

**SAMPLE PAPER, TERM I 2019-20**  
**CLASS - XII**  
**SUBJECT- BUSINESS STUDIES**

**TIME : 3 Hrs**

**Max. Marks: 80**

**GENERAL INSTRUCTIONS:**

- (i) Answers to questions carrying 1 mark may be from one word to one sentence.
- (ii) Answers to questions carrying 3 marks may be from 50 to 75 words.
- (iii) Answers to questions carrying 4-5 marks may be about 150 words.
- (iv) Answers to questions carrying 6 marks may be about 200 words.
- (v) Answer all parts of a question together.
- (vi) All questions are compulsory.

**Choose the best alternative ( Q1 to Q5):**

1. One of the organisational objectives of management is “ Growth of a business” . Which one of the following is not associated with measurement of business growth. (1)
  - (a) Sales Volume
  - (b) Number of Employees
  - (c) Number of Creditors
  - (d) Number of Products offered.
2. The following are not the nature of Principles of Management (1)
  - (i) General Guidelines
  - (ii) Formed by whims and fancies of manager
  - (iii) Mainly behavioural
  - (iv) Establish cause& effect relationship
3. After 1991 , the market forces have become very dynamic as a result of which the business enterprises have to modify their existing policies and operations from time to time.” Which impact of government policy changes on business is highlighted in the above statement? (1)
  - (a) Export Promotion
  - (b) Market Orientation
  - (c ) Necessity for change
  - (d) Increasing competition
4. What is the main function of financial management ? (1)
  - (a) Financial Planning
  - (b) Procurement of funds
  - (c )Allocation of net profits
  - (d) All of the above
5. \_\_\_\_\_ is not a participant in money market. (1)
  - (a) SEBI
  - (b) NBFC

- (c ) RBI
- (d) Mutual Funds

**Fill in the blanks: (Q6 to Q10)**

- 6. Every \_\_\_\_\_ restricts the entry on the basis of examination or education. (1)
- 7. \_\_\_\_\_ principle requires judicious application of penalties by the management. (1)
- 8. Reducing the role of public sector and increasing the role of private sector is known as \_\_\_\_\_. (1)
- 9. If tax on dividend is higher , it is better to pay \_\_\_\_\_ by way of dividend. (1)
- 10. \_\_\_\_\_ market has no physical location. (1)

**State True or False**

- 11. The Dabbawallas of Mumbai is the story of Six Sigma of business . (1)
- 12. In Paternalistic style of management , workers go for a strike wearing a black badge and work more than normal working hours to gain the sympathy of management. (1)
- 13. A higher Debt service coverage ratio increases the ability to meet cash commitments. (1)
- 14. Capital market instruments are more liquid as compared to money market instruments. (1)
- 15. Marketing mix is the set of the Selling tools. (1)

**Correct the given statements**

- 16. Principles of management are rigid prescriptions which have to be followed **absolutely** . (1)
- 17. For most consumer goods like soap , sugar , rice etc. which type of channel of distribution is most suitable ? (1)  
 (a) One level Channel  
 (b) Two level Channel  
 (c ) Direct Channel  
 (d) Three level Channel
- 18. Indian Premier league ( IPL) is an example of an experience. (1)
- 19. Right to be heard states that the consumer has the right to get relief in case of defective goods or deficient services. (1)
- 20. The National Commission has territorial jurisdiction over the whole country , except the state of West Bengal. (1)
- 21. Match the characteristic of Management giving under “A” with the suitable statements under “B” : (3)

A	B
1. Management is Multidimensional	a. Goals are the basic reason for existence of an organisation.
2. Management is dynamic	b. Management involves management of work, people, operations

3. Management is goal Oriented	a. Management has to adopt itself to the changing environment.
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Or

Mega Ltd . manufactured water heaters. In the first year of its operations , the revenue earned by the company was just sufficient to meet its costs. To increase the revenue , the company analysed the reasons behind the less revenues . After analysis , the company decided :

- to reduce the labour cost by shifting the manufactured unit to a backward area where labour was available at a very low rate.
- to start manufacturing solar water heater and reduce the production of electric water heaters slowly. Mega ltd . decided to provide competitive salaries and bring out rewards for exceeding the standard performance. This will not only help in covering the risks but also help in meeting other objectives.

Identify and explain the objectives of management discussed above.

**22.** Carmato Ltd. is a well known automobile company in India. The production manager of the company believes that one of the prime reasons for the success of the company is the use of scientific management techniques “ Lean manufacturing “ in particular . He also shared that best results come to the company because of effective partnership between a trained and qualified management and cooperative workers and thus there is no need of trade unions. (3)

In context of the above case :

- (a) What do you understand by “ lean manufacturing”?
- (b) Identify and explain the principle of scientific management being described above ?
- (c ) Differentiate between the terms “ principles of management” and techniques of management.

**23.** The organic food market in India at 25-30 % which reflects a clear shift in consumer taste and preferences . The current growth in the organic food market is driven by multiplicity of factors like rising health consciousness , changing life styles , increase in disposable income and growing availablilty of organic food products in shopping malls , retail outlets and online.

(3)

In context of the above case :

- (a) Identify and explain the features of business environment being referred to here.
- (b) By quoting lines from the above para, identify the various components of general forces which have led to a growth in the organic food market.

**24.** These days, the development 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 everyday. These markets together help the savers and investors in directing the available funds into their most productive investment opportunity. (3)

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

**25.** In one of the cases , the Goa state Commission held that “ The Consumer Protections Act “ is not for entertaining or compensating speculative transactions or losses. It held that compensations cannot be given under the Consumer Protection Act

to those involved in sale and purchase of shares, which are commercial transactions . The order follows an appeal by a Mumbai based stock broker, India Infoline against an order of the Goa District Consumer Forum . Initially , the judgement of the Goa District Consumer Forum had awarded damages to Panaji – resident Vaman Nagesh who had lost money in share trading through a stock broker, India Infoline limited. In the context of the above case :

(3)

- (a) Why do commercial transactions not fall under the preview of “ Consumer” under the consumer Protection Act ?
- (b) Why do you think that the above mentioned case was initially filed in the Goa District Forum by Vaman Nagesh?
- (c ) Where do you think Vaman Nagesh could have filed a further appeal in case he was not satisfied with the judgement passed about his case by the “ Goa State Commission.”?

**26.** As per the directions issued by the Supreme Court ,the government passed an order to ban the sale of tobacco products within the area of 200 meters of all educational institutions as :

(4)

- (a) Its consumption is injurious to health.
- (b) People are becoming more conscious about the health and fitness. This indicates the government ‘s attitude towards this business. This should enable the competitive firms to take it as an early warning signal of the threats that the existing tobacco industry shall face. Identify the dimensions of business environment .

**27.** Devesh works as Head ( Finance) in a electronics company . Although over the years, with experience he has been able to build upon his managerial skill in terms of creativity , imagination and initiative , but still he feels that the knowledge of certain underlying theories and principles of management is a must for any aspiring manager. This is primarily due to the fact that these principles are evolved through observations and tested through experimentation and help managers in taking scientific decisions. Thus , a manger requires both the knowledge and certain skills to apply the related knowledge in the light of given situations to be successful in his work.

(4)

In context of the above case:

- (a) Identify and explain the two aspects of nature of management which Devesh thinks makes a manager successful.
- (b) Also, explain the specific feature of one of the aspects of nature of management as identified in part(a) of the question which distinguishes it from other physical sciences like biology , physics and chemistry etc.

**28. Rajat** joined as a CEO of Bharat Ltd., a firm manufacturing Computer hardware. On the first day he addressed the employees . He said that he believed that a good company should have an employee suggestion system and he wished to minimise employee turnover to maintain organisational efficiency . He informed all employees that he would ensure that all agreements were clear , fair and there was judicious applications of penalties . However , he said that he believed that lazy personnel should be dealt with sternly to send the message that everyone was equal in the eyes of management . Also that he would want to promote a team spirit of unity and harmony among employees , which would give rise to a spirit of mutual trust and belongingness among team members and eventually minimise need for using penalties . He told all present that the interest of the organisation should take priority over the interests of any one individual employee.

(4)

- (a) Identify and briefly explain any four principles of management given by Fayol , which Rajat highlighted in his address to the employees.

Or

Hritik is desirous of setting up a small factory to manufacture different kinds of eco-friendly packaging materials . He proposes to adopt a logical approach to his business rather than hit and trial method as he knows that this can result in tremendous saving of human energy as well as wastage of time and materials. He plans to adopt paternalistic style of management in practice in order to avoid any kind of class conflict that may emerge between him and the workers. Moreover , he plans to seek the opinion of his workers before taking any important decisions and also offers incentives to them for providing valuable suggestions for the business.

In context of the above case:

(a) Identify and explain the various principles of scientific management that Hritik plans to apply in his business.

**29.** Vivo Ltd is a company manufacturing textiles . It has a share capital of Rs 60 lakhs . The earning per share in the previous year was Rs 0.50 . For diversification , the company requires an additional capital of Rs 40 lakhs . The company raised funds by issuing 10% debentures for the same. During the current year , the company earned a profit of Rs 8 lakhs on the capital employed.It paid tax @40%. **(5)**

(a) State whether the shareholders gained or lost , in respect of earnings per share on diversification . Show your calculation clearly..

(b) Also state any two factors that favour the issue of dentures by the company as part of the capital structure.

**Or**

Explain the factors affecting the choice of Capital structure.

**30 .** After completing the Online NSE Academy Certified Capital Market Professional ( E-NCCMP) course Bhavya along with her five other school friends started an investment portal for online trading and investment under the name “ Go lucky “. As per law , inorder to open an account with a Depository they first got their business registered with the securities and Exchange Board of India. Through “ Go Lucky “ portal an investor can either trade in existing securities of the companies or invest in the e-ipo. **(5)**

In context of the above case:

(a) What is the name given to the intermediaries like “ Go Lucky” who serve as a link between investors and depository?

(b) Name the depositories operating in India.

( c) Mention any one function being performed by “ Go Lucky” as a DP.

(d) What are the two segments of capital market in which an investor can deal through “ Go Lucky “ Portal?

(e) State on one function of SEBI highlighted above.

**Or**

State the Trading Procedure.

**31.** JTM ITD . launched “ Buddyline” , an exercise book and comprehensive stationery brand name comprising of ball pens , gel pens and geometry boxes after identifying the target market and understanding the needs and wants of the consumers of the market. All their products were of good quality and eco friendly but expensive . They wanted to distinguish

their products from that of their competitors . They spent a lot of efforts , time and money in creating the brand name, as they knew that without a brand name , they can only create awareness for the generic products and can never be sure of the sale of their products . The efforts paid off and the demand for the products started growing . The customers liked the brand and became habitual to it. They did not mind paying a higher price . Over a period of time , it became a status symbol to buy “Buddyline” brand because of its quality. The consumers felt pride in using them. (5)

(i) Identify the marketing management philosophy followed by JTM Ltd.

(ii) Explain the advantages of Branding to the marketers highlighted in the abovecase.

**32. 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 . Discuss factors which will help him in taking this decision. (6)**

**Or**

After completing a diploma course in wedding Planning , Sunidhi plans to start her own business under the name “ Heart Beat” . She plans to hire a team of experts to give her clients a unique and unforgettable wedding experience keeping in mind their preferences and budget. Since childhood she has been admiring her grand father ‘s financial skills , so she decides to visit him in Mewar to seek guidance and blessing . Her grandfather tells her that the success of business depends on how well finance is invested in assets and operations and how timely and cheaply the finances are arranged , from outside or form within the business. He warns her that she should always invest time in identifying different available sources of finance and comparing them in terms of their costs and associated risks. Similarly , the finance needs to be invested in a manner that the returns from the investment exceed the cost at which procurement has taken place.

(a) Identify and explain the financial concept being discussed above which has a direct bearing on the financial health of a business.

(b) Name any two financial statements which reflect the financial health of a business.

(c ) Briefly outline the key objective of the concept identified in (a) .

(d) State three importance of the concept identified in (a) above.

**33. Explain the factors affecting Pricing . (6)**

**Or**

“ Time line “ watch manufacturing company is a renowned company marketing watches. It performs various activities like market analysis , product designing or merchandising , packaging , warehousing , branding , pricing , promotion and selling. The company maintains good customer relations through various follow up activities . This helps the company in procuring repeat sales orders.

(a) Name the concept related to the activities mentioned above.

(b) Explain the features of the concept identified above.

**34. Raj and Simran are both qualified eye surgeons and good friends . After obtaining acertificate of practice , they decide to pursue a career of their own choice. Raj starts an eye care centre in the city whereas Simran joins a government hospital in a small village. They**

meet after a long time in a party . Raj invites Simran to visit his eye care centre and she accepts his invitation. She observes at his clinic that there is a fixed place for everything and everyone and it is present there so that there is no hindrance in the activities of the clinic. Also , Raj always tends to replace “I “with “WE” in all his conversations with the staff members . Later on Raj shares with her that he always deals with the lazy staff sternly to send the message that everyone is equal in his eyes. Raj promises the staff to pay additional salary for extra time devoted by them during peak season and emergencies and he honours his commitment. Each employee is answerable to only one head. All junior doctors specialise in a certain type of treatment such as cataract operations, squint , Retina , general eye infections etc as they are put to that job for a long period of time and repetitive performance lead to specialisation .

**(6)**

In the context to the above case:

(i) Identify and explain the various principles of management that Raj is applying for the successful management of his eye care centre.