



**ANANDALAYA**  
First Pre- Board Exam  
Class XII

Subject: BUSINESS STUDIES  
Date : 24/11/2015

M.M: 80  
Time: 3 Hours

**General Instruction:**

- (i) Answers to questions carrying 1 mark may be from one word to one sentence.
- (ii) Answers to questions carrying 3 marks may be from 50-75 words.
- (iii) Answers to questions carrying 4 and 5 marks may be 150 words.
- (iv) Answers to questions carrying 6 marks may be from 200 words.
- (v) Attempt all parts of a questions together.

1. What is meant by 'Business Environment'? 1
2. Explain how management helps in the development of society. 1
3. Give the meaning of 'Objectives' as a type of plan. 1
4. 'Himalaya Ltd.', is engaged in manufacturing of washing machines. The target of the organisation is to manufacture 500 washing machines a day. There is an occupational specialization in the organisation which promotes efficiency of employees. There is no duplication of efforts in such type of organisation structure.  
Identify the type of organisation structure described above. 1
5. How does 'cost of equity' affect the choice of capital structure of a company? Explain. 1
6. 'Bharat Express' specializes in Courier Services. Its 'wide range of express package and parcel services' help business firms to make sure that the goods are made available to the customers at the right place and at the right time.  
State with reason, whether the working capital requirements of 'Bharat Express' will be high or low. 1
7. 'Maruti Vega Ltd.' entered into the market with coloured television and have now introduced products like audio system, air-conditioners washing machines, etc. The company is not only offering the products but also handling complaints and offering after-sales services.  
Identify the element of marketing-mix discussed here. 1
8. Himanshu purchased a new car from 'Galaxy Motors' for ' 25 lakhs. 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 in the State Commission. Being not satisfied with the decision of the State Commission, after two months he decided to file an appeal against it.  
Can Himanshu appeal against the decision of the State Commission? Give reason in support of your answer. 1
9. What is meant by 'Formal Organisation'? State it's any two advantages. 3
10. How do the 'Company-related factors' affect the choice of channels of distribution? Explain. 3

11. Pramod was a supervisor at 'Annapurna Aata' factory. The factory was producing 200 quintals of Aata every day. His job was to make sure that the work goes on smoothly and there was no interruption in production. He was a good leader who would give orders only after consulting his subordinates and work out the policies with the acceptance of the group. Identify and describe the leadership style being adopted by Pramod. 3
12. 'The Stock Exchange performs many vital functions in today's commercial world.' Explain any three such functions. 3
13. 'Jaideep recently joined as the Managing Director of 'Tivori Ltd.', an apparel designing company. He observed that the company had a number of experienced fashion designers on its payroll. They regularly offered useful suggestions which were neither appreciated nor rewarded by the company. Instead the company outsourced its services to some renowned fashion designers and paid them a good compensation for their services. Because of this the employees felt disheartened and stopped giving useful suggestions. 3
- (a) Identify the communication barrier discussed above.
  - (b) State the category of this communication barrier.
- Explain any other communication barrier of the same category.
14. What is meant by 'Management'? State any three objectives of management. 4
15. Explain any four points of importance of 'consumer protection' from the point of view of business. 4
16. Neeraj Gupta started a company 'Joe Ltd.' with ten employees, to assemble economical computers for the Indian rural market. The company did very well in its initial years. As the product was good and marketed well, the demand went up. To increase production the company decided to recruit additional employees. Neeraj Gupta, who was earlier taking all decisions for the company, had to selectively disperse the authority. He believed that people are competent, capable and resourceful and can assume responsibility for effective implementation of their decisions. This paid off and the company was not only able to increase its production but also expanded its product range with different features. 4
- (a) Identify the concept used by Neeraj Gupta through which he was able to steer his company to greater heights.
  - (b) Also explain any three points of importance of this concept.
17. The workers of 'Gargya Ltd.' are unable to work on new computerised machines imported by the company to fulfill the increased demand. Therefore, the workers are seeking extra guidance from the supervisor and the supervisor is overburdened with the frequent calls of workers. Suggest how the supervisor, by increasing the skills and knowledge of workers, can make them handle their work independently. Also state any three benefits that the workers will derive by the decision of the supervisor. 4
18. Beni, after completing her MBA, took up a job with a multinational company named 'Fortio'. The company was paying good salary and perks to its employees. The wages were within the paying capacity of the company that provided the employees a reasonable standard of living. The company also had a good work-culture and the behaviour of superiors was very good towards their subordinates. Beni was very happy in this organisation, but due to long working hours she did not have time to cook her meal. She had to depend upon outside food, which was deteriorating her health. She observed that this problem was faced by many of her colleagues, not only in her company but also in many other companies. This was because of increase in the number of working women and non-availability of hygienic home-cooked food. She identified this as a great opportunity and decided to 4

give up her job to supply packaged home-cooked food to office goers at a reasonable price. At the end of the day she was also distributing the left-over food in the nearby night-shelters.

- (a) State the dimension of business environment being discussed above.
- (b) State the principle of management being followed by 'Fortio'.
- (c) Identify any two values being communicated by the company to the society in the above case.

19. 'Mission Coach Ltd.' is a large and creditworthy company manufacturing coaches for Indian Railways. It now wants to export these coaches to other countries 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. 4

- (a) Name and explain the money-market instrument the company can use for the above purpose.
- (b) What is the duration for which the company can get funds through this instrument?
- (c) State any other purpose for which this instrument can be used.

20. Give the meaning of 'organising'. State the steps in the process of organising. 5

21. Anjali had been working with 'Tata Enterprises' for the last ten years. She was famous for her dedication towards the work. When the Manager senior to her retired, all her colleagues thought that now Anjali would be promoted. But to everyone's surprise the vacant post was filled by an outsider 'Miss Monika'. Anjali felt demoralised and her performance started declining. She would absent herself often and could not meet her targets. 5

Miss Monika was a good leader who would not only instruct her subordinates, but also guide and inspire them. She notices Anjali's behaviour and felt that her performance could be improved. She started involving Anjali in decision-making issues related to the organisation and made her a part of a high-level joint management committee. Anjali was now punctual to office and her performance started improving.

- (a) Identify the function of management being performed by Monika.
- (b) Name the element of the above function of management which helped Monika to improve Anjali's behaviour.

State any three features of the element identified in (b) above.

22. Mohit Gupta is working with 'Yellow Security Services Ltd.' He is also recruiting security guards for the company. The company provides security services in Delhi and Noida at short notice to various companies. The guards are recruited on temporary basis. The guards provided by this company are known for their honesty and punctuality. Mohit Gupta is well known in his village for providing employment to unskilled people. 5

- (a) Name the source of recruitment used by 'Yellow Security Services Ltd.'
- (b) State any one disadvantage of this source of recruitment.
- (c) Identify the need of 'Security Guards' which is being fulfilled by the company as per Maslow's need hierarchy.

Identify any two values communicated to the society in the above stated case.

23. Explain the following principles of management: 6

- (a) Science, not rule-of-thumb.
- (b) Discipline.

24. '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 enough 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 from 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. 6
25. Radhika was a student of Business Studies of Class XII. Her father was a farmer who grew different varieties of rice and was well-versed about various aspects of rice cultivation. He was also selected by the government for a pilot-project on rice cultivation. As a project-work in Business Studies she decided to study the feasibility of marketing good quality rice at a reasonable price. Her father suggested her to use internet to gather customers' views and opinions. She found that there was a huge demand for packaged organic rice. She knew that there were no pre-determined specifications in case of rice because of which it would be difficult to achieve uniformity in the output. To differentiate the product from its competitors, she gave it the name of 'Malabari Organic Rice' and classified it into three different varieties namely—Popular, Classic and Supreme. Based on the quality, she felt that these names would help her in product differentiation. Explain the three functions of marketing, with reference to the above case of Radhika. 6