

# Question Paper 10

(Questions-Answers)

## BUSINESS STUDIES

A Highly Simulated Practice Question Paper for  
CBSE Class XII Examination

Time : 3 hrs

### General Instructions\*

1. Answer to questions carrying 1 mark may be from one word to one sentence.
2. Answer to questions carrying 3 marks may have about 50 to 75 words.
3. Answer to questions carrying 4 marks may have about 150 words.
4. Answer to questions carrying 6 marks may have about 200 words.
5. Attempt all the parts of a question together.

### SECTION A : Objective Type Questions

1. The earlier approach of caveat emptor which means 'Let the buyer beware', has now been changed to  
(a) caveat venditor (b) caveat marketer  
(c) caveat buyer (d) None of these
2. BIS is a seal certified by Bureau of Indian Standards that the goods conform to the prescribed ..... standards.  
(a) quantity (b) quality (c) Both (a) and (b) (d) None of these
3. Span of management refers to  
(a) the number of superiors that a manager can effectively supervise  
(b) the number of customers that a manager can effectively supervise  
(c) the number of subordinates that a manager can effectively supervise  
(d) the number of creditors that a manager can effectively supervise
4. Harish bought a pain relieving ointment after seeing it being displayed in the chemist shop. The ointment tube has packet in a cardboard box. The tubes were received by the chemist from the wholeseller in corrugated boxes containing 30 units. Identify the level of packaging involved in the above mentioned case.  
(a) Primary packaging (b) Secondary packaging  
(c) Transportation packaging (d) All of these

\*You are advised to attempt this sample paper without referring the answers given here. However, cross check your answers with the answers given at the end after you complete the paper.

5. An ideal plan would be one which is most profitable, most feasible and has the least
- positive consequences
  - negative consequences
  - alternatives
  - None of these
6. Seeing the need of connecting restaurants/food outlets to people, Zomato established its app as a food delivery platform. Which importance of business environment is highlighted here?
- It enables the firm to identify opportunities and getting the first mover advantage
  - It helps in tapping useful resources
  - It helps in coping with rapid changes
  - It helps in improving performance
7. Government of India set up a regulatory body to check on various unfair trade practices like price rigging, unofficial premium in new issues, unofficial private placements.
- SEBI
  - NSDL
  - RBI
  - ASSOCHAM
8. Identify the step of organising "which is concerned with allocation of jobs to the members of each department according to their skills and competencies."
- Identification and division of work
  - Departmentalisation
  - Assignment of duties
  - Establishing reporting relationships

9. Madhuban Oils Ltd. has the largest share of 60% in the market. The company's policy is to sell only for cash. In 2019, for the first time company's number one position in the industry has been threatened because other companies started selling oil on credit also. But, the manager of Madhuban Oils Ltd. continued to rely on its previously tried and tested successful plans, which didn't work because the environment is not static. This led to decline in sales of Madhuban Oils Ltd.

The above said case highlights the limitation(s) of planning which led to decline in its sales. Identify such limitation(s).

- Planning does not guarantee success
- Planning may not work in dynamic environment
- Planning leads to rigidity
- Both (a) and (b)

10. Debt is considered to be cheaper than equity because for borrowers, interest on debentures is a ..... while dividend on equity is not.
- exempt from tax
  - deductible expenditure
  - non-deductible expenditure
  - None of these

- Or Under which of the following methods, securities are not issued directly to the public, but are offered through intermediaries like issuing houses or stock brokers
- Offer through prospectus
  - Offer for sale
  - Private placement
  - E-IPO

11. If there is no planning, employees would work in different directions and would not be able to active its goals. In the light of this statement, identify the importance of planning.
- Planning reduces the risk of uncertainties
  - Planning facilitates decision-making
  - Planning provides direction
  - None of the above

12. In an organisation, the functional head and marketing director directs the subordinates throughout the organisation in his particular area. This means that subordinates receive orders from several specialists or managers working above them. This style of working is followed in which organisation?
- Divisional organisation
  - Functional organisation
  - Staff organisation
  - Matrix organisation

Or Match the Column I with Column II on the basis of organising process.

Column I	Column II
A Identification and division of work	(i) Identify and divide the total work
B Departmentalisation	(ii) Allocation of responsibility
	(iii) Separation of products

### Codes

- |     |           |     |            |
|-----|-----------|-----|------------|
| A   | B         | A   | B          |
| (a) | (i) (ii)  | (b) | (ii) (iii) |
| (c) | (i) (iii) | (d) | (iii) (ii) |

Read the following text and answer question no. 13-16 on the basis of the same.

Lorenz industries is involved in the production of spare parts for trucks and buses. Sharad is working there as a foreman alongwith 20 more workers. The targets are constantly achieved by the foremen. There is orderliness and coordination in the work environment and all the workers are happy and satisfied.

The company lays plan to integrate the efforts of all members towards the pre-determined goals which are established in consultation with these members. This plan of action also helps in reducing the cost and increasing productivity.

During the planning process, the workers are encouraged and given an opportunity to suggest their ideas and execute the plans. Overall pay and compensation provided by the company helps the employees to maintain a decent level of living and it is well within the paying capacity of company. Also, it is known that the pay for men is more than the compensation paid to women.

13. At which level of management, Sharad is working?
- Top
  - Middle
  - Lower
  - Shop floor
14. Which importance of management is highlighted in the lines, "This plan of action also helps in reducing the cost and increasing productivity"?
- Helps in achieving group goals
  - Increases efficiency
  - Helps in development of society
  - Creates a dynamic organisation

15. Which characteristic of management is highlighted in the lines, "There is orderliness and coordination in the work environment and all the workers are happy and satisfied"?
- (a) Pervasive (b) Dynamic  
(c) Multidimensional (d) Intangible
16. Which principle of management is violated in the lines, "Overall pay and compensation provided by the company helps the employees to maintain a decent level of living and it is well within the paying capacity of company. Also, it is known that the pay for men is more than the compensation paid to women"?
- (a) Remuneration of employees  
(b) Initiative  
(c) Equity  
(d) Stability of personnel

Read the following text and answer question no. 17-20 on the basis of the same.

Yash worked in business development unit of an Edtech start up. He always achieve the targets on time and recently achieved his sales target one week in advance. This achievement was displayed on the notice board and the CEO of company awarded a certificate for the best performance to him.

Due to his consistent performance, he was promoted to the post of sales manager. He encourages his team to form their own objectives and take decisions. He respects their opinions and support them. He also promotes informal group within the department so that the team members develop a sense of belongingness.

In his new role, Yash is also supposed to communicate the policies of the CXOs to the members in his team. He helps to avoid misunderstandings and conflicts between management and workers.

17. Which non-financial incentive was used by CEO?

- (a) Status  
(b) Employee recognition  
(c) Job security  
(d) Employee participation

18. What was the leadership style followed by Yash?

- (a) Authoritative (b) Democratic  
(c) Both (a) and (b) (d) Laissez Faire

19. Which need is satisfied through informal groups?

- (a) Physiological (b) Security  
(c) Social (d) Esteem

20. Which function of supervisor is highlighted in the lines, "In his new role, Yash is supposed to communicate the policies of the CXOs to the members in his team. He helps to avoid misunderstandings and conflicts between management and workers"?

- (a) Interpersonal contact with workers  
(b) Link between workers and management  
(c) Promotes group unity  
(d) Influences workers

## SECTION B : Short Answer Type I Questions (3 Marks)

21. "To manage is to forecast and plan, to organise to command, to coordinate and to control," enunciated by Fayol. Comment.

Or

What do you understand by the technique 'standardisation of work'? Also, mention its objectives.

22. Himanshu purchased a new car from Galaxy Motors for ₹ 25 lakh. He was offered free insurance for the first year and three free servicing to be availed after the car had covered 5,000 km, 10,000 km and 15,000 km respectively. When Himanshu took the car for the first free servicing, he was told that the car was not new and first service had already been availed on this car. He felt cheated and filed a complaint to the State Commission. Being not satisfied with the decision of the State Commission, he decided to file and appeal against it after two months.

Can Himanshu appeal against the decision of the State Commission? Give reason in support of your answer.

23. What do you understand by dematerialisation of securities and demat account?

Or

To avoid the problem of shortage and surplus of funds, what is required in financial management? Name the concept and explain any two points of its importance.

24. As a well informed customer, what kind of quality certification marks you will look for before buying products?

## SECTION C : Short Answer Type II Questions (4 Marks)

25. Rajat had opened an internet cafe in the 90's to cash in on the boom of the internet. In the initial years he got good profits. This made him carefree and he started taking his success for granted. But lately for the last few years, he is finding it difficult to even bear the expenses of his cafe, leave alone earning profits.

(i) Which aspect or feature of business environment has Rajat ignored?

(ii) What changes in the macro environment has affected his business?

26. "A stock exchange is an institution which provides a platform for buying and selling of existing securities." Do you agree with this statement? Explain two functions of stock exchange.

27. "Planning leads to rigidity and reduces creativity." Explain this statement.

Or

Mohit runs a shoe manufacturing factory. He wants to expand his business. For expansion, he contemplated to enter into the manufacturing of leather bags and western formal wear apart from the running business of shoes. By doing this, his company will be able to provide many products to working women under one roof. Which organisation structure will you suggest him and why?

28. "Management is the systematised body of knowledge that explains certain general truths." Explain the statement by giving three reasons to support your answer.

29. "Selection is a negative process," do you agree? Also, differentiate between recruitment and selection on any two basis.

Or

Enlist any four needs as per Maslow's theory alongwith individual and organisational examples.

30. Arnav is the production manager of Technomart Corporation. Due to heavy demand of the company's product and excessive load on production department, Arnav delegated part of his authority and work to his subordinate supervisor. Since, the supervisor was not proficient in handling the work, work quality degraded resulting in poor quality output.

Thereafter, the manager is of the view that he is not responsible for the quality of work, as he has delegated responsibility to his subordinate. Do you agree with his view point? Justify your answer by giving proper arguments.

### SECTION D : Long Answer Type Questions (6 Marks)

31. Daksh Ltd requires an investment of ₹ 60,00,000 to earn Earning Before Interest and Tax (EBIT) of ₹ 8,00,000. In order to raise ₹ 60,00,000, there are two proposals.

#### Proposal A

- ⇒ 6,00,000 equity shares of ₹ 10 each
- ⇒ Rate of tax = 20%

#### Proposal B

- ⇒ 4,00,000 equity shares of ₹ 10 each
- ⇒ 10% ₹ 20,00,000 debentures
- ⇒ Rate of tax = 20%

Which proposal, if accepted, would ensure better earnings for the shareholders? Decide on the basis of Earning Per Share (EPS).

32. Jack Ltd announced an incentive of ₹15,000 to the employees who do not take leave during the coming Diwali season and show better performance.

- (i) Identify and define the incentive which is granted to employees.
- (ii) Also, state the type of incentive and define it.
- (iii) Name two other types of incentives in the category identified in part (i).
- (iv) What type of needs are satisfied by these kind of incentives?

33. "Every action in the organisation is initiated through directing." In the light of this statement, explain the term directing and mention any five points of it's importance.

Or

ABC is a leading publication company of the country. The company's objective is to provide error-free books for the students. But the company's production department is plagued with many shortcomings.

The authors are not given accurate parameters, constant changes are made in the instructions given to the coordinators and last minute irrelevant additions are made in the text. All these leads to wastage of resources and the company's objective is also not achieved and the revenues are also falling.

The company has recruited a new production manager, replacing the old one. The new production manager identified the need for that function of management in which actual performance is compared with planned performance.

- (i) Identify the function of management discussed above.
- (ii) State the steps necessary to install that function in the organisation.

**34.** Suhani has started her business of readymade garments. She manufactures clothes for infants. She uses only the best quality cloth and decides to charge only the minimum possible for her products. Her aim is to provide premium clothing range for the middle-income group. Being new to business, she seeks the help of her uncle, Mr Anil, who is a chartered accountant, to help her fix the price of her product so that she is able to meet the above objectives.

- (i) Explain the factors to be considered while fixing the price of a product.
- (ii) Explain to Suhani the meaning of price mix.
- (iii) State any one method of pricing.

Or

Marketing is a social process wherein people interact with each other, in order to persuade them to act in a particular way. However, there are certain distinguishing features of marketing. Explain them.