



INDIAN SCHOOL SOHAR
PRE-BOARD 1 EXAMINATION (2023 – 2024)
BUSINESS STUDIES (054) SET 1

CLASS: - XII

MAX MARKS: - 80

DATE: 05/12/2023

TIME: 3 HOURS

General Instructions:

Read the following instructions very carefully and strictly follow them:

1. There are 34 questions in the question paper. All questions are compulsory.
2. Answers should be brief and to the point. Attempt all parts of the questions together.
3. Question nos. 1 to 20 are objective type questions, carrying 1 mark each.
4. Question nos. 21 to 24 are short-answer type I questions, carrying 3 marks each.
5. Question nos. 25 to 30 are short-answer type II questions, carrying 4 marks each.
6. Question nos. 31 to 34 are long-answer type questions, carrying 6 marks each.
7. There is no overall choice in the question paper. However, an internal choice has been provided in one question of one mark, one question of three marks, one question of four marks, and one question of six marks. Only one of the choices in such questions must be attempted.

SECTION A

1. From 2003, all transactions in securities are to be settled within two days after the trade date. This system is known as: [1]
A. Rolling settlement system
B. Rotational settlement system
C. Mutual settlement system
D. Automatic settlement system
2. From the following, identify the Incorrect Statement as per Consumer Protection Act, 2019: [1]
A. The National Commission has territorial authority over the whole country for consumer protection.
B. The District Commission entertains complaints where value of goods or services paid as consideration does not exceed 1 crore.
C. Appeal against District Commission's order can be filed in National Commission.
D. District Commission and State Commission are set by the State Governments.
3. 'An organisation structure is deliberately designed by the top management to facilitate smooth functioning of the organisation.' Which of the following is not a feature of such a structure? [1]
A. It clarifies who must report to whom.
B. There is systematic coordination among the various activities to achieve organizational goals.
C. The standards of behavior evolve from group norms rather than officially laid down rules.
D. It places more emphasis on work to be performed than interpersonal relationships.
4. Read the statements carefully and choose the correct option. [1]

Statement -I: Capital market instruments are considered riskier both with respect to returns and principal repayment.

Statement -II: Capital market investment yields a higher return for investors.

- A. Statement - I is true and II is false.
- B. Statement- II is true, and I is false
- C. Both the statements are true.
- D. Both the statements are false.

5. Which of the following statements is incorrect? [1]

- A. The protective functions of the Securities and Exchange Board of India include levying fee or other charges for conducting the purposes of the Act.
- B. The development functions of the Securities and Exchange Board of India include training of intermediaries of the securities market.
- C. The regulatory functions of the Securities and Exchange Board of India include registration of collective investment schemes and mutual funds.
- D. The objectives of the Securities and Exchange Board of India include protecting the rights and interests of investors, particularly individual investors and to guide and educate them.

6. Which of the following items is a component of economic environment? [1]

- A. Expansion of transportation and communication services in Delhi.
- B. Facility of booking train tickets, through mobile apps.
- C. Restriction on 15-year-old petrol vehicles plying on roads in Delhi.
- D. The Haryana Government's announcement of free bus rides for females on Diwali.

7. From the set of statements given in Column I and Column II, Choose the correct pair of statements. [1]

Column – A	Column – B
a. Money Market	I. It deals with instruments with a maturity of less than one year
b. Primary Market	II. It deals with the sale and purchase of securities.
c. Capital Market	III. It requires huge financial investment
d. Secondary Market	IV. Price is determined by demand and supply of securities

Options:

- A. a – i, b – ii c– iii, d - iv
- B. a – ii, b – iii, c – iv, d - i
- C. a– iii, b – i, c– ii, d – iv
- D. a – iv, b – iii, c – ii, d - i

8. Over the past five years there has been an exponential increase in the number of people practicing healthier lifestyles in India. Doctors and nutritionists are advising people to reduce the daily intake of soft drinks as they are aerated, which can lead to obesity and other health issues. To cope up with the setback in the demand from the consumers, “ENERGISE,’ a soft drink giant decided to introduce a tea brand named ‘SFUR-TEA’ and a wellness drink named ‘FORTY PLUS’ for women. The company received hearty response from the consumers. Identify the features of Management reflected in the paragraph. [1]

- A. Management is intangible
- B. Management is a dynamic function
- C. management is a group activity
- D. Management is multidimensional

9. Aarti Steel limited is a large creditworthy company manufacturing Steel. The company seeks to enter the Asian market and therefore wants to raise additional funds of ₹1 crore from the primary market. The finance manager of the company, Mr. Sundaram, has suggested raising funds by issuing debentures, to take advantage of 'Trading on Equity.' Identify the factor which is an important determinant of the company's ability to use the 'Trading on Equity' and thus the capital structure. [1]
- A. return on investment
 - B. cost of debt
 - C. cost of equity
 - D. risk consideration

10. Read the following statements: Assertion (A) and Reason (R). Choose one of the correct alternatives. [1]

Assertion(A): Labelling acts as a silent salesperson

Reason (R): It helps in the promotion of products by attracting the attention of customers and providing the required information.

Alternatives:

- A. Both Assertion (A) and Reason (R) are true, and Reason (R) is the correct explanation of Assertion (A).
- B. Both Assertion (A) and Reason (R) are true, and Reason (R) is not the correct explanation of Assertion (A).
- C. Assertion (A) is true, but Reason (R) is False.
- D. Assertion (A) is False, but Reason (R) is true.

11. 'Dolma' and 'Una' were gardeners with decades of firsthand experience. They were the first ones to recognize the need for indoor gardens, especially for plant-lovers living in apartments. They took advantage of this opportunity and decided to offer beautiful designing ideas for indoor gardening through their innovative venture 'My Space.' 'My Space' offered creative ideas like 'Garden wall,' 'Hanging Garden,' 'Window Garden,' 'Book-shelf Garden' and many more. Since there were no competitors, they soon became the market leaders in the field. From the following points identify the importance of Business Environment highlighted above: [1]
- A. Business Environment helps the firm to identify threats and early warning signals.
 - B. The Business Environment helps in tapping useful resources.
 - C. Business Environment enables the firm to identify opportunities and get the first mover advantage.
 - D. Business Environment helps in assisting in planning and policy formulation

12. 'An organisation structure is deliberately designed by the top management to facilitate smooth functioning of the organisation.' Which of the following is not a feature of such a structure? [1]
- A. It clarifies who must report to whom.
 - B. There is systematic coordination among the various activities to achieve organizational goals.

- C. The standards of behavior evolve from group norms rather than officially laid down rules.
- D. It places more emphasis on work to be performed than interpersonal relationships.
13. Ravi works as a production manager for Rosy private Limited. He has been given the task of getting 10000 units of hand-woven table mats manufactured at the cost of ₹150 per unit, within 100 days. To be acknowledged as an effective manager, he must ensure that. [1]
- A. The cost of production does not exceed ₹150 per unit.
- B. The work is completed within 100 days even at a higher cost per unit.
- C. The cost of production is more than ₹150 per unit.
- D. All the above
14. Which of the following statements is FALSE about Taylor and Fayol? [1]
- A. Fayol was a mining engineer whereas Taylor was a mechanical engineer.
- B. Fayol's principles are applicable in specialized situations whereas Taylor's principles have universal application.
- C. Fayol's principles were formed through personal experience whereas Taylor's principles were formed through experimentation.
- D. Fayol's principles are applicable at the top level of management whereas Taylor's principles are applicable at the shop floor.
15. The principles of management are said to be flexible as: [1]
- A. They aim to influence the behavior of human beings.
- B. They are general guidelines to action, but do not provide readymade solutions to management problems.
- C. They can be modified by the manager when the situation so demands.
- D. their application is dependent upon the prevailing situation at a particular point of time.
16. Aarohan Ltd. is a company manufacturing automobile where the division of work into key areas includes production, purchase, marketing, accounts, and personnel. Which of the following is a disadvantage of the organization structure of Aarohan Ltd.? [1]
- A. It may lead to an increase in cost.
- B. Managers may gain power, assert independence, and ignore organizational interests.
- C. It ensures that different functions get due attention.
- D. Heads do not get training for top management positions.
17. Which of the following statements is incorrect about Personal Selling? [1]
- A. It is a direct face to face dialogue that involves an interaction between the seller and buyer.
- B. It refers to short-term incentives designed to encourage the buyers to purchase of a product.
- C. It allows a salesperson to develop personal relationships with prospective customers.

D. In this it is possible to take direct feedback from the customer and to adopt the presentation according to the needs of the prospects.

18. 'Temptations' is a food joint in Imperial Mall in Bengaluru. It is becoming popular among students and working people due to healthy, on-the-go dishes on its menu like 'Paneer Wrap,' 'Chickpeas Salad,' grilled Sandwiches,' etc. It has now been decided to open two new branches in other parts of Bengaluru. [1]

Which financial decision has been discussed in the above case?

- A. Long-term investment decision
- B. Short-term investment decision
- C. Dividend decision
- D. Financing decision

19. Jayanti holds a hundred shares of a company. He has been given the privilege to subscribe to a new issue of shares of the same company in proportion of 2:1 to the number of shares already possessed by him. Identify the method of floatation being described in the above case. [1]

- A. Offer through prospectus
- B. Offer for sale
- C. Rights issue
- D. Private placement

20. Match the factors affecting fixed capital in the Column-I with their explanations in Column-II: [1]

Column – I	Column - II
Nature of business	A trading organisation needs lower investments in fixed assets as compared to a manufacturing organisation.
Technology upgradation	A textile manufacturing company is installing a cement manufacturing plant and thus its investment in fixed assets is increasing.
Diversification	A capital-intensive organization requires higher investments in fixed assets as compared to labor intensive organisation.
Choice of technique	Mobile phones became obsolete faster and are replaced much sooner than furniture or many other assets. Hence these types of businesses require more fixed capital

- A. a – I, b – iv, c – ii, d - iii
- B. a – ii, b – iii, c – iv, d - i
- C. a – iii, b – ii, c – i, d – iv
- D. a – iv, b – i, c – iii, d - ii

SECTION B

21. The Human Resource Manager of Alfa Ltd., a leading air-conditioner manufacturer, requires employees for various posts. He wanted to opt for a source of recruitment where the background of potential candidates is sufficiently known. He knew that applicants introduced by present employees, or their friends and relatives may prove to be a reliable source of recruitment. [3]

- A. Identify the extremal source of recruitment discussed in the above paragraph.
- B. State any two advantages of external sources of recruitment.

OR

Atlantic Pharma Incorporation, a distributor of durable medical equipment and sports medicine, is currently facing problems in managing the company's infrastructure and IT projects. To effectively cope with the situation, the company has created a new position of 'Senior Systems Administrator,' who will be able to understand the volatile health care industry, as well as its IT environment. Since the position requires more than just technical expertise, the company has taken the following decisions, for timely fulfilment of the workforce requirement:

1. Assessing the new role's requirements through job description, to ensure the appointment of a person with the required specific set of educational qualifications, experience, personality, and characteristics.
2. Hiring 'Unifold Consultants', a renowned consultancy firm which maintains a database of candidates, and which will advertise the job on behalf of Atlantic Pharma Limited.
3. Adopting a deeper screening process of the candidate possessing technical and business process knowledge.

Identify and state the steps which Atlantic Pharma Incorporation has decided to conduct to fill the new job position introduced by the company

22. Agrima, Arunima and Avika are pursuing MBA from a reputed institution. Now it is the time of their placement. Agrima wants to work in a company which would provide her with more authority for fulfilling her duties and will give recognition, rewards, perquisites, and prestige of job. Arunima wants to work in an organisation in which the behavior of individuals is influenced by its characteristics like autonomy, reward orientation, consideration to employees, risk taking etc. Avika wants to join the organisation which has appropriate skill development programs and sound promotion policy that encourages employees to exhibit improved performance. Identify and state the incentives about which Agrima, Arunima and Avika are talking about. [3]
23. Harish is working as a finance manager in 'Kozee Software Ltd.' He has been awarded 'Best employee of the year Award' because of his foresightedness. He always aims at smooth operations of all the financial activities by focusing on fund requirements and their availability in the light of financial decisions. He takes into consideration the growth, performance, investments, and requirement of funds for a given period so that financial resources are not left idle and do not unnecessarily add to the cost. By doing all this Harish strives to achieve the two main objectives of an important concept of financial management. Identify the concept and explain its two objectives. [3]
24. 'Burgers and Fudge' was among the first fast food chains in India which pioneered the concept of family style restaurants. However, over the years it started losing business to multinational food chains like McDonalds and Pizza Hut, etc. and soon had to shut down. The reason to shut down was the inability of managers to identify, understand, evaluate and to react to the forces external to their firm. In the light [3]

of the above situation, explain with the help of any three points, how understanding of business environment is important for managers.

SECTION C

25. NB Ltd. is India's largest manufacturer of cement. Its operations are spread throughout the country with 17 modern cement factories. It has a workforce of 9,000 people. Since its inception, the company has been a trendsetter for the cement industry. The company is planning to grow eventually and wants to double its capacity in the next 3 years. For this the Finance Manager must decide about the quantum of finance to be raised from various long-term sources. For this he needs to identify various available sources of funds and the proportion of funds from each source. [4]
- A. Identify the financial decision to be taken by the Finance Manager.
 - B. State any four factors which would affect the decision identified above.
26. Joining a job marks the beginning of socialization of the employee at the workplace. The employee is given a brief presentation about the company and is introduced to his superiors, subordinates, and colleagues. He is taken around the workplace and given charge of the job for which he has been selected. This process of familiarization is very crucial and may have a lasting impact on his decision to stay and on his job performance. [4]
- A. Identify the function of management being performed by the firm in the above situation.
 - B. Identify and explain the two concepts of the function of management highlighted.
27. Sanjana is working in a company on a permanent basis. As per the job agreement she had to work for 8 hours a day and was free to work overtime. Sanjana worked overtime. Due to overtime, she fell ill and had to take leave from her work. No one showed concern and enquired about her health. She realized that she was fulfilling only some of her needs while some other needs remained to be fulfilled. [4]
- A. Identify the needs of Sanjana discussed in the above paragraph, by quoting the lines.
 - B. Explain two other needs of Sanjana followed by the above needs, which remain to be satisfied.
28. Babita Ltd. is engaged in manufacturing machine components. The target production is 250 units per day per worker. The company had been successfully attaining this target until two months ago. Over the last two months it has been observed that daily production varies between 200–210 units per worker. [4]
- A. Name the function of management and identify the step in the process of this function which helped in finding out that the actual production of a worker is less than the set target.
 - B. To complete the process of the function identified and to ensure the performance as per set targets, explain what further steps a manager must take.
29. Naina is working as a commerce teacher in RIMS International school Kerala. One day, she was teaching about capital market in the class. She informed that during 1980s the capital market in India witnessed a tremendous growth because of increasing participation of the public. This ever-increasing investor [4]

population and market capitalization led to a variety of malpractices on the part of the companies, brokers, merchant banker's investment consultants and others involved in the securities market. These malpractices and unfair trading practices eroded investors' confidence and multiplied investors' grievances. The government of India and stock exchanges were helpless in redressing the investors problems because of lack of proper penalty provisions in the existing legislation. In view of this the government of India decided to set up a regulatory body.

- A. Name the regulatory body which the government of India decided to set up.
- B. Also state any three objectives of the regulatory body identified above.

OR

Vedanta Limited has a share capital of ₹10,00,000 divided into shares of ₹100 each. For expansion purpose, the company requires additional funds of ₹ 5,00,000. The management is considering the following alternatives for raising funds: Alternative 1: Issue of 5000 Equity shares of ₹100 each
Alternative 2: Issue of 10% Debentures of Rs. 5,00,000. The company's present Earnings Before Interest and Tax (EBIT) is ₹4,00,000 p.a. If the rate of Return on Investment remains the same after expansion, the company should use which alternative to maximize the returns to the equity shareholders. The Tax rate is 50%. Show the working.

30. Explain any four barriers to communication which are affected by personal factors of both sender and receiver and may exert influence on effective communication [4]

SECTION D

31. Sameeksha is a Class-XII student having Business Studies as one of her subjects. After studying 'Consumer Protection' as one of the chapters in Business-Studies, she tried to apply the acquired knowledge while purchasing and using the goods. She is very fond of cooking and always tries new recipes. This time she wants to purchase a 'Bread Maker' to prepare homemade bread. She checked online about the various brands of 'Bread Maker' available in the market and compared their prices, so that an intelligent and wise choice could be made. Then she went to a nearby market to buy it. Being an informed consumer, she looked for the Standardization Mark, negotiated the price printed on the label, checked the date of manufacturing, and asked for guarantee or warranty of the product. After satisfying all the concerned information she purchased the Bread Maker and as a responsible consumer asked for the cash memo. After coming back home she opened the packaging of the Bread Maker' and found an instruction booklet inside. She carefully read all the instructions and operated the Bread Maker step-by-step and succeeded in making nice 'Atta Bread' for her family. Sameeksha has fulfilled many responsibilities of a consumer while purchasing and using the 'Bread Maker' State any six responsibilities fulfilled by Sameeksha besides asking for a cash-memo. [6]
32. The Government of India in its budget for the fiscal year of 2021-22 reiterated its support for Electric [6]

Vehicle sector. The Government launched several schemes and incentives to boost their demand as well as to motivate manufacturers to invest in the same. Inspired by these incentives and concerned about the environmental impact of gas and diesel-powered engines, Nitin Kothari has set up an electric car manufacturing unit at Bhilwara. He set a target of earning Return on Investment of 10% in the first year itself and forecasted that the demand for electric cars will increase by 20 million in the next few years. The above case highlights the first two steps of the process of one of the essential functions of management. Identify the function of management discussed above. State the remaining steps required to complete the above process.

33. Surekha, the Vice President (marketing) of Shine Ltd., a shampoo manufacturer, was facing the challenges of increasing competition and decreasing demand. She told the CEO that they are not lagging on the product quality they need to relaunch their product in an attractive package. Most of their products share the shelf space with other competitors and hence fail to attract the eye of the customer due to its black and white container. Also, the standard size of their bottle is 600 ml, which the customer finds inconvenient to manage. Hence, they should relaunch their shampoo with two new bright colors and pump bottles to regain their position in the market. [6]
- A. Which level of packaging was Surekha talking about?
 - B. State two functions of packaging referred to by Surekha in the above case.
 - C. State and explain the element of marketing mix that includes the decision relating to packaging.
34. Kartik opens a bakery shop in the local market. With the increasing demand for his bakery products, he feels it will be impossible for him to manage all the work himself. So, he appoints Bhavana to perform tasks on his behalf, thereby reducing his workload. It enables Kartik to use his time on high priority activities. [6]
- A. Identify and explain the concept of 'organizing' discussed in the above case.
 - B. Explain the two essential elements of the concept identified above.

OR

Identify and explain the type of plans in the following cases:

- A. 'Ananta Travel and Tourism Pvt. Ltd.' provides tourism and hospitality services to its customers. To achieve its objectives, the company prepares a comprehensive plan taking into consideration the business environment.
- B. Amit is Chief Executive Officer of 'Mannat Raj Industries.' He developed the broad parameters within which the managers may function. By doing so he tried to provide a base for interpreting strategy which was stated in general terms.