



INDIAN SCHOOL SOHAR
PRE-BOARD 1 EXAMINATION (2023 – 2024)
BUSINESS STUDIES (054) SET 2

CLASS: - XII

MAX MARKS: - 80

DATE: 05/12/2023

TIME: 3 HOURS

General Instructions:

Read the following instructions very carefully and strictly follow them:

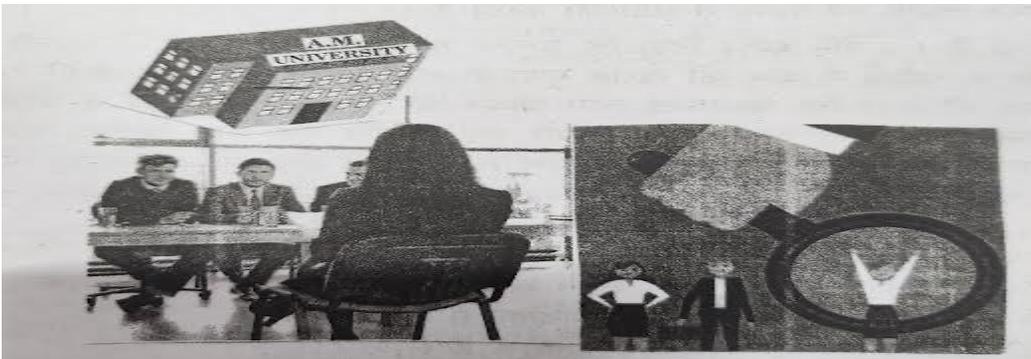
1. There are 34 questions in the question paper. All questions are compulsory.
2. Answers should be brief and to the point.
3. Attempt all parts of the questions together.
4. Question nos. 1 to 20 are objective type questions, carrying 1 mark each.
5. Question nos. 21 to 24 are short-answer type I questions, carrying 3 marks each.
6. Question nos. 25 to 30 are short-answer type II questions, carrying 4 marks each.
7. Question nos. 31 to 34 are long-answer type questions, carrying 6 marks each.
8. 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. Due to proper organizing and division of work, a company goes for systematic assignment of jobs among the employees, which importance of organizing is highlighted here? [1]
A. Clarity in working relationship
B. Adaptation to change
C. Effective administration
D. Benefits of specialization
2. Ashutosh works as a manager in Kuber Ltd. Besides the salary, the company offers him benefits such as free housing, medical aid, and education to the children, etc. Identify the type of incentive being offered to him. [1]
A. Perquisites
B. Job Enrichment
C. Co-partnership
D. Pay and allowances
3. 'M/s J.K. Computers' is a small organization engaged in the assembling of computers. In this organisation, decision making rests with top management while the middle level participates in only the implementation of plans. On the other hand, 'Progressive Computers Ltd.' is a large company where several people from each level participate in the decision-making process. The application of the principle of 'Centralization and Decentralization' is different in the two organizations as the situation in each enterprise is not same. From the following identify the nature of principles of management: [1]
A. Mainly Behavioral
B. Contingent
C. Flexible
D. Universal

4. 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
5. Which of the following statements does not highlight the importance of financial planning? [1]
- A. Detailed plans of action prepared under financial planning increase waste, duplication of efforts and gaps in planning.
B. It helps in forecasting what may happen in future under different business situations.
C. It provides a link between investment and financing decisions on a continuous basis.
D. It helps in avoiding business shocks and surprises and helps the company in preparing for the future.
6. 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

7. Identify the external source of recruitment illustrated by the picture given below: [1]



- A. Recommendation of Employees
B. Labor Contractors
C. Campus Recruitment
D. Employment Exchange
8. Flavors of South” is a famous chain of south Indian restaurants. It believes in complete co-operation between labor and management. Its management encourages the employees with their constructive suggestions. They take their employees into confidence for all important decisions. [1]
- A. Science, not rule of thumb
B. Harmony, not Discord
C. Co-operation not individualism
D. Development of each person to his or her greatest efficiency and prosperity

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. [1]

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.

- A. return on investment.
- B. cost of debt
- C. cost of equity
- D. risk consideration

10. In which of the following situations, a company will fix a high price for its product? [1]

- A. When firm's objective is to obtain a larger share of the market.
- B. When the firm is facing difficulties in surviving in the market because of intense competition.
- C. When the firm wants to maximize its total profit in the long run.
- D. When the firm wants to cover high cost of Research and Development to attain product quality leadership.

11. Read the following statements and choose the correct option. [1]

Statement-I: The concept of product relates to not only the physical product but also the benefits offered by it from customer's point of view.

Statement-II: The concept of product does not include the extended product by way of after sale services, availability of spare parts, handling complaints etc.

- A. Both Statement-I and Statement-II are correct
- B. Both Statement-I and Statement-II are incorrect.
- C. Statement-I is correct, and Statement-II is incorrect.
- D. Statement-I is incorrect, and Statement-II is correct.

12. YTS, a Shipping company, has been successfully conducting its shipping business for the past five years. [1]

Last year, it rolled out a new shipping initiative during the holiday season, with the promise to deliver all packages by a particular time before the holidays. The company had an objective of increasing the profit at a consistent rate. The unexpectedly high demand hassled the workers and the delivery team, causing a delay in the delivery of many packages. The company did not recognize the logistical difficulties in training new staff, to meet its delivery schedules as promised. The complacency of the company to think that a consistent rate of profit could be maintained led to its failure. Identify the limitations of planning discussed above.

- A. planning is a time-consuming process
- B. planning does not guarantee success
- C. Planning involves huge costs
- D. planning reduces creativity

13. Even where members of a department willingly cooperate and work, a manager has to coordinate the [1]

efforts of different people in a conscious manner." Identify the characteristics of coordination discussed above.

- A. Coordination ensures unity of action
- B. Coordination is a deliberate function
- C. Coordination is a continuous process
- D. Coordination is an all-pervasive function

14. Match the following:

[1]

Column I	Column II
a. The most popular method of raising funds by public companies in the primary market	I. Right issue
b. A company sells securities en-bloc at an agreed price to brokers.	II. Offer through prospectus
c. Allotment of securities by a company to institutional investors and some selected individuals.	III. Offer for sale
d. The shareholders are offered a privilege to buy new shares in proportion to the number of shares they already possess.	IV. Private placement

Alternatives:

A. a-iv, b-ii, c-iii, d- i

B. a-ii, b-iii, c-iv, d- i

C. a-I, b-ii, c-iii, d- iv

D. a-iii, b-ii, c-iv, d- i

15. According to the modern marketing concept, which of the following statements is correct?

[1]

- A. It refers to the group of people who do not have the ability but willingness to buy a particular product.
- B. It refers to only the set of people who have the purchasing power to buy a particular product.
- C. It refers to the set of actual and potential buyers for a product.
- D. It refers only to the people who show interest in a particular product.

16. Plastic utensils are often used as a low cost, convenient option for business or personal use. These utensils are lightweight, easy to transport and can be disposed off easily instead of cleaned and reused. But plastic utensils are harmful from a health point of view and create various environmental issues. Nowadays health and fitness trends are becoming popular. People are looking for different alternatives and have started opting for paper-made, steel or glass utensils, which has tremendously increased the demand for these products. The above para discusses an important dimension of Business Environment which is:

[1]

A. Economic Environment

B. Social Environment

C. Technological Environment

D. Political Environment

17. 'A good physical distribution system should provide for an accurate and speedy processing of orders in the absence of which goods will reach the customers late or in wrong quantity.' The component of physical distribution highlighted above is:

[1]

A. Warehousing

B. Order Processing

C. Transportation

D. Inventory Control

18. Which of the following is not a disadvantage of functional structure of organisation? [1]
- Less emphasis on overall enterprise objectives than the objectives pursued by a functional head.
 - A conflict of interests may arise when the interests of two or more departments are not compatible.
 - May lead to increase in costs since there may be duplication of activities across products.
 - It may lead to problems in coordination as information has to be exchanged across functionally differentiated departments.
19. During the Covid-19 pandemic, the restaurant industry faced many challenges. The slowdown led to a huge decrease in demand. From April 2022, the effect of Covid started reducing. The economy started picking up and a boom was noticed in the restaurant industry. As a result, a larger amount of working capital was required with increased production and sales. The factor affecting the working capital requirement discussed above is: [1]
- Seasonal factor
 - Production cycle
 - Operating efficiency
 - Business cycle
20. The picture given below depicts essential information related to a decision that a marketer must take in a product. Identify from the following the correct option: [1]

Manufacturing Date : 10/3/23	Organic Honey :	Quantity : 500 ml
Expiry Date : 10/3/25		No added sugar 100% pure
Max. Retail Price : ₹ 500		Manufacturer : Organic Agro products ----- Uttarakhand

- Branding
- Labelling
- Packaging
- Pricing

SECTION B

21. Hemant is working as a Human Resource Manager in AO chain of hospitals in Mumbai. He had to appoint nurses for the hospitals. For this, he has conducted various tests and interviews and verified the information of the applicants. The final decision has been made in consultation with the heads of the nursing department. Hemant still must take some more steps to complete the process of appointment of nurses. Name and explain these steps. [3]

OR

Rahul has just completed his B.Tech. and joined a leading company manufacturing inverter. To capture 70% of the market share, the company is planning to enter the manufacturing of solar inverters. To achieve this target, it requires a trained workforce. The Human Resource Manager asked Rahul to give any five benefits to the organisation, with reasons for training the workforce. State the three points of

benefits of trained workforce to the organisation that might have been sent by Rahul in his reply to the Human Resource Manager.

22. Tanushree is working in a multinational company. Her performance is appreciated by everyone in the company. As an incentive, the company offered her the chance to buy the shares of the company at a price that is less than the market price. [3]

A. Name and give the meaning of the incentive offered to Tanushree.

B. State and explain any two more incentives of the same type.

23. Rajneesh purchased a 500 ml bottle of fruit juice for ₹60 in Ahmedabad from a local store. While consuming it, he found an insect floating in it. He sent a legal notice to the company immediately and decided to approach a Consumer Disputes Redressal Agency for a relief of ₹2 lakhs. [3]

A. Which Consumer Disputes Redressal Agency did Rajneesh approach, out of the three-tier machinery set up under Consumer Protection Act, 2019 for redressal?

B. If Rajneesh is not satisfied by the order of the above Agency, where can he appeal against such order and within how many days?

C. State any two reliefs that can be granted to Rajneesh in the above case.

24. Ananta Ltd. is a firm manufacturing electronic goods. To increase its sales and earn profits, its General Manager, Kamal, is thinking in advance about what to do and how to do it. He is also preparing forecasts to reduce the risk of uncertainty and to achieve its targets. By doing so Kamal is performing an important function of management. [3]

A. Identify and state the function of management highlighted above.

B. Also state any two points of importance of this function.

SECTION C

25. Riya was working as a manager in a hotel. During COVID-19 she lost her job. Now she has started her own restaurant which was providing immunity boosting food. Her restaurant was a success, and she was earning a good profit. To benefit the people of other areas with her immunity-boosting food, she thought of starting three restaurants in three different cities. For this, she appointed three managers. She told all the managers that to be successful it is necessary that they should guide the people working in their respective teams about the work to be done by them when they should do it and how they should do it. She also added that mere transfer of views or information is not sufficient, it is necessary that their instructions are implemented in the proper perspective, so that the organisation may achieve its objectives. To improve the performance level of employees, she suggested that they develop insights into the causes of behavior of people. They must make subordinates act in a desired manner to achieve organizational goals. [4]

A. Identify and state the function of management discussed in the above para.

B. State any three points of importance of the function identified above.

26. An Auto Company, Win Ltd is facing a problem of declining market share due to increased competition [4]
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 held a meeting to discuss the decisions regarding pricing and launching a new range of models, 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.
- A. What are standing plans and single use plans?
- B. Briefly explain the plans discussed above, which can be classified as standing plans, by quoting the lines
27. Rahim was working in an enterprise on a daily wages basis. It was difficult for him to fulfill the basic [4]
needs of his family. His daughter fell ill. He had no money for his daughter's treatment. To meet the expenses of her treatment, he participated in a cycle race and won the prize money. The cycle company offered him a permanent pensionable job which he happily accepted.
- A. By quoting the lines from the above para identify the needs of Rahim that are satisfied by the offer of the cycle company.
- B. Also, explain two other needs of Rahim followed by above that are still to be satisfied.
28. Explain any four barriers to communication which are concerned with mindset of both sender and [4]
receiver of the communication, reflects in the effective communication.
29. Viber Ltd set up a manufacturing unit at Bhiwandi in Himachal Pradesh to manufacture electric geysers [4]
and supply them to dealers all over the country. Their production target was 500 geysers per week. It was decided by the management that variation in production up to 10 units would be acceptable. At the end of the first week, the production was 450 geysers. The next week, production increased to 470 geysers. A week later, production was for 460 geysers. On investigation, it was found that the fluctuation in production was due to an irregular supply of electricity. The above para discusses some of the steps in the process of one of the functions of management. State and explain these steps
30. Nisha Sethi was working as a Human Resource Manager in a famous consultancy firm, KLI Global [4]
Services. Her job included preparing job descriptions, recruitment, developing compensation and incentive plans and facilitating employee learning. They had entered alliances with institutes to ensure continuous learning of their employees. With the jobs becoming increasingly complex, KLI Global Services invested a large amount of money in making the employees learn the skills necessary to

complete the jobs. State by giving any six points, how this investment to benefit the organization.

SECTION D

31. After completing his studies, Mahesh started working in a Non-Governmental Organisation (NGO) as an Administrative Officer. The organization is engaged in activities related to consumer welfare. One day when his mother returned home after shopping, she gave him the mixed fruit juice which she had bought. After consuming the juice, Mahesh started feeling uneasy. On checking, he found that the juice packet purchased was without FPO mark. He realized that there is a strong need to educate consumers about the role of NGOs before buying any good or service. State any six functions which the NGOs can perform to impart knowledge and educate consumers. [6]
32. 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

- JoJo and JoJo is a company known for its consumer business of baby oil and bandages, but many people do not know that the company also runs a medical device and diagnostics business, as well as a pharmaceutical company. With more than 1,80,000 employees worldwide, the company has chosen to share decision making authority with lower levels and place it nearest to the point of action. So that, the response does not take time. This propagates the belief that people who are competent, capable, and resourceful can get a chance to prove their abilities and enables the company in identifying those executives who have the necessary potential to become dynamic leaders, so that the checking required on decisions taken by lower levels of management is the least. This makes it possible to evaluate performance at each level and each department can be individually held accountable for their results. By quoting the lines, identify and briefly explain any four benefits of the concept discussed above.
33. Pallavi started a wedding planner company 'Dreams Unlimited' in 2016 and her target was to be amongst the top 10 companies in this field within the next three years. For this she employed people having different skills. She worked hard and united the efforts of different people to achieve this goal. The requirements of the customers in this industry changed extremely fast and the company adapted to keep pace with the changing environment. As planned, the company achieved its target within three years. All the employees of the organisation were happy and satisfied and the effect of management was noticeable in the organization. The way Pallavi was managing her business highlights some of the features of management. By quoting lines from the above paragraph, explain any four such features. [6]

34. Well-being Ltd. is a company engaged in the production of organic foods. Presently, it sells its products through indirect channels of distribution. But, considering the sudden surge in demand for organic products, the company is now inclined to start its online portal for direct marketing. The financial managers of the company are planning to use debt to take advantage of trading on equity. To finance its expansion plans, it is planning to raise a debt capital of Rs.40 lakhs through a loan @10% from an industrial bank. The present capital base of the company comprises of Rs.9 lakh equity shares of Rs.10 each. The rate of tax is 30%. In the context of the above case: [6]
- A. State any one condition necessary to take advantage of trading on equity.
 - B. Assuming the expected rate of return on investment to be the same as it was for the current year i.e., 15%, do you think the financial managers will be able to meet their goal? Show your workings clearly.