

**PRE-BOARD EXAMINATION, JAN/FEB 2018**  
**BUSINESS STUDIES (054)**

Class: XII

Max. Marks: 80

Date:

SET A

Time: 3 Hrs

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**General Instructions:**

1. All the questions are compulsory.
  2. Marks are indicated against each question.
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1. Mohan, a manager, very often speaks to people at all levels, passing on instructions regarding his department and also the other departments.  
Which principle of management is being overlooked and why? [1]
2. Define Planning. [1]
3. What does 'span of management' refer to? [1]
4. Anjana Mukejee, a sales manager, achieved her sales target much in advance the scheduled time. Her name was displayed on the achievement board. Name the incentive awarded by the management to Anjana. [1]
5. Identify the decision taken in financial management which affects the liquidity as well as the profitability of the business. [1]
6. Manuj 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 The company sent a written apology stating that they will make sure that existing packets are withdrawn from the market and new packets with legible labels are soon made available.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 Manuj exercised. [1]
7. Zoom Ltd., a reputed car manufacturing company needs Rs 50 crore as additional capital to expand its business. Ashok Gupta, CEO of the company, wants to raise funds through equity. On the other hand, Finance Manager, Gaurav khosla feels that that the public issue may prove expensive on account of various mandatory and non-mandatory expenses. The company finally decides to allot securities to institutional investors.  
Name the method through which the company decides to raise additional capital. [1]
8. What do you understand by the term caveat emptor? [1]

9. Why is planning necessary for effective management? Explain and give three reasons. [3]
10. Explain briefly any three Personal Barriers to effective communication. [3]
11. Explain the following Money Market Instruments: [3]  
(a) Call Money (b) Certificate of Deposit (c) Treasury Bill
12. Kanu is appointed as a Factory Manager in a gel-pen manufacturing company. He is given a target of producing one lakh gel-pens per month. He knows that the “essence of management is to achieve the desired results” but does not know “how to ensure that the work goes on according to plans”.  
Guide him by explaining the process so that he is able to achieve the desired results. [3]
13. Reena purchased one litre of Desi Ghee from a shopkeeper. After using it she had a doubt that it was adulterated. She sent it for a laboratory test which confirmed that the Ghee was adulterated.  
State any six reliefs available to Reena if she complains and the Consumer Court is satisfied about the genuineness of the complaint. [3]
14. “Management seeks to achieve certain objectives which must be derived from the basic purpose of the business”. In the light of the above statement, explain organisational and social objectives of management. [4]
15. Aman, Avneesh and Amrish have decided to start a business of manufacturing toys. They identified the following main activities which they have to perform:  
1. Purchase of raw materials      2. Purchase of machinery      3. Production of toys  
4. Arrangement of finance      5. Sale of toys      6. Identifying the areas where they can sell their toys  
7. Selection of employees  
In order to facilitate the work they thought that four managers should be appointed to look after 1. Production, 2. Finance, 3. Marketing and 4. Personal.  
(a) Identify the functions of management involved in the above-mentioned para.  
(b) Quote the lines from the above para which help you identify this function.  
(c) State the step followed in the process of this function of management. [4]
16. ‘Pricing of a product is an important and effective competitive weapon in marketing which depends upon various factors.’ Explain [4]

17. Juteasia is a firm manufacturing jute bags. It uses leftover jute pieces from various jute factories to manufacture economical bags, which are supplied to various hotels in nearby towns. It employs men and women from nearby villages as workers for creating good lampshade designs. Juteasia is not able to meet its targets as the number of workers employed was less than what was required for the work. The firm decided to look for new workers and it asked the present employees to introduce candidates or recommend their friends and relatives to the firm.

- (a) Identify the function of management being performed by the firm by quoting lines from the above situation.
- (b) Name the concept and its source used by the firm to attract more workers.
- (c) State any two values being followed by Juteasia. [4]

18. Close to 400 companies comprising of 10% of listed entities, have not shared key information, like balance sheet figures, shareholding patterns, etc., with their shareholders. These companies continue to trade on stock exchange despite failing to fulfil various conditions. SEBI is contemplating to impose penalties on such companies.

- (a) Give two reasons behind SEBI taking such actions.
- (b) Name two values (as identified in part (a), which SEBI wants to convey to the society. [4]

19. Aero-Dynamic Limited is an engineering company making sophisticated and modern machines. India being highly cost-effective production base they are planning to put their feet in India. The company is planning to capture 50% of the market share and export to the tune of at least \$50 million in about two years of its planned operations. To achieve these targets the company requires highly trained engineers and management experts and professionals.

- (a) Name any four sources of recruitment that can be used by 'Aero-Dynamic Limited' to fill up the vacancies.
- (b) Also, state any one merit of each of the above identified source of recruitment. [4]

20. (a) How can environmental awareness help a manager?

- (b) Mr. Ajay after completing MBA from USA comes to India to start a new business under the banner Ecom Creations Ltd. He launches a new product in e-learning for Senior Secondary School students in Commerce stream, which already has an established market in UK and USA but not in India. His business starts flourishing in India. Now more than Indian companies catering to other subjects also enter the market.

Identify and quote the lines from the above para which highlight the significance of understanding business environment. [5]



21. Differentiate between 'Formal and informal Organisation' on the basis of  
(a) Meaning (b) Authority (c) Behaviour; (d) Flow of Communication; (e) Nature. [5]
22. "It is the process of stimulating people to act in a desired manner to accomplish certain organisational goals". Identify and explain its importance. [5]
23. Amazing Cinematic Public Ltd. is in need of funds to make a new Bollywood movie. They were trying with the idea of issuing more equity shares or debt funds. The company's Finance Manger suggested that "Finance Leverage can be used to achieve optimum capital structure."  
(a) Explain the term Optimum Capital Structure and Financial Leverage.  
(b) Explain the reason behind the suggestion of using financial leverage.  
(c) What factors should be kept in mind before taking such decision? [6]
24. 'Choice of an appropriate channel of distribution is a very important marketing decision which depends on various factors'. Explain. [6]
25. Fresh Air Electrical is a company engaged in the business of manufacturing of air conditioners. The company produces five-star BIS (Bureau of Indian Standards) rating air-conditioners, which are not only energy efficient but also pollution free. The company perceives the increase temperature of Delhi as an opportunity. In order to capture market share, the company directed its employees to work overtime. To tackle shortage of workforce, the workers of assembly department are also asked to make delivery of the air-conditioners. However, due to long working hours, the efficiency level of the employees decreased. The workers started having feeling of being exploited, as they are not duly compensated for their work. The workers are also becoming undisciplined. The spirit of teamwork, which is characterised the company previously, has begun to disappear.  
(a) Identify and explain any four principles of management, which are being violated by the company. Support your answer by quoting the line from the above case.  
(b) Identify two values that the company wants to communicate to the society. [6]