

SAMPLE QUESTION PAPER2
2023-24
BUSINESS STUDIES (054)
CLASS XII

MM80
TIMEALLOWED:3HOURS

General instructions :

1. This question paper contains 34 questions.
2. Marks are indicated against each question.
3. Answers should be brief and to the point.
4. Answers to the questions carrying 3 marks may be from 50 to 75 words.
5. Answers to the questions carrying 4 marks may be about 150 words.
6. Answers to the questions carrying 6 marks may be about 200 words.
7. Attempt all parts of the questions together.

1.	<p>Aarti Steel limited is a large creditworthy company manufacturing Steel. The company seeks to enter the Asian market and therefore wants to raise additional funds of ₹1 crore from the primary market. The finance manager of the company Mr. Sundaram has suggested raising funds by issuing debentures, in order 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.</p> <p>a) return on investment b) cost of debt c) cost of equity d) risk consideration</p>	1
2.	<p>Over the past five years there has been an exponential increase in the number of people practicing healthier lifestyles in India. Doctors and nutritionists are advising people to reduce the daily intake of soft drinks as they are aerated, which can lead to obesity and other health issues. In order to cope up with the setback in the demand from the consumers, "ENERGISE", a soft drink giant decided to introduce a tea brand named 'SFUR-TEA' and a wellness drink named 'FORTY PLUS' for women. The company received a hearty response from the consumers. Identify the feature of Management reflected in the above paragraph.</p> <p>a) management is intangible b) management is a dynamic function c) management is a group activity d) management is multidimensional</p>	1
3.	<p>KG Electrical Appliances, a company manufacturing bulbs incurred heavy expenditure on scientific research and development and invented a technology that made it possible to produce an energy efficient bulb that can last at least 15 times longer than a standard LED bulb. This technology helped the company to increase its profitability and growth. Identify the significance of the business environment highlighted above.</p> <p>a. It helps in assisting and policy formulation b. It helps in tapping useful resources c. It helps in improving performance d. It helps the firm to identify threats and early warning signals</p>	1
4.	<p>Ajit Nene, the owner of a newly established food delivery outlet, 'Food and Snacks' in Maharashtra instructed the Human Resource Manager of the firm, to establish qualitative benchmarks of performance, as he wanted to assess the motivation, skill and satisfaction level of his employees. The sales manager was asked to set quantitative benchmarks of performance in terms of volume of sales made on a daily basis.</p> <p>Identify the step performed by Ajit Nene in the process of controlling.</p> <p>a) measurement of performance b) analysing deviations c) setting performance standards d) taking corrective action.</p>	1
5.	<p>Light and Sound Pvt Ltd manufactures custom in-ear monitors for musicians. Although it has been in the business for the last five years and has a considerable market share, on conducting an analysis it found that the company was spending almost 10% of the total cost on packaging.</p> <p>The company decided to outsource the packaging function to a professional packaging company. The decision helped the firm to achieve its goals through greater customer satisfaction by timely delivery of orders and also helped the company in reducing the cost of packaging by 5%.</p> <p>After the implementation of the decision for outsourcing, the company has become</p> <p>a) effective</p>	1

	<p>b) efficient c) both efficient and effective d) neither efficient nor effective</p>	
6.	<p>With the advent of 'Talk GPT, in the Information Technology industry, companies have started investing in Artificial Intelligence in order to fulfill the expectations of the customers. Largely the customers are showing a positive attitude to the new Artificial Intelligence based Talkbot. Identify the dimensions of the business environment being referred to here.</p> <p>a) social and economic environment b) technological and social environment c) economic and technological environment d) legal and social environment</p>	1
7.	<p>Name the function of management that completes one cycle of Management process and improves planning in the next cycle</p> <p>a) Staffing b) Directing c) Organising d) Controlling</p>	1
8.	<p>In _____, it is easier to fix responsibility for performance</p> <p>a) functional structure and formal organisation b) divisional structure and informal organisation c) functional structure and informal organisation d) divisional structure and formal organisation</p>	1
9.	<p>Business environment is said to be uncertain as</p> <p>a) different elements or parts of business environment are closely interrelated b) it differs from country to country c) it consists of interrelated forces which arise from different sources d) it is very difficult to predict future happenings especially when environmental changes are taking place too frequently.</p>	1
10.	<p>Arrange the following steps of planning process in a correct sequence</p> <p>i) implementing the plan ii) evaluating alternative courses of action iii) follow up action iv) selecting an alternative</p> <p>a. i,ii,iii,iv b. iv,ii,i,iii c. ii,iv,i,iii d. ii,i,iv,iii.</p>	1
11.	<p>ASSERTION: controlling helps in making efficient use of resources REASON: An efficient control system keeps a check on the changes taking place in the organisation and in the environment and helps to review and revise the standards in light of changes</p> <p>Alternatives:</p> <p>a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A). b) Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A) c) Assertion (A) is true but Reason (R) is False d) Assertion (A) is False but Reason (R) is True</p>	1

Demonetisation has shown a major impact on all major sectors of the economy. Choose the incorrect statement about the impact of demonetisation.

12.

- a) decline in cash transactions
- b) increase in bank deposits
- c) increase in real estate prices
- d) increase in financial savings

1

YTS, a Shipping company has been successfully carrying out its shipping business for the past five years. 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 unexpected high demand hassled the workers and the delivery team, causing a delay in the delivery of a large number of packages. The company did not recognise the logistical difficulties in training new staff, in order 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 limitation of planning discussed above

13.

- a) planning is a time consuming process
- b) planning does not guarantee success
- c) Planning involves huge costs
- d) planning reduces creativity

1



14.

The above picture is highlighting the absence of a concept which is causing a delay in decision making. Identify the concept.

- a) organising
- b) span of management
- c) delegation
- d) Accountability

1

As the Production Manager of a large company, which method will be followed for Mr Gopesh to gauge the performance of his department

15.

- a) sample checking of certain random pieces for quality
- b) checking each piece for quality specifications
- c) calculation of certain financial ratios
- d) checking increase in market share

1

Match the following concepts with their meaning

16.

	COLUMN 1		COLUMN 2
A	Authority	i	Increases the role of subordinates in the organisation by giving them more autonomy
B	Functional structure	ii	Flows downwards from superior to subordinate

1

C	Decentralisation	iii	Cannot be entirely delegated
D	Responsibility	iv	Minimum duplication of efforts and hence economical

- a)Ai, Biii, Cii, Div
b)Aii, Biv, Ci, Diii
c)Aiii, Biv, Ci, Dii
d)Aiii, Bi, Civ, Dii

17. Choose the incorrect statement about the controlling function of management
a) controlling is both backward and forward looking
b) controlling is prescriptive whereas planning is evaluative
c)controlling presupposes the existence of certain standards
d) controlling is a pervasive function of management 1
18. ----- Is the process of defining and grouping activities of the enterprise and establishing authority relationships among them
a) Decentralisation
b) planning
c)staffing
d)organising 1
19. Mr Anand Niketan has been successfully running a chain of restaurants in Delhi and Gurgaon for the past 15 years. Aadhavan, his son, returned to India after acquiring a Master's degree in Social Work. He suggested to his father that they should enter into a new line of business of Coffee Bars, and provide employment opportunities to differently abled people and in the process create greater economic value for different sections.
After a lot of deliberation, Aadhavan opened his first Coffee Bar under the name of 'SPESH' near the college campus. The idea of taking orders was unique. The staff gave a pen and a pad and had codes on the menu in front of the dishes. On pressing the bell, the light would pop and the staff would come to assist customers. The users loved the concept and very soon 'SPESH' expanded its outlets to other parts of the city. Aadhavan hired additional 70 employees to manage the new outlets.
Identify the objective(s) that SPESH seeks to achieve through its new venture.
a. organisational and personnel objective
b. organisational and social objective
c. social and personnel objective
d. social objective 1
20. During the devastating earthquake in Gujarat, Mansukhbhai, a traditional clay craftsman, incurred heavy losses in the pottery business. Journalists photographed his broken matkas and referred to them with the caption" The poor man's broken fridge". An idea struck him to make a real fridge with the same cooling principle and after several tests of soil and fridge designs, he introduced the innovative 'Claycool' fridge in 2005. His company is growing at 15% annually and he seeks to achieve a target of ₹10 crores by the end of next fiscal year. The company has stuck to its statement of keeping all the products priced at a lower rate in order to be affordable.
Identify the plans referred to in the above case study.
a) objective and strategy
b) Strategy and policy 1

	<p>c)policy and objective d)objective and rule</p>	
21.	<p>Atlantic Pharma Incorporation, a distributor of durable medical equipment and sports medicine is currently facing problems in managing company's infrastructure and IT projects. To effectively cope with the situation, the company has created a new position of 'Senior Systems Administrator', who will be able to understand the volatile health care industry, as well as its IT environment. Since the position requires more than just technical expertise, the company has taken the following decisions, for timely fulfilment of the manpower requirement: 1)Assessing the new role's requirements through job description, in order to ensure the appointment of a person with the required specific set of educational qualifications, experience, personality and characteristics. 2) Hiring 'Unifold Consultants', a renowned consultancy firm which maintains a database of candidates and which will advertise the job on behalf of Atlantic Pharma Limited. 3) Adopting a deeper screening process of the candidate possessing the technical and business process knowledge. Identify and state the steps which Atlantic Pharma Incorporation has decided to carry out in order to fill the new job position introduced by the company.</p>	3
22.	<p>State any three functions performed by middle level managers. OR State any three features of coordination.</p>	3
23.	<p>Explain how planning a.Provides the basis of control b.Helps in taking rational decisions OR Explain why planning is regarded as a) a forward looking function b) a mental exercise</p>	3
24.	<p>Fast Runners has become one of the most recognised athletic brands in India. It deals in a wide variety of sportswear. However, of late it has been facing difficulty in keeping its inventory under control. In 2022, the company adopted an inventory management software which helped it to predict items that could sell best and prepare the company to meet their demand. This has helped the company in providing better customer satisfaction by making the goods physically available to them. State the three activities Fast Runners should undertake other than the one discussed above, in order to ensure the availability of its products at the right place, at right time and in right quantity.</p>	3
25.	<p>Lilly and Milly are working as Marketing Manager and Finance Manager respectively in an insurance company. In consultation with the Human Resource Manager Lilly formulates a plan which links the salaries of the insurance agents of the company with the volume of sales, in order to provide incentive to make them achieve beyond the assigned monthly targets. Milly conducts regular meetings and congratulates her efficient subordinates for good performance. She also displays their name on the notice board highlighting their achievements .Identify and briefly explain the incentives provided to the employees by Lilly and Milly.</p>	4
26.	<p>Human resource management requires many specialised activities and duties which Human Resource Manager must perform. State any four such duties.</p>	4

	OR	
	State by giving four reasons as to why staffing function must be performed efficiently by all organisations.	
27.	State any four features of an organisation which is an aggregate of interpersonal relationships and is formed without any conscious purpose.	4
28.	Ashutosh Savarkar has recently opened a Tortilla base manufacturing unit in Pune. Processing time being short, as soon as the product is ready, it is dispatched to various outlets and restaurants, in order to keep it fresh. The restaurants are required to give their orders 24 hours in advance as there is no fixed consumption pattern in the city. a) Determine whether the working capital requirement of Ashutosh Savarkar's business is high/low? State the reason in support of your answer. b) State any three other factors, apart from the one identified above, that should be considered, while determining the working capital requirement of a business.	4
29.	Give any four reasons to justify that directing is essential for efficient and effective functioning of the organisation.	4
	OR	
	State any four measures to overcome communication barriers.	
30.	Distinguish between New Issue Market and Stock Exchange (any four points)	4
31.	"The principles of management derive their benefit from their utility." Explain any four points in support of the above statement.	6
	OR	
	Explain any four points that summarise the nature of principles of management.	
32.	Drug price watchdog' National Pharmaceutical Pricing Authority'(NPPA) has decided to cap the prices of the medicines, for which the prices rise by more than 20% in a year. This has been done in pursuance of the 'public interest 'clause in the drugs law. a) Identify the consideration that is being kept in mind by the NPPA while fixing the price of medicines. b) State any five other considerations affecting the fixation of price of the product, apart from the one identified above.	6
33.	Gasex Fertilisers Ltd expected a growth of 10% in the sales in the previous quarter. However, due to the prevailing economic situation around the world, the actual growth in sales was only 5%. The company's Finance Manager was called for an urgent meeting, by the senior management of the company, in which he clarified that he was already prepared for the situation, as he had made a financial blueprint for the future operations. He also reassured the management that he knew how to control the expenses, in case the sales were lower than the expectation. a) Identify the concept that enabled the Finance manager to tackle the situation discussed above.	6
34.	b) State any five points highlighting how the concept discussed above can help in smooth functioning of the organisation.	6
	a) Enumerate the purpose of Consumer Protection Act ,2019.	

b) State any five responsibilities that should be kept in mind by a Consumer while purchasing, using and consuming goods and services, according to the Consumer Protection Act, 2019.

OR

a) Define the scope of Consumer Protection Act ,2019.

b) State any five functions of Non-governmental organisations which aim at promoting the welfare of consumers.

