

# CLASS XII

## GUESS PAPER

### BUSINESS STUDIES

**General Instructions:**

- (i) This question-paper contains five Sections – A, B, C, D and E.
- (ii) Section – A contains questions 1 to 20 carrying one mark each. Answer to these questions may be given in one word or a sentence.
- (iii) Section – B contains questions 21 to 25 carrying three marks each, answers to these questions may be in 50 to 75 words.
- (iv) Section – C contains questions 26 to 28 carrying four marks each. Answers to these questions may be in about 120 words.
- (v) Section – D contains questions 29 to 31 carrying five marks each. Answers to these questions may be in about 150 words.
- (vi) Section – E contains questions 32 to 34 carrying six marks each. Answer to these questions may be in about 200 words.
- (vii) There is no over-all-choice in the question paper, however an internal choice has been provided in 1 question of three marks, 1 questions of four marks, 2 questions of five marks, 2 question of six marks. You have to attempt only one of the choices in such questions.

**SECTION – A**

**Q. 1** In the competitive environment the Board of Directors of 'Sunsilk Ltd.' has formulated a policy for Human Resource Development are having some main standard like motivating existing employees, riskless selection with no requirement of any induction. The company has formulated policy with certain standards that have considered while appointing the persons in the company. Identify the source of employment adopted by 'Sunsilk Ltd.' (1)

- (a) Internal Source (b) External Source  
(c) Placement and Orientation (d) Training

**Q. 2** (A) .....is a statement of expected results expressed in numerical terms and (B).....are the ends that the management seeks to achieve by its operations. Fill in the blanks (1)

- (a) (A) Budget and (B) Programmes (b) (A) Policy and (B) Objectives  
(c) (A) Objective and (B) Policy (d) (A) Budget and (B) Objectives

**Q.3** State the effect on cost and risk if financial leverage increases. (1)

- Q. 4** "In an organisation employees are happy and satisfied, there is no chaos and the effect of management is noticeable." Which feature of management is highlighted in the given statement:----- (1)  
 (a) Dynamic Function (b) Intangible Force  
 (c) Group Activity (d) Continuous Process
- Q. 5** Span of Management: ----- (1)  
 (a) Ensure augmentation of organization activities  
 (b) Determines the number of individual managers can effectively supervise  
 (c) Ensure that managers at the same level have equal number of subordinates  
 (d) Enhances employee knowledge and skill
- Q. 6** The characteristics of the individual who should be hired for the job are indicated by ----- (1)  
 (a) Job Analysis (b) Job Specification  
 (c) Job Description (d) Job Identification
- Q. 7** Treasury-Bill are basically:----- (1)  
 (a) An instrument to borrow short term funds (b) An instrument to borrow long term funds  
 (c) An instrument of capital market (d) None of the above
- Q. 8** Mr. Ram, the operational manager of Reliance Ltd. conducted work study to fix standard time to be taken by a worker to produce one unit. Identify the step of the controlling process mentioned here: ----- (1)  
 (a) Measurement of actual performance (b) Analysing deviations  
 (c) Setting performance standards (d) Comparison of actual performance with standards
- Q. 9** Getting orders from more than one superior is against which principle: ----- (1)  
 (a) Unity of direction (b) Unity of command  
 (c) Authority and Responsibility (d) Division of work
- Q. 10** "Planning requires application of the mind, foresight, intelligent imagination and sound judgement." Identify the characteristic of planning highlighted by this statement:----- (1)  
 (a) Planning is a mental exercise (b) Planning is Pervasive  
 (c) Planning is continuous (d) Planning is futuristic
- Q. 11**..... is a fundamental to the preparation of specification for recruitment, selection, placement, training and guidance of employee:----- (1)  
 (a) Staffing (b) Job Analysis  
 (c) Job Description (d) Job Specification
- Q. 12** A privilege given to existing shareholders to subscribe to a new issue of shares according to the terms and conditions of the company: ----- (1)  
 (a) Offer through Prospectus (b) Offer for Sale  
 (c) Rights Issue (d) Private Placement
- Q. 13**..... is the force that binds all the other functions of the management: ----- (1)  
 (a) Controlling (b) Coordination  
 (c) Planning (d) Staffing
- Q. 14** Which of the following statement regarding span of management is true: ----- (1)  
 (a) The more the clarity of plans and responsibility the greater is the possibility of a large and wide span of management

- (b) Degree of decentralization does not affect the span of management
- (c) Capacity and skill of subordinate have no role in determination of span of management
- (d) Nature and importance of work is not a factor to be considered in determining the optimum span of management.

**Q. 15** Superior attempts to influence the behaviour of people at work towards the achievement of specified goals. Name the element of directing function highlighted in the above statement: ----- (1)

- (a) Supervision
- (b) Motivation
- (c) Leadership
- (d) Communication

**Q. 16** A decision is taken in financial management to distribute certain parts of the profit to shareholders after paying tax. What is this decision called ----- (1)

- (a) Investment Decision
- (b) Dividend Decision
- (c) Financing Decision
- (d) None of the above

**Q. 17** Name the method of recruitment which is followed for casual vacancies of semi-skilled jobs when there is a rush of order or when some permanent workers are absent: ----- (1)

- (a) Casual Callers
- (b) Advertisement
- (c) Direct Recruitment
- (d) Campus Recruitment

**Q. 18** Companies sell the securities to some selected institutional investors and individuals. Name the method: ----- (1)

- (a) Offer for Sale
- (b) Rights Issue
- (c) Offer through Prospectus
- (d) Private Placement

**Q. 19** A plan is determined course of action. The first major step in the process is: ----- (1)

- (a) Developing premises
- (b) Developing Plan
- (c) Stating Organisational Objective
- (d) Putting Plan into Action

**Q. 20** Aman, a manager expects his subordinates to work for the happiness and pleasure of being in the organisation. Which principle of management is being overlooked: ----- (1)

- (a) Remuneration of employees
- (b) Unity of Direction
- (c) Discipline
- (d) Unity of Command

### SECTION – B

**Q.21** Sanjana is the branch manager of ABC Handicrafts Pvt. The company's objective is to promote the sales of Indian handloom and handicraft products. Its sells fabrics, furnishings, ready-mades and household items are made out of traditional Indian fabrics. Sanjana decides quantities, variety, colour and texture of all the above items and then allocates resources for their purchase from different suppliers. She appoints a team of designers and crafts people in the company, who developed some prints for bed covers in bright colour on silk. Although they looked very impressive, they were more expensive than they had planned to sell. Average customer could not afford to buy it. Praising their effort, Sanjana suggested that they should keep the silk bed covers for special occasions like Diwali and Christmas and offer the cotton bed covers on a regular basis to keep costs under control.

Identify any three functions of management which Sanjana performs by quoting the lines the above para. (3)

OR

Ramarajuna joins an IT firm as a system analyst after completing his masters in Computer Science. As the nature of his work demands he has to work in very close coordination with all the departmental heads in the firm, very soon

Ramarajuna realizes that each departmental head has own individual style of working. They differ greatly in their day-to-day approach to work. They tend to deal with a given situation, an issue or a problem through a combination of their own experience, creativity, imagination, initiative and innovation.

In the context of the above case:

Identify and explain the nature of management highlighted in the above case.

**Q.22** Ramdas, aged 49 is working in an aviation company. He is the senior most employee in his division. He is even senior to the division manager, Kanaputti. Ramdas is considered one of the most committed, capable and hard-working employees. As a result of his abilities and seniority, he generally received the work assignments of his choice. Although there was no formal designation of various „special’ projects assigned to Ramdas, he handled them as a matter of routine. A problem developed when an able and intelligent person Nagarajuna, aged 33, was appointed by Kanaputti. Nagarjun’s previous three years’ experience in the closely related work, made it possible for him to catch on to the routine work of his new job more rapidly than was customary for a new employee. On several occasions, Kanaputti noticed the tension developing between the two employees. However, he didn’t want to get involved in their personal issues as long as the work was completed effectively and efficiently by them. One day, the tension between them reached the boiling point and Ramdas complained to Kanaputti stating that his duties were being largely taken over by Nagarjun. Kanaputti issued the order stating the clear allocation of the jobs and related duties between the two. He further clarified the working relationship between them by specifying who was to report to whom. This helped in reducing the workload, enhancing productivity and removing ambiguity.

1. Identify and state the step of organizing process which has not been carried out properly and contributed to this problem.
2. State the two steps of the organizing process which have been taken by Kanaputti to respond to the complaint of Ramdas.
3. Also state two points of importance of organizing as reflected in the above case. (1/2 +1 ½ |+1)

**Q.23** Banwari Lal is a cloth merchant in Karol Bagh. His grandsons are requesting him to let them diversify the business into bridal wear. Banwari Lal has agreed but on the condition that they will follow the function of management he has always followed, which helps an organisation in keeping track of the progress of activities and ensures that the activities conform to the standards set in advance so that the organisational goals are achieved. Name the function of management which Banwari Lal is asking his grandsons to follow. List any two reasons why it is considered an indispensable function of management. (3)

**Q.24** Identify the marketing management philosophy involved in the following cases. (3)

1. Geetika scooters are the leading manufacturers of scooters in the industry. They have the first mover advantage in the industry. When they started manufacturing scooters no other company was doing it. They manufacture scooters and the middle class purchases them in a high number. With each passing year the number of scooters sold is increasing. The company’s main concern usually is to produce maximum number of scooters. Company’s profit is governed by the maximum number of scooters they produce.

2. Aman microwaves produce microwaves but they do not try to understand the needs of the customers. Their main focus is always on the quality of the product but never on customer requirement. They try to include as many features as possible in their product. This year they have added a special type of alarm in their product which is a unique feature. The alarm is available in ten varieties. However, the customers say that the product is not of much use to them as it consumes a lot of electricity.
3. Ravi coolers is a very progressive company. The owners of the company feel that unless and until they contribute to society it is worthless to exist as a company. In a recent move by the government the organisation has decided to help it. The organisation will be making five teams of hired environmentalists from foreign countries. This team will help the local people clean the portions of a polluted river in the country. The costs of this project will be borne by the company. (3)

### SECTION C

**Q.25** Mr. Ram has recently completed his legal studies from Delhi University and along his classmates are planning to start an NGO for the welfare of consumers. The NGO will work to aware the people about their rights, reliefs and responsibilities to and enhance their knowledge so that the consumer interest could be saved, on the other hand the NGO will also initiate the legal procedure on behalf of the consumer and will keep them updated on their legal proceeding. The members of the NGO are very active and regularly update their knowledge so that more clarity could be shared with the consumer with new verdict by the court on various consumer cases. Recently in the central part of the city they organized a training program in which all the information related to the exploitation of consumers, consumer ignorance, consumer rights and reliefs available to the consumers were the key highlights, the visibility was so high that the government is new also aligned with them to provide support to their organization. The government laboratories are easily in touch with them and are ready for any type of confirmation of results related to the purity of products. The organization is now planning for workshop to at Connaught Place to aware the consumer for the use of a fake electrical appliance responsible for the death of family. In the above case identify the various functions performed by the NGO for the protection of the interests of the consumers. (4)

**Q.26** Gen-next Solution is a consultancy company finds that their business is being by affected by multiple reason in which competitor and customers are one of major head of affecting the business. Although there are political, economic and social conditions also present. Since, the information technology filed is the fastest changing and growing field, keeping in mind the company has decided to prepare an emergency plan for such affecting environmental circumstances. The company is planning for advance software for social networking sites for the aged people catering to their specific needs, which will provide an advantage of entering the market early, which will result in high visibility and revenue generation through this project. On the other hand the company has decided to monitor the external business environment so that it can adopt suitable measures to increase its client base. The government recently handed over a project to analyze the effect of increase in role of private sector and decrease in role of government enterprise.

- (a) Which features of business environment is highlighted in the above case.
- (b) Identify the importance of business environment highlighted in the above case.
- (c) Which economic reform is highlighted in above case.

(2+1+1=4)

**Q.27** Infocom has diversified itself into several product lines: Telecommunications, Engineering, financial

services. Each subsidiary is self-sufficient with their-own administrative functions, propagating the belief that people can assume the responsibility for the effective implementation of their decisions and should be given autonomy. This has reduced the need for direct supervision by superiors, has promoted flexibility, initiative and faster decision making. The orders of customers are never delayed, as a result of good policy decisions of top management.

- (a). Identify and explain any two points of importance of the concept being discussed above.  
(b). Name and briefly explain a suitable framework for the company within which the managerial and operating task are to be performed. (4)

**Q.28** A tea manufacturing company has recently changed the designs and labeling by stating new variety of tea and their upcoming new product by the name of mug tea in which the green tea will already placed at the bottom of cup and it can be utilized thrice by the consumer. Since, the mug tea is new concept and will also provide benefit to the company in terms of sale increase, but the company analyst is planning to reduce the price by 25% on the existing product so that the larger market share could be captured. The company sells its product in different markets of the world. The company directors have proposed to market the product in the cities of having high population level, the top management hasn't yet decided the type of channel it should choose. Due to high use of smartphone and e-commerce the company is also selling its product online, such decision brought an indirect change in one of the elements of the marketing mix and of course one element saw change directly. (a) Which function of labeling has been highlighted in the above case?

- (b) Which factor of price determination has affected the pricing of tea by the company.  
(c) Which type of channel do you think the company should choose for the new country.  
(d) Which element of marketing mix has changed directly and which indirectly.

OR

Explain importance of personnel selling . (4)

#### SECTION D

**Q.29** Bhatkaav Enterprises is facing huge losses. The owner of the company is an MBA pass out. Even then many things in the organisation are happening which are indicative of lack of proper management in the company. First of all there is no specific sharing of work and any time any employee is asked to do anything. This has lead to wastage of efforts. Further due to negligence in proper work sharing there has been no specialisation development in the nature of the jobs done by the employees. There are no clear and fair agreements between the workers and the management. This has led to a lot of frustration in the workers. Management has quite often been found to be ignorant of not fulfilling promises done by it. There are also no strict rules and regulations binding on the conduct of the workers. The departmental heads who are the middle level managers in the company and hold key positions always favour their relatives. They quite often don't turn up for job on time. They are always looking for special relaxations from the top management. This has led to feeling of resentment among the employees who are also demanding special favours and threatening strike in the coming days.

Identify the three principles of Fayol violated in the above case. (5)

OR

'Work is Worship' is a leading construction company. The organisation has grown from strength to strength because of its innovative ideas and scientific approach of working. Ten years back the organisation went through a revolution. All

the operations and activities were properly noticed and the standard time taken to perform them was noted. This took a few months and now the company could find out the amount of workers required and the number of days to be involved in the various manufacturing processes. A year later they moved to another level by considering the stress involved in the lives of the workers. The amount and frequency of rest intervals in finishing a particular task were noted. This helped the company in optimizing the rest intervals for the workers so that their outputs could be increased. After six more months the company decided to reward the efficient workers. A different rate of wage payment was decided for those workers who performed above the standard. The standard was decided. This led to a revolutionary change in the perspective of the workers who now started giving their full efforts in order to increase their wages. Which concept of management has been discussed in the above case? Name the three types of this management concept highlighted above. Also identify the lines where these types have been indicated.

**Q.30** An Auto Company, Win Ltd is facing a problem of declining market share due to increased competition 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 announced a meeting to discuss the decisions regarding pricing and launching a new range of models, in order to increase 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.
  - What are standing plans and single use plans?
  - Briefly explain the plans discussed above, which can be classified as standing plans, by quoting the lines. (5)
  -

**Q.31** Abhishek Ltd.' is manufacturing cotton clothes. It has been consistently earning good profits for many years. This year too, it has been able to generate ^ profits. There is availability of enough cash in the company and good prospects for growth in future. It is a well managed organisation and believes in quality, equal employment opportunities and good remuneration practices. It has many shareholders who prefer to receive a regular income form their investments. It has taken a loan of Rs.50 lakhs from I.C.I.C.I Bank and is bound by certain restrictions on the payment of dividend according to the terms of the 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. Quoting the lines from the above discussion, identify and explain any four such factors. (1+4)

OR

Yiyo 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 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 capital employed. It paid tax @ 40%.

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

calculations clearly.

(b) Also, state any three factors that favour the issue of debentures by the company as part of its capital structure.

### SECTION E

**Q.32** Pluto Utensils is a very old manufacturing company. Recently it was found by the management that the employees who were working in the organisation were lethargic with limited skills. The management compared its organisation with that of others and found a huge difference. When a proper analysis of job positions and their occupants was done it was found that many of them were not working at places suitable to them. This increased the worry of the management. The organisation had already spent five decades in the industry and was worried about the successful continuation of business which required capable future managers but the current employees were not much capable. The company had recently suffered huge losses. It was running out of budget. To add to its problems the number of employees was more than required so the company had to bear additional cost. It is said that one bad thing leads to another. This came true for the company when there was some negative reporting about its HR practices in a daily newspaper where it was mentioned that the employees were not satisfied and suffered with low morale. The scene forty years back was different when the company used to be the number one brand in its segment. Which function of management doesn't seem to be working well for the company in the above case? Identify the different benefits, associated with the proper utilisation of this function, the company would have enjoyed if everything had worked in its favour. (6)

**Q.33** Harsh had been working as a manager with 'APA Education Private Limited'. Harsh was very dedicated and committed employee of the organisation which made him popular within the whole organisation. The company was expanding and opened a new department and transferred Aman, leader of Harsh for the new position. There was a discussion among them that Harsh will be promoted to vacant position but the company filled the post by an external candidate Mrs. Sunita, Harsh felt demoralised and his performance started declining. Mrs. Sunita being a good leader, who would not only instruct her subordinates but would also guide and inspire them. Sunita noticed Harsh's behaviour and felt that his performance could be improved. She offered various projects where Harsh could create his visibility in front of the senior management. Sunita nominated Harsh in decision-making issues related to the organisation. Harsh was now punctual in office and his performance started improving.

(a) Identify the function of management being performed by Sunita.

(b) Name the element of the above function of management which helped Sunita to improve Harsh's behaviour. (c) State any four features of the element identified in (b) above.

OR

Chintamani is the Production Manager of 'Global India Ltd.' manufacturing and exporting steel. During the year 2017-18, the company could not meet its production targets. The Chief Executive Officer of the company constituted a committee of experts to find out the reasons and give its recommendation so that the production target could be met in the future. The company analysed the production-related records and found out that there were problems due to communication. 'Global India Ltd.' had rigid rules and would insist on communication through prescribed channels, which led to delays. The company also had a number of managerial levels causing further delay and distorted communication. Moreover, the Production Manager, Chintamani, was using a tone that quite often offended the sentiments of the workers. Also, Chintamani and the workers did not believe in each other and so could not understand each other's messages in the original sense.

(a) Identify and give the meaning of the types of communication barriers discussed above.



(b) Quoting lines from the above, state two communication barriers under each of the types identified in part (a) because of which 'Global India Ltd.' could not meet its production targets. **(1+1+4)**

Q.34 Raman who is a broker in a stock exchange has to face challenging questions from society. His own family sometimes asks him to think about his decision to become a broker. He however, has full faith in the stock exchange. He knows that the membership of a stock exchange is properly regulated abiding the legal system and the public doing investment is safe in making deals. His children one day asked him the reason behind the ups and downs in the stock market. He clarified their doubt by telling them that forces of supply and demand decide the prices of securities in the secondary market. Off late he has decided to write a book on the functioning of stock exchange and its significance in the Indian economy. He is trying to highlight in his book how through the process of investment and disinvestment existing securities are sold and resold and savings are channelized into the most productive opportunities. Definitely Raman is justifying his presence in his job.

1. What is the meaning of Stock Exchange?
2. Identify and briefly explain the functions of Stock Exchange discussed in the above case.
3. What is an e-IPO?

OR

Identify the type of function of SEBI in the following cases:

1. Rajeev was unwilling to buy shares in the stock market as he was told by someone that stock market is a place where various malpractices take place. He decides to discuss the matter with his friend who explains to him how SEBI takes care of the interests of the investors.
2. Pankaj wants to become a stock broker. When he approaches people and asks them to get started as investor through him they ask for a certificate which the SEBI must have given him. He becomes aware of the fact that in order to function as a stock broker he will have to get registered with SEBI.
3. Kirti Steels already has issued shares in the stock market and is a well known name among the people. Recently it issued shares but had to go through the proper audition process and thorough inspection about the various requirements to be fulfilled as an issuer.
4. Recently some people were caught in some of the malpractices like insider trading. The SEBI has decided to take strict action and cancel their candidature. Further penalties are also to be imposed on them.
5. A magazine has published a report on how SEBI is serious about training of the intermediaries and deciding their code of conduct. A lot of research has been going on in various related areas and the information of use is being published so that various participants can get useful results from it.
6. Some workshops are being organized to create awareness among the investors. The programme will not stop here. There is going to be a proper education of the investors. After the workshop is over a test will be conducted to check the knowledge and applicative ability of the investors. **(6)**

BY: MADHU TRIVEDI