

**Guru Harkrishan Public School (Senior Campus), SGNR**  
**First Pre board – December 2018**  
**Business Studies**  
**Class- XII**

**A**

Time allowed: 3hr.

M.M-80

Name \_\_\_\_\_

RollNo. \_\_\_\_\_

General Instructions: -

1. Answers to questions carrying 1 mark may be from one word to one sentence.
2. Answer to questions carrying 3 marks may be from 50 to 75 words.
3. Answer to questions carrying 4-5 marks may be about 150 words
4. Answer to questions carrying 6 marks may be about 200 words.

**Section A**

1. Your mother purchased a colour television for Rs. 70,000 without cash-memo from an authorized dealer of the manufacturer with a guarantee that the television will be replaced with a new one if any of its parts becomes defective within three months from the date of purchase. Within 10 days a part of the television was burnt and on complaining the seller refused to replace the television. Name the redressal agency under the Consumer Protection Act where your mother can file the complaint.      1
  
2. Define Marketing Management.  
Or  
Define "Grading" as a function of marketing.      1
  
3. The size of assets, the profitability and competitiveness are affected by one of the financial decisions". State the decision involved with reference to the given statement.      1  
Or  
Mr. Mohan, Financial manager of ABC Ltd., has prepared the annual Statement of proposed expenditure to be presented in the Annual General Meeting. Identify the type of plan formulated by the financial manager.      1
  
4. Ayesha is manufacturing lunch boxes for school-going children. To maximize profit she decided to improve the quality and added a warmer for the lunch boxes. Due to this improvement in the product, the sale is increasing day by day. Identify and explain the marketing philosophy involved.

Or

'Beauty Products Ltd's is a natural and ethical beauty brand famous for offering organic beauty products for men and women. The company uses plant based materials for its products and is the No. 1 beauty brand in the country. It not Identify the marketing management philosophy being following by 'Beauty Products Ltd.'

- |   |   |
|---|---|
|   | 1 |
| 5. Define marketing.                                | 1 |
| 6. List one main objective of financial management. | 1 |
| 7. Who can file a case?                             | 1 |
| 8. What is insider trading?                         | 1 |

### Section B

9. Manvendra always went to a specific shop to buy all consumable and non-consumable goods. In this shop, a variety of products of different brands were displayed nicely and the sales person available also gave good sales presentations if required. But this shop was quite far-off from his residence. His friend Annant always wondered why Manvendra wastes to much time in going to that shop whereas there were many big brand shops situated near his residence having consumable and non-consumable goods. Annant asked Manvendra the reason of going to the particular shop. Manvendra told that he was exercising one of his rights which he could not exercise in nearby big brand shops. State the consumer's right which Manvendra had exercised.

3

10. In the year 2015, Under section 12(ID) of the Consumer Protection Act, the Consumer Affairs Ministry had filed a suit in National Consumer Disputes Redressal Commission (NCDRC) against Nestle India, the manufacturer of Maggi noodles, seeking about Rs. 640 crore in damages for alleged unfair trade practices, false labeling and misleading advertisements. In context of the above case:

1. Name any two other two parties besides government who can file a case under Consumer Protection Act 1986.
2. Why has the government filed a suit in National Consumer Disputes Redressal Commission (NCDRC) and at no other level of three tier redressal system? 1+2

11. "The overall objective of SEBI is to protect the interest of investors and to promote the development of, and regulate the securities market." In light of the given statement, state any three objectives of SEBI.

OR

"Financial markets play an important role in the allocation of scarce resources in an economy by performing important functions." In light of the given statement, state any three functions performed by Financial Market. 3

12. A company's earnings before interest and tax is Rs. 7 lac. It pays 10% interest on its debt. Total investment of company is rs. 50 lac.

1. Advise company whenever it should include debt or equity to raise its capital.
2. Name the concept related to this.

3. Will be company's decision to raise funds from debt or equity will change if company's EBIT becomes 3 lac. 3

13. State any other purpose for which this instrument can be used. ting the lines from the above discussion identify and explain Saksham Ltd. a firm manufacturing textiles, wished to diversify their business. They were considering two options, either to diversify into manufacturing tooth-paste or switches. They wanted to invest in the purchase of land, to set up a manufacturing unit in the backward areas of Gujarat, which would also lead to the generation of employment opportunities in the area, but only after fulfilling all legal requirements and taking appropriate steps to ensure that the environment was not polluted. The finance manager of the company, Mr. Ramakant was asked by the management to prepare a report on the factors which should be considered while making the above investment decision.

A. State any two factors that Mr. Ramakant would give in his report.

B. Also state any one reason which makes it important for the above decision to be made carefully.

2+1

### Section C

14. After completing his education, Arman opened a small restaurant in a posh market to earn his livelihood. In order to attract good clientele, he decided to install two air conditioners in the restaurant. Since he didn't have sufficient funds to buy air conditioners of a good brand, he bought two air conditioners from a local manufacturer in Janakpuri, Delhi for Rs. 20,000 each. Later on, he found that the compressor of one of the air conditioner was not working properly. Despite many complaints, the defect was not rectified by the manufacturer. So, he feels very disappointed about the issue and wants to take a legal action against the manufacturer to not only get compensation but also to save other people from being duped by the local manufacturer.

1. Name the redressal agency to which he can approach to file complaint against the local manufacturer.

2. State any two directions which the consumer court can issue to the local manufacturer after being satisfied with the genuineness of the complaint.

3. State any two values being ignored by this automobile company. 4

15. State any four differences between Primary market and Secondary Market. 4

Or

Differentiate between Capital Market and Money Market on the basis of: (a) Liquidity 4

Duration (c) Expected Return (d) Safety

16. Incorporated in 1990. Raju Dairy Ltd., is one of the leading manufacturers and marketers of dairy-based branded foods in India. In the initial years, its operations were restricted only to collection and distribution of milk. But, over the years it has gained a reasonable market share by offering a diverse range of dairy based products including fresh milk, flavoured

yogurt, ice creams, butter milk, cheese, ghee, milk powders etc. in order to raise capital to finance its expansion plans.

Raju Dairy Ltd. has decided to approach capital market through a mix of Offer for sale of Rs. 4 crore shares and a public issue of Rs. 2 crore shares.

In context of the above case:

identify the concept of financial market & name the flotation method of that concept.

Explain 2 more methods also.

4

17. Pinnacle Ltd deals in the sale of stationery and office furniture. They source the finished products from reputed brands who give them four to six months credit. 6

Seeing the demand for electronic items, they are also planning to market these items by opening outlets throughout India. For this, they have decided to join hands with a Japanese electronic goods manufacturer. Identify and state any two factors that would affect the fixed capital requirement of Pinnacle Ltd. as discussed above. also explain 2 more factors.

1+3

18. Explain trading procedure of stock exchange.

4

19. Identify the marketing philosophies and explain the same on the basis of --

(a) Main focus, (b) Means & Ends.

(i) An online apparel store is now offering nip & tuck services to its prospective buyers. On surveying the market of what women look for & having studied the Indian body type to design the sizes accordingly the firm launched formal western wear that is functional & fashionable.

(ii) Santo is manufacturing bags for school & college students. To maximize profits it adds a pocket for mobiles & to ensure safety of mobile the pocket can be locked using code number.

(iii) Mansi, a shoe manufacturer for school students, decided to maximize her profits by producing & distributing at large scale & thereby reducing the average cost of product.

4

## Section D

20. A Company was marketing water purifiers which were very popular due to their quality and after sales services provided to the customers. The company was a leading company in the market and earning huge profits. Because of huge profits, the company ignored the after sales services. As a result, its relations with customers got spoiled and the image of the company was damaged in the public. The top management became concerned when the profits for the current quarter fell steeply. On analysis, it was revealed that ignoring the after sales services was its reasons.

Therefore, the company took all possible measures to protect and promote its favourable image in the eyes of the public. As a result, the goodwill of the company improved in the society.

1. Name and state the communication tool used by the marketer in the above case to improve its image.

2. Also explain role of the tool as identified in part (a)

5

21. Bhuvan inherited a very large area of agricultural land in Haryana after the death of his grandfather. He plans to sell this piece of land and use the money to set up a small scale paper factory to manufacture all kinds of stationary items from recycled paper. Being an amateur in business, he decides to consult his friend Subhash who works in a financial consultancy firm. Subhash helps him to prepare a blue print of his future business operations on the basis of sales forecast in next five years. Based on these estimates, he helps Bhuvan to assess the fixed and working capital requirements of business. In context of the above case:

1. Identify the type of financial service that Subhash has offered to Bhuvan.

2. Briefly state any four points highlighting the importance of the type of financial service identified in part (a)

5

22. 'Sarah Ltd.' is a company manufacturing cotton yarn. It has been consistently earning good profits for many years. This year too, it has been able to generate enough profits. There's availability of enough cash in the company and good prospects for growth in future. It is a well managed organization and believes in quality, equal employment opportunities and good remuneration practices. It has many shareholders who prefer to receive a regular income from their investments.

It has taken a loan of Rs. 40 lakhs from IDBI and is bound by certain restrictions on the payment of dividend according to the terms of loan agreement.

The above discussion about the company leads to various factors which decide how much of the profits should be retained and how much has to be distributed by the company. name & explain them. 5

## Section E

23. Explain activities related to trade.

6

24. 'Ganesh Steel Ltd.' is a large and credit-worthy company manufacturing steel for the Indian market. It now wants to cater to the Asian market and decides to invest in new hi-tech machines. Since the investment is large, it requires long-term finance. It decides to raise funds by issuing equity shares. The issue of equity shares involves huge floatation cost. To meet the expenses of floatation cost the company decides to tap the money-market.

1. Name and explain the money-market instrument the company can use for the above purpose.

2. What is the duration for which the company can get funds through this instrument?

3. Also explain any other 2 instruments.

1/2 +1 ½ +1+3

25. After acquiring the necessary knowledge and skills on starting an Aloe Vera Farm, Ashok wanted to be the leading manufacturer of Aloe Vera products worldwide. He observed that the products were expensive as the demand of the products was more than the supply. He was also keen to promote methods and practices that were economically viable, environmentally sound and at the same time protecting public health.

Ashok's main consideration was about the amount of money paid by the consumers in consideration of the purchase of Aloe vera products. He also thought that competitors prices and their anticipated reactions must also be considered for this.

After gathering and analysing information and doing correct marketing planning, he came to know that the consumers compare the value of a product to the value of money which they are required to pay. The consumers will be ready to buy a product when they perceived that the value of the product is at least equal to the value of money which they would pay.

Since he was entering into a new market, he felt that he may not be able to cover all costs. He knew that in the long run the business will not be able to survive unless all costs are covered in addition to a minimum profit.

He examined the quality and features of the products of the competitors and the anticipated reactions of the consumers. Considering the same he decided to add some unique features to the packaging and also decided to provide free home delivery of the products.

The above case relates to a concept which is considered to be an effective competitive marketing weapon. In conditions of perfect competition most of the firms compete with each other on this concept in the marketing of goods and services.

(a) Identify the concept.

(b) Explain briefly any four factors discussed in the above case related to the concept so identified.

1+5

## Trading Procedure on a Stock Exchange

- **Step 1.** Selecting the Broker
- **Step 2.** Opening the demat account
- **Step 3.** Placing the Order
- **Step 4.** Connecting to the Stock Exchange
- **Step 5.** Executing the Order
- **Step 6.** Issuing of Contract note
- **Step 7.** Delivery of Cash/Securities —> Pay-in day
- **Step 8.** Settlement before T+2
- **Step 9.** Delivery of security/cash —> Pay-out day
- **Step 10.** Delivery of security in demat form.