

BUSINESS STUDIES

(Questions-Answers)

A Highly Simulated Practice Question Paper for
CBSE Class XII Examination

3 hrs

Max. Marks : 80

General Instructions

1. Answer to questions carrying 1 mark may be from one word to one sentence.
2. Answer to questions carrying 3 marks may have about 50 to 75 words.
3. Answer to questions carrying 4 marks may have about 150 words.
4. Answer to questions carrying 6 marks may have about 200 words.
5. Attempt all the parts of a question together.

SECTION A : Objective Type Questions (1 Mark)

1. Which of the following highlight the nature of management principles?
(a) Flexible (b) Universally applicable
(c) Contingent (d) All of these
2. function of management is considered as the base for all other functions.
(a) Organising (b) Staffing
(c) Planning (d) Controlling
3. "Demand for reservation in jobs for minorities refer to an example of key component of general environment of business." Name this component.
(a) Social environment (b) Legal environment
(c) Political environment (d) Economic environment
4. The optimum ratio for an organisation to work effectively and efficiently will be
(a) complete decentralisation
(b) complete centralisation
(c) both independent in the same organisation
(d) mix of centralisation and decentralisation

5. Nikhil, a production manager in a mobile manufacturing company, has been assigned a target of producing 300 mobiles in a month. But, he alone cannot perform all the task involved in producing mobiles. Thus, in order to meet the targets, he should
 (a) delegate (b) decentralise (c) rise (d) leave
6. A film director is about to start a film on social issues. For this, he guides the artists about how they should act in the film and inspires them to perform better. In this case, director has preformed which function of management?
 (a) Controlling (b) Coordinating (c) Directing (d) Organising
7. Which technique of scientific management has an objective to find out how long a person can perform the standard task without any adverse effects?
 (a) Motion study technique (b) Differential piece wage system
 (c) Fatigue study technique (d) Work study technique
8. In a factory, Mr. Kapil is at the position of supervisor and there are thirty subordinates under him. He communicates with all the subordinates in a single line. Which type of communication network is being followed here?
 (a) Inverted V (b) Free flow (c) Single chain (d) Wheel
9. Mr. Amit has some securities which he has purchased from stock market. His friend asks him the proof of ownership of his securities. What kind of proof, Mr. Amit will have to show to his friend?
 (a) Warrant (b) Agreement (c) Share certificate (d) Deed
10. Mishikesh Ltd is a MNC which produces printers. Currently, company is under huge losses due to the failure of its much hyped product in the market. R & D department and marketing department are blaming each other for this failure. In your opinion, Mishikesh Ltd is lacking which quality of management?
 (a) Coordination (b) Directing (c) Planning (d) Controlling
11. Management principles establish between two variables. It indicates the consequences of implementing a particular principle over a given situation.
 (a) mainly behavioural (b) cause and effect relationship
 (c) universal applicability (d) contingent

Or Management of an organisation strives to achieve profit and growth. It is associated with which objective of management?

- (a) Organisational objective (b) Personal objective
 (c) Social objective (d) None of these

12. Match the Column I with appropriate options in Column II.

Column I	Column II
A Prepaid expenses	(i) Fixed asset
B Outstanding expenses	(ii) Current asset
C Lorry	(iii) Current liability

Codes

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|--------------------|--------------------|
| A B C | A B C |
| (a) (i) (ii) (iii) | (b) (ii) (iii) (i) |
| (c) (iii) (ii) (i) | (d) (ii) (i) (iii) |

Mr. Amrit, an existing shareholder of a company is offered the 'right' to buy new shares in proportion to the number of shares he already possess. This kind of issue is known as

- (a) e-IPOs
- (b) rights issue
- (c) private placement
- (d) offer through sale

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

'Tulsi Bikes' is in the business of manufacturing tricycle for toddlers. They had significant market share. The business was becoming and they were increasing sales volume by 10% every year. The top management of company set a 15% growth during current year to due multiple favourable indicators. However, two competitors entered the market and disrupted the same due to which 'Tulsi Bikes' could only achieve 8% growth.

To combat this situation, the management came up with a list of different features and policies that they can incorporate with the product. After careful analysis of various alternatives, they selected the best feature and policy. When planning the new product, they also detected few inefficiencies in the whole process and took corrective measures to deal with them.

13. Which feature of planning is highlighted by the line, "To combat this situation, the management came up with a list of different features and policies that they can incorporate with the product. After careful analysis of various alternatives, they selected the best feature and policy"?

- (a) Primary function
- (b) Continuous
- (c) Involves decision-making
- (d) Mental exercise

14. Which importance of planning is highlighted by the line, "When planning the new product, they also detected few inefficiencies in the whole process and took corrective measures to deal with them"?

- (a) Provides direction
- (b) Reduces wasteful activities
- (c) Reduces risk of uncertainty
- (d) Promote innovative ideas

15. Which limitation of planning is highlighted by the line, "However, two competitors entered the market and disrupted the same due to which 'Tulsi Bikes' could only achieve 8% growth"?

- (a) Leads to rigidity
- (b) May not work in dynamic environment
- (c) Reduces creativity
- (d) Time consuming process

16. Which step of planning is highlighted by the line, "The top management of company set a 15% growth during current year to due multiple favourable indicators"?

- (a) Setting objectives
- (b) Developing premises
- (c) Evaluating alternative courses
- (d) Follow-up action

Read the following text and answer question no. 17-20 on the basis of the same.

JPA school is one of the best schools of Delhi NCR region. Recently, the management of school decided to promote some of good performing teachers to the head of departments as some of those HoDs recently left the job and were recruited by the adjoining school, GPA school which has recently started its operations.

GPA school also checked the data for people who applied for job two months back but couldn't make it. They also approached a government agency which serves as a link between job seekers and job providers. For the unskilled work at school, the management put the notice about the vacancy in front of the school gate and some people applied seeing that. These all methods helped GPA school to recruit.

17. Which source of recruitment was used by GPA school?
 (a) Internal (b) External
 (c) Both (a) and (b) (d) None of these
18. Which method is highlighted in the line, "They also approached a government agency which serves as a link between job seekers and job providers"?
 (a) Management consultants (b) Employment exchange
 (c) Transfer (d) Casual callers
19. Which method is highlighted in the lines, "For the unskilled work at school, the management put the notice about the vacancy in front of the school gate and some people applied seeing that. These all methods helped GPA school to recruit"?
 (a) Labour contractors (b) Casual callers
 (c) Employment exchange (d) None of these
20. Which method of recruitment was used by JPA school?
 (a) Transfer (b) Promotion
 (c) Both (a) and (b) (d) None of these

SECTION B : Short Answer Type I Questions (3 Marks)

21. "Planning is not the remedy of all the deficiencies of the business." In the light of this statement, discuss any three external limitations of planning.
22. Naveen, a post graduate in Economics, was successfully running his family business. However, since last few months, his business is not performing well. Because of low performance and losses in his business, Naveen thought of taking employment and got a job of human resource manager in a company on the basis of his experience and efficiency.
 (i) Do you think his appointment is valid? Give reason.
 (ii) Was it not necessary for him to be a part of professional association to attain the post? Give reason.

Or Bugs enterprise is an MNC which is engaged in the business of manufacturing Christmas and New Year greeting cards. When the company entered into business in India, it started producing Indian festive greeting cards also like Diwali, Holi greeting cards, etc. Which component of environment has induced the company to diversify its range of greeting cards? Also, explain the component.

23. You are the financial manager of a newly established company. The directors have asked you to determine the amount of working capital requirement for the company. Explain any two factors that you will consider while determining the working capital requirement of the company.

Or

"To promote orderly and healthy growth of securities market and protection of investors, SEBI was set up." In the light of this statement, mention the objectives of SEBI.

24. What do you understand by 'right to choose' and 'right to consumer education' as per Consumer Protection Act, 1986?

SECTION C : Short Answer Type II Questions (4 Marks)

26. Puvy Hitech Ltd has grown in size. It was a market leader but with changes in business environment and with the entry of MNCs, its market share is declining. To cope up with the situation, CEO starts delegating few of his authority to the General Manager, who also felt himself overburdened and with the approval of CEO, disperses some of his authority to various levels throughout the organisation.

Identify and explain the concept of management discussed above. Also, mention any two importance of the concept so identified.

26. "Leadership is considered very essential component in making any organisation successful." Do you agree with this statement? Mention any four reasons in support of your answer.

27. In Adi Compounds Pvt. Ltd, there is no restriction on flow of communication and each and every employee is free to approach any one for minor queries and problems. Although, this flow of communication is fast, but it has led to leakage of confidential information.

- (i) Identify and explain the network of formal communication being used by the company.
- (ii) Mention a suitable network, that can be used by the company to protect the confidential information.

27. State any four methods of floating new issues in the primary market.

28. Identify the principles of management violated in the following cases

- (i) Arun, a supervisor, speaks to people at all levels, including his as well as other departments.
- (ii) Akarsh, a production manager, expects his subordinates to work for personal satisfaction and contentment, without any monetary reward.
- (iii) Aman and Ayush, having same qualification, work as marketing professionals. Aman gets a salary of ₹ 12,000 per month, while Ayush gets ₹ 15,000 per month as he is a relative of marketing head.
- (iv) Divakar, a production incharge, expects that his subordinate produce instant results, without giving him sufficient time to settle in the new environment.

29. Nitish was working in 'Apex Ltd', a company manufacturing air conditioners. He noticed that the profits has started declining from the last eight months. As profit is directly related to the survival of the firm, so he analysed the business environment to find out the reasons for such decline.

- (i) Identify the level of management at which Nitish was working.
- (ii) State three other functions being performed by Nitish.

30. Aarti, a Chief Manager in a company using highly sophisticated machines and equipments, wants that every employee should be completely trained before using the machines and equipment.

- (i) Suggest the best suitable method of training which Aarti can use for training the employees.
- (ii) Also, mention any two benefits of training.

Or Controlling is a systematic process which includes a series of steps. Explain the first four steps involved in the controlling process.

SECTION D : Long Answer Type Questions (6 Marks)

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31. What do you understand by the term 'price' as an element of marketing mix? Also, describe any four factors that affect the price determination of a product.
32. "External sources are the means of recruitment from outside the organisation, as all positions cannot be filled from within the organisation." In the light of this statement, explain any six external sources of recruitment.
33. Samartkon Printers Ltd is planning to raise funds of ₹ 80,00,000 for its new project. The management is considering the following mix of equity and debt to raise this amount.

Alternative I—Equity ₹ 80,00,000, Debt — 0

Alternative II—Equity ₹ 60,00,000, Debt — ₹ 20,00,000

Alternative III—Equity ₹ 20,00,000, Debt — ₹ 60,00,000

Other details are as follows

- (a) Interest rate on debt @ 9%.
(b) Face value of equity shares is ₹ 100 each.
(c) Tax rate @ 30%.
(d) Earning Before Interest and Tax (EBIT) is ₹ 16,00,000.
(i) Which of the three alternatives will be beneficial for a company?
(ii) Does Earning Per Share always rise with increase in debt?

Or

"Financial market plays an important role in the allocation of scarce resources in an economy." Comment.

34. Consumer products are classified on number of different basis. One of them is 'durability of the product'. Explain any three types of products under this category.

Or "A consumer should fulfil the number of responsibilities, while purchasing, using and consuming goods and services." In the light of this statement, mention any six such responsibilities.

ANSWERS

1. (d) All of these
2. (c) Planning
3. (a) Social environment
4. (d) mix of centralisation and decentralisation
5. (a) delegate
6. (c) Directing
7. (c) Fatigue study technique
8. (c) Single chain
9. (c) Share certificate
10. (a) Coordination
11. (b) cause and effect relationship
Or (a) Organisational objective

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