company did very well in its initial years. As the product was good and marketed well, the demand of its products went up. To increase production the company decided to recruit additional employees. Samir, who was earlier taking all decisions for the company had to selectively disperse the authority. He believed that subordinates are competent, capable and resourceful and can assume responsibility for effective implementation of their decisions. This paid off and the company was not only able to increase its production but also expanded its product range.

1. Identify the concept used by Samir through which he was able to steer his company to greater heights.
2. Also explain any four points of importance of this concept.

**OR**

"Management is a profession". Do you agree? Give reasons to support your answer.

27. In a colony several people purchased mosquito killing rackets from a company. The majority of rackets turned useless within a period of two months. Riyas who was one of the residents of the colony decided to take the matter to the consumer court but the residents were not united and he felt himself alone on the issue. The price of the racket was Rs. 450. Meanwhile one of the friends of Riyas who was a journalist reported about the incident in a daily newspaper. When the company learnt about the situation it decided to take a milestone step. The company decided to take back or repairs all the faulty rackets from the residents of the society. The whole story took an interesting twist when a technician from the company told the management that in the instruction book provided with the racket it was written to clean the racket with special care after every one month. When enquired it was found that the residents with faulty rackets including Riyas didn't clean their rackets after one month.

- a. Which important aspect from consumer point of view is highlighted in the above case?
- b. At which level of consumer court could Riyas apply for the claim of his loss?
- c. What was the important aspect from the point of view of business which compelled the company to take such a milestone step?
- d. Which consumer responsibility was not followed by the residents of Riyas's colony?
- e. Which consumer right was helped protected by the company?

28. Example Pvt. Ltd. is an organisation which is governed by people who are egoistic and consider themselves as the most intelligent. All the suggestions made by the workers are not even attended which has resulted in many strikes during last couple of months. The result is lack of productivity. However recent reports from the organisation say that there is a training module going on for the employees so that their individual development can take place to the maximum. Some training modules are thought of being implemented. This may take the organisation out of its current bad performance. This training module which is now to be followed at the main branch will be later given a uniform format and will be applied to all branches of the organisation. Identify & explain the principle of management which is violated initially and the principle of scientific management which is followed later on. Which concepts of scientific management are discussed in the last part of the above case and explain?

**SECTION D (5 MARKS)**

29. A bank named AXN allows Kamal family to deposit their money. It gives a definite return to this family which is in the form of interest. To get this interest the money stored in the household of Kamal family gets entry into this bank. Nearby there is a stock exchange, Mr. Rahim and Kamal, who is the head of the family, goes there and buys securities. He says that in this way more return is earned by him on his saved money though the risk is also there.

1. Identify the process in above case performed by the bank and the stock exchange.
2. What are the roles of the bank and the stock exchange with respect to each other?
3. Name a condition for the bank to perform its role in this process.
4. Name a condition for the stock market to perform its role in this process.

30. PQR Ship Builders is a renowned ship manufacturing company. The company is doing well but the employees keep on complaining as they say there are no standards to judge the state of mind of the employees, their motivation and job satisfaction levels. The HR department is trying to see to the problems which have recently occurred with the employees. In other areas however company has set some standards and is trying to effect the control mechanism but the company finds all such efforts expensive. All this has not been so easy. Employees in other departments like manufacturing, purchase, marketing, etc. have time and again resisted to the installation of computer monitoring systems and CCTVs. They say that it is against their freedom. Despite all these great efforts made by the company it had to face losses last year. Even though all the control mechanisms are in place there is an entry of competitors with better technology. This has given some bad time to the company despite its alertness in putting proper controlling in execution.

- A. Which concept of management has been highlighted in the above case?
- B. Identify the different types of this concept of management highlighted in the above case.

31. Two years ago Mariyam completed her degree in food technology. She worked for sometime in a company manufacturing chutneys, pickles etc. She was not happy in the company and decided to have her own organic food processing unit for the same. She set the objectives and the targets and formulated action plan to achieve the same. One of her objective was to earn 10% profit on

*the amount invested in the first year. It was decided that raw materials like fruits, vegetables, spices, etc. will be purchased on three months' credit from farmers cultivating organic crops only. She also decided to follow the steps required for marketing of the products through her own outlets. She appointed Moosa as a production Manager who decides the exact manner in which the production activities are to be carried out. Moosa also prepared a statement showing the number of workers that will be required in the factory throughout the year. Mariyam informed Moosa about her sales target for different products, area-wise for the forthcoming quarter. While working on the production table a penalty of Rs.100 per day for not wearing the caps, gloves and apron was announced. Quoting lines from the above para identify and explain the different types of plans discussed.*

**OR**

Though planning is an important tool of management, yet it is not a remedy for all type of problems. Do you agree with this statement? Give any five reasons to support your answer.

**SECTION E (6 MARKS)**

*32. Armada Cables' deals in cables of all varieties. Recently it has launched a new product to increase its revenue and take the company to a new height. The company is confused about keeping the price of a newly launched cable which is meant for all types of household works. In order to beat the competition it has decided to keep the prices low as there is tough competition in the market. The company has got a contract from a government institution. This institution works for non-profit motive and whosoever works for them will have to work at subsidized rates so the company will have to take less money but will get tax benefits; the impact on the organisation will be that it will have to provide cables at a low price to support government initiative. However, the prime objective of company otherwise is profit maximization. For its metro cities based customers the company has decided to adopt various methods like improvement in quality of salesmen, innovation in packaging, liberal credit terms, etc. Whatsoever the conditions the company can't go beyond a level as far as pricing is concerned. One such reason is the amount of funds it puts both in the fixed capital like plant & machinery or working capital like wages of laborers which fixes the lowermost limit of the price. The management of the company has recently come to know about a great opportunity arising in Europe for it. It has been contacted by Europe based contractors who are making world class buildings around the globe. They require the cables in high quantity and the requirement is so high that they are ready to pay double the price provided the cables are made available to them within a short period of time. However, the management of the company has decided that in this case they can lower the prices of the cables. This has been done keeping in mind the presence of other European competitors who can lower the prices of their cables in order to survive in the market.*

Identify the various factors affecting price determination in the above case

**OR**

*A car manufacturing & selling company has reached its coverage in three continents. Definitely the client base is huge. The company deals with its clients through selected showrooms owned by credit worthy people. The channel related decision is a successful decision of the company. It*

could have gone for the direct ownership of the distribution centres but due to the extra amount of finance involved it didn't prevented the company from doing so. Recently a car was launched by a company. The company has decided to make this car available in a new country where the reach is a little difficult and the company will have to use innovative ideas in one component of physical distribution. The company is known world over for its innovation in different areas. When it comes to promotional ideas the company always depends upon one component of promotion mix which is of paid form and has an identified sponsor. Doing business is always full of challenges. Last year a competitor blamed the company for using the above referred component of promotion mix for selling a car which was not upto the standards but even then people purchased it because of the promotional efforts made by the company.

1. Which type of channel is used by the car company to reach to its customers?
2. Which factor has resulted in the nature of channel the company has adopted for selling the cars?
3. Which component of physical distribution has been highlighted in the above case in which company will have to bring innovation?
4. Which component of promotion mix has been highlighted in the above case which is used by the company usually?
5. Which objection to the above referred component of promotion mix has been highlighted in this case?

33.A) In a huge manufacturing company there was a constant training programme running for the workers throughout the year. The workers were trained about the machines as the management realised that management is all about the relationship among workers and their proper handling of the machines. As the size of the organisation increased the management decided to release their hold on day to day activities of the organisation. A more decentralized approach was adopted where the workers could decide about the machines and the amount of raw material required instead of the traditional centralized approach as per the needs. The management knew that the external environment is dynamic. In order to meet stiff competition they clarified to the workers that their instructions should not be taken strictly and should be molded as per the requirements of the organisation at the level where actual action takes place.

Which nature of principles of management have been highlighted in the above case & explain?

B) Every year a meeting is organized in the lawns of the owner of a company. In this meeting the owner of the company grants some funds for the benefit of the families of the employees. The employees on the other hand never resist any change or put excessive demands. The general environment in the company is very supportive to the employees. The employee turnover ratio is very low. Which concept of management is discussed here? Which principle of management will be easily followed here? Explain.

34. Shamna, a very able HR manager, is called by her boss. He tells her to judge whether there is under manning or over manning in the organisation. She takes her work sincerely and finds out that the total number of employees in the organisation is less than required. Then she starts a

process of searching potential employees for the organisation. In her efforts to do so she adopts three ways:

1. She goes to various MBA colleges to find out new talent.
2. She talks to the existing employees for information about candidates in their knowledge who can be recruited in the organisation.
3. She asks for data base of the candidates who applied last year but could not make it to the organisation.
  - o Which type of analysis is done by Shamna?
  - o Which process is started by Shamna to meet the problem of under manning?
  - o Identify and explain different types of sources of external recruitment highlighted in the above case.
  - o Name one advantage of each source of external recruitment highlighted in each case.

**OR**

'SafalHain Hum' is a company having a very good HR department. It provides learning opportunities that are designed to assist the employees to achieve. With the passage of time the organisation has learned several methods of training. In one of the methods the trainee is put under the guidance of a master worker for skilled jobs. Moreover, things are not easy for the organisation at the stage of selection process. The recruitment process followed is very lengthy and costly for the firm. Secondly, a very large number of candidates appear for the different posts after recruitment is started. However, at the first stage of the selection process the managers eliminate unqualified and unsuitable applicants on the basis of the reasons which are not found in their application forms as they are not fit to meet basic requirements.

- A) What concepts does 'Safalhain Hum' help achieve its employees?
  - B) Which type of 'on-the-job' training is provided by the organisation to its employees?
  - C) At which stage of the selection process do the managers get rid of unqualified candidates?
  - D) Which type of recruitment is used by the company to get the potential candidates?
- .....

