Business Studies Class 12

Sample paper (2019-20)

Duration: 3 hours Maximum Marks: 80

Section – A

Q.N.	Question	Max marks
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.	1
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	At Support.com, there is no reward or appreciation for a good suggestion. Thus, the subordinates are not willing to offer any useful suggestions to their superiors. Identify the type of barrier to communication that has been created in the firm due to this. a. Semantic barrier; b. Personal barrier; c. Organisational barrier; d. Psychological barrier	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	Raghav's friend Raman works as a Chartered Accountant in Solutions Ltd. Raman 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, Raman advised Raghav 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

	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.	
19	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

Q.N.	Question	Max marks
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	"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
23	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
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 'Seva Sadan', 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.	

Section - C

Q.N.	Question	Max marks
26	The Government is considering a pioneer proposal to launch a single debit-cum-credit card to increase the ease and usage for the consumers. The card which will be called the "National Mobility Card" will have unique advantages for making payments in metro, buses, parking and making transactions during visits abroad. After hearing this news, Mega Bank decided to launch a "Mega Mobility Card" on similar lines , so that they could be the first to exploit the opportunity, arising due to the increasing trend of digitization. In order to improve their performance, they laid down a plan to hire more people in their marketing department and prepared guidelines to train their sales force to market the new card facility being launched by the bank. By quoting the lines, identify and explain any two points of importance of understanding Business Environment discussed above.	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

Q.N.	Question	Max marks
29	Name and explain with a suitable example the technique of Scientific Management given by Taylor, with the objective of determining the number of workers to be employed for a task. OR Name and explain with a suitable example the technique of Scientific Management given by Taylor to differentiate between the efficient and the inefficient workers.	5

30	An Auto Company, Win ltd is facing a problem of declining market share due to increased competition from other new and existing players in the market. Its competitors are introducing lower priced models for mass consumers who are price sensitive. The Board of Directors of the Company announced a meeting to discuss the decisions regarding pricing and launching a new range of models, in order to increase the market share of the company. Attending the meeting was not a discretion for the directors and a penalty was announced for not attending the meeting. The following decisions were taken in the meeting: a) to define the desired future position of the company, as acquiring a dominant position in the market by increasing the market share to 10% in 1 year. b) to change the criteria for choosing vendors for procuring supplies; c) to invest in development of the human resources of the organisation by providing training to higher levels by holding seminars and providing on the job training for the supervisory management. What are standing plans and single use plans? Briefly explain the plans discussed above, which can be classified as standing plans, by quoting the lines.	5
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

Q.N.	Question	Max marks
32	Ali Mohammad the CEO of Super Ltd believes that human resource is the most important asset of the firm. He believes that no organisation can be successful unless it can fill and keep filled the various positions provided for in the structure with the right kind of people. Identify the function of management being discussed above and state the benefits to the organisation that its proper application in the firm will ensure.	6
33	What is the meaning of Directing? State any four points of importance of Directing as a function of management. OR What is the meaning of motivation? State the features of motivation as an element of Directing.	6
34	Kynaa, a beauty products e-commerce company, is diversifying into men's grooming. It is also tapping the demand for beauty products in the fashion industry and amid professionals such as make-up artists. As it diversifies its online presence, Kynaa is also expanding its physical presence. They have 41 outlets across 18 cities presently and plan to expand to 180 outlets. Each store requires a capital expenditure of 60-80 lakh rupees. The company has decided to raise funds by issuing equity shares but not directly to the public, rather by offering them for sale through brokers. Identify and briefly explain the method of floatation followed by the company. Also name & explain the other methods of floatation that can be used by the company for raising funds from the public, in the primary market.	6

	OR Radhika got 10, 00,000 rupees after selling her parental property which she had got as a gift from her grandmother. Her friend advised her to invest in securities in the stock market. Radhika was unaware of the procedure for the same. Her friend introduced her to a stock broker, who was registered with the National Stock Exchange. Radhika approached the broker. The broker guided her to open a DEMAT account with a Depository, as well as a Bank account. Radhika opened a Bank account & DEMAT account with Exin Bank. (a) Identify the steps in the trading procedure for buying and selling of securities which have been discussed above. (b) State the next four steps of the trading procedure.	

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Marking Scheme

1. c). both science and art.
2. Coordination.
3. a). Applicable only in large firms.
4. a). The extent and nature of government intervention in business
5. b). Selecting an alternative
6. b). Span of management.
7. a). Direct recruitment
8. a). Employer paid Insurance
9. b). Personal barrier
10. B) Leadership
11. A) Revise the schedule

12.c) Investment decision

13 a). Trading on equity.

14 d) Financing decision

15 a). Protective function

16 C). Production

17 c) Product

18 c) labelling

19 False

20. d) None of the above.

21. Following are the tasks that Mr. Armstrong needs to perform as a production manager in his firm to carry out the plans laid down by the Top managers: (Any three)

i. Interpret the policies framed by top management.

ii. Ensure that the production department has the necessary personnel.

iii. Assign necessary duties and responsibilities to them.

iv. Motivate them to achieve the desired objectives.

v. Cooperate with other departments for the smooth functioning of the organization.

OR

Following are the economic objectives of management

1) Survival
2) Profit
3) Growth. (3marks)

22 Three elements of delegation are-

1. Authority- Right of an individual to command his subordinates & to take action within the scope of his position. It is right to take decisions inherent in a job position.
2. Responsibility- it is the obligation of subordinate to properly perform the assigned duty. It arises from superior subordinate relationship. It flows upwards.
3. Accountability implies being answerable for the final outcome, i.e. subordinate will be answerable to superior for satisfactory performance of work.

(1/2 mark for heading and ½ mark for explanation) (1x3 =3)

23. Controlling. (1 mark)

It is considered an indispensable function of management because of the following reasons (Any two):

i. Accomplishing organizational goals.

ii. Judging accuracy of standards.
iii. Making efficient use of resources.
iv. Improving employee motivation.
v. Ensuring order and discipline.
vi. Facilitating coordination in action. (1x2=2)

24 a) Public relations- It involves variety of activities designed to promote or protect company's image & its individual products in the eyes of public. (1/2 mark for identification and ½ mark for explanation) (1 mark)

b) Any two of the following are the promotional tools which may also be used:

i) Advertising

ii) Personal Selling

iii) Sales promotion (1/2 mark for heading and ½ mark for explanation) (1x2 = 2)

25. a. Right to be heard

b. Right to seek redressal

c. Right to consumer education (1x3=3)

26. Following are the points of importance of understanding Business Environment discussed: (Any two)

1. "Improve existing card facility--------"- It helps the firm in identifying threat and early warning signal."
2. "Exploit opportunity arising-------" – It helps to identify opportunities and get first mover advantage.
3. "Improve their performance---"- It helps in improving performance.
4. "Planned to hire more-----guidelines to train sales force" –It helps in assisting in planning and policy formulation.

(1/2 mark for quoting, ½ mark for identification, 1 mark for explanation) (2x2=4)

27. a). Importance of Decentralisation are- (Any two)

1. Develops initiative among subordinate- It helps to promote- self-reliance & confidence among subordinates.
2. Develops managerial talent for the future- Decentralisation gives subordinates a chance to prove their abilities & creates a reservoir of qualified workforce.
3. Quick decision making- Since decisions are taken at the points of action. Therefore, no approval of superiors & leads to quick decision making.
4. Relief to top management- Decentralisation diminishes the amount of direct supervision exercised by superior over his subordinates because they are given freedom to act within the limits set by top management & top management can concentrate on important policies.

(1/2 mark for identification and 1 ½ mark for explanation) (2x2=4)

b). Divisional structure- In a divisional structure, the organisation structure comprises of separate business units or divisions. Each division is self-contained as it develops expertise in all functions related to a product line

(1/2 mark for naming and ½ mark for explanation)

28- Factors affecting price determination-(any four)

1. Product cost- One of the most important factors affecting the price is its cost. It includes cost of producing, distributing & selling the product.
2. Utility& Demand- The product cost set the lower limit of price, the utility provided by the product &intensity of demand of product sets the highest price of the product.
3. Extent of competition in the market- when firm does not face any competition it has complete freedom in fixing up the price. But when competition is more the price of the product is fixed keeping in mind the competitor's price.

4. Government regulations- In order to protect the interests of the consumers government has all rights to control prices of important commodities & services.
5. Marketing methods used- The price of product is also affected by the methods & techniques used to promote the product.
6. Pricing objectives- Apart from profit maximization other objectives are-
    a. Obtaining market share leadership-If firm wants to capture big share of market it has to keep its price low.
    b. Surviving in competitive market- To survive in a competitive market the firm has to offer discounts.
    c. Attaining product quality leadership- Generally high prices are charged to cover cost of R&D.

(1 mark for each statement) (1x4=4)

OR

The following are the components of physical distribution:

1. Transportation is the means of carrying goods and raw material from the point of production to the point of sale.
2. Warehousing refers to the act of storing and assorting products in order to create time utility in them.
3. Inventory Control- A very important decision in respect of inventory is deciding the level of inventory.
4. Order Processing- A good physical distribution system should provide for an accurate and speedy processing of orders.

(1 mark for each statement) (1x4=4)

29. Time Study- It determines the standard time taken to perform a well-defined job. The standard time is fixed for the whole of the task by taking several readings. The method of time study will depend upon volume and frequency of task, the cycle time of operation and time measurement costs.

For example- On the basis of several observations it is determined that standard time taken by the worker to make one cardboard box is 20 minutes. So in one hour she/he will make 3 boxes. Assuming that a worker has to put in 8 hours of work in a shift and deducting one hour for rest and lunch, it is determined that in 7 hours a worker makes 21 boxes @ 3 boxes per hour. Now this is the standard task a worker has to do. Wages can be decided accordingly.

(1 mark for naming and 4 marks for explanation)

OR

Differential Piece Wage System- The standard time and other parameters should be determined on the basis of the work study discussed above. The workers can be classified as efficient and inefficient on the basis of these standards. He wanted to reward the efficient workers. So he introduced different rate of wage payment for those who performed above standard and for those who performed below standard.

For example- it is determined that standard output per worker per day is 10 units and those who made standard or more than standard will get Rs. 50 per unit and those below will get Rs. 40 per unit. Now an efficient worker making 11 units will get 11x50= Rs. 550 per day whereas, a worker who makes 9 units will get 9x40= Rs. 360 per day. According to Taylor, the difference of Rs. 190 should be enough for the inefficient worker to be motivated to perform better.

(1 mark for naming and 4 marks for explanation)

30. Standing plans are used for activities that occur regularly over a period of time. It is designed to ensure that internal operations of an organisation run smoothly. (1 mark)

Single use plans- A single use plan is developed for a one-time event or project. Such a course of action is not likely to be repeated in the future.. (1 mark)

The following type of plans discussed above are classified as standing plans:

i. “changing the vendors…….”- Policy is a general statement that guides thinking or channelizes energies towards a particular direction.

ii. “Seminar for higher levels……supervisory management”- Method provides the prescribed ways or manner in which a task has to be performed considering the objective.

iii. “Attending the meeting not discretion---------- penalty”- Rules are specific statements that inform what is to be done. (1/2 mark for quoting; ½ mark for explaining) (1x3=3)

31. Meaning- Decision to invest in fixed assets are known as capital budgeting decision. (1 mark)

Factors affecting fixed capital requirement- (Any four)

1. Nature of business- The type of business has a bearing upon the fixed capital requirement.
2. Scale of operation- A larger organization requires higher investment in fixed capital.
3. Choice of technique- A capital intensive organization requires higher investment in plant and machinery.
4. Technology upgradation- Such organisations which use assets which are prone to obsolescence require higher fixed capital.
5. Growth prospects-Higher growth of an organization generally requires higher investment in fixed assets.
6. Diversification- With diversification the fixed capital requirements increase.
7. Financing alternatives- Availability of leasing facility may reduce the funds required to be invested in fixed assets.
8. Level of collaboration- Collaboration reduces the level of investment in fixed assets.

(1 mark for each statement) (1x4=4)

OR

Importance of financial planning: (Any five)

1. It helps in forecasting what may happen in the future.
2. It helps in avoiding business shocks and surprises.
3. It helps in coordinating various business functions.
4. Reduce wastage, duplication of efforts.
5. It links present with the future.
6. It provides link between investment and financing decision.
7. It makes measurement of actual performance easier.

(1 mark for each statement) (1x5=5)

32. Staffing (1 mark)

Proper staffing ensures the following benefits to the organization-

(i) helps in discovering and obtaining competent personnel for various jobs;

(ii) makes for higher performance, by putting right person on the right job;

(iii) ensures the continuous survival and growth of the enterprise through the succession planning for managers;

(iv) helps to ensure optimum utilisation of the human resources. By avoiding overmanning, it prevents under-utilisation of personnel and high labour costs. At the same time it avoids disruption of work by indicating in advance the shortages of personnel; and

(v) improves job satisfaction and morale of employees through objective assessment and fair rewarding of their contribution.

(1 mark for each statement)

33. Directing refers to the process of instructing, guiding, counselling, motivating and leading people in the organisation to achieve its objectives. (2 mark)

The points of importance of directing are any four:-

(i) Directing helps to initiate action by people in the organisation towards attainment of desired objectives.

(ii) Directing integrates employees' efforts in the organisation in such a way that every individual effort contributes to the organisational performance. Thus, it ensures that the individuals work for organisational goals.

(iii) Directing guides employees to fully realise their potential and capabilities by motivating and providing effective leadership

(iv) Directing facilitates introduction of needed changes in the organisation.

(v) Effective directing helps to bring stability and balance in the organisation since it fosters cooperation and commitment among the people and helps to achieve balance among various groups, activities and the departments.

(1 mark for each statement)

OR

Motivation- Motivation means incitement or inducement to act or move. It means the process of making subordinates to act in a desired manner to achieve certain organisational goals. (2 mark)

Features of motivation-

1. It is an internal feeling.
2. It produces goal directed behavior.
3. It can be either positive or negative.
4. It is a complex process.

(1 mark for each statement)

34. Method of floatation used is **offer for sale**- In this method securities are not offered directly to the public but are offered for sale through intermediaries like stock brokers. (1 mark for identification and 1½ mark for explanation)

Other methods are-

1. Offer through prospectus- This method involves inviting subscription from public through prospectus. The issue may be underwritten & has to be listed with one stock exchange.
2. E-IPO-A company proposing to issue capital to the public through online system of stock exchange.

(1/2 mark for naming and 1 and ½ mark for explanation)

OR

a. The steps discussed in above para are-

1. Selection of broker- The buying & selling can be through SEBI broker. The first step is to select a broker who will buy/sell securities on behalf of investor.
2. Opening DEMAT account with a depository participant. (1x2=2)

b. The next four steps of the trading procedure:

1. **Placing an order**- Investor places an order with the broker to buy or sell shares. Brokers go ahead with the deal & order confirmation slip is issued to the investor by the broker.
2. **Match the order**- The broker will go online& match the share & the price.
3. **Executing order**- When the shares can be bought & sold at the price mentioned it will be communicated to the broker terminal & order will be executed electronically. The broker will issue trade confirmation slip to investor.
4. **Issue of contract note**- After the trade has been executed within 24 hours the broker issues contract note. It contains details regarding no. & price of shares.

(1 mark for each statement)