



INDIAN SCHOOL SOHAR
TERM 1 EXAMINATION (2023 – 2024)
BUSINESS STUDIES (054)

CLASS: - XII

MAX MARKS: - 80

DATE: 17/09/2023

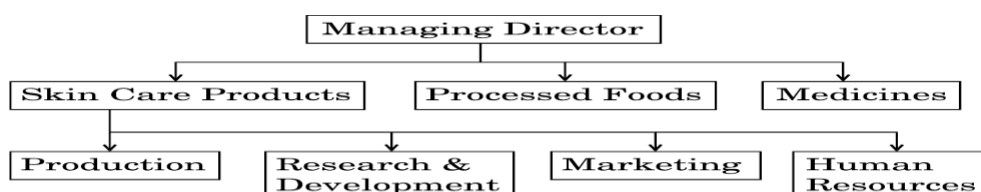
TIME: 3 HOURS

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 questions of three marks, one questions of four marks, and one questions of six marks. Only one of the choices in such questions have to be attempted.

SECTION A

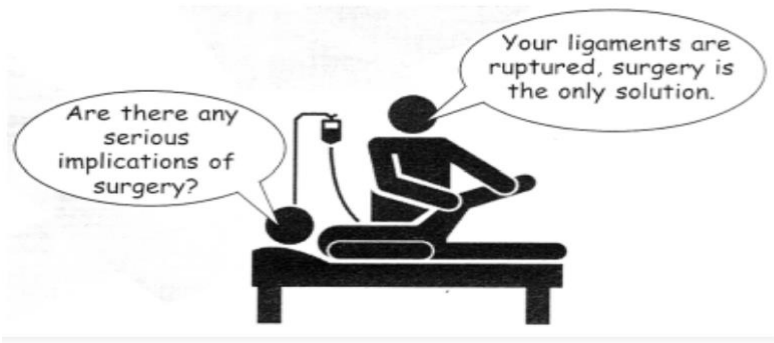
1. From the following, identify the statement which is correct about capital budgeting decision: [1]
 - A. These decisions are reversible.
 - B. These decisions include committing enormous amounts of finance on a long-term basis, therefore need to be taken with utmost care.
 - C. These decisions do not affect the earning capacity of the business eventually.
 - D. Size of assets, profitability and competitiveness are not affected by capital budgeting decisions.
2. Identify the type of organisation structure from the organisational chart given below of Swastika Industries Ltd. located in Uttarakhand: [1]



3. State, giving reason, whether the following statement is true or false. [1]

“A rule is the prescribed way or manner in which a task has to be performed considering the objective.”

4. Identify the responsibility of consumers being highlighted in the picture given below. [1]



- A. Be honest in your dealings.
B. Learn about the risks associated with products and service.
C. Assert yourself to ensure that you get a fair deal.
D. Respect the environment.
5. For the following two statements choose the correct option: [1]

Statement I: Working capital requirements of a company is affected by inflation.

Statement II: 'Choice of technique' affects the requirement of fixed capital of a company.

Choose the correct option from the options given below:

- A. Statement II is true, and I is false.
B. Statement I is true and II is false.
C. Both the statements are false
D. (d) Both the statements are true
6. '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 decided to open two new branches in other parts of Bengaluru. Which financial decision has been discussed in the above case? [1]

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

7. Arrange the steps involved in trading procedure at the stock exchange in correct sequence: [1]

- i) Settlement of order
ii) Opening of Demat Account
iii) Placing of order
iv) Execution of order

Alternatives:

- A. (ii); (iv); (iii); (i)
B. (ii); (i); (iii); (ii)
C. (iii); (ii); (ii); (i)
D. (ii); (iii); (iv); (i)

8. Rahim wanted to start with a stationery app to help students at schools and college to provide stationery to them. He felt that students were not able to get the needed stationery at easy and hence wanted to provide the stationery directly to students in the school. He lists out the several ways of setting up this business and finally selected the best way to set up this business is by developing an app. Suggest what should be the next step for him: [1]

- A. Developing premises
 B. Identifying the alternative course of action.
 C. Implementation of plan
 D. Follow up action

9. Naina, her husband and her two minor daughters were travelling from Mumbai to Delhi, availing a company's flight services in 2018. The airlines had issued boarding passes to all of them. Naina claimed in her plea that the airlines left all her family at the Mumbai Airport without informing them, despite their being in the airport premises. The family had to stay in a hotel and purchase new tickets the next day. The State Consumer Disputes Redressal Commission (SCDRC). on hearing the plea, asked an airline company to pay ₹50,000 to Naina and her family. [1]

Identify the right of consumers being exercised in the given case.

- A. Right to safety
 B. Right to be heard
 C. Right to seek redressal
 D. Right to consumer education

10. Match the features of planning given in Column I with their respective explanation given in Column II. [1]

Column I.	Column II.
a. Planning is a mental exercise.	i. Planning involves thorough examination and evaluation of each alternative and choosing the most appropriate one
b. Planning is all- pervasive.	ii. Planning is required at all levels of management as well as in all departments of the organisation
c. Planning involves decision-making.	iii. Planning requires logical and systematic thinking rather than guess work or wishful thinking

Alternatives:

- A. a-(i), b-(ii), c-(iii)
 B. a-(iii), b-(ii), c-(i)
 C. a-(ii), b-(iii), c-(i)
 D. a-(i), b-(iii), c-(ii)

11.



Identify the dimensions of the business environment illustrated by the picture given above in which Sapna who has joined the workforce recently is working on an accounting software.

A. Technological and social.	B. Technological and political
C. Political and economic	D. Technological and economic

12. Prateek Singh opened a jewellery store 'Fashion Jewels' offering workwear, light jewellery [1]

with modern designs for young working women. Good jewellery designs not only made the jewellery attractive for young working women, but also gave him a competitive edge in the market. The jewellery was a hit with working women and 'Fashion Jewels' was able to report a profit of ₹ 3 crore in the first year itself. The function of marketing performed by Prateek Singh in the above case was:

- | | |
|-----------------------------|--------------------------------------|
| A. Packaging and labelling | B. Promotion |
| C. Customer support service | D. Product designing and development |

13. Somesh works as a foreman in Lakshmi Automotives Ltd,' a company manufacturing car. He is [1]

subordinate to Ramesh, who is the Production In charge in the factory. Somesh oversees timely and accurate completion of job by workers working in the production department. There are three other foreman work under Naresh, the planning in charge in the factory. Each of the eight foremen is a specialist in his area and gives orders to the workers relating to it. The technique of scientific management highlighted in the above case is:

- | | |
|---------------------------|---|
| A. Method study | B. Differential piece wage system |
| C. Functional Foremanship | D. Standardisation and simplification of work |

Read the following paragraph and answer question 13 and 14 based on the same.

Mayank Ltd. is a real estate company. Since its establishment, the company acquired a good market share. With the boom in the Indian economy, the real estate sector is also witnessing a boom due to lower interest rates on housing loans and accompanying income-tax concessions. For meeting this increasing demand, the finance manager of the company suggested to raise ₹ 1,250 crore by issuing shares and ₹ 750 crore by way of loan from the bank. He believed this will increase per share earnings of the shareholders. The directors of the company wanted to raise capital more quickly and suggested that it would be better to allot the securities to some selected individuals. They also

suggested that instead of taking loan from the bank the privilege can be given to existing shareholders to subscribe to a new issue of shares for ₹ 750 crore.

14. The market through which the financial manager and the directors wanted to collect funds is. [1]
- A. Money Market
B. Capital Market
C. Both Money Market and Capital Market
D. Neither Money Market nor Capital Market
15. "The directors of the company wanted to raise capital more quickly and suggested that it would be better to allot the securities to some selected individuals." In the above lines the method of floatation of new issues suggested by the directors is: [1]
- A. Offer for sale
B. Offer through prospectus
C. Private placement
D. e-IPOs
16. Arnav has recently started a business to sell computers. He hired a shop in Nehru Place in New Delhi, where he assembles various components to make computers and supplies them as per order. He performs a series of composite but separate functions simultaneously and ensures that computers are delivered in time as per orders. All managers always perform these functions. The feature of management highlighted above is: [1]
- A. Management is a continuous process
B. Management is pervasive.
C. Management is a group activity.
D. Management is dynamic.

OR

Ashita works in a company where her basic task is to integrate diverse elements and co-ordinate the activities of different departments according to the overall objectives of the organisation. At which level of management is Ashita working?

- A. Top level management
B. Middle level management
C. Supervisory level management
D. Both (b) and (c)
17. Vijay was given a task by his superior to complete it in 30 days. Vijay delegated the task to two of his subordinates. One of the subordinates met with an accident and could not complete his work. Who is answerable to Vijay's superior for this task? [1]
- A. Vijay
B. Vijay's subordinate
C. Both Vijay and his subordinate
D. Vijay's superior
18. 'Marketing Planning' as a function of marketing means to develop a plan for: [1]
- A. Identifying the needs of the customers.
B. Analysing the available opportunities and threats in the organisation.
C. Increasing the level of production and specifying the action programmes.
D. Developing repeat purchases by the customers.

19. Airlines will be able to offer the benefit of lower pricing to customers on sectors/routes due to the decision of the civil aviation ministry to remove price caps from August 31, 2022. This can help an airline to do better performance if they take early decisions regarding future courses of action after understanding and doing analysis. Which importance of business environment and its understanding by managers is not highlighted above: [1]
- A. It helps in improving performance.
 - B. It helps in assisting in planning and policy formulation.
 - C. It helps in tapping useful resources.
 - D. It enables a firm to identify opportunities and get first mover advantage.
20. Rishabh joined an entertainment company Avtaar, as a creative head. As a manager looking after the creative unit of the company, one of the functions he has to perform is the process of organizing. Which step of the process will he need to perform after identifying and dividing the work that has to be done in accordance with previously determined plans? [1]
- A. Identification and division of work
 - B. Departmentalisation
 - C. Assignment of Duties
 - D. Establishing Reporting Relationships

SECTION B

21. 'Diamond Logistics Company' had a turnover of ₹25 lakh during the year ended 31st March 2022. In a board meeting held on 15th April 2022, it was decided to achieve a turnover of ₹5 lakh for the next year. To accomplish this objective after taking into consideration the business environment, a comprehensive plan was drawn. The Chief Executive Officer (CEO) of the company also released a plan that would not only guide the thinking of the managers and their decision-making but also channelise their energies towards achievement of this target. Identify and explain the three types of plans discussed in the above para. [3]
22. 'Stay Fit,' a probiotic drink was launched in the market by Dabal India Ltd. and is available in various cities across the country. Doctors are recommending it as it is extremely useful for the stomach. The company is also using various tools to inform and persuade customers about its product. It has recently started free distribution of its samples to encourage the customers to know about its benefits to buy this probiotic drink in future. The company has also appointed many salespersons, who contact the prospective buyers and communicate with them to make sales. This way the company can develop personal rapport with its customers. To create awareness and to increase its popularity among school children, it also organises workshops for students and teachers. It also arranged visits of students and teachers to the factory to create awareness about the standards of hygiene adopted in processing and packaging, etc. This helps the company to build a positive image of [3]

its product in the society. This way the company is using a combination of communication tools to inform and persuade customers about their firm's product. Identify and explain these tools.

23. Kartik joins a garment factory as a plant supervisor in Lucknow. He observes that the output of some workers is extremely low as compared to the standards set for their performance. On analyzing the reasons for the same, he finds out that a lot of time of the workers is wasted in getting the requisite materials issued from the store. Whereas on asking, the storekeeper complains that there is no harmony in the working of the production department. Every day the workers approach him at the last minute to procure various kinds of threads, laces, mirrors, buttons etc. If it is not available in the store, then he has to place an order with the purchase officer. As a result, a lot of time of the workers is wasted. So, to integrate the various production activities, henceforth, Kartik ensures, that the storekeeper is informed well three days in advance about the requisite material. Consequently, the storekeeper can keep the materials ready for the workers every morning in accordance with their requirements. In context of the above case: [3]
- A. Identify and explain the quality of management that Kartik has introduced in the working of the production department as a corrective measure to control the output of the workers.
 - B. State briefly any two points highlighting the importance of quality of management identified above.

24. Vastra Ltd.' is engaged in the manufacturing of apparel. Over the years, it has become a popular brand due to its excellent product quality and exclusive designing. The company plans to open its own retail showrooms in metropolitan cities in India. To meet its financial needs, it has offered for subscription an IPO of ₹ 4 lakh equity shares in the price band of ₹ 430 – ₹ 445 each. As per the guidelines of SEBI, the company has provided a complete disclosure of the relevant details in its prospectus. [3]
- A. Identify and explain the right of the consumer being fulfilled by the directives of SEBI in the above-mentioned case.
 - B. Briefly explain any two points highlighting the importance of consumer protection from the point of view of the businessmen.

SECTION C

25. After doing a diploma in entrepreneurship, Farhad started his own confectionary business. He started doing a lot of hard work and used the recipes taught by his grandmother in various preparations. He also learnt many recipes from online sites and television programmes. He decided to keep the price of the products low initially and informed his customers about the goodness of the items sold by them. However, he did not mention on the package of each item whether it contained eggs or not. As a result, vegetarian people became hesitant in buying things from his shop as they had to verbally [4]

inquire from him about the inclusion of eggs in the preparation of various items. In the context of above case:

- A. Name the important aspect related to the marketing of products which has been ignored by Farhad.
- B. Explain briefly any three functions performed by the aspect identified above.

26. Naman and Gobind after finishing their graduation under vocational stream decided to start their own travel agency which will book Rail Tickets and Air Tickets on Commission basis .They also thought of providing tickets within 10 minutes through the use of Internet .They discussed the idea with the professor Mr. Mehta who liked the idea suggested them to first analyse the business environment which consists of investors, competitors and other forces like social, political etc. that may affect their business directly or indirectly. He further told them about technological improvements and shift in consumer preference that were taking place and hence this should be aware of environmental trends and changes which may hinder their business performance. He emphasised on making plans keeping in mind the threat posed by the competitors so that that they can deal with the situation effectively This alignment of business operation with the business environment will result in better performance.

- A. State any two features of business environment discussed by Professor Mehta with Norman and Govind.
- B. State two points of importance business environment stated by Professor Mehta in the above situation.

27. Sankalp and Kavi, students of 12th class with 'Business Studies' as an elective subject were discussing the elements of marketing mix. Sankalp said that one of the essential elements of marketing mix is related to the amount received for the goods sold or services rendered. Kavi requested Sankalp in knowing the name of that element. Sankalp also added that this element is also affected by numerous factors. Kavi asked Sankalp to explain these factors for which Sankalp agreed.

- A. Identify the element of marketing mix as explained by Sankalp to Kavi.
- B. Explain any four factors which affect the element of marketing mix explained by Sankalp.

28. Stock index measures the movement of prices of securities at a stock exchange. Stock index reflects the day-to-day fluctuations in stock prices and are known as barometers of market behaviour of securities. In the light of this statement, state any four functions of stock exchange.

OR

Give any four points explaining the role of financial management

29. Sanchit, after completing his entrepreneurship course from Sweden returned to India and started a coffee shop 'Aroma Coffee Can' in a famous mall in New Delhi. The specialty of the coffee shop was the special aroma of coffee and a wide variety of flavors to choose from. Somehow, the business was

neither profitable nor popular. Sanchit was keen to find out the reason. He appointed Sandhya, an MBA from a reputed college, as a manager to find out the causes for the same. Sandhya took feedback from the clients and found out that though they loved the special unique aroma of coffee but were not happy with the long waiting time being taken to process the order. She analysed and found out that there were many unnecessary obstructions in between which could be eliminated. She fixed a standard time for processing the order. She also realised that there were some flavors whose demand was not enough. So, she also decided to stop the sale of such flavors. As a result, within a short period Sandhya was able to attract the customers.

Identify and explain any two techniques of scientific management used by Sandhya to solve the problem.

30. State any four factors affecting the decision which relates to how the profits earned by a company will be distributed and how much will be retained in the business. [4]

OR

Kaveri is busy in preparing the financial blueprint for her organisation's future operations. She feels that detailed plans of action reduce waste and duplication of efforts. However, her friend, Sana feels that in an uncertain and dynamic world, this type of planning may not work. Kaveri again stresses on her statement and explains why this financial blueprint is important.

Identify the concept and state three points of its importance in addition to those explained in the above para.

SECTION D

31. Choco Ltd. offers a wide variety of chocolate products. It has an action program of not selling its products by their generic name but under different names like Choco-silk bar, Choco-Munchy and Choco-crunchy etc. for different customer segments. All these names have great popularity and acceptability in the markets. As the company policy the products were offered at reasonable and affordable prices for targeting a mass customer base. During the festive season, the company launched a massive promotional campaign to increase its revenue and achieve its communication objectives. The company introduced free gifts for the customers. Their on-ground sales team delivers the product not only to the departmental stores but also to small shops, so that all segments of customers can easily get the products. They also provide information and support services to customers to ensure repeat sales. [6]

From the viewpoint of the management function, briefly explain any six activities of marketing which the firm will be involved in, apart from the above-mentioned ones it is already performing

32. From last many years, in the month of November, due to sudden rise in the pollution levels in Delhi and other parts of northern India, there has been an increase in the demand for air purifiers. [6]

Indraprastha Technologies Ltd., a manufacturer of air purifiers wants to encash this opportunity and wants to raise its investment in stock. It is expected that this decision would increase the rate of profitability of the business. Due to this many competitors have recently entered in this industry. To increase the sales, the company has started selling air purifiers on liberal credit terms. It is not affecting the profits of the company since the production cycle of the product is short.

- A. Identify and state any two factors that 'Indraprastha Technologies Ltd.' will keep in mind before deciding its working capital requirements.
- B. Also state three other factors which should be kept in mind while deciding the working capital requirements of a company.

33. InfoMed Ltd. is a growing IT firm with rapidly increasing market share. It has recently been awarded 'The Best Organisation to Work in India – 2019' and is the most sought after by jobseekers. In this company, rules, and procedures to be followed by employees have been clearly laid down by the top management. There is no ambiguity in the role that each member has to play, as the duties are specified. During lunch time, all employees of the organisation get together in the canteen. This time is much awaited by every employee as it allows them to share their feelings with others. This leads to the success of the organisation. [6]

- A. Identify and explain the types of organisations being discussed in the above case.
- B. State two advantages of each type of the organisation identified above which have not been discussed.

OR

'Good Looks Ltd.' are the manufacturers of cosmetics. The company enjoyed a preeminent position in the business and has grown in size. Till recently the company had been doing good business; but after the entry of competitors the market share of 'Good Looks Ltd.' has declined. One of the reasons for this was that all decisions were taken by the higher management. This has resulted in the concentration of all decision-making process at the apex of the management hierarchy. Worried about the decline in market share and profit, the company appointed 'Structures Consultants India Ltd.' as a consultant to suggest improvements in the organisation's decision-making process. The consultant suggested that the decision-making responsibilities may be divided among hierarchical levels. They said that if decision-making authority will be shared with the lowest levels and is consequently placed near the point of action, it will help in quick decision-making, and this will help the company in adapting itself to the dynamic operating conditions. They stated that the philosophy of dispersal of authority propagates the belief that people are competent, capable, and resourceful and can assume the responsibility of effective implementation of their decisions.

A. Identify and give the meaning of the concept based on which 'Structures Consultants India Ltd.' gave their recommendations to 'Good Looks Ltd...'

B. Explain any four points of importance of the concept identified above.

34. A famous cricket coach, Alam Raza was hired by Sports College, Indore to coach the college cricket team for a national level competition. In the first meeting itself, the Principal of the college announced that the players would enter into an agreement with the college. The agreement would state the reporting time for players on the field and other rules and regulations. Failure to obey the agreement and rules would lead to judicious application of penalties. It was also announced by the College Principal that the players would receive orders from the coach, and they would all be responsible only to the coach, to prevent confusion regarding tasks to be done. The coach was determined to train the players to win, as the entire responsibility was on his shoulders. He promoted the spirit of mutual trust and belongingness among the team members without which he felt it would be difficult to win. The players were also enthusiastic, and the training started in full swing. Identify and explain the three principles of management discussed in the above case. [6]