

SAMPLE QUESTION PAPER

Business Studies

CLASS-XII

2014-2015

1. What is meant by 'Effectiveness in Management'? 1
2. How does coordination ensure unity of action in Management 1
3. Define 'Planning premises' 1
4. National Vritech 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 some 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 organization. Identify the concept of management discussed above. 1
5. Which component of capital structure determines the overall financial risk? 1
6. Amit is running an 'Advertising agency' and earning a lot by providing this service to big industries. State whether the working capital requirement of the firm will be 'less' or 'more'. Give reason in support of your answer 1
7. Zoom Udyog, a car manufacturing Co., has started its business with Zoom 800 and slowly launched Zoom-1000, Wagon-Z, Swy-fy etc. and offered various services like after sale service, availability of spare parts etc. Identify the element of marketing mix referred here. 1
8. Himesh after completing his graduation started working with a multinational company in Delhi. But due to ill health of his parents he had to go back to his village. There he noticed that the villagers were literate but ignorant about their rights. Many vegetable vendors were using stones as weights to sell their vegetables. Some shopkeepers were selling food items without having 'FPO mark'. Villagers did not find anything wrong with these practices. So to create awareness among villagers Himesh decided to publish a weekly Journal 'Jan Jagriti'. State the 'Right' which Himesh has exercised by doing so. 1
9. State any three advantages that a functional structure offers to an organization. 3

10. 'Choice of an appropriate channel of distribution is very important marketing decision which affects the performance of an organization'. Explain any two factors on which the choice of an appropriate channel depends. 3
11. Zenith Ltd. is a highly reputed company and many people wanted to join this company. The employees of this organization are very happy and they discussed how they came in contact with this organization.
- Aman said that he was introduced by the present Sales manager, Mr. John.
- Benu said that he had applied through the newspaper and was appointed as H.R Manager.
- Vaibhav said that he was neither related to any of the employee of the organization nor there was any advertisement in the newspaper even then he was directly called from IIM Ahmedabad from where he was about to complete his MBA.
- a) The above discussion is indicating an important function of management. Name the function of management
- b) The management function identified in part (a) follows a particular process. Explain the step of this process which is being discussed in the above para. 1+2
12. Supriya's grandmother who was unwell, called her and gave her a gift packet. Supriya opened the packet and saw many crumpled share certificates inside. Her grandmother told her that they had been left behind by her late grandfather.
- As no trading is now done in physical form, Supriya wants to know the process by adopting which she is in a position to deal with these certificates.
- a) Identify and state the process.
- b) Also give two reasons to Supriya why dealing with shares in physical form had been stopped. 1+2
13. The barriers to effective communication exist in all organizations. Explain any three measures to overcome these barriers. 3
14. Define Business Environment. State any three of its features. 4

15. 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 Indian companies entered into the market with other subjects also.

Identify and quote the lines from above para which highlight the significance of understanding business environment. 4

16. Rajeev, the owner of Pathways constructions decided to start a campaign to create awareness among people for developing clean surroundings in their area. He formed a team of 10 members to list the different ways for cleaning the surroundings. One suggested to take the help of local residents, another suggested that they may involve school going children in their venture. One more suggestion was to take the help of unemployed youth. On evaluation of different ways, it was decided to take the help of local residents. To achieve the desired goal various activities were identified like

- a) Purchase of necessary items like dustbins, garbage bags, brooms, etc.;
- b) Collection of garbage;
- c) Disposal of garbage, etc.

After identification of different activities the work was allocated to different members.

- i. Identify the concepts of management involved in the above situation and quote the lines which help in their identification.
- ii. Also identify the values which the company wants to communicate to the society 4

17. Blue Heavens Ltd. purchased a new hi-tech machine from Germany for manufacturing high quality auto components in a cost effective manner. But during the production process, the manager observed that the quality of production was not as per standard. On investigation it was found that there was lack of knowledge amongst the employees of using these hi-tech machines. So, frequent visit of engineers was required from Germany. This resulted in high overhead charges.

- (i) Suggest what can be done to develop the skills and abilities of employees for producing high quality products by using these hi-tech machines. Also state how the employees or the organization will benefit from your suggestion. 4
18. Explain any four functions of financial market. 4
19. Radha found a worm crawling out of newly opened tetra pack of a juice manufactured by a reputed company, Zest, Ltd.. She went back to the shopkeeper from whom the pack was purchased who directed her to call up the customer care centre. When all her efforts failed, she went to a consumer activist group to seek help. The group decided to help Radha and take measures to impose restrictions on the sale of the firm's products of the particular batch and urge customers to refrain from buying the products of the company. Zest Ltd. lost its image in the market. The CEO gives the responsibility of bringing back the lost image of the company to a Manager.
- a) Identify the concept of Marketing Management which will help the Manager getting the firm out of the above crisis.
- b) Also explain the role of above identified concept by stating any two points. 4
20. A company is manufacturing washing machines. There is a well defined system of jobs with a clear and definite authority, responsibility and accountability in the company. But people are not allowed to interact beyond their officially defined roles. As a result the company is not able to adapt to the changing business environment. The workforce is also not motivated due to lack of social interaction. The company is facing problems of procedural delays and inadequate recognition to creative talents.
- (i) Suggest how the organization can overcome the problems faced by it.
- (ii) Give any two benefits it will derive from your suggestion. 5
21. State the importance of directing function of management. 5
22. Mr. Nath, a recently appointed production manager of Suntech Ltd. has decided to produce jute bags instead of plastic bags as these are banned by the government. He set a target of producing 1000 jute bags a day. It was reported that the employees were not able to achieve the target. After analysis he found that employees were demotivated

and not putting in their best for achieving the target. Mr. Nath's behavior is good towards the employees. His attitude is always positive. So he announced various incentive schemes for the employees like: 5

- Installing award or certificate for best performance
 - Rewarding an employee for giving valuable suggestions
 - Congratulating the employees for good performance
- a) Identify the functions of management highlighted in the above paragraph.
 - b) State the 'incentive' under which the employees are motivated.
 - c) State any two values which the production manager wants to communicate to the society by his work and behaviour.

23. Explain the following principles of management given by Fayol. 6

- a) Unity of command
- b) Order

24. It is necessary that goods and services must be made available to the customers at the right place, in the right quantity and at right time. 6

- a) Name and explain the concerned element of Marketing Mix given above.
- b) Explain the components of this element

25. Tata International Ltd. earned a net profit of Rs.50 crores. Ankit the finance manager of Tata International Ltd. wants to decide how to appropriate these profits. Identify the decision that Ankit will have to take and also discuss any five factors which help him in taking this decision. 6

Marking Scheme

Business Studies (054)

Class-XII

1. Effectiveness in management is concerned with doing the right task, completing activities and achieving goals. In other words, it is concerned with the end result. 1
2. Coordination acts as the binding force between departments & ensures that all actions are aimed at achieving the goals of the organization. 1
3. The Manager is required to make certain assumptions about the future, which are the base material upon which plans are to be drawn. These assumptions are called premises. 1
4. Decentralization 1
5. Debt 1
6. Less working capital is required as service industries which usually do not have to maintain inventory require less working capital. 1
7. Product. 1
8. Right to consumer education. 1
9. Advantage of functional structure (any three).
 - a) Functional structure leads to occupational specialization.
 - b) It promotes control and coordination within the department.
 - c) It helps in increasing managerial and operational efficiency and this results in an increase in profits.
 - d) It leads to minimal duplication of effort.
 - e) It makes training of employees easier.
 - f) It ensures that different functions get due attention. (1x3)
10. Factors affecting choice of channel of distribution. (any two)

(i) Product related factors

(ii) Company characteristics

(iii) Competitive factors

(iv) Market factors

(v) Environmental factors

(1/2 mark for the heading and 1 mark for the explanation)

(1 ½ x2)

11.a) Staffing

b) Recruitment- It is defined as the process of researching for prospective employees and stimulating them to apply for jobs in the organization. (1+2)

12. A) De-materialization – It is a process where securities held by the investor in physical form are cancelled and the investor gives an electronic entry or number so that she/he can hold it as an electronic balance in an account (1X2)

Problems with dealing in physical form – (Any two)

(i) Theft

(ii) fake/forged transfers

(iii) Transfer delays

(iv) Paper work associated with share certificates or debentures held in physical form.

(1/2+1/2)

13. Measures to overcome barriers to communication (any three)

a) Clarify the ideas before communication

b) Communicate according to needs of receiver

c) Be aware of languages, tone & content of message

d) Ensure proper feedback

e) Communicate for present as well as future

f) Be a good listener

(1x3)

(1/2 mark for heading+ ½ mark for explanation)

14. The term 'business environment' means the sum total of all individuals, institutions and other forces that are outside the control of a business enterprise but that may affect its performance (1)

Features of business environment (any 3)

(i) Totality of external forces

(ii) Specific & general forces

(iii) Inter relatedness

(iv) Uncertainty

(v) Complexity

(vi) Relativity

(vii) Dynamic Nature

(1x3)

15.a) "Comes to India to start a new business ----- launches a new product in e-learning for Senior secondary school students in Commerce stream it helps in"

1. Assisting in planning and policy formulization

2. It enables the firm to identify opportunities and getting the first mover advantage.

b)" His business starts flourishing in India"

3. It helps in improving performance

c) Now more Indian companies entered into the market with different subjects also

4. It helps the firm to identify threats & early warning signals.

(1x4)

16. (i) Concepts involved – Planning and Organising

Lines for planning–

‘one suggested.....unemployed youth’

‘on evaluation..... local residents’

‘campaign to create awareness.....surroundings’

Lines for organizing –

‘To achieve.....disposal of garbage etc.’

‘after identification of different activities..... different members’

(1+1)

(iii) Values :(Any two)

Respect for environment;

Team – work;

(1+1)

Fulfilling social responsibility.

(Or any other suitable value)

17. Training of employees

1

Benefits to the organization or employees: (any three)

(i) Avoid wastage of effort & money

(ii) Enhances employee productivity

(iii) Equips future managers

(iv) Increases employee morale & reduces absenteeism

(v) Obtaining effective response to fast changing environment

(vi). Improved skills and knowledge of the individual

(vii). Increased performance by the individual

(viii). Employee more efficient to handle machines (1x3)

18. Four functions of financial market are:-

(i) Mobilization of saving & channeling them into the most productive use

(ii) Facilitating price discovery

(iii) Providing liquidity to financial assets

(iv) Reducing the cost of transactions (1x4)

(1/2 mark for heading + ½ mark for explanation)

19. A) Public Relations

1

B) Role of Public Relations can be discussed with respect to the functions which the department performs (any two)

(i) Press Relations

(ii) Product Publicity

(iii) Corporate communication

(iv) Lobbying

(v) Counselling

(1 ½ x2)

(1/2 marks for heading+ 1 mark for explanation)

20. (i) Introduction of informal organization

(2)

(ii) Two benefits the firm will derive are:

(1 ½ x2)

a) Faster spread of communication & quick feedback.

b) It helps to fulfill the social needs of the members and enhances their job satisfaction.

c) Fulfillment of organizational objectives.

21. Importance of directing

1. Directing helps to initiate action

2. Directing integrates employees efforts

3. Directing motivates & leads employees to fully realise their potential

4. Directing facilitates introduction of changes needed in the organization.

5. Directing helps to bring stability & balance in the organization by fostering cooperation & commitment among employees (1x5=5)

22 a) Controlling and directing

(1+1)

b) Employee recognition programme (non – monetary incentive)

1

c) Value (any two)

Sensitivity to environment;

Good behavior towards employees

Team work with employees

(or any other suitable value)

(1x2)

23. Unity of command

(3)

There should be one & only one boss for every individual employee

1

If an employee gets orders from two supervisors at the same time, the principle is violated

1

Consequences of violation -authority is undermined, discipline is in jeopardy, order disturbed, stability threatened.

1

Order	(3)
People & materials must be in suitable places at appropriate time for maximum efficiency	1
A place for everything (everyone) & everything (everyone) in its (her/his) place i.e orderliness	1
Benefits of the principle – no hindrance in the activities of business, increased productivity and efficiency.	1
24. a) Name – Place/physical distribution	1
The physical handling and movement of goods from place of production to the place of distribution is referred to as physical distribution.	1
Elements of Physical distribution/ Place	4
1. Transportation	
2. Warehousing	
3. Inventory control	
4. Order Processing	
(½ m for heading + 1/2 m for explanation)	
25. Dividend decision	1
Factors affecting dividend decision (Any 5)	
1. Amount of earnings	
2. Stability of earnings	
3. Stability of dividend	
4. Growth opportunities	(1×5=5)

5. Cash flow position
6. Shareholders preference
7. Taxation policy
8. Stock market reaction
9. Access to capital market
10. Legal constraints
11. Contractual constraints

(1/2 m for heading + ½ m for explanation)